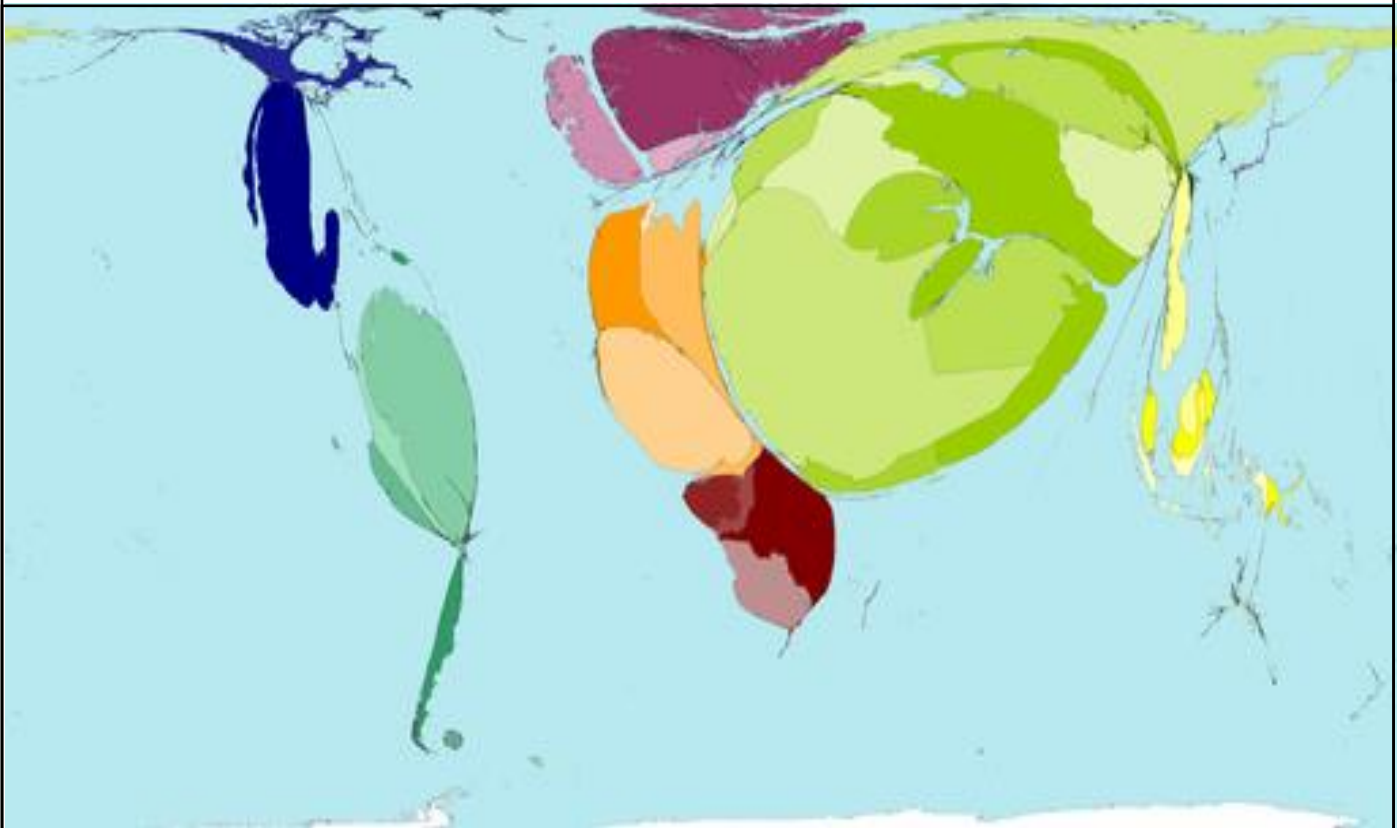


Transition materials for A level Economics

A cartograph which visually represents the scale of oil (a non-renewable resource) exports from countries around the world.



Source: <http://www.worldmapper.org/display.php?selected=75>

Territory size shows the proportion of worldwide net exports of crude petroleum (in US\$) that come from there. Net exports are exports minus imports. When imports are larger than exports the territory is not shown.

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Introduction to economics

Economics is the social science studying the production, distribution and consumption of goods and services nationally and internationally. Economics considers how a society provides for its needs. Its most basic need is survival; which requires food, clothing and shelter. Once those are covered, it can then look at more sophisticated commodities such as services, personal transport, entertainment and the list goes on. Today, this social science known as "Economics" tends to refer only to the type of economic thought which political economists refer to as *Neoclassical Economics*. It was developed in the 18th century by Adam Smith based on the idea that Economics can be analysed mathematically and scientifically.



The AS AQA specification summary

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		What's assessed
Content 1–5 above		Content 6–9 above
Assessed		Assessed
<ul style="list-style-type: none"> • written exam: 1 hour 30 minutes • 70 marks • 50% of AS 		<ul style="list-style-type: none"> • written exam: 1 hour 30 minutes • 70 marks • 50% of AS
Questions		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 		<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

Source: <http://filestore.aqa.org.uk/resources/economics/specifications/AQA-7135-7136-SP-2015-V1-2.PDF>

The A level specification summary

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](#)

Assessments

Paper 1: Markets and market failure	+	Paper 2: National and international economy	+	Paper 3: Economic principles and issues
What's assessed		What's assessed		What's assessed
Content 1 – 8 above		Content 9– 14 above		All content 1 – 14 above
Assessed		Assessed		Assessed
<ul style="list-style-type: none"> • written exam: 2 hours • 80 marks • 33.3% of A-level 		<ul style="list-style-type: none"> • written exam 2 hours • 80 marks • 33.3% of A-level 		<ul style="list-style-type: none"> • written exam: 2 hours • 80 marks • 33.3% of A-level
Questions		Questions		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 		<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 		<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

Source: <http://filestore.aqa.org.uk/resources/economics/specifications/AQA-7135-7136-SP-2015-V1-2.PDF>

Subject introduction activities

Below are a collection of activities which are designed to help you to understand a selection of topic areas within the Unit 1 micro and Unit 2 macro AS course. In order to complete them you will need to use the following websites:

- Price elasticity of demand grid

<http://www.tutor2u.net/economics/reference/price-elasticity-of-demand>

Here you will find a PowerPoint presentation covering each area of questioning within the grid on page 7, continuing on page 8.

- The demand curve worksheet

<http://www.tutor2u.net/economics/reference/theory-of-demand>

Here you will find a PowerPoint but you do not need to know most of what is on this in order to complete the task on page 9. But you do need to over the basics which you have been given structured questions on within the worksheet.

- The demand curve shift

<http://www.tutor2u.net/economics/reference/shifts-in-market-demand>

- Aggregate demand and aggregate supply

Here you will find text which explains the components of AD. There is also a PowerPoint which demonstrates this.

<http://www.tutor2u.net/economics/reference/aggregate-demand-ad>

Price elasticity of demand

To help you to complete the table below use Google to search for the information needed for each column. You will need to use the Tutor2U website which has a large section on AS level economics. You will be able to enter your search term when you access the website.

1. Explain what price elasticity means:

Elasticity	Value	Diagram	Meaning	Increased price will lead to...	Possible goods or services examples
Perfectly Elastic	E.G ∞	E.G. This is demonstrated on a demand and supply diagram by using only the demand curve.			
Elastic		E.G. This is demonstrated on a demand and supply diagram by using only the demand curve.			

Elasticity	Value	Diagram	Meaning	Increased price will lead to...	Possible goods and service examples
Unitary		E.G. This is demonstrated on a demand and supply diagram by using only the demand curve.			
Inelastic		E.G. This is demonstrated on a demand and supply diagram by using only the demand curve.			

The demand curve

You are to research about the demand curve in economics. Use the Tutor2U website to help you.

1. Define what the demand curve is in the box below:

2. Draw the demand curve in the box below. Make sure that you label both the Y and the X axis.

3. In the grid below explain each axis within the given axis columns and then, using the demand curve column, explain the relationship between the X axis, the Y axis and the demand curve.

The X axis	The Y axis	The demand curve
What does the X axis tell us? <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	What does the Y axis tell us? <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	What does the whole of the demand curve tell us? <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

The demand curve shift

1. Read the extract and answer the following question below.

Extract E: Matching supply and demand for health care services

Scarce resources can be allocated or rationed between competing uses in a number of ways. In a free market, the price mechanism rations the use of scarce resources. However, governments can also allocate resources, although this may lead to queues and lengthy waiting lists.	1
In the UK, most health care services are provided by the National Health Service (NHS). Many NHS services are free at the point of use for consumers and financed out of taxation. However, an ageing population, changing lifestyles and people's changing expectations of their right to health care are all factors which have led to excess demand for many NHS services.	5
Demand for most NHS services has always run ahead of supply. The government could try to match demand with supply either by reducing demand or by increasing supply. Demand could be reduced by charging patients for the health care they receive. Alternatively, the government could increase the supply of health care services by spending more on them. However, improvements in medical technology and the development of new, but usually expensive, drugs are dramatically increasing the cost of supplying NHS services to meet existing demand, let alone future demand. Increasing the supply of services may simply be unaffordable for the taxpayer.	10 15
Perhaps the best route forward is to manage expectations so that people expect less from the NHS. For example, should people expect free treatment for a leg injury received while out jogging? Should people expect the NHS to provide a free hip replacement for a ninety year old who has already received two replacements in the past ten years? These are the kind of questions that might need answering in the near future.	20

a) With the help of an appropriate diagram and the information in EXTRACT E, explain how demand for the NHS services has increased (12 marks).

- Use the writing frame below to structure your answer. You will need to conduct research in order to give a full answer. Please use the **Tutor2U** website.

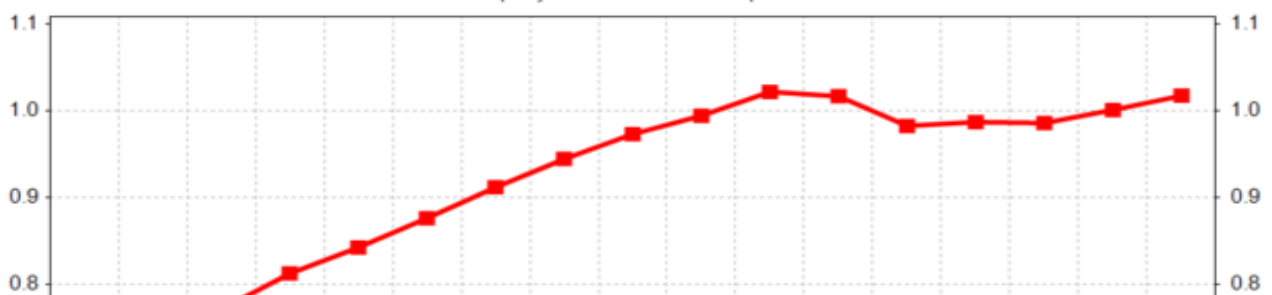
Knowledge	Application and Analysis
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2. Write the formula for aggregate demand in the box below.

3. Write an example for each component of aggregate demand in each box below:

4. Look at the graph below.

The Components of Aggregate Demand
£bn per year at constant 2003 prices



A level Economics

- Powell, Ray; Powell, James, (2015), *AQA A level economics*, Hodder Education Group.
- Gillespie, Andrew, (2009), *AS and A Level Economics Through Diagrams, Oxford Revision Guides Paperback*, Oxford, Oxford university press.
- Lanchester, John, (2010), *Whoops! Why Everyone Owes Everyone and No One Can Pay*, London, Penguin books UK.
- Ha-Joon Chang, (2014), *Economics: The User's Guide: A Pelican Introduction, Pelican books*.
- Pickerty, Thomas, (2014), *Capital in the twenty first century*, London, the Belknap press of Harvard University.
- Stiglitz, Joseph. E., (2013), *The price of inequality*, USA, Allen Lane an imprint of Penguin books.
- Stiglitz, Joseph.E., (2003), *Globalisation and its discontents*, USA, Penguin books.

Useful website links

- Tutor2U

<http://www.tutor2u.net/>

- AQA Economics past examination material:

<http://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-2140/past-papers-and-mark-schemes>

- Office for national statistics:

<https://www.ons.gov.uk/>

- Bank of England

<http://www.bankofengland.co.uk/Pages/home.aspx>

- Davos

<https://www.weforum.org/events/world-economic-forum-annual-meeting-2016/>