

A level Economics at Sir Henry Floyd Grammar School

Economics is an excellent choice of subject for anyone who is interested in understanding more about what is happening in the world around them. The new specification that starts in September will be run as a 2-year course, with 3 examinations taken at the end of Year 13.

Exam technique will be developed over the 2 years, but everyone needs to be aware from the outset that a minimum of 20% of the marks for the subject are targeted at the assessment of **quantitative skills**. Quantitative skills include calculating and using ratios, fractions, percentage changes and index numbers, and the interpretation of data in written, graphical and numerical forms.

The topics covered in the subject over the 2 years are outlined below.

Microeconomics:

- i.) **Scarcity and choice** includes an understanding of the basic economic problem, what is meant by a market economy, the concept of the margin, opportunity cost and specialisation and trade
- ii.) **How competitive markets work** covers learning on the allocation of resources, the objectives of different economic agents, supply and demand, elasticity and what is meant by efficiency
- iii.) **Market power** looks at a range of business objectives, different market structures (such as monopoly or oligopoly), how to calculate costs, revenues and profit, contestability and regulation of firms
- iv.) **Labour market** provides an understanding of how wages are determined, current issues (such as the impact of a 'living wage' or of immigration) and the ways in which governments intervene, including an appreciation of inequality of income and wealth
- v.) **Market failure** covers learning on externalities, information asymmetries, public goods, inequity, the environment, possible methods of government intervention and government failure

Macroeconomics:

- i.) **Macroeconomic performance** provides an understanding of key economic indicators and their trends, including economic growth and development, unemployment, inflation and income distribution
- ii.) **AD & AS** covers the use of aggregate demand and aggregate supply models to analyse the whole economy, the circular flow of income, macroeconomic equilibrium, the Phillips curve and the economic cycle
- iii.) **Policy instruments** includes an understanding of fiscal policy, monetary policy, supply-side policy, possible policy conflicts and different approaches to policy
- iv.) **Global context** looks at the meaning, causes and characteristics of globalisation, international trade and competitiveness, the balance of payments, exchange rates and trade policies and negotiations
- v.) **Financial sector** offers an insight into the role of the financial sector in the real economy, the financial sector in developing economies, the role of the central bank and financial regulation

Microeconomics versus macroeconomics:

Economics is

- Concerned with looking at the world in terms of our **use of resources** and the problems we create
 - money is just the means by which we make our decisions known - eg, over what to buy and sell
 - A different way of understanding the decisions that are being made :
 - **by individuals** (consumers or businesses or workers) over issues such as:
 - what to buy and from whom; what to produce and how; where to work and for how long
 - **ie, microeconomics**
 - **by governments on behalf of whole countries** over issues such as:
 - how much to tax and to spend; what laws to introduce to control the economy; what trading arrangements to come to with overseas nations
 - **ie, macroeconomics**
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Learning activities in economics include:

- news discussions
 - case studies from real life
 - games and quizzes
 - notes, diagrams and calculations
 - DVD and internet clips
 - reading, research and leading learning of others
 - question practice and examination technique development
 - competitions
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Where economists work:

Economists work in institutions such as:

- large companies (eg, Ford)
- Government departments
- utilities
- charities
- the World Trade Organisation
- The Treasury
- consultancies
- trade unions
- the World Bank
- the Bank of England
- high street banks
- university research departments
- the International Monetary Fund

An understanding of economics is invaluable in all sorts of other jobs, such as:

- accountancy
- retail management
- stock market dealing
- banking
- engineering
- mortgage broking
- market analysis
- insurance
- commodity trading
- journalism
- politics
- manufacturing

Odd-one-out:

Which is the odd-one-out in each case and why?

- i.) food, clothes, savings, big car
- ii.) inflation, interest rates, unemployment, growth
- iii.) holiday in Florida, South African wine, bananas, Scotch whisky

Summer Reading Suggestions:

Below are some suggestions for books connected to economics, to start you thinking about the subject – they all try to provide an off-beat approach to topics in a way that is accessible to everyone. Why not pick one and try it over the summer?

'The Undercover Economist', Tim Harford – 'a fresh explanation of the fundamental principles of the modern economy, illuminated by examples from the streets of London to the booming skyscrapers of Shanghai to the sleepy canals of Bruges'

'The Logic of Life: uncovering the New Economics of Everything', Tim Harford – a sequel looking at the things people will do for money, and for good reason

'Freakonomics', Steven D Levitt & Stephen J Dubner – this book poses a series of questions and attempts to answer them. It is an engaging read on a wide variety of topics, from racism on 'The Weakest Link' to parallels between the KKK, and from real estate agents to the reason why drug dealers tend to live with their mothers.

'The Economic Naturalist: Why Economics Explains Almost Everything', Robert H Frank - Why do brown eggs cost more than white ones? Why did kamikaze pilots wear helmets? Economics can help to answer some quirky questions.

'The Tiger that Isn't: Seeing Through a World of Numbers', Michael Blastland & Andrew Dilnot – a guide to making sense of official claims

'23 Things They Don't Tell you about Capitalism', Ha-Joon Chang – the latest 'must read' book for prospective university students