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Economics

Sixth Form

Transition Pack



AS AND
A-LEVEL
ECONOMICS

AS (7135)
A-level (7136)

Weekly Tasks	Estimated Time	How to complete
Week one	2-3 hours	<p>Word document – Ensure your document is presented well with clear images and information about the economist you have researched</p> <p>PowerPoint – You could also do this in a PowerPoint presentation if you like with each economist on a different slide</p>
Week two	2-3 hours	<p>Word document – You can complete this task in a Word document.</p> <p>When it comes to drawing your own graph, you can draw one by hand and then attach the picture to your work or if you know how to use Excel then you can create a graph there.</p>
Week three	2-3 hours	Word document – Use a Word document to complete these tasks
Week four	2-3 hours	Word document – Use a word document to complete these tasks

When you have completed this pack then please hand this in by email

COURSE INTRODUCTION

This transition pack will provide you with a brief outline of the course structure and a reading list of sources and videos. You may wish to use these sources before and throughout the course to improve your wider understanding. This pack also contains some interesting activities to get you thinking ready for the first few weeks of the course.

Studying economics will help you understand why prices fluctuate, where your taxes go, how government legislation can push people to change their spending habits (or not), why some companies dominate their market, how global or societal changes like climate change and ageing can have an impact on a country's economy, why people fight for resources and why certain economies grow faster than others.

You will also learn how to analyse complex issues, create strategies, monitor the political climate, understand commercial incentives, problem solve, interpret statistics and data, explain your ideas clearly and be ready for any eventuality – all highly desirable and transferable skills.

Economics is a challenging, technical and theoretical subject, and to be successful you will need to have a thorough grasp of the theory covered at A-Level. However, the more you can place economic theory in real world scenarios, the better you will be able to evaluate ideas and give yourself the chance of attaining top grades. You will also personally get more out of the course if you have a good understanding of prevailing economic climate in the UK, across Europe and in a global context. This pack gives you some ideas of how you can keep up to date.

If you have never studied Economics before, you probably don't know too much about Economics at this stage. The 2008/09 global recession, Eurozone crisis, BREXIT and COVID-19 and its impact on the UK/global economy, means that there are always interesting articles appearing in the news for you to follow.

Specification at a glance

AS

Subject content

The operation of markets and market failure

- 1 Economic methodology and the economic problem
- 2 Price determination in a competitive market
- 3 Production, costs and revenue
- 4 Competitive and concentrated markets
- 5 The market mechanism, market failure and government intervention in markets

The national economy in a global context

- 6 The measurement of macroeconomic performance
- 7 How the macroeconomy works : the circular flow of income, AD/AS analysis, and related concepts
- 8 Economic performance
- 9 Macroeconomic policy

Assessments

Paper 1: The operation of markets and market failure	+	Paper 2: The national economy in a global context
What's assessed Content 1–5 above		What's assessed Content 6–9 above
Assessed <ul style="list-style-type: none">• written exam: 1 hour 30 minutes• 70 marks• 50% of AS		Assessed <ul style="list-style-type: none">• written exam: 1 hour 30 minutes• 70 marks• 50% of AS
Questions <ul style="list-style-type: none">• Section A: 20 multiple choice questions worth 20 marks• Section B: data response questions requiring written answers, choice of one from two contexts worth 50 marks		Questions <ul style="list-style-type: none">• Section A: 20 multiple choice questions worth 20 marks• Section B: data response questions requiring written answers, choice of one from two contexts worth 50 marks

All the question papers are compulsory

A-level

Subject content

Individuals, firms, markets and market failure

- 1 [Economic methodology and the economic problem](#)
- 2 [Individual economic decision making](#)
- 3 [Price determination in a competitive market](#)
- 4 [Production, costs and revenue](#)
- 5 [Perfect competition, imperfectly competitive markets and monopoly](#)
- 6 [The labour market](#)
- 7 [The distribution of income and wealth: poverty and inequality](#)
- 8 [The market mechanism, market failure and government intervention in markets](#)

The national and international economy

- 9 [The measurement of macroeconomic performance](#)
- 10 [How the macroeconomy works : the circular flow of income, AD/AS analysis, and related concepts](#)
- 11 [Economic performance](#)
- 12 [Financial markets and monetary policy](#)
- 13 [Fiscal policy and supply-side policies](#)
- 14 [The international economy](#)

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Assessments

Paper 1: Markets and market failure	+	Paper 2: National and international economy	+	Paper 3: Economic principles and issues
What's assessed Content 1 – 8 above		What's assessed Content 9 – 14 above		What's assessed All content 1 – 14 above
Assessed <ul style="list-style-type: none">• written exam: 2 hours• 80 marks• 33.3% of A-level		Assessed <ul style="list-style-type: none">• written exam 2 hours• 80 marks• 33.3% of A-level		Assessed <ul style="list-style-type: none">• written exam: 2 hours• 80 marks• 33.3% of A-level
Questions <ul style="list-style-type: none">• Section A: data response questions requiring written answers, choice of one from two contexts worth 40 marks• Section B: essay questions requiring written answers, choice of one from three worth 40 marks		Questions <ul style="list-style-type: none">• Section A: data response questions requiring written answers, choice of one from two contexts worth 40 marks• Section B: essay questions requiring written answers, choice of one from three worth 40 marks		Questions <ul style="list-style-type: none">• Section A: multiple choice questions worth 30 marks• Section B: case study questions requiring written answers, worth 50 marks

All the question papers are compulsory

Maths for Economics

You will probably have heard that Economics is closely associated with Maths. While not strictly true at A Level, to continue studying the subject post 18 you would need at least a 6 or 7 in GCSE Maths and it is preferred that you do Maths A Level. Some common topics are below. While we will spend some time covering them it is assumed that you know them...

Reading Data from Tables and Graphs

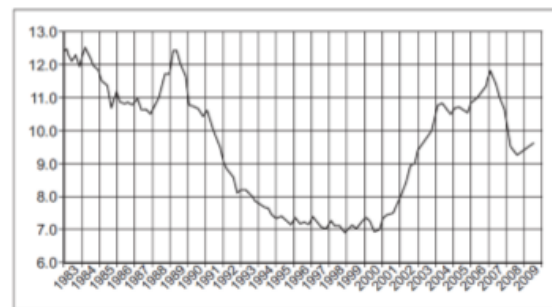
The table below shows the wealth distribution for an economy in 2008 and 2012.

Percentage of wealth owned by	2008	2012
Most wealthy 1%	20	25
Most wealthy 5%	35	40
Most wealthy 10%	45	50
Most wealthy 25%	70	75
Most wealthy 50%	90	95

Between 2008 and 2012, it may be concluded that

- A there has been a reduction in inequality of income.
- B there has been an increase in the wealth of all individuals.
- C there has been a reduction in inequality of wealth.

Extract A: UK house price affordability indicator*, 1983 to 2009



* The house price affordability indicator is calculated by dividing the average price of houses by average income. The lower the number, the greater the affordability of housing.

Source: news reports, 2010

You should be able to spot trends and compare data. You should also be able to use this data to draw conclusions and build an argument.

Calculating Percentage Change and Using Formulae

$$\text{cross-price elasticity of demand} = \frac{\text{percentage change in quantity demanded of good } X}{\text{percentage change in price of some other good } Y}$$

The table below shows the price and quantity demanded of two goods, X and Y.

Price of X (£)	Quantity demanded of X	Quantity demanded of Y
10	20	30
9	24	42

When the price of X falls from £10 to £9, the cross elasticity of demand for Y with respect to the price of X is

- A +4
- B +2
- C -2
- D -4

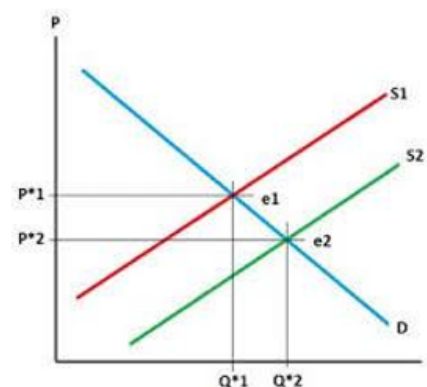
You will need to learn a number of formulae and calculate answers using them.

You may also need to rearrange them as part of your calculations.

Drawing and interpreting graphs

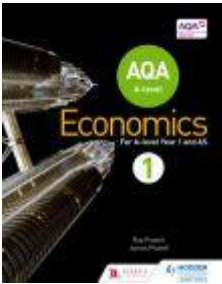
You will need to draw and interpret a number of graphs

You also need to be able to show and manipulate graphs when circumstances change.



Textbooks

AQA A-level Economics Book 1



Authors: Ray Powell and James Powell

Publisher: Hodder Education

ISBN-13: [978-14718-2978-9](https://www.hoddereducation.co.uk/9781471829789)

Price: £25.99

Publication date: April 2015 - out now

Digital version

A A-level Economics Book 2



Authors: Ray Powell and James Powell

Publisher: Hodder Education

ISBN-13: [978-14718-2984-0](https://www.hoddereducation.co.uk/9781471829840)

Price: £25.99

Publication date: February 2016 - out now

Digital version - out now

Recommended reading and watching for the summer:

Websites:

Great for A level Economics theory:

- Tutor2u - <http://www.tutor2u.net/economics>
- Economics Help – <http://www.economicshelp.org>
- EconplusDal – <http://www.econplusdal.com>
- Economics Online - <http://www.economicsonline.co.uk/>
- Investopedia – <http://www.investopedia.com>
- YouTube – there are a wide range of YouTube revision videos available on all A Level Economics topics, popular channels include EconplusDal and Khan Academy

Great for economics in the news:

- BBC News (economy section) - <http://www.bbc.co.uk/news/business/economy>
- The Guardian (economics section) – <https://www.theguardian.com/business/economics>
- The Telegraph (economy section) – <http://www.telegraph.co.uk/business/economy/>
- The Independent (money section) – <http://www.independent.co.uk/money>
- This is money – <http://www.thisismoney.co.uk>

Websites for economics data

- Office for National Statistics-<https://www.ons.gov.uk/>
- Bank of England database- <https://www.bankofengland.co.uk/boeapps/database/>
- GOV.UK Statistics-<https://www.gov.uk/search/research-and-statistics>
- Trading Economics-<https://tradingeconomics.com/>

Books:

- **23 Things They Don't Tell YOU About Capitalism (Ha-Joon Chang)**- challenges conventional thinking
- **Cracking Economics** by Tejvan Pettinger
- **Almighty Dollar (Dharshini David)**- follows the journey of a single\$ to show how the global economy works
- **The undercover Economists** by Tim Harford
- **Capital in the Twenty First Century** by Thomas Piketty
- **Great Economists: How Their Ideas Can Help Us Today** (Linda Yueh) – perspectives on contemporary issues
- **GDP: A Brief but Affectionate History** by Professor Diane Coyle
- **Poor Economics: Rethinking Ways to Fight Global Poverty** (Banerjee & Duflo) – development economics
- **World of Three Zeroes** (Muhammad Yunus) – new book from founder of the Grameen Bank
- **Mitigating the COVID Economic Crisis: Act Fast and Do What It Takes** by Richard Baldwin, Beatrice Weder di Mauro 18 March 2020

Magazines:


- **The Week** – this is an excellent weekly magazine that presents the week's news in brief.
- **Economic Review**- gives you the edge you need to achieve the best grades with spec-specific expertise at A-level
- **The Economist** stresses the links between politics and economics. Six million people read The Economist every week, including the world's leading political and business figures.

These magazines are available to A-Level students in the school!

Films:

- **Rogue Trader (1999)**-biographical drama film
- **Life and Debt (2004)** – looks at the issue of fair trade, inequality and economic growth in Jamaica
- **Goodbye Lenin! (2002)** – examining the economic and social impact of a change from state planning to a market economy
- **Boiler Room (2000)**- crime, drama film
- **A Crude Awakening** – The Oil Crash (2006) - investigation into peak oil theory
- **Wall Street (1987)**- drama film
- **Inside Job (2010)**- documentary
- **Enron: The Smartest Guys in the Room (2005)**- documentary
- **A Beautiful Mind (2002)** – starring Russell Crowe and a drama based loosely on the life of John Nash the Nobel-Prize winning mathematician and economist
- **The Big Short (2015)**- biographical drama-comedy film
- **The Wolf of Wall Street**. The movie based on a true story, this one chronicles the rise and fall of Jordan Belfort, a stockbroker in the 80s who makes millions through fraud and corruption.
- **Too Big to Fail**-The Inside Story of How Wall Street and Washington Fought to Save the Financial System- and Themselves which covers the 2008 financial crisis and how it came about.
- **Moneyball**-Economists will enjoy seeing stats put to real world use. Moneyball is based on a true story about the manager of the Oakland A's baseball team who used statistics to analyse and understand players' strengths and weaknesses, building up his team from bottom of the league to the top team

Week One – Task

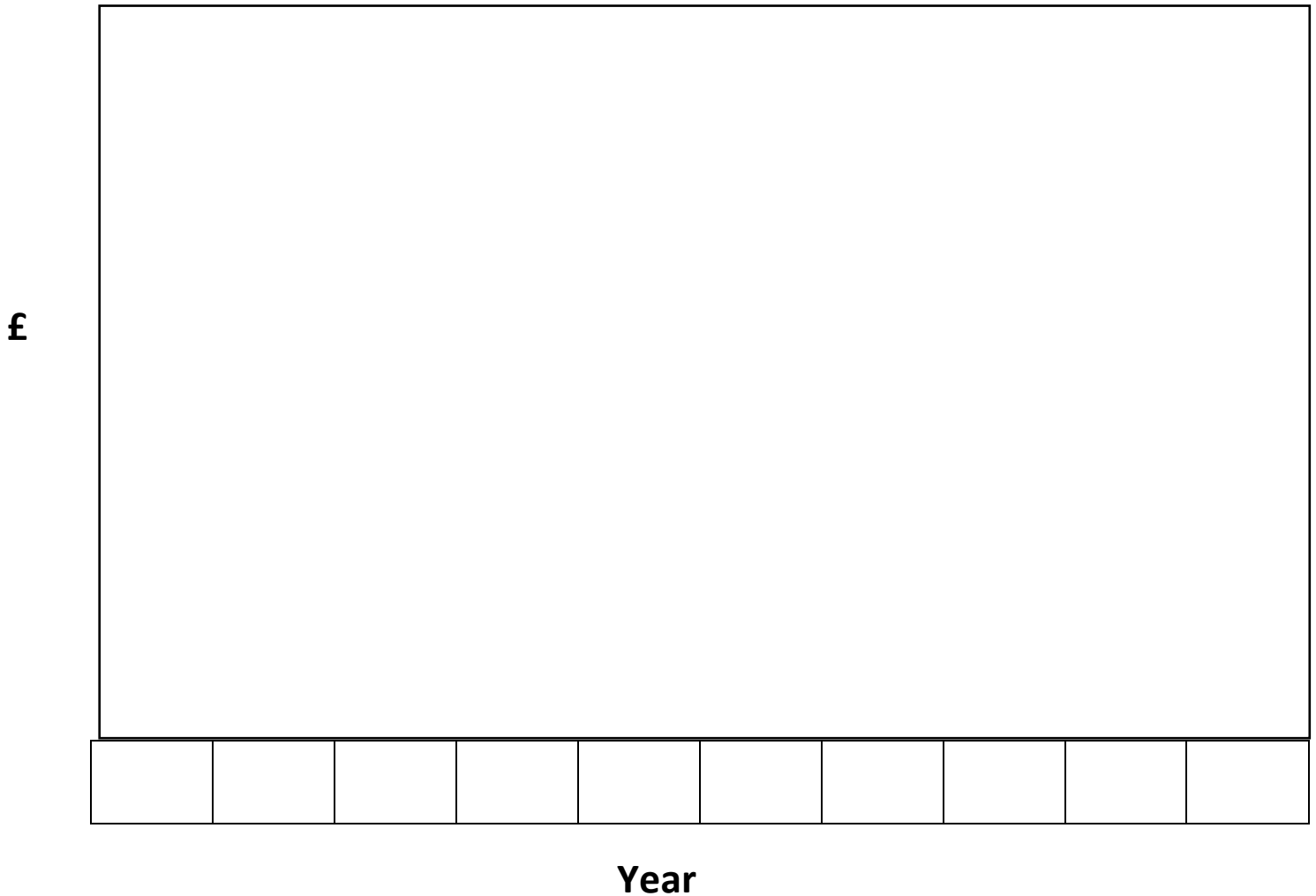
		<hr/> <p><i>Remember to include a photo</i></p> <hr/> <p><u>Task details:</u></p> <p>Before you start to study the A level content for Economics, we would like you to have background information on some of the key Economic theorists who have shaped micro and macro-Economic theory</p> <p>Please produce a one page summary (like this Word doc) of the following key Economists:</p> <ul style="list-style-type: none">• Adam Smith• John Maynard Keynes• Milton Freidman• Amartya Sen• Joseph Schumpeter <p>For each of the theorists listed above, please try to find out the following details:</p> <ol style="list-style-type: none">1. The era (years) in which they wrote2. Their key ideas and a brief explanation of what they mean (if you can work that out!) and if they agreed/disagreed with other key ideas.3. A measure of their influence (did governments adopt their policies, did they receive prizes, did they change public opinion etc.) <p>TOP TIPS: <i>Do not cut and paste text – you won't learn anything!</i> <i>Try and make notes on the most important pieces of information (use at least 3 sources for each) then summarise in your own words.</i></p>
<p>FAMOUS ECONOMISTS</p> <p>Research task</p> <p>SOME WEBSITES TO GET YOU STARTED: https://thebestschools.org/features/top-economists-1900-to-present/ https://www.thecompleteuniversityguide.co.uk/student-advice/what-to-study/the-ten-most-influential-economists</p> <p>and try searching: www.economicshelp.org www.tutor2U.net</p>		

Week Two – Task 1

GDP Activity

1. What is C?	
2. What is I?	
3. What is G?	
4. What is NX?	
5. What does GDP stand for?	
6. What is GDP per Capita?	
7. What was the total GDP of the UK for 2018?	
8. How much has the economy grown by since 2018?	
9. Plot a chart showing the UK economic growth for the last 10 years	

10 Year economic growth in the UK...



Week Two – Task 2

Another important part of that links to GDP and the study of economics is to be aware of current levels of key economic indicators. Some of this data is “live” and changes throughout the working day, other data is announced each month or each quarter (every 3 months)

1. Research and find out what the current figures are for:

Indicator	UK	China	USA
Economic growth rate			
Inflation rate			
Unemployment rate			
Rate of interest			
Exchange rate (£ to \$)		x	x
Size of the budget deficit (or surplus)			
Size of the national debt			

Week Two – Task 3

Oil is a key commodity for all economies and its price, supply and demand is often an indicator of how economies around the world are performing. Carry out research on the following:

- Current price of oil (quoted in price per barrel)
- The trend in the past 3 years (showing the price on a graph is the best way to show this)
- What is “OPEC”?
- Member countries
- Purpose of OPEC
- Recent developments – in the past 3 years

http://www.opec.org/opec_web/en/about_us/23.htm

<https://www.theguardian.com/business/2016/dec/03/opec-oil-price-deal-doesnt-hold-cards-fracking> (this webpage has a useful section towards the end about “winners” and “losers” if OPEC reach an agreement)

Week Two – Task 3

In June 2016 the UK voted to leave the European Union, an economic union with many other European states. The “Brexit” negotiations have only just started, but whatever the outcome, there are likely to be both benefits and drawbacks of any final agreement.

Find out and write about **half a page** for each of these bullet points, referring to the possible drawbacks and benefits for the UK in terms of: -

- Jobs (for workers in the UK)
- The price of goods and services in the UK
- How UK trade with the remaining EU members might change
- How UK trade with non-EU countries may change (e.g. China, USA)

It’s a complex situation, and many outcomes are still unknown, or may even take many years to impact on the UK economy. These websites will help get you started: -

<http://www.bbc.co.uk/news/business-36956418> (this article is from March 2017; you might find a more up to date article with more recent figures)

<http://www.theweek.co.uk/brexit-0>

<http://www.economicshelp.org/europe/disadvantages-eu/>

<http://www.telegraph.co.uk/news/2016/06/16/leave-or-remain-in-the-eu-the-arguments-for-and-against-brexit/>

How to present your work

1. Task one should be done as a **table**
2. OPEC work as a **written document** with copies of articles attached. You should complete at least **500 words**. Give details of the country, size, language status etc.
3. EU work should be a written document with copies of articles attached. This should be a minimum of half a page of work.

Week Three – Task 1

This is a part of Economics that you need to understand quite well. Countries and businesses are constantly buying products from different countries and selling products to different countries.

This is known as **Importing** and **Exporting**.

Watch the following video and complete the task below on how the currency of a country can affect importing and exporting.



<https://youtu.be/geoe-6NBy10>

Tasks

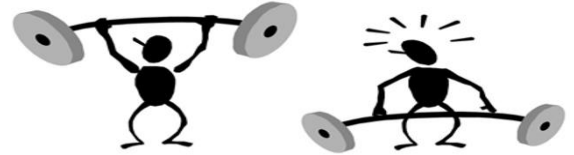
1. Write the definitions for the two key terms which are explained in the video:

Appreciate...

Depreciate...



Week Three – Task 2

STRONG OR WEAK CURRENCY





Now that you have watched the video on imports and exports. You should be able to complete these tables by ticking the correct box

If there is a **STRONG** pound **£** is this a positive or negative thing for the situations below?

	Positive 	Negative 
An economy which is import based.		
Domestic firms having to compete with cheap imports		
A business who relies on selling exports abroad		
A business which requires imports as part of their production process.		
An economy which is export based		
An economy which import a lot of commodities such as oil and gas.		
Domestic firms having to compete with cheap imports		
The balance of payments (current account)		

If there is a **WEAK** pound **£** is this a positive or negative thing for the situations below?

	Positive 	Negative 
An economy which is import based.		
Domestic firms having to compete with cheap imports		
A business who relies on selling exports abroad		
A business which requires imports as part of their production process.		
An economy which is export based		
An economy which import a lot of commodities such as oil and gas.		
Domestic firms having to compete with cheap imports		
The balance of payments (current account)		

Week Three – Task 3

The Bank of England Research Activity and Exchange Rates Part 2

TASK- 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.

Exchange Rate Research Activity

TASK- Mix and match exchange rates for the countries listed below:

Countries

China	Russia	Mexico	South Africa	India
Japan	Saudi Arabia	Thailand	Denmark	Sweden

Currencies

Baht	Krona	Riyal	Rand	Yen
Krone	Rouble	Rupee	Yuan	Peso

TASK- Watch the following clip on exchange rates:

Exchange rate - <https://www.youtube.com/watch?v=uWlm4-iF7W4>

- Explain what you understand by the term 'exchange rate'.
- Find out the exchange rate for the UK £:€ (pound to euro) and the exchange rate for UK £:\$ (pound to dollar)
- Plot exchange rates for the past 15 years:
 - pound against the American dollar and
 - pound against the Euro
- Find out what is meant by the "gold standard".

Week Four – Task 1



Smoking

Some products and services that we consume are said to be 'demerit goods'. One example of a demerit good is cigarettes. Attitudes towards smoking have evolved over the past 50 years or so as scientific research has provided us with more information on the potential consequences of smoking.

Some believe more should be done to combat smoking whilst others may suggest that more regulation is not required.

You are expected to spend around two hours on the tasks below which need writing or typing out. You will not be allowed into the first lesson without it.

1. Definitions

Find a definition of a demerit good and suggest two other examples (other than cigarettes)

2. Data Collection

Find data on at least 3 of the following (although you may replace them with other interesting facts that you find). You will need these for parts 2 and 3

- Rates of smoking in the UK over time
- Rates of smoking by different groups (e.g. gender or age)
- Spending on cigarettes in the UK over time
- Revenue gained by the government from cigarette duties over time
- Cost to the NHS of dealing with smoking related illnesses over time or broken down by illness type

3. Data Analysis

Comment on two interesting factors in the data you have collected. You could look at issues such as trends in smoking rates, variability in data sets, calculate percentages etc. Make sure you refer to the data in what you write.

e.g. "The first interesting fact is that the rate of smoking is increasing for both men and women. Smoking rates among men increase from 17.1% to 18.2% between 2001 and 2011 and women increase from 19.5% to 20.1% over the same time period".

Week Four – Task 2

Essay

“Evaluate 3 policies that government could use to control and influence levels of smoking”

Below is a writing frame to help you. This should be written as an essay, not as bullet points. Amongst your three options you can include things that the government currently does (in which case I’d expect to see an analysis of how effective it is). You may also dispute the premise of the question and argue that the government should do nothing at all and leave smokers alone. In this case you still need to explain how ‘doing nothing’ would work and the impact it would have along with considering two other methods that governments could use.

Introduction – try to get a nice opening statement that addresses the issue. Try to include at least one fact to show why this is a current issue.

Option 1 – pick one option that the government could use and explain how it would work, what impact it might have and why it might not work. Try to evaluate your argument by explaining how good you think these arguments are

Option 2 – etc.

Option 3 – etc.

Conclusion – make sure you make a recommendation and explain why you think that was the strongest argument

Week Four – Task 3

Inflation Research Activity

TASK- Watch the following clip:

Exploring inflation -

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

TASK- 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)

GDP Research Activity

TASK - Watch the following clips regarding GDP:

https://www.youtube.com/watch?v=FXWBS_sx-us

<http://www.bbc.co.uk/news/10613201>- Dec Curry

TASK- Now find out the following:

- a. What GDP stands for
- b. What GDP measures
- c. What is meant by GDP per capita
- d. The total value of GDP for the UK last year
- e. The UK's current GDP per capita
- f. The average growth rate for GDP in the UK
- g. The economic term used to describe a six-month period of negative growth
- h. The economic term used to describe exceptionally high growth
- i. Time periods of negative growth in the UK (go back 30 years)
- j. How much the UK economy grew by last year
- k. Plot a chart showing the UK economic growth rate for the past 15 years

What is the difference between Economics and Business?

Economics

Economics is about carefully and analytically studying the human behaviour with regards to limited incentives or resources. It is a branch of social science that studies the decisions and actions of employees, firms, customers, individuals, and governments in order to identify their impact on the economy of a country. It is related to many subject matters, including but not limited to politics, mathematics and international relationships.

Business

Business, on the other hand, is an economic system whereby goods and services are exchanged between two or more parties for money. Every business needs different forms of funds, and a customer base to whom it can sell its product on a regular basis in order to make profits.

It is about maximizing the value of wealth with respect to the behaviour of people. It consists of a collection of different activities and organizational behaviour, including finance, accounting, management, business strategy, human resource, sales and marketing, product development and analysis.

It also considers the external factors of an economy, political situation of a nation, and government laws and regulations to assess how it will impact an organisation and an industry as a whole. Furthermore, it also analyses the rapidly changing environmental conditions to see their impact on the overall value.