

GCSE Economics Handbook



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Course Summary

Examining body: AQA

Course overview: You will study 2 units over the three years:

Unit 1 – How the Market Works

This unit of the specification covers issues within microeconomics. Candidates will consider the basic economic problem and how it affects the allocation of resources in competitive markets. The unit will cover how price is determined through the forces of demand and supply and how a firm competes in the market. It is essential that the range of content given below is demonstrated in the context of the interdependent economic behaviour of individuals, groups, organisations and governments within a local and national context. It is important for candidates to gain an insight about 'real world' economics and, therefore, throughout the course the dynamic nature of economic activity should be emphasised.

Unit 2 – How the Economy Works

This unit of the specification covers issues within macroeconomics. Candidates will consider three of the main variables in the economy and how these are influenced by government policy. It covers the expenditure and revenue of the government, including taxes, and the effects that these have on the economy. It is essential that the range of content given below is demonstrated in the context of the interdependent economic behaviour of individuals, groups, organisations and governments within a local and national context. It is important for candidates to gain an insight into 'real world' economics and, therefore, throughout the course the dynamic nature of economic activity should be emphasised.

Assessment:

- Paper 1 - Written exam: 1 hour 45 minutes, 80 marks, 50% of GCSE
- Paper 2 - Written exam: 1 hour 45 minutes, 80 marks, 50% of GCSE

Year Planner

Year 9 Business Studies

	Autumn Half Term 1	Autumn Half Term 2
Specification topics that will be completed for this term:	1.1 Economic Foundation 1.2 Factors of Production 1.3 Making Choices <i>End of Topic and half term assessments</i>	2.1 Markets and allocation of resources 2.2 Economic Sector 2.3 Specialisation, Division of Labour and Exchange <i>End of Topic and half term assessments</i>
	Spring Half Term 1	Spring Half Term 2
Specification topics that will be completed for this term:	3.1 Demand for goods and services 3.2 Supply for goods and services 3.3 Equilibrium price <i>End of Topic and half term assessments</i>	3.4 Intermarkets relationships 3.5 Price elasticity of demand 3.6 Price elasticity of supply <i>End of Topic and half term assessments</i>
	Summer Half Term 1	Summer Half Term 2
Specification topics that will be completed for this term: Groccesser: students will have an opportunity to develop their enterprise skills by creating their own business.	4.1 Cost, Revenue and Profit 4.2 Production and Productivity 4.3 Economics of scale <i>End of Topic and half term assessments</i>	<i>End of Year assessments</i> Grocers

Year 10 Business Studies

	Autumn Half Term 1	Autumn Half Term 2
Specification topics that will be completed for this term:	5.1 Market structure 5.2 Competitive markets 5.3 Non-competitive market 5.4 The labour market <i>Recap topic 1</i> <i>End of Topic and half term assessments</i>	6.1 Misallocation of resources 6.2 Externalities 7.1 Interest rates, saving, borrowing, spending and investment 7.2 Government income and expenditure <i>Recap topic 2</i> <i>End of Topic and half term assessments</i>
	Spring Half Term 1	Spring Half Term 2
Specification topics that will be completed for this term:	8.1 Economic objectives of the government 8.2 Economic growth 8.3 Employment and unemployment <i>Recap Topic 3</i> <i>Mock exams in January and End of topic assessments end of half term</i>	8.4 Inflation and price stabilities 8.5 Balance of payment 8.6 Distribution of income <i>Recap Topic 4</i> <i>End of Topic and half term assessments</i>
	Summer Half Term 1	Summer Half Term 2
Specification topics that will be completed for this term:	9.1 Fiscal policy 9.2 Monetary policy 9.3 Supply-side policy <i>Recap: Topic 5</i> <i>End of Topic and half term assessments</i>	Grocers <i>End of Year assessments</i>

Year 11 Business Studies

	Autumn Half Term 1	Autumn Half Term 2
Specification topics that will be completed for this term:	9.4 Policy to correct Positive and Negative Externalities 10.1 Why countries trade and the importance of international trade to the UK 10.2 Exchange rates 10.3 Free-trade governments including the European Union 10.4 Globalisation: benefits and drawbacks <i>Recap: Topic 6</i> <i>End of Topic and half term assessments</i>	11.1 The role of money 11.2 The role and importance of the financial sector for the economy <i>Recap: Topic 7</i> <i>End of Topic and half term assessments</i> <i>Full assessment of all topic to date</i>
	Spring Half Term 1	Spring Half Term 2
Revision	Revisit old topics to consolidate learning Mock exams in January and end of topic assessments end of half term	Revisit old topics to consolidate learning End of Topic and half term assessments
	Summer Half Term 1	Summer Half Term 2
Revision	Revisit old topics Revision and exam preparation.	GCSE Examinations

Rules and Expectations

The Course and You

As with everything else in life: ***you get out what you put in.*** We hope that you will enjoy your studies and if you follow these guidelines you will be given responsibility and rewarded for your hard work:

Course Title	GCSE Economics
Start Date	5 th September 2017
Duties	<p>Your duties as an GCSE Student will include but not be limited to:</p> <ol style="list-style-type: none"> 1. Attend all Business Studies lessons 2. Be on time to all lessons 3. Set independent goals with your teacher and review them every half term/topic 4. Complete and hand in all independent learning/assessments on time 5. Be silent and listen to the teacher when they are speaking 6. Be silent and listen to your peers when they are speaking 7. Respect all fellow class members and the teacher 8. Act in a professional manner at all times 9. Participate in ALL classroom activities 10. Participate in all types of independent and group work 11. Take responsibility of completing all unfinished work in your own time 12. Act as a role model for all students in the room and in the department. 13. MEET ALL DEADLINES!
Classrooms	Class 406/407 at Chelsea Academy, Lots Road, London SW10 0AB
Hours of Work per week	<p>2/3 hours of class time per week</p> <p>A minimum of 60-90 minutes independent learning per week</p>
Behaviour Policy and Character of the Business classroom	<p>The classroom is a professional environment set within the Christian ethos of Chelsea Academy. As a GCSE student you will be required to follow the Christian character of the Academy. Furthermore, your behaviour must be professional at all times:</p> <ol style="list-style-type: none"> 1. Always use professional language and economic terms. 2. Always treat each other with respect 3. Enter your "work place" in a calm and mature fashion ready to learn

Sickness/Absence	If you are absent for any lessons, you are required to catch up on all missed work in your own time and email in any work to meet deadlines.
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Resources and Reading

Google Drive lesson presentations and worksheets

If you are absent or cannot attend a lesson for any other reason, or even if you just need to go back over the activities from a lesson, all of the presentations you see on the interactive whiteboard in class are uploaded to Google Drive in a student-friendly version.

AQA Economics

CGP AQA GCSE Economics Revision Guide

Key texts and exercises from textbooks are uploaded onto the Google Drive, and the books are available to use in the Economics Curriculum Area

Tutor2, at www.tutor2u.net. Wide range of online materials

The Economist / Economic Review / Newspapers

These magazines are available for you to read in the LRC and are full of articles aimed at people in your age group. Remember, reading really helps to improve your vocabulary and understanding of current affairs

Dictionaries

There are dictionaries available in every Economics room, as well as in the LRC. It is vital that you get into the habit of looking up and listing words that you do not know as soon as you begin the course. Ideally, you will buy a dictionary for use at home

This course handbook

At the back of this course handbook, you have all of the vocabulary lists for the three year GCSE. Fill these in as you go along, and make sure you know as many of the words as possible before the final exams.

This handbook also gives you a definitive guide to what you need to do to get an A* with examples of how to evaluate and critically reflect.

Revision guide

During the course, you will be issued with a revision guide, which includes useful tips and strategies to help revise for exams or controlled assessments in all four skill areas (listening, reading, speaking, writing).

BBC Business New

This will have up to date and relevant business news which you can apply to your courses, exams and lessons. Check it as often as you can. - <http://www.bbc.co.uk/news/business>

Past papers and specimen papers

<https://www.aqa.org.uk/subjects/economics/gcse/economics-8136/assessment-resources>

A select range of past exam papers and specimen papers are available to download for free on the AQA website. Mark schemes are also available.

YouTube - www.youtube.com

Search “Current affairs” or watch videos on certain areas of interest within the economy. This will help your application skills and evaluation by using the theory and applying it to real world scenarios.

Extended Curriculum and Future Pathways

Extended curriculum opportunities:

Students will be encouraged to take part in Tycoon in Schools. For further details, see the links below.

There will be visits to high profile business partners in their central London offices.

Progression:

If you'd like to study business, finance or management at university, A-level Business provides an excellent foundation. The skills you learn are also transferable across a broad range of subjects and careers. Whatever you choose to do. It is also the ideal course for any student who is interested in a career in the following professions: management consultancy, Trading, Analyst, Marketing, Teaching, Chartered account and so much more.

Find out more:

Type in this link to the internet to look at the full specification:

<https://www.aqa.org.uk/subjects/economics/gcse/economics-8136>

You will find past papers here:

<https://www.aqa.org.uk/subjects/economics/gcse/economics-8136/assessment-resources>

Information on Tycoon in schools

<https://www.tycooninschools.com/about>

Why should you choose this subject?

Choosing GCSE Economics will enable you to:

- Actively engage in the study of business to develop as effective and independent learners and as critical and reflective thinkers with enquiring minds
- Use an enquiring, critical approach to distinguish between fact and opinion, build arguments and make informed judgements
- Apply your knowledge, understanding and skills to contemporary issues in a range of local, national and global contexts

- Understand the perspectives of a range of different stakeholders in relation to economic activity
- Consider the moral issues that arise as a result of the impact of economic activity on the environment and economic development
- Use your economic knowledge, understanding and skills to help you to understand current events and improve your understanding as a global citizen

Things to Do and See

To support your GCSE Economics course, you should keep up to date with current affairs by reading relevant newspapers and watching the news – BBC News and The Guardian websites are very good for this. Tutor2u Business blog is also great to keep track of developments that relate to the course.

AQA Webinar

AQA offers a student webinar on core content and revision techniques. This will be held during Year 11 and costs a small fee.

Visiting Other Organisations and Economics Guest Speakers

We normally try to visit other businesses or ask guest speakers to come and talk to you at key points in the term. Any ideas for these would be most welcome.

Grocers

The Grocer Gold Awards is a food and drinks awards ceremony like no other. Glitz, prestige, the best in the business competing, topped off with an evening that promises an incredible atmosphere, and only the very best food and drink. It's not hard to see why The Grocer Gold Awards are recognised as the most glamorous and lavish event in the grocery calendar.

International Trips

We will aim to organise one international trip in the transition between AS and A2. The destination will depend on the number of students and relevance to course criteria.

Bank of England

This trip relates to the Unit 2- How the economy works - inflation and other macroeconomic objectives. We will get to walk around the museum, have an hour's presentation and participate in activities all related to your learning

Parliament

This visit to parliament will consist of a tour of the House of Commons and Lords and a variety of workshops. A great way to become familiar with the ways in which the government set policy in the UK.

Assessment Information

Assessment of Your Work

The following pages include information on how your work is assessed. They include the key Assessment Objectives for the course as well as the scheme of assessment used for marking your coursework. These are very useful documents that you should refer to when producing essays and revising for exams.

Assessment Objectives and QWC

AO1 Demonstrate Knowledge and Understanding

- Demonstrate knowledge and understanding of the specified content.

AO2 Apply Knowledge and Understanding

- Apply knowledge and understanding of the specified content to problems and issues arising from both familiar and unfamiliar situations.

AO3 Analyse

- Analyse economic problems and issues.

AO4 Evaluate

- Evaluate economic arguments and evidence, making informed judgements.

Ten Ways to Improve Evaluation Skills and Marks in Business Studies

What is evaluation?

Evaluation is about making **critical judgments** and coming to **reasoned conclusions** on the basis of the **evidence** that you have in front of you and the **wider knowledge** you can bring to a question.

Strong evaluative answers use **supporting evidence** to justify an argument. **Justifying** an argument carries more marks than making the argument since stating an argument is often a relatively simple task.

Examples of command words in a question that require or invite evaluation

The command words within a question that definitely require evaluation include the following:

Evaluate – e.g. compare a number of possible views about an economic problem or an issue and come to a reasoned conclusion about which view holds most weight

E.g. evaluate the performance of the Bank of England in maintaining macroeconomic stability in recent years

Assess - analyse an economic issue and then weigh up the relative importance of different strands

E.g. assess the possible effects of a rise in the external value of the pound against the currencies of our major trading partners

Do you think – a question that invites a personal response to a question but where the highest marks are awarded for good analysis backed up with reasoned argument and supporting evidence.

E.g. Do you think that a national system of road pricing should be introduced for Britain's motorway network?

Discuss – a question that prompts you to provide and then compare a range of possible views about an issue or a problem.

E.g. discuss the advantages and disadvantages of introducing a national minimum wage into the UK labour market

Criticise analyse the problems facing UK manufacturing industry in today's global economy

To what extent – again a question that invites quite a broad analysis and discussion and in particular a judgement on the relative importance of something or the relative merits / demerits of a policy

E.g. to what extent should the government run a high budget deficit as a way of stimulating growth during a recession?

Ten Strategies for Improving Your Evaluation Skills in Data Response and Essay Questions

1. Make good use of your **final paragraph** – avoid repetition of points already made
2. Look for **key stem words** in the question – build your evaluation around this
3. Put an economic event, a trend, a policy into a **wider context**
4. Be familiar with different **schools of thought** e.g. free market versus government intervention
5. Be aware that a singular economic event **never happens in isolation** especially in a world where economies are so closely interconnected.

6. Question the **reliability of the data** you have been given (for the Unit 4 EU paper)
7. Draw on your **wider knowledge** to provide **supporting evidence and examples**
8. Consider both **short term and longer term consequences** (they are not always the same)
9. Consider both **positive and negative consequences**
10. Think about what might happen to your arguments if you **drop the “ceteris paribus” assumption**

Economics is rather like a jigsaw, if you do enough reading, thinking and revision, eventually the pieces really start to fit together and finally you can see the whole (bigger) picture

Good Evaluative Phrases to Use in an Exam

- Try not to summarise points that have already been made. This scores no extra marks and is a waste of time.
- Instead seek to come to a reasoned conclusion – e.g. selecting your main argument and then justifying it.
- Perhaps look forward, e.g. is it too early to come to a definitive conclusion?
- If you are really pushed for time, add in some final evaluation points as bullets. Look for key stem words in the question – build evaluation around this

Essay question:

“Evaluate the view that the government should give financial assistance to firms producing cars in the UK to increase their competitiveness.”

1. What does financial assistance mean?
2. What different forms might it take?
3. Draw on recent examples of occasions when financial assistance has been asked for or has been forthcoming
4. What does competitiveness mean? It is a concept with more than one meaning.
5. Which firms might be offered financial help?
6. Who are the stakeholders involved in such decisions?
7. Who gains and who loses in the medium term from state aid?

Data response (final) question

“Using the data and your economic knowledge, assess the extent to which interest rate cuts are likely to improve the performance of economies such as the USA and the UK”

1. Your answer will need to consider what the “performance of economies” means – i.e. which real economic variables are part of the overall performance issue?
2. Short term performance?
3. Longer term economic success

4. Demand-side effects of interest rate cuts
5. Supply-side effects of interest rate reductions
6. Are interest rate cuts on their own sufficient to achieve a sustained improvement?
7. What are the economic risks from cutting interest rates?
8. When might interest rate reductions have little effect? (e.g. consider the liquidity trap)
9. Have lower interest rates actually benefited the performance of countries such as the United States and the United Kingdom? – draw on recent macroeconomic evidence

Data response (final) question

“Using the data and your economic knowledge, evaluate the consequences of a sustained, high rate of economic growth.”

1. What does the word sustained growth mean?
2. Is there a difference between sustained growth and sustainable growth?
3. What does a fast rate of growth mean? 14
4. Are the two compatible? To what extent might a high rate of economic growth not be sustained or sustainable in the long term
5. Distinguish between the short term and longer term consequences of high rates of growth

Keep focused on those stem words – so that your answer does not drift into irrelevance

Put an economic event, a trend or a policy into a wider context

This is all about putting something into a bigger picture, recognising that we live in an interdependent, global world with all sorts of interesting and often complex inter-relationships.

For example

- a. Linking a discussion about the national minimum wage with the importance of businesses being competitive within a global economy
- b. Considering the effects of a rise in government spending on transport infrastructure in terms of the UK’s ability to trade and compete within the European Single Market
- c. Discussing options for reforming the CAP and linking to wider environmental concerns and prospects for progress in global trade talks
- d. Considering the macroeconomic effects of a microeconomic policy e.g. longer term macroeconomic effects of the introduction of a ban on smoking in public places

Draw on your wider knowledge to provide supporting evidence and examples

What happens in theory rarely matches what happens in reality! If you are well-read and have kept up to date with developments in the UK and international economy, then you are much better placed to back up your arguments with concrete evidence.

“An economist is someone who sees something working perfectly well in practice and wonders if it will work just as well in theory.”

Consider short term and longer term consequences (they are not always the same)

Economic events happen at moments in time, but the consequences can take considerably longer to show through

Time lags between changes in one variable affecting another

E.g. changes in interest rates or fluctuations in business sentiment

Short term effects of an exchange rate change (possible J curve arising from a depreciation) and the longer term effects on output, employment, investment and living standards

The time lags for supply-side policy changes can be lengthy – often measured in years.

E.g. the longer term effects and implications of trade union reforms, of joining the European Union, of enlarging the EU, of joining the single currency, or not joining the Euro!

Think beyond the short term and the immediate! The further forward you project, the less certain you can be about the outcome, but some of the most important effects of an economic change can only be viewed some years hence.

Good evaluative phrases to use in an exam

The following list is not meant to be exhaustive but it does provide examples of ‘words and phrases’ that candidates might find helpful to get them started in making judgments.

- However
- Hence
- Nevertheless
- Although
- It is likely that

- The tendency is
- But In retrospect
- With the benefit of hindsight
- On the other hand In the short run but in the long run
- It depends upon (e.g. price elasticity of demand, what happens to the exchange rate, etc.)
- The data suggest that
- According to the article the writer argues that but

And finally...

- Add lots of evaluation points into your revision notes
- Revise in small groups and test and question each other
- Read the economics blogs for wider material
- Continue to read around the subject to build up a good awareness of current issues
- Read comment articles on a regular basis to see how a writer builds and sustains an argument
- Cover all topics so that you can see how different topics fit together

Glossary

You may not have studied Business before and a lot of the language and terms used in the subject may be new to you. It is very important that you keep a detailed glossary of all key terms. In the examination, you will be awarded marks on your use of terminology, so you must learn your key terms.

Write all new words on the following pages and make sure you bring your handbook with you to all lessons, so you can enter any new terms you come across. You should also do this when you are doing your independent learning and reading.

Economics Key Words:

Demand	Relationship between price and quantity required by consumers. An inverse relationship (negative correlation). "want and the ability to pay"
supply	Relationship between price and quantity firms are willing and able to supply (a positive correlation)
Producer surplus	Firms charge market price but many could produce for less. This difference is called producer surplus.
Consumer surplus	Consumers pay market price but many would be willing and able to pay more. This difference is called consumer surplus.
Excess demand	Where quantity demanded is higher than price (price must therefore rise)
Excess supply (glut)	Where quantity supplied is higher than price (price must therefore fall)
Cost push inflation	Suppliers respond to rising input prices by raising their prices (e.g. in response to increase in price of oil)
Demand pull	Consumers demand creates excess demand (housing bubble)
elasticity	The relationship between price and quantity. Calculated by dividing percentage change in quantity demanded by percentage change in price. Graphically, in simple terms 'the steepness of the line'. Values less than 1 (ie decimals) show inelastic relationship, values above 1 show elastic
Elastic	An increase in price has a disproportional effect on quantity demanded. "A 5% change in price causes a 20% change in quantity". A luxury good.
Inelastic	An increase in price has a less than proportional effect on quantity demanded. "A 20% change in price causes a 5% change in quantity". A necessity.
Cross price elasticity	Relationship between two products (see substitutes and complementary products)
Substitute	Not an industry competitor but a product or service that satisfies the same need in a different way. Air travel versus train travel.
Compliment	A product or service needed in order to get full benefit. Mobile phone and network provider; laptop and internet service provider
Spectrum of competition	Market types
Monopoly	A firm able to act in an unconstrained way. Able to make monopoly or super normal profits. Often described as a market type with only one firm. Defined by Competition Commission as a market with a firm who has more than 25% market share. A market that is contestable is not a monopoly. Contestable markets are ones who have relatively low barriers to entry
Barriers to entry/exit	Cost that make it difficult for a firm to enter or leave a market thus giving the existing firms some degree of protection. May be due to brand strength, patents, cost of set up (e.g. blast furnace or car plant), cost of decommissioning (e.g. nuclear reactor), planning regulation (e.g. changes in environmental laws make it harder to start new business in some areas)
Oligopoly	A market dominated by 'a few' firms. Firms often avoid price competition. Use of game theory. Kinked demand curve.
Monopolistic competition	Many firms selling heterogeneous products. Differentiated by brand each firm has a monopoly over its own brand. Firms compete on marketing and brand building.
Perfect competition	Many firms selling exactly same product (homogeneous). Examples include raw materials and investments (it matters not whose currency you buy as long as it is dollars, Euros, etc.)

GDP	Gross domestic product. A measure of a country's output. Often expressed as GDP per capita. GDP per capita divides total GDP by population.
Real	Prices or values adjusted for inflation. Real wages is wages after removing inflation. Real GDP is GDP allowing for inflation
Nominal	Also called money values. The amount as it would be expressed on an invoice or cheque before being adjusted for inflation. The nominal price of a house in 1962 is what the purchaser paid, adjusted for inflation the real price would be closer to current market prices.
Fiscal policy	The use of taxation and government spending to control economy
Monetary policy	The use of controls on money supply to control economy
Gilt	Government bond
PSBR	Public sector borrowing requirement. The 'overdraft' of the government required to fund difference between tax receipts and expenditure. Finance (normal but not always by selling gilts (government bonds – T bills in USA)
BoP	Balance of payments. The net of (all including services) export minus imports
Balance of trade	The net of physical exports minus imports
Demand side policy	Use of government spending or tax cuts to stimulate demand. Associated with Keynesian economics
Supply side policy	Alterations to infrastructure, taxation, legislation, education designed to make it cheaper to do business. Enhances productivity and so enables firms to expand
PPP	Purchasing power parity. The relationship between inflation and exchange rates. The law of one price suggests that after conversion an amount of currency should be able to purchase the same goods or services
Public good	Non rival in consumption and non-excludable. E.g a lighthouse does not lose its light by being used nor can non-payers be excluded from its benefit
Market failure	Where there is a difference between marginal social cost and marginal private costs such that the market over or under supplies a product or service
Externalities	Costs other than those involved in the transaction (e.g environmental costs or social costs)
MR	Marginal revenue – revenue from selling one more
MC	Marginal cost – cost of selling one more
Profit maximisation	Point at which $MC=MR$
AR	Average revenue
AC	Average cost
Economy of scale	Reduction in AC brought about by increase in size of firm. Eventually become dis-economy of scale where reverses occurs.
Increasing returns	Increase in output greater than increase in input. After a point will become diminishing returns where increase in input is greater than increase in output.