

Topic/Project: A'Level Economics (Edexcel A). Theme 1	Timescale: Sept - May <u>Term</u> Year 12 Terms 1 -5				
Learning Intentions/Outcomes	Activities	Resources (including ICT)	Extension Activities / Homework	Assessment for Learning Opportunities	Cross Curricular Links (SMSCD, with other subjects)
Lesson 1					
<p>1.1.1 Economics as a social science a) Thinking like an economist: the process of developing models in economics, including the need to make assumptions b) The use of the ceteris paribus assumption in building models c) The inability in economics to make scientific experiments</p> <p>1.1.2 Positive and normative economic statements a) Distinction between positive and normative economic statements b) The role of value judgements in influencing economic decision making and policy</p>	<p>Students discuss a topical issue, e.g. 'Free school meals for children at infant school will reduce the cost burden in the future for the NHS'. Students then brainstorm the assumptions which might underlie this economics argument. Further discussion can take place on the importance of ceteris paribus and therefore what other factors might influence the future cost for the NHS.</p> <p>Value judgements: <i>BBC news clips</i> used to generate discussion and questioning of students about which comments are normative and which make value judgements about the economy.</p>	<p>Resources on the <i>Economic and Social Research Council website</i>, including animated clip that explains the social science method. http://www.esrc.ac.uk/about-us/what-is-social-science/</p> <p><i>BBC news clips</i> containing politicians making value judgements about the economy.</p>	<p>Compare and contrast model building in the social sciences with student's own understanding of model building in the natural sciences.</p> <p>Bring in articles about recent news events highlighting the positive and normative aspects of the story - compare and contrast the way a story has been written about in a variety of news outlets - which are more normative and which make underlying assumptions clear to the reader?</p>	<p>Jun 2011 Q1, Jan 2013 Q1</p>	<p>Science: scientific method (hypothetico-deduction)</p> <p>History: historical perspectives on economics e.g. Truman "Give me a one-handed economist."</p> <p>SMSCD: underpinnings for the different types of value judgements people might make.</p>
Lesson 2					
<p>1.2.1 Rational decision making a) The underlying assumptions of rational economic decision making:</p> <ul style="list-style-type: none"> consumers aim to maximise utility 	<p>Students find articles from sensationalist newspapers - such as the <i>Daily Mail</i>, to find 'scare food product' stories or 'wonder food' stories. Bring to lesson to suggest how individuals spending patterns may change in</p>	<p>This is a new area of the syllabus. Pearson has published a dedicated resource.</p>	<p>Choose article from behaviouraleconomics.com blog or behaviouralisnights.co.uk blog to</p>		<p>Politics: traditional notions of individual autonomy compared to</p>

<ul style="list-style-type: none"> firms aim to maximise profits <p>1.2.10 Alternative views of consumer behaviour</p> <p>a) The reasons why consumers may not behave rationally:</p> <ul style="list-style-type: none"> consideration of the influence of other people's behaviour the importance of habitual behaviour consumer weakness at computation 	<p>reaction to these stories - is it always rational? - people exaggerate very small probabilities in their reaction.</p> <ul style="list-style-type: none"> Discuss why consumers choose to smoke even though they are aware of health risks in future. Discuss why consumers constantly want the next updated iPhone. Discuss computation weakness in context of consumer switching behaviour for utility services such as gas and electricity. <p>Consumers tend to underestimate the addictive nature of some consumption decision and consumers tend to overestimate impact of a present consumption decision.</p>	<p>Tutor2U Rational Decision Making Tutor2U Behavioural Economics</p> <p>https://www.behavioraleconomics.com/blog/</p> <p>http://www.behavioralinsights.co.uk/blog/</p>	<p>conduct PMI analysis of.</p>		<p>contemporary views of state paternalism.</p> <p>Psychology: how developments in psychology and neuroscience influence our understanding of human behaviour.</p> <p>SMSCD: organ donation and framing of choice; smoking; obesity and other health related issues.</p>
Lesson 3					
<p>1.1.3 The economic problem</p> <p>a) The problem of scarcity - where there are unlimited wants and finite resources</p> <p>b) The distinction between renewable and non-renewable resources</p> <p>c) The importance of opportunity costs to economic agents (consumers, producers and government)</p>	<p>NHS Patients scarcity opportunity cost activity.</p> <p>Scarcity task: find examples from recent news stories. For example: a lack of snow ploughs provided by the local authority; the story of a drug being unavailable for a patient.</p> <p>Activity: examples of how opportunity cost applies to different stakeholders in an economy. (government, consumers, firms).</p> <p>Pair work: decide which treatments patients should get access to on the NHS and why. You only have sufficient budget to choose 4 of six treatments.</p> <p>Discuss the opportunity cost of going to university - not just the tuition fees!</p>	<p><i>BBC news, newspaper websites and local newspapers.</i></p> <p>www.nice.org.uk</p>	<p>What is the role of NICE with regard to the availability of treatments on the NHS?</p> <p>What are Quality-adjusted life year and how are they used in its economic decision making.</p>	<p>Jan 2010 Q2, Jun 2012 Q9b, Jun 2014 Q1</p>	<p>History: how living standards have and life expectancy have changed over time.</p> <p>SMSCD: ethical perspectives on inequality and rationing of public services.</p>
Lessons 4 and 5					

<p>1.1.4 Production possibility frontiers (Introduction)</p> <p>a) The use of production possibility frontiers to depict: the maximum productive potential of an economy opportunity cost (through marginal analysis) economic growth or decline efficient or inefficient allocation of resources possible and unobtainable production</p> <p>b) The distinction between movements along and shifts in production possibility curves, considering the possible causes for such changes</p> <p>c) The distinction between capital and consumer goods</p>	<p>Students learn the definition of a PPF (underlying assumptions).</p> <p>Students develop clear understanding of why a movement along a PPF must involve an opportunity cost. They must also be clear that a PPF just presents maximum combination of options available and will be achievable if there is productive efficiency.</p> <p>Example provided to explain marginal cost and opportunity cost. 5 tractors, 0 tables 4 tractors, 100 tables 3 tractors, 180 tables 2 tractors, 240 tables 1 tractor, 280 tables 0 tractor, 300 tables</p> <p>Diagram showing concave and straight line PF. Students can then discuss why the PPF is likely to be concave in practice rather than a straight line.</p> <p>Students practice drawing graphs and working out the marginal cost of producing one extra unit of a good as well as total opportunity cost.</p> <p>An example of a PPF with consumer and capital goods on the axis will be useful for economic growth discussions later on.</p> <p>Students need to understand that opportunity cost arises because resources are limited but wants are infinite.</p> <p>Highlight that approaching decisions using the concept of opportunity cost helps decision makers assess options. They should pick the option that has the lowest opportunity cost</p>	<p>http://www.economicsonline.co.uk/Competitive_markets/Production_possibility_frontiers.html</p> <p>Tutor2u has a range of short answer questions and multiple choice questions on this topic available here.</p>	<p>With all examples they can be extended to discuss why the PPF may shift outwards or inwards and why the combination produced might end up being inside the PPC.</p>	<p>Jan 2011 Q2, Jan 2013 Q2, Jun 2011 Q9c and Q9d</p>	<p>Maths: concave and convex curves, rates of change.</p> <p>Geography: human geography and development - China as contemporary example of the trade-off between production of capital and consumer goods.</p>
<p>Lesson 6</p>					

<p>1.1.5 Specialisation and the division of labour a) Specialisation and the division of labour: reference to Adam Smith b) The advantages and disadvantages of specialisation and the division of labour in organising production c) The advantages and disadvantages of specialising in the production of goods and services to trade</p> <p>Assessment 1</p>	<p><i>Tutor2u</i> has a video on specialisation across the ages using examples of Model T Ford and Mercedes-Benz. Students watch this and identify key benefits and disadvantages to firms and employees of division of labour.</p> <p>Task: students to come up with UK specialisms in the production of goods and services and discuss possible reasons for these. Relate back to the need for specialisation.</p>	<p>Model T Ford and Mercedes-Benz: specialisation across the ages</p> <p>http://newsroom.nissan-europe.com/uk/en-gb</p>	<p>Research and analyse the success of Nissan UK - how productivity has been increased and how the negative impacts of a division of labour are addressed.</p> <p>Research and examine how a key UK specialism might be impacted by Brexit.</p>	<p>Jun 2011 Q5, Jun 2014 Q2</p>	<p>Geography: globalisation.</p> <p>History: industrialisation.</p>																
Lesson 7 and 8																					
<p>1.1.5 d) The functions of money (as a medium of exchange, a measure of value, a store of value, a method of deferred payment) (Link this to income and interest rates when talking about non price determinants of demand)</p> <p>1.2.2 Demand a) The distinction between movements along a demand curve and shifts of a demand curve b) The factors that may cause a shift in the demand curve (the conditions of demand) c) The concept of diminishing marginal utility and how this influences the shape of the demand curve.</p>	<p>Tutor 2 u 'Exercises in market demand' give plenty of real-life examples for pupils to work through.</p> <p><i><u>Non-price determinants of demand:</u></i> (PASIFIC) Population Advertising Substitutes Income (direct taxes influence demand). Fashion and trends Interest Rates Compliments</p> <p>Students work through basic example:</p> <table border="0" data-bbox="517 1157 772 1396"> <tr> <td>Pints of beer</td> <td>TU</td> </tr> <tr> <td>1</td> <td>10</td> </tr> <tr> <td>2</td> <td>19</td> </tr> <tr> <td>3</td> <td>27</td> </tr> <tr> <td>4</td> <td>34</td> </tr> <tr> <td>5</td> <td>37</td> </tr> <tr> <td>6</td> <td>35</td> </tr> <tr> <td>7</td> <td>30</td> </tr> </table> <p>Students should then add a column for MU. It would also be useful to plot both TU and MU against pints of beer.</p>	Pints of beer	TU	1	10	2	19	3	27	4	34	5	37	6	35	7	30	<p>https://bitcoin.org/en/</p> <p>https://www.tutor2u.net/economics/blog/unit-1-micro-exercise-on-market-demand</p>	<p>Research and conduct PMI analysis on Bitcoin as an alternative form of money https://bitcoin.org/en/</p> <p>Case study: Write about all the non-price determinants of demand that would affect the demand curve for VW cars in the UK. Describe how a change in each might shift the demand curve. Read about the VW emissions scandal. Summarise the story and describe the possible impacts on the demand curve for VW cars in the UK.</p>	<p>Jun 2013 Q10a</p>	<p>Psychology: influences on people's purchasing decisions; market research and survey techniques to establish consumer tastes and preferences.</p> <p>SMSCD: ethics of advertising, product placement, sponsorship.</p>
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	<p>Once the law of diminishing marginal utility (this should be explained) is understood this can then be loosely linked to why the demand curve is downward sloping.</p> <p>Students encouraged to use terminology precisely, i.e. if economists say there has been an increase in demand they mean the demand curve has shifted to the right. (This is slightly different from saying there is an increase in <u>quantity</u> demanded which can be caused by an increase in supply - they will discover this the following week).</p>		<p>How has VW responded to this situation? How effective is its response?</p>		
Lessons 9 and 10					
<p>1.2.4 Supply a) The distinction between movements along a supply curve and shifts of a supply curve b) The factors that may cause a shift in the supply curve (the conditions of supply)</p>	<p>Students to work through a practical example of a supply schedule and to draw a supply curve from it.</p> <p>Reflect and discuss how an industry supply curve would be derived from the individual supply curves of firms.</p> <p><u>Non-price determinants of supply: Causing shift in supply curve.</u> PINTS WC P productivity I indirect tax (Reference to VAT, Excise duty, corporation tax). N number of firms T Technology S subsidies W weather C costs of production</p> <p>Note: students often confuse production with productivity.</p> <p>Group discussion: identify any additional factors that might cause a shift in the supply curve.</p> <p>Group activity: work up presentations on different market scenarios to explain to the class - with the use of diagrams - the shifts in the supply curves that would occur.</p>	<p>https://www.tutor2u.net/economics/blog/unit-1-micro-exercise-on-market-supply</p>	<p>Tutor 2 u 'Exercises in market supply'</p> <p>Case study: research the non-price factors that might affect the supply of direct flights between the UK and China.</p>		<p>Maths: relationship between rates of change and the gradient of a curve; positive correlation.</p> <p>SMSCD: risk and reward; profit motive as a key organising principle of contemporary society.</p>

Lessons 11 and 12					
<p>1.2.6 Price determination</p> <p>a) Equilibrium price and quantity and how they are determined</p> <p>b) The use of supply and demand diagrams to depict excess supply and excess demand</p> <p>c) The operation of market forces to eliminate excess demand and excess supply</p> <p>d) The use of supply and demand diagrams to show how shifts in demand and supply curves cause the equilibrium price and quantity to change in real-world situations</p> <p>Assessment 2</p>	<p>Practical example with demand and supply schedules - pupils to derive demand and supply curves and to establish the equilibrium price and quantity from both their diagram and inspection of the data in tables.</p> <p>Discuss excess supply and excess demand and develop an explanation as to why this will eventually lead to the market equilibrium being achieved.</p> <p>Examine the four basic causes of a change in the market equilibrium.</p> <p>Tutor2U Demand and Supply Criss Cross Powerpoint activity.</p>	<p>https://www.tutor2u.net/economics/reference/changes-in-market-equilibrium-price</p> <p>http://abovethecrowd.com/2014/03/11/a-deeper-look-at-ubers-dynamic-pricing-model/</p>	<p>Examine the impact of different simultaneous shifts in the demand and supply curves. Discover when this will lead to an unambiguous increase/decrease in the equilibrium quantity and when it will lead to an unambiguous increase/decrease in the equilibrium price.</p> <p>PMI activity on Uber's dynamic pricing model.</p>	<p>Jun 2012 Q5 Q10a, Jan 2013 Q3</p>	<p>SMSCD: impact of the laws of demand and supply on people's lives e.g. access to basic goods and service; or impact on employment and wages.</p>
Lesson 13					
<p>1.2.7 Price mechanism</p> <p>a) Functions of the price mechanism to allocate resources:</p> <ul style="list-style-type: none"> • <i>rationing</i> • <i>incentive</i> • <i>signalling</i> <p>b) The price mechanism in the context of different types of markets, including local, national and global markets</p> <p>Assessment: Year 12 In-Class Mock Exams</p>	<p>The <i>Open University</i> has a video clip - 60 seconds adventure in economics - to illustrate the invisible hand. (Brief reference to Adam Smith).</p> <p>SIR (signalling, Incentive, Rationing) Examples examined and students explain how they illustrate the functions.</p> <p>Group work: explore case studies and prepare presentations on SIR in context of:</p> <ul style="list-style-type: none"> • International glut in oil. • Declining demand for Tesco products. 	<p>Open University: 60 second adventures in economics: The Invisible Hand</p> <p>MRU: A Price Is a Signal Wrapped up in an Incentive</p>	<p>Research latest information on each of the case studies and bring analysis completely up-to-date.</p>	<p>Jun 2012 Q3, Jun 2014 Q3</p>	<p>Politics: impact of oil and the OPEC countries on geopolitics.</p> <p>Geography: globalisation and MNCs.</p>
Lessons 14 to 19					

<p>1.2.3 Price, income and cross elasticities of demand</p> <p>a) Understanding of price, income and cross elasticities of demand</p> <p>b) Use formulae to calculate price, income and cross elasticities of demand</p> <p>c) Interpret numerical values of:</p> <ul style="list-style-type: none"> price elasticity of demand: unitary elastic, perfectly and relatively elastic, and perfectly and relatively inelastic income elasticity of demand: inferior, normal and luxury goods; relatively elastic and relatively inelastic cross elasticity of demand: substitutes, complementary and unrelated goods <p>d) The factors influencing elasticities of demand</p> <p>e) The significance of elasticities of demand to firms and government in terms of:</p> <ul style="list-style-type: none"> changes in real income changes in the prices of substitute and complementary goods <p>f) The relationship between price elasticity of demand and total revenue (including calculation)</p>	<p>Calculations are needed for this topic. Confirm understanding and practise percentage change.</p> <p>Students examine real-life examples, e.g. university fees and elasticity of demand.</p> <p>Worksheets relate questions to particular contexts in the real world, e.g. how a private dentist practice could make use of YED data for private dental implants for low income earners, medium income earner and above average income earners.</p> <p>Students to work out from price and quantity demanded data what the relationship is.</p> <p>The I Rule: <i>Inelastic demand, to increase revenue, increase price.</i></p> <p>YED for clothing & footwear AND transport: data investigation and analysis from textbook - students to investigate use of real world data e.g. Family Expenditure Survey - to establish proxy measurements that can allow for meaningful analysis of YED.</p>	<p>http://www.tutor2u.net/economics/reference/factors-affecting-price-elasticity-of-demand</p> <p>https://www.tutor2u.net/economics/blog/lesson-worksheet-price-elasticity-of-demand</p> <p>https://www.tutor2u.net/economics/blog/lesson-worksheet-income-elasticity-of-demand</p> <p>https://www.tutor2u.net/economics/blog/lesson-worksheet-cross-price-elasticity-of-demand</p>	<p>Mathematical extension for Further Maths students: prove that total revenue is maximised at the midpoint of a linear demand curve.</p> <p>Tutor2U worksheets</p> <p>Assume you are a marketing manager for Burberry raincoats. Write a brief sales strategy: What information do you need to find out about different demand elasticities relating to your product? How can you gather this information? What strategies might you adopt to increase sales - how will these depend on the elasticity information you have gathered?</p>	<p>Jan 2011 Q5, Jun 2014 Q4 Q5 Q6, Jun 2015 Q5</p>	<p>Maths: percentage change; magnitude; coefficients; rectangular hyperbola.</p>
Lessons 20 and 21					
<p>1.2.5 Elasticity of supply</p> <p>a) Understanding of price elasticity of supply</p> <p>b) Use formula to calculate price elasticity of supply</p> <p>c) Interpret numerical values of price elasticity of supply: perfectly and relatively elastic, and perfectly and relatively inelastic</p>	<p>Examination of real-world markets, e.g. crops such as sugar, coffee beans; oil and mineral markets; housing supply; electricity generation. Scenarios for students to work through to illustrate these concepts e.g. UK situation with regard to commissioning new power plants.</p> <p>Graphical representation of varying elasticities and calculations.</p>	<p>https://www.tutor2u.net/economics/topics/elasticity-of-supply</p> <p>https://www.tutor2u.net/economics/reference/determinants-of-elasticity-of-labour-supply</p>	<p>Analysis and evaluation of proposals in the February 2017 UK Housing White Paper</p>	<p>Jan 2013 Q6, Jun 2015 Q9c</p>	<p>Geography: urban planning; brownfield sites and greenbelt</p> <p>SMSCD: issues of intergenerational fairness and equity around the housing question</p>

<p>d) Factors that influence price elasticity of supply</p> <p>e) The distinction between short run and long run in economics and its significance for elasticity of supply</p> <p>Assessment 3</p>	<p>Long Run and Short Run distinction related to factors of production.</p> <p>Emphasis on it being particularly useful as a way of evaluating. "it depends on"</p>	<p>https://www.gov.uk/government/collecti- ons/housing-white- paper</p>			
Lesson 22					
<p>1.2.6 Price determination</p> <p>Return to this topic (started lessons 11 & 12). Highlight how equilibrium price and quantity changes will depend upon both:</p> <ul style="list-style-type: none"> • how much a demand or supply curve shifts in a given situation • the PED or PES on the curve in which there is a movement along 	<p>Tutor2U Demand and Supply Criss Cross Powerpoint activity.</p> <p>Tutor2U Elasticity Challenge Powerpoint activity.</p>			<p>Jan 2010 Q9a, Jan 2011 Q9b</p>	<p>Maths: percentage calculations</p>
Lesson 23					
<p>1.2.8 Consumer and producer surplus</p> <p>a) The distinction between consumer and producer surplus</p> <p>b) The use of supply and demand diagrams to illustrate consumer and producer surplus</p> <p>c) How changes in supply and demand might affect consumer and producer surplus</p>	<p>Graphical examination and exploration of how the PED and PES affects the size of the consumer and producer surplus.</p>	<p>http://www.economi- csonline.co.uk/Com- petitive markets/Co- nsumer and produ- cer surplus.html</p>	<p>Use the concepts of consumer and producer surplus to explain why market equilibriums help to maximise welfare.</p>	<p>Jan 2011 Q3, Jun 2015 Q3</p>	<p>SMSCD: the extent to which free markets help to ensure desirable social outcomes.</p>
Lesson 24 and 25					
<p>1.2.9 Indirect taxes and subsidies</p> <p>a) Supply and demand analysis, elasticities, and:</p> <ul style="list-style-type: none"> • the impact of indirect taxes on consumers, producers and government (explain and graph the difference 	<p>Hypothetical example which students plot on graph paper.</p> <p>Students have to work out work out how to plot the new supply curve when a specific tax is introduced.</p>	<p>https://www.tutor2u. net/economics/refer- ence/government- intervention- indirect-taxes</p>	<p>Analyse and evaluate the impacts of the UK government's proposed sugar tax.</p>	<p>Jan 2010 Q9d, Jun 2014 Q7, Jan 2013 Q9e</p>	<p>Maths: computation.</p> <p>SMSCD: role of government in influencing individual consumer choices</p>

<p>between specific and ad valorem tax).</p> <ul style="list-style-type: none"> the incidence of indirect taxes on consumers and producers the impact of subsidies on consumers, producers and government the area that represents the producer subsidy and consumer subsidy 	<p>Calculation of the incidence of taxation/subsidy on consumers and producers. Make sure students can understand the mathematical calculations required.</p>	<p>https://www.tutor2u.net/economics/reference/government-intervention-producer-subsidies</p> <p>https://www.mruniversity.com/courses/principles-economics-microeconomics/tax-burden-elasticity-affordable-care-act-health-insurance-mandate</p>			
Lesson 26					
<p>1.2.3 Price, income and cross elasticities of demand</p> <p>e) The significance of elasticities of demand to firms and government in terms of:</p> <ul style="list-style-type: none"> the imposition of indirect taxes and subsidies. <p>Assessment 4</p>	<p>Students examine data on how much revenue is raised by the government from cigarette and alcohol duties. Why are these goods taxed? Class discussion.</p> <p>Work through examples with different PED and PES values to develop understanding of their impact on incidence</p>	<p>https://www.gov.uk/government/publications/rates-and-allowances-excise-duty-tobacco-duty/excise-duty-tobacco-duty-rates</p>	<p>Case study: Research UK taxation of cigarettes compared to other countries. Evaluate effectiveness of high indirect taxation.</p>		
Lessons 27 and 28					
<p>1.3.2 Externalities</p> <p>a) Distinction between private costs, external costs and social costs</p> <p>b) Distinction between private benefits, external benefits and social benefits</p> <p>c) Use of a diagram to illustrate:</p> <ul style="list-style-type: none"> the external costs of <u>production</u> using marginal analysis the distinction between market equilibrium and social optimum position (MSC=MSB) 	<p>Students learn to produce 2: Positive externalities of consumption and negative externalities of production.</p> <p>Practice drawing for various scenarios and peer assess.</p> <p>Discuss how a monetary value could be placed on an external cost and the difficulties with this.</p> <p>Education is a good example: video clips useful to introduce BBC video clips on benefits of university - students to research benefits for a student of going to university</p>	<p>http://www.scoop.int/marketfailure</p>	<p>Case study: Analyse and evaluate the case for fracking in the UK with reference to negative externalities.</p>	<p>Jan 2010 Q9c, Jan 2013 Q7, Jan 2013 Q9c, Jun 2015 Q8</p>	<p>Politics: role of campaign groups in bringing externalities to public awareness.</p>

<ul style="list-style-type: none"> • identification of welfare loss area <p>d) Use of a diagram to illustrate:</p> <ul style="list-style-type: none"> • the external benefits of <u>consumption</u> using marginal analysis • the distinction between market equilibrium and social optimum position • identification of welfare gain area <p>e) The impact on economic agents of externalities.</p> <p>Definition of market failure.</p>	<p>and benefits for society in general. It is vital that students can differentiate between private benefits and external benefits of consuming education.</p>				
Lesson 29					
<p>1.3.3 Public goods</p> <p>a) Distinction between public and private goods using the concepts of non-rivalry and non-excludability</p> <p>b) Why public goods may not be provided by the private sector: the free rider problem</p>	<p>Discuss whether there is such a thing as a public good. Students assess a selection of goods/services and whether they are private goods or public goods. Are they non-rivalrous or non-excludable or do they only contain elements of both?</p> <ul style="list-style-type: none"> • a playground • broadcasting • a firework display • police protection • Light House/Street Lamp 	<p>http://www.economicsonline.co.uk/Market_failures/Missing_markets.html</p>			<p>History: the emergence of the state and how its role has grown.</p>
Lesson 30					
<p>1.3.4 Information gaps</p> <p>a) The distinction between symmetric and asymmetric information</p> <p>b) How imperfect market information may lead to a misallocation of resources</p>	<p>Students discuss scenarios and feedback to class - who knows more and what will be the effect?</p> <ul style="list-style-type: none"> • a private dentist tells you that you need a filling • a secondhand car salesman tells me the car is a good runner • the seller of a pension scheme who says the future will be well provided for • the cigarette manufacturer who does not inform potential consumers of the true health risk from smoking 	<p>https://www.tutor2u.net/economics/reference/information-failure</p>	<p>Case study: insurance industry and adverse selection.</p>	<p>Jun 2012 Q8</p>	<p>SMSCD: ethical issues of private insurance companies access to medical data of individuals.</p>

	Discussion of why it is hard to decide what mobile phone to buy, what pension plan to take out.				
Lessons 31 to 33					
<p>1.4.1 Government intervention in markets</p> <p>a) Purpose of intervention with reference to market failure and using diagrams in various contexts:</p> <ul style="list-style-type: none"> indirect taxation (ad valorem and specific) subsidies maximum and minimum prices <p>Lesson 31: Scenarios and possible solutions. Students to come up with ideas and evaluate.</p> <p>Lesson 32: Indirect tax and subsidies. (Ad valorem and specific).</p> <p>Lesson 33: Maximum and Minimum Prices</p> <p>Assessment 5</p>	<p>Possible examples to use include:</p> <ul style="list-style-type: none"> resources on the internet (i.e. <i>BBC news</i>, etc.) relating to carbon tax, etc. subsidies for firms in the green sector Scotland's attempts to introduce a minimum price for alcohol <p>Students explain and graph how they work. They must also be able to evaluate the success of each method in different scenarios</p> <p>Students discuss the impact on economic agents of government intervention in various markets.</p> <p>Focus on understanding that the objective of government intervention is to try and move the market equilibrium to the optimum level.</p>	<p>http://www.resolutionfoundation.org/publications/weighing-up-the-wage-floor-employer-responses-to-the-national-living-wage/</p>	<p>Group work and presentations: (1) sugary foods and (2) solar panels on homes.</p> <p>For each case study groups will develop:</p> <p>(i) a detailed analysis of the problem</p> <p>(ii) a carefully justified proposal with regards to government intervention</p> <p>Evaluation of the new national living wage.</p>	<p>Jan 2013 Q9d, Jun 2014 Q10, Jun 2015 Q7</p>	<p>Politics: the role of government; different political perspectives on the appropriate level and type of government intervention.</p>
Lessons 34 to 36					
<p>1.4.1 Government intervention in markets</p> <p>b) Other methods of government intervention:</p> <ul style="list-style-type: none"> trade pollution permits (lesson 34) state provision of public goods & provision of information (lesson 35) <p>regulation (lesson 36)</p>	<p>Discussion of relative advantages and disadvantages of a carbon tax compared with using pollution permits.</p> <p>Students consider scenarios/real examples. What factors will affect the success of the methods of intervention?</p> <p>Students review news websites on themes such as 'Industry warns carbon tax could cause huge job losses' and research EU Emissions Trading Scheme.</p>	<p>https://www.mruniversity.com/courses/principles-economics-microeconomics/clean-air-act-pollution-control</p> <p>http://www.bbc.co.uk/news/av/uk-politics-22218733/eu-plans-to-cut-carbon-</p>	<p>Analyse the supply and demand balance of EU permits over the past ten years with reference to wider macro-economic factors.</p>	<p>Jan 2013 Q10d</p>	<p>Geography: climate change and international agreements such as the Paris Accord</p> <p>SMSCD: climate change.</p>

		emissions-stalls-after-meps-vote			
Lessons 37 and 38					
<p>1.4.2 Government failure</p> <p>a) Understanding of government failure as intervention that results in a net welfare loss</p> <p>b) Causes of government failure:</p> <ul style="list-style-type: none"> • distortion of price signals • unintended consequences • excessive administrative costs (Fining litter droppers). • information gaps <p>Government failure in various markets</p>	<ul style="list-style-type: none"> • Road Pricing (longer journeys to avoid congestion increases pollution). • Transport policies - Mexico city example. • National Minimum Wage (causing unemployment). • HS2 • Car Scrappage Scheme (encourages people to keep older more polluting cars on road until meets the age limit for trading in. Landfill?) • Maximum Rent Controls. • Black market products. • Maximum Prices on agricultural products. 	<p>https://www.tutor2u.net/economics/reference/law-of-unintended-consequences</p> <p>https://www.tutor2u.net/economics/reference/government-failure</p> <p>https://www.gov.uk/government/organisations/high-speed-two-limited</p>	<p>Case study of HS2 and potential for government failure.</p> <p>Followed by group presentations and class debate.</p>	<p>Jun 2011 Q9e</p>	<p>Geography: infrastructure.</p>
Lessons 39 and 40					
<p>1.1.6 Free market economies, mixed economy and command economy</p> <p>Revisit 1.2.7 here as functions of price mechanism leads nicely into advantages of free market economies.</p> <p>a) The distinction between free market, mixed and command economies: reference to Adam Smith, Friedrich Hayek and Karl Marx.</p> <p>b) The advantages and disadvantages of a free market economy and a command economy</p> <p>c) The role of the state in a mixed economy</p>	<p>Students examine the extent to which there are contemporary examples of planned or free market economies. Students contrast this with well-known historical examples. Discussion of the extent to which most economies are mixed-economies and by how much they differ and why.</p> <p>Students consider what lessons might be learnt from four key thinkers: Smith, Marx, Keynes and Hayek. Students draw on macroeconomic knowledge and the key distinction between classical and Keynesian perspectives.</p>	<p>http://www.cato.org/economic-freedom-world/map</p> <p>http://www.heritage.org/index/about</p> <p>BBC Master of Money series</p> <p>"Fight of the Century": Keynes vs. Hayek Rap Battle Round Two</p>			<p>Politics: the evolution of the welfare state; Marx.</p> <p>History: the Great Depression.</p>

Lesson 40 - Different economists - reference to Adam Smith, Friedrich Hayek and Karl Marx.

Note: the discussions in general on advantages and disadvantages of free market link nicely with market failure.

Assessment 6:

Term 6 Mock Exams.

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