

# Economics



Subject		Economics			
Exam Board		Edexcel/ Pearson			
Head of Department		Mr Caceres			
Assessment					
Paper 1: Markets and how they work		Paper 2: Competing in the global economy		Paper 3: The economic environment and business	
35%	Written Exam, 2 hours	35 %	Written Exam, 2 hours	30%	Written Exam, 2 hours
<b>Welcome to Economics</b>  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 and fun activities to get you ready for the first few weeks of the course. Please submit your work by the set <b>due dates</b> to <a href="mailto:sixthform@sta.islington.sch.uk">sixthform@sta.islington.sch.uk</a> for the attention of Mr Caceres.					
Curriculum Map (Term 1)					
September - October 2020			November - December 2020		
Scarcity, choice and potential conflicts The economic problem Business objectives Enterprise, business and the economy Economic agents and their objectives Role of an entrepreneur in the economy Stakeholders Demand Supply Price determination Understanding the consumer The competition Role of banks in the economy			Risk and liability Types and sources of credit and the impact of credit within the economy Types and sources of credit and the impact of credit within the economy The relationship between revenue and costs Profit and loss Business survival and cash flow The wider economic environment Market failure and externalities Government intervention and failure		
Subject Specific Reading List:		Freakonomics: A Rogue Economist Explores the Hidden Side of Everything by Steven D. Levitt & Stephen J. Dubne The Big Short by Michael Lewis Post-Capitalist Society by Peter F. Drucker			
Useful Websites:		<a href="https://www.economist.com">https://www.economist.com</a> <a href="https://www.hoddereducation.co.uk/economicreview#">https://www.hoddereducation.co.uk/economicreview#</a> <a href="https://www.telegraph.co.uk">https://www.telegraph.co.uk</a>			

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## 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

#### 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>

**Great for economics data:**

- Office for National Statistics - <https://www.ons.gov.uk/>
- Trading Economics – <http://www.tradingeconomics.com>

**Books:**

- The Economics Book by Niall Kishtainy
- Economics: The User's Guide: A Pelican Introduction by Ha-Joon Chang
- Cracking Economics by Tejvan Pettinger
- Freakonomics: A Rogue Economist Explores the Hidden Side of Everything by Levitt, Steven D., Dubner
- The Undercover Economist by Tim Harford
- The Euro by Joseph Stiglitz
- Capital in the Twenty First Century by Thomas Piketty
- Doughnut Economics by Kate Raworth
- GDP: A Brief but Affectionate History by Professor Diane Coyle

**Magazines:**

- Economic Review
- The Economist

**Films:**

- The Big Short (2015) – biographical drama-comedy film
- Margin Call (2011) – drama film
- Rogue Trader (1999) – biographical drama film
- Boiler Room (2000) – crime, drama film
- Wall Street (1987) – drama film
- Enron: The Smartest Guys in the Room (2005) - documentary
- Inside Job (2010) – documentary

## Economics Terms Activity

Match the economics terms and phrases with the statements

### Statements

1. Reflects productivity and growth.
2. Rivalry among sellers for the customer's money.
3. Special quality of a competitive economic system.
4. Study of production, distribution and consumption.
5. Economy where the government has central control.
6. Someone who uses goods and services.
7. Amount left over after the costs of running the business have been paid.
8. Value of all goods and services produced in the country within a year.
9. Rules enforceable by law.
10. The use of goods/services for the production of capital goods or for the satisfaction of personal needs and wants.
11. Economic system characterised by private ownership of capital goods.
12. Making goods and providing services for human consumption.
13. A process by which unions establish higher wages and better working conditions.
14. Money that is collected from businesses and individuals to fund a government's budget.
15. Money used to start or expand a business.

Economic	
terms/phrases	
A. Collective bargaining	I. Regulation
B. Standard of living	J. Tax
C. Freedom	K. Competition
D. Capital	L. Consumer
E. Communism	M. Economics
F. Production	N. Gross Domestic Product (GDP)
G. Profits	O. Consumption
H. Free enterprise	

Research tip:

If you're trying to find further information on a topic, e.g. inflation, Google the term and one of the economics theory websites. So you would Google 'inflation economics help'.

## The Bank of England Research Activity

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

<https://www.bankofengland.co.uk/education/education-resources>

- 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

Mix and match exchange rates for the countries listed below:

### Countries

<i>China</i>	<i>Russia</i>	<i>Mexico</i>	<i>South Africa</i>	<i>India</i>
<i>Japan</i>	<i>Saudi Arabia</i>	<i>Thailand</i>	<i>Denmark</i>	<i>Sweden</i>

### Currencies

<i>Baht</i>	<i>Krona</i>	<i>Riyal</i>	<i>Rand</i>	<i>Yen</i>
<i>Krone</i>	<i>Rouble</i>	<i>Rupee</i>	<i>Yuan</i>	<i>Peso</i>

Watch the following clip on exchange rates:

Exchange rate – <https://www.youtube.com/watch?v=geoe-6NBy10>

- 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".

## **Inflation Research Activity**

Visit the following clip:

Exploring inflation - <https://www.bankofengland.co.uk/education/education-resources>

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**

Watch the following clips regarding GDP:

[https://www.youtube.com/watch?v=FXWBS\\_sx-us](https://www.youtube.com/watch?v=FXWBS_sx-us)

<https://www.youtube.com/watch?v=iLom1WlqwS0>

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

## **Interest Rate (Monetary Policy) Research**

Watch the following clip:

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

### **Current Account Research Activity**

Watch the following clips and read the articles (you may need to use other websites too):

<https://www.economicshelp.org/blog/glossary/current-account-bop/>

<https://www.youtube.com/watch?v=fifV6H4wIAo>

Now find out the following:

- a. What is the balance of payments?
- b. What is the current account of the balance of payments?
- c. What is meant by an export?
- d. What is meant by an import?
- e. What is the balance of trade?
- f. What is a current account deficit?
- g. What is a current account surplus?
- h. What is the UK's current account deficit?
- i. Which country has the biggest current account surplus?
- j. Which country has biggest current account deficit?

### **Unemployment Research Activity**

Use the link below to help you:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/methodologies/aguidetolabourmarketstatistics#unemployment>

Now find out the following:

- a. What is meant by unemployment?
- b. What is the claimant count?
- c. What is the labour force survey?
- d. Which groups of people are not counted in the unemployment figures?
- e. The current UK unemployment rate
- f. The highest rate of unemployment in the UK in the last ten years
- g. The lowest rate of unemployment in the UK in the last ten year

## Taxation and Government Spending (Fiscal Policy) Research Activity

Complete the missing letters;

I N \_ E \_ \_ T \_ \_ C \_ TAX \_ A \_ \_ E – A \_ \_ E \_ TAX \_ \_ C \_ \_ \_ TAX

\_ \_ P \_ T \_ \_ G A \_ \_ S TAX \_ O \_ P \_ O \_ \_ T I O \_ TAX

S \_ \_ \_ \_ D \_ \_ \_ \_ \_ A \_ I O \_ \_ L I \_ S U \_ A \_ C \_

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/183408/A\\_guide\\_to\\_UK\\_taxation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/183408/A_guide_to_UK_taxation.pdf)

<https://www.gov.uk/government/organisations/hm-revenue-customs>

Use the links above to find out the following (you may need to use other websites too):

- a. The top five areas of expenditure for the UK government and the amount spent on them
- b. The top five taxes for the UK government and the amount they bring in
- c. The amount spent by the government each year for the past 10 years; calculate the year on year percentage changes
- d. What is income tax?
- e. The four different income tax bands in the UK
- f. What is corporation tax?
- g. Current rate of corporation tax in the UK
- h. The four G20 countries with the lowest rates of corporation tax
- i. What is national insurance?
- j. How much per week can be earned before paying national insurance contributions?
- k. What is VAT?
- l. Current rate of VAT
- m. Goods exempt from VAT
- n. What is capital gains tax?
- o. The top rate of capital gains tax in the UK
- p. What is stamp duty?
- q. What are the different rates of stamp duty?