



# **Teddington Sixth Form**

## **A Level Economics**

**Course Details & Transition Tasks**  
**2020-2022**

## Course Content:

### Year 12

#### **Theme 1: Introduction to Markets and Market Failure**

This theme focuses on the nature of economics and how markets operate in allocating scarce resources based on demand and supply. You will learn why some markets are inefficient and may require government intervention to ensure an efficient allocation of resources.

#### **Theme 2: The UK Economy Performance and Policies**

This theme takes a broader look at the national UK economy (Macroeconomics). You will learn how economic performance is measured and economic growth achieved. You will learn how fiscal (Government) and monetary (Bank of England) policy may be used to achieve macroeconomic objectives.

### Year 13

#### **Theme 3: Business behaviour and the Labour Market**

This theme examines different market structures and the nature of their component firms. Why do some firms grow into Multinational Corporations while others remain small? You will also learn about the labour market and the potential impact of Minimum wage/Living wage on the demand and supply of labour.

#### **Theme 4: A Global perspective**

This theme explores the global economy and the significance of globalisation, international trade, the balance of payments and exchange rates. Students will study economic development and the effect of Foreign Direct Investment (FDI) in addition to the role financial markets and government have in the global economy.

### **Why choose Economics?**

Economics has never been so relevant! Why did the UK choose to leave the European Union, the single largest trading bloc in the world that lies on our doorstep? What will be the economic fallout from such a momentous decision? Surely, the EU will respond by imposing tariffs on our exports to Europe which will be damaging to the UK economy? Will the benefits from being able to pursue our own free-trade agreements with nations such as the USA and India allow levels of trade and investment with non-EU members to stimulate the long-term growth of our economy? With the Bank of England base rate of interest already at 0.1%, what other policies could be implemented to encourage consumption post Covid-19? What stimulus could be offered to the near 6 million small businesses that form the backbone of the UK economy and employ nearly 17million people considering the corona outbreak?

Economics is a subject that impacts us all. It is an applied subject which seeks to analyse decision making processes by considering the costs and benefits to all involved. We will study economic theory and seek to apply economic modelling in order to make sense of the world around us. Theory will be taught in the context of the UK economy and its role in the global village. There will be much to discuss and debate, just be sure you are able to apply the theory to support your side of the debate!

[A level Economics](#)  
[Exam Board – Edexcel](#)

[Year 1 – A Level Economics \(Year 12\)](#)

This booklet is designed to give you all the information you need before starting the Economics course. Your course will consist of two units:

[Theme 1: \*Introduction to Markets and Market Failure\* \(1hr 30min written exam: 50% of qualification\)](#)

[Nature of Economics](#)

- Economics as a social science
- Positive and normative statements
- The economic problem
- Production possibility frontier
- Specialisation and the division of labour
- Free market economies, mixed economy and command economy

[How a Market Works](#)

- Rational decision making
- Demand
- Price, income and cross elasticities of demand
- Supply
- Elasticity of supply
- Price determination
- Price mechanism
- Consumer and producer surplus
- Indirect taxes and subsidies
- Alternative views of consumer behaviour

[Market Failure](#)

- Types of market failure
- Externalities
- Public goods
- Information gaps

[Government Intervention](#)

- Government intervention in markets
- Government failure

## Theme 2: *The UK Economy Performance and Policies* (1hr 30min written exam: 50% of qualification)

### Measures of Economic Performance

- Economic growth
- Inflation
- Employment and unemployment
- Balance of payments

### Aggregate Demand

- The characteristics of AD
- Consumption
- Investment
- Government spending
- Net trade (X-M)

### Aggregate Supply

- The characteristics of AS
- Short-run AS
- Long-run AS

### National Income

- National income
- Injections and withdrawals
- Equilibrium levels of real national output
- The multiplier

### Economic Growth

- Causes of growth
- Output gaps
- Trade cycle
- The impact of economic growth

### Macroeconomic Objectives and Policies

- Possible macroeconomic objectives
- Demand-side policies
- Supply-side policies
- Conflicts and trade-offs between objectives and policies

## Year 2 - A Level Economics (Year 13)

*Summary of the 2<sup>nd</sup> year topics:*

Theme 1: Introduction to Markets and Market Failure

Theme 2: The UK Economy Performance and Policies

### Theme 3: Business Behaviour and the Labour Market

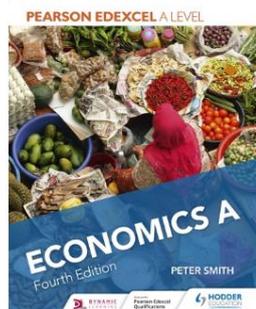
- Business growth
- Business objectives
- Revenues, costs and profit
- Market structures
- Labour market
- Government intervention

### Theme 4: A Global Perspective

- International economics
- Poverty and inequality
- Emerging and developing economies
- The financial sector
- Role of the state in the macroeconomy

## Textbooks and Resources Required

- Pearson Edexcel A level Economics A Fourth Edition – by Peter Smith



## Expected and Essential Wider Reading:

### Newspapers

- Some online versions are free
- It is very important to read newspapers and ensure you are up-to-date with current affairs.
- Financial Times – A trial subscription is available online for just £1 for 4 weeks!

### Academic Journals

- Economics review

### YouTube

- Has its own educational channel – EDU
- Tutor2u revision videos

### Websites

- [www.res.org.uk](http://www.res.org.uk)
- [www.tutor2u.co.uk](http://www.tutor2u.co.uk)
- [www.bbc.co.uk](http://www.bbc.co.uk)

### iTunes

- Free podcasts, video lecturers, reading recommendations

## Transition Tasks

This booklet contains a selection of tasks that NEED to be completed in order to prepare yourself for the A Level Economics course.

### **Task 1 : Head start in A-Level Economics**

Head to the tutor2u website using the address below:

<https://www.tutor2u.net/economics/collections/head-start-for-alevel-economics-transition-resource-year-11-students>

Read through the material and attempt the short online games that are available including Higher or Lower (applied to Gross National Income (GNI) per capita).

### **Task 2 : Key Terms Definitions**

Here is a list of key terms you will be using throughout the course. Can you research the definition to each and produce a personal glossary?

- |                                   |                              |                                   |
|-----------------------------------|------------------------------|-----------------------------------|
| • Utility                         | • Factors of production      | • Gross Domestic Product          |
| • Profit (Normal/Supernormal)     | • Short/Long Run             | • Gross National                  |
| • Scarcity                        | • Externalities              | • Comparative Advantage           |
| • Opportunity cost                | • Ceteris Paribus            | • Macroeconomic policy objectives |
| • Production possibility frontier | • Public/Private/Merit Goods |                                   |

### **Task 3 : The Bank of England**

Look on the Bank of England's website (education page) to find out the following information:

<http://www.bankofengland.co.uk/education/Documents/resources/postcards/historycomp.pdf>

- When was the Bank of England founded?
- The nickname of the Bank of England.
- The main function and roles of the Bank of England.
- The present governor of the Bank of England.
- What happened to the Bank of England in 1997?
- The number of gold bars currently held in the vaults at the Bank of England.

#### Task 4 : Inflation

Watch the following clip: Exploring inflation -

<http://www.bankofengland.co.uk/education/Pages/resources/films/default.aspx>

Now find out the following (you may need to look at other websites as well):

- a. The current government target for inflation
- b. How inflation is measured in the UK
- c. What has been put into this year's basket of goods and what has been taken out
- d. The difference between CPI and RPI
- e. Reasons for inflation
- f. Reasons why it is important for inflation to remain stable
- g. Plot the rates of inflation since 2000
- h. How the Bank of England can control inflation
- i. The current interest base rate
- j. Reasons why it is important for inflation to not be too low or even negative (deflation)

#### Task 5: Interest Rates (Monetary Policy)

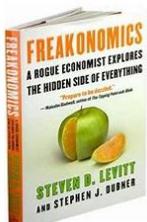
Watch the following clip:

What are interest rates? - <https://www.bankofengland.co.uk/monetary-policy/the-interest-ratebank-rate>

Now find out the following:

- a. What are interest rates?
- b. What is the bank rate?
- c. What is the purpose of the bank rate?
- d. How interest rates influence spending and saving?
- e. Why do high street banks such as Barclays charge different rates of interest on savings accounts and loans?

#### Task 6 : A GENUINELY FUN BOOK



Freakonomics: A Rogue Economist Explores the Hidden Side of Everything by Levitt, Steven D., Dubner

A very fun introduction to economic decision making based on incentives and opportunity cost. Explores the weird and wonderful (potential!!) links between legalized abortion and the crime rate and why most drug dealers live with their mothers!