



**Wallington**  
**High School For Girls**  
HEIRS OF THE PAST, MAKERS OF THE FUTURE

# Economics A Level Transition Booklet

Name: \_\_\_\_\_



<b>Examination Board</b>	<b>EDEXCEL</b>
<b>Subject link: (examination board)</b>	<a href="https://qualifications.pearson.com/en/qualifications/edexcel-a-levels/economics-a-2015">https://qualifications.pearson.com/en/qualifications/edexcel-a-levels/economics-a-2015</a>
<b>Examination overview</b>	<p>Paper 1: Markets and business behaviour          -Each question is set in a context, drawing on topics from across Themes 1 and 3          -Two hours          - 35% of the total qualification</p> <p>Paper 2: The national and global economy          -Each question is set in a context, drawing on topics from across Themes 2 and 4.          - Two Hours          - 35% of the total qualification</p> <p>Paper 3: Microeconomics and Macroeconomics.          - Each question is set in a context, drawing on topics from across Themes 1, 2, 3 and 4.          - Two Hours          - 30% of the total qualification</p> <p><b>Theme 1: Introduction to markets and market</b>          -This theme focuses on microeconomic concepts.          -Students will develop an understanding of:</p> <ul style="list-style-type: none"> <li>● nature of economics</li> <li>● how markets work</li> <li>● market failure</li> <li>● government intervention</li> </ul> <p><b>Theme 2: The UK economy – performance and policies</b>          -This theme focuses on macroeconomic concepts.          -Students will develop an understanding of:</p> <ul style="list-style-type: none"> <li>● measures of economic performance</li> <li>● aggregate demand</li> <li>● aggregate supply</li> <li>● national income</li> <li>● economic growth</li> <li>● macroeconomic objectives and policy.</li> </ul> <p><b>Theme 3: Business behaviour and the labour market</b></p>

	<p>-This theme develops the microeconomic concepts introduced in Theme 1 and focuses on business economics.          -Students will develop an understanding of:</p> <ul style="list-style-type: none"> <li>● business growth</li> <li>● business objectives</li> <li>● revenues, costs and profits</li> <li>● market structures</li> <li>● labour market</li> <li>● government intervention.</li> </ul> <p><b>Theme 4: A global perspective</b>          -This theme develops the macroeconomic concepts introduced in Theme 2 and applies these concepts in a global context.          - Students will develop an understanding of:</p> <ul style="list-style-type: none"> <li>● international economics</li> <li>● poverty and inequality</li> <li>● emerging and developing economies</li> <li>● the financial sector</li> <li>● role of the state in the macroeconomy.</li> </ul>
<p><b>Course textbook(s)</b></p>	<p>Edexcel A Level Economics (Fifth Edition)          Author: Peter Smith with Peter Davis          Publisher: Hodder Education          Date: April 2023</p> <p>Textbooks are available from the Sixth Form classroom which you can sign for if you do not have your own personal book. (48 loans only are available)</p>
<p><b>Revision resources</b></p>	<p><b><u>Websites:</u></b></p> <ul style="list-style-type: none"> <li>• Past papers:  <a href="https://www.edexcel.org.uk">https://www.edexcel.org.uk</a></li> <li>• GConomics (YouTube topic videos)</li> <li>• EconPlusDahl (YouTube topic videos)</li> <li>• www.Tutor2u.net (online topic notes and videos)</li> <li>• www.Physicsandmathstutor.com (online topic notes)</li> <li>• <a href="http://www.economicshelp.org">www.economicshelp.org</a> (online topic notes and essays)</li> <li>• <a href="http://www.economicsonline.co.uk">www.economicsonline.co.uk</a> (online topic notes and details)</li> </ul> <p><b><u>Textbooks: (Additional Suggestions:)</u></b></p> <ul style="list-style-type: none"> <li>• A Level Economics: Year 1 &amp; 2 Complete Revision &amp; Practice          Publisher: CGP</li> </ul>

<b>Wider reading materials</b>	<ul style="list-style-type: none"> <li>• The Economist</li> <li>• The Financial Times</li> <li>• The Guardian</li> <li>• Economics review (produced for A level students)</li> <li>• BBC News</li> <li>• Economics TED talks</li> <li>• Materials by economists such as: Adam Smith, John Maynard Keynes, Friedrich Hayek</li> </ul>
<b>Expectations</b>	<p>Students should arrive to lessons with their notes and equipment, including a calculators and exercise books. (Exercise booth and graph paper books will be distributed during your first two weeks of study.</p> <p>You are expected to have completed the 5 hours of transition work prior to commencing the start of the A Level Economics course in September 2024. Also note that you expected to complete 4 – 5 hours of independent work outside of lessons over the two weekly timetable cycle. (This will include homework, revision, and wider reading every two weeks).</p>

### **Economics Pathways/Careers**

In Economics include:

- Finance – Accountant, Company Secretary, Insurance Broker, Auditor, Bookkeeper, Budget Analyst, Financial Planner, Investment Manager, taxation.
- Public sector – Waste Management, transport planning, intelligence, politics, JP/MP
- Business and economics related careers – HR Management, IT, Management, Market research, public relations, international relations, international development.
- Non Economics careers – Economics a level is a brilliant qualification to have and it will help you with a variety of careers. These include journalism, social work, teaching, nursing, sales, media, law and the Armed Forces.

Economics related university courses include:

- Economics
- Economics and political science
- Policy, Politics and Economics
- International relations with economics
- Mathematical economics and statistics
- Planning and economics
- Economics with economic history

Many universities also offer a year in industry as part of their course which will equip you with valuable commercial experience and may also provide you with the opportunity to travel, study and work in other countries.

A number of businesses also offer apprenticeships. Ask your teacher: Mr Bouri-Ward or Ms Sander for further information.

### **Useful Resources & Further Reading**

Edexcel Economics for A Level	Peter Smith (course text book)
Economics Sixth edition	Alain Anderton
CGP Revision Guide	CGP
The undercover economist	Tim Harford
No Logo	Naomi Klein
Capitalism and Freedom	Milton Friedman
The end of poverty	Jeffery Sachs
Globalisation and its discontents	Joseph Stiglitz
Freakonomics	Stephen J. Dubner and Steven D. Levitt
The economics of inequality	Thomas Piketty and Arthur Goldhamme
Tutor2u	<a href="http://www.tutor2u.net">www.tutor2u.net</a>
Economic Review	Phillip Allan Magazines containing relevant articles.
The Economist	Economics journal containing relevant articles.
Office for National Statistics -	<a href="https://www.ons.gov.uk/">https://www.ons.gov.uk/</a>
Economics Online -	<a href="http://www.economicsonline.co.uk/">http://www.economicsonline.co.uk/</a>
Economics Help	<a href="http://www.economicshelp.org/">http://www.economicshelp.org/</a>
BBC News (economy section)	<a href="http://www.bbc.co.uk/news/business/economy">http://www.bbc.co.uk/news/business/economy</a>
The Guardian (economics section)	<a href="https://www.theguardian.com/business/economics">https://www.theguardian.com/business/economics</a>
The Telegraph (economy section)	<a href="http://www.telegraph.co.uk/business/economy/">http://www.telegraph.co.uk/business/economy/</a>
The Independent (money section)	<a href="http://www.independent.co.uk/money">http://www.independent.co.uk/money</a>
This is money	<a href="http://www.thisismoney.co.uk">http://www.thisismoney.co.uk</a>
Gavin Clark (OCR examiner)	youtube.com 'GConomics; page
Economics video	youtube.com 'econplusedahl' pages

## **Tutor2u – Revision Guidance**

### **Revision MCQ**

[https://www.tutor2u.net/economics/collections/mcq-revision-blasts-for-a-level-economics?utm\\_medium=email&utm\\_campaign=Economics%20Revision%20Support&utm\\_content=Economics%20Revision%20Support+CID\\_5b63090411477faf18ed26f0504dd9e1&utm\\_source=CampMonitor&utm\\_term=MCQ%20Revision%20Videos](https://www.tutor2u.net/economics/collections/mcq-revision-blasts-for-a-level-economics?utm_medium=email&utm_campaign=Economics%20Revision%20Support&utm_content=Economics%20Revision%20Support+CID_5b63090411477faf18ed26f0504dd9e1&utm_source=CampMonitor&utm_term=MCQ%20Revision%20Videos)

### **Revision essay plans**

[https://www.tutor2u.net/economics/collections/revision-essay-plans?utm\\_medium=email&utm\\_campaign=Economics%20Revision%20Support&utm\\_content=Economics%20Revision%20Support+CID\\_5b63090411477faf18ed26f0504dd9e1&utm\\_source=CampMonitor&utm\\_term=Revision%20Essay%20Plans](https://www.tutor2u.net/economics/collections/revision-essay-plans?utm_medium=email&utm_campaign=Economics%20Revision%20Support&utm_content=Economics%20Revision%20Support+CID_5b63090411477faf18ed26f0504dd9e1&utm_source=CampMonitor&utm_term=Revision%20Essay%20Plans)

### **Analysis skills**

[https://www.tutor2u.net/economics/collections/chains-of-reasoning?utm\\_medium=email&utm\\_campaign=Economics%20Revision%20Support&utm\\_content=Economics%20Revision%20Support+CID\\_5b63090411477faf18ed26f0504dd9e1&utm\\_source=CampMonitor&utm\\_term=Analysis%20Examples](https://www.tutor2u.net/economics/collections/chains-of-reasoning?utm_medium=email&utm_campaign=Economics%20Revision%20Support&utm_content=Economics%20Revision%20Support+CID_5b63090411477faf18ed26f0504dd9e1&utm_source=CampMonitor&utm_term=Analysis%20Examples)

### **Evaluation skills**

[https://www.tutor2u.net/economics/collections/evaluation-skills-videos?utm\\_medium=email&utm\\_campaign=Economics%20Revision%20Support&utm\\_content=Economics%20Revision%20Support+CID\\_5b63090411477faf18ed26f0504dd9e1&utm\\_source=CampMonitor&utm\\_term=Evaluation%20Skills%20Videos](https://www.tutor2u.net/economics/collections/evaluation-skills-videos?utm_medium=email&utm_campaign=Economics%20Revision%20Support&utm_content=Economics%20Revision%20Support+CID_5b63090411477faf18ed26f0504dd9e1&utm_source=CampMonitor&utm_term=Evaluation%20Skills%20Videos)

## What is Economics?

### Task 1

- i) What is economics?
- ii) Find a definition you understand online Quote it.
- iii) Then explain it in your own words.
- iv) What does it mean?

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## Task Two:

### Using data in economics

Economists collect data for two main reasons:

- The scientific method that requires a theory to be tested.
- Provide support for particular policies

Collecting data presents a number of challenges for economists as it may be inaccurate, bias or subject to variables. When considering data in relation to GDP (Gross Domestic Product/output), inflation or exchange rates it is important to identify whether the values are real or nominal.

**Values** which have not been adjusted for inflation are nominal values. These are values expressed at current prices (i.e. at the level of prices existing during the time period measured).

If a value has been adjusted for inflation it is a real value. One period of time is taken as a base period and data is then compared and adjusted assuming that prices were the same throughout as in the base period.

**Indices** or index numbers are used to compare absolute values e.g. the real output of the economy in 2013 and 2023. One-time period is chosen as the base period; this usually has a value of 100, and the rest of the statistics in the series are compared to the value in that base period.

Using the table below explain the changes in consumption (you should compare to the base year):

Consumption				
Year	Million (£)	Index number if base year is		
		Year 1	Year 2	Year 3
1	500	100.0	83.3	62.5
2	600	120.0	100.0	75.0
3	800	160.0	133.3	100.0



## Key Terms

Fill in the definitions for the following key terms:

<b>Key term</b>	<b>Definition</b>
Unemployment	
Real GDP	
Nominal GDP	
Inflation	
Demand	
Supply	
Microeconomics	
Macroeconomics	
Exchange rate	
Productivity	
Opportunity cost	
Scarcity	
Economic Development	
Balance of Payments	
Dependency ratio	
Normative statement	
Positive statement	

## Multiple Choice Questions

1. The minimum wage in the UK has increased, resulting in job losses as the demand for workers decreases. This is an example of:

- a. Structural unemployment
- b. Classical unemployment
- c. Casual unemployment
- d. Cyclical unemployment

2. As the economy moves from recession to recovery there is unlikely to be higher:

- a. Business activity
- b. GDP growth
- c. Unemployment
- d. Inflation

3. The rate of inflation has fallen from 3.2% in March to 2.3% in April. This is an example of:

- a. Reflation
- b. Deflation
- c. Disinflation
- d. Hyperinflation

4. RPI differs from CPI in that:

- a. The data is collected weekly rather than monthly
- b. It takes mortgage interest payments into account
- c. It looks at twice as many goods as CPI
- d. The basket of goods never changes

5. Which of the following is likely to be a consequence of deflation?

- a. A fall in the value of money
- b. Increased investment
- c. A rise in consumption
- d. A rise in the value of debt

Which one of the following is an example of demand-pull inflation?

- a. A rise in the price of oil
- b. A rise in consumer spending
- c. A rise in real wages
- d. A rise in the government surplus

7. Which one of the following groups is counted as unemployed in the Claimant Count?

- a. Full-time university students actively seeking a part time job
- b. 17-year-olds in education and actively seeking a job
- c. People out of work not collecting Jobseeker's Allowance
- d. People not willing to work at the wage rate but claiming Jobseeker's Allowance

8. Recession is defined as:
- One quarter of negative output growth
  - Two quarters of slowing output growth
  - Two quarters of growth below the trend line
  - Two quarters of negative output growth
9. Which stage of the economic cycle is most likely to see the use of previously unused **spare** capacity and low inflationary pressure in the economy?
- Boom
  - Slump
  - Recession
  - Recovery
10. As UK steel production falls and factories are permanently closed as a result of competition from abroad, many thousands of jobs have been lost. This is an example of what?
- Seasonal unemployment
  - Technological unemployment
  - Frictional unemployment
  - Structural unemployment

**Knowledge Questions (Microeconomics)**

**The Economic Problem**

a. Explain what is meant by the economic problem.

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b. Explain what is meant by an opportunity cost.

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c. Explain, using examples, the difference between a positive and normative statement.

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**Demand**

a. Define the term demand

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b. Explain one determinant (factor affecting) demand

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**Supply**

a. Define the term supply

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b. Explain one determinant of supply

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**Equilibrium**

a. Explain what is meant by the term equilibrium.

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b. Explain what is meant by the term disequilibrium.

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c. Explain what is meant by excess demand.

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d. Draw and label the equilibrium diagram.

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**Market Failure**

a. Define the term market failure

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b. State three causes of market failure

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c. Define the term social cost.

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d. Define the term private benefit.

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e. Explain, using economic examples, the reasons for the introduction of the sugar tax.

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**Types of Economy**

a. Explain, using examples, what is meant by a mixed economy.

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b. Explain two disadvantages of a mixed economy.

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c. Explain two advantages of a command economy.

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d. Explain the difference between privatisation and nationalisation.

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e. Give an example of a company which has been privatised and one which has been nationalised.

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f. Explain two advantages and two disadvantages of privatisation.

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**Types of Market**

a. Explain what is meant by a monopoly.

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b. Explain why a monopoly is a price maker.

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c. Explain, using examples, what is meant by an oligopoly.

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d. Explain why oligopolies may not compete on price.

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**Knowledge Questions (Macroeconomics)**

**Economic Growth and the Economic Cycle**

a. Define the term 'economic growth'.

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b. What is the current economic growth rate for the UK?

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c. State two characteristics of a positive output gap

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**Employment and Unemployment**

a. What are the 2 types of measurement for unemployment?

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b. What is the current unemployment rate?

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c. There have been thousands of job losses in the steel and coal industries recently. This is an example of what type of unemployment?

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d. If minimum wage increases from £11.44 to £14 in April 2025 it could increase unemployment. Which one primarily?

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**Inflation and Deflation**

a. Define the term 'inflation'.

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b. What is the current UK inflation rate?

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c. Explain the difference between disinflation and deflation.

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d. What are the two main measures of inflation?

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e. What is the main difference between these two measures of inflation?

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**Economics Schools of thought**

There are two main schools of thought that we focus upon in Economics A Level namely 1) Monetarist/Classical (also Neo-classical) and 2) Keynesian. Using the links below create a document which explains:

- 1) Key people in this 'school of thought'
- 2) Key terms e.g. invisible hand, capitalism, price mechanism, market mechanism
- 3) Their ideas on how the economy works e.g. inflation and unemployment
- 4) Other useful information

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Links:

[https://www.economicsonline.co.uk/Economic\\_schools.html](https://www.economicsonline.co.uk/Economic_schools.html)

<https://www.economicshelp.org/blog/11113/concepts/keynesianism-vs-monetarism/>

<https://www.tutor2u.net/economics/blog/keynes-v-friedman>

<https://www.tutor2u.net/economics/blog/keynes-phillips-vs-von-mises-hayek-the-tag-team-fight-of-the-century>

<https://www.tutor2u.net/economics/reference/keynesian-economics>

<https://www.economicshelp.org/blog/6801/economics/keynesian-economics/>

### **Economics in the news**

Understanding economic context and being able to apply this to your analysis and evaluation will contribute towards the achievement of higher grades. Monitor the news and include key articles in the grid below.

Date	Key Information
Example:  17 <sup>th</sup> May 2024	Example:  Inflation rate falls to lowest in almost three years.  BBC News  Falling gas and electricity prices have driven UK inflation to its lowest level in almost three years.  Prices rose at 2.3% in the year to April, down from 3.2% the month before, official figures show.
Example:  6 <sup>th</sup> June 2024	Example:  Will the UK and US cut interest rates like Europe?  <b>After pushing borrowing costs sharply higher in recent years to try to quell soaring prices, countries around the world are shifting gear.</b> The European Central Bank (ECB) on Thursday announced its first interest rate cut in five years, dropping its main lending rate from an all-time high of 4% to 3.75%.
