

## 1.1 – The Nature of the Economic Problem

### Key Terms

finite resources, unlimited wants, economic goods, free goods

### Think

- What does the economic problem mean for consumers, workers, producers, and governments?
- Give examples of economic goods and free goods from your own life.
- Why can't we have everything we want?

### Pair

- The economic problem is...
- An economic good is...
- A free good is...

### Share

Share one example of a free good and one example of an economic good from your country.

## 1.2 – The Factors of Production

### Key Terms

land, labour, capital, enterprise, mobility, quality, quantity

### Think

- List examples of each factor of production for a local business.
- What factors might affect the mobility of labour in your country?
- How can the quality of capital be improved?

### Pair

- An example of land is...
- Labour means...
- Enterprise is important because...

### Share

Share with the class an example of how technology has improved one factor of production.

## 1.3 – Opportunity Cost

### Key Terms

opportunity cost, trade-off, decision-making

### Think

- Explain opportunity cost using a personal decision you have made.
- Why might opportunity cost influence a government's decision-making?
- How can producers use opportunity cost when choosing what to produce?

### Pair

- Opportunity cost is...
- An example of a trade-off is...
- When I choose..., I give up...

### Share

Present a real-life example of opportunity cost using at least two key terms.

## 1.4 – Production Possibility Curve (PPC) Diagrams

### Key Terms

PPC, points under, on and beyond, movements along, shifts

### Think

- Draw a PPC and mark a point that shows under-utilisation of resources.
- What does a shift of the PPC to the right mean?
- Explain how opportunity cost is shown on a PPC.

### Pair

- A PPC shows...
- A shift in the PPC means...
- A movement along the PPC means...

### Share

Draw a PPC with your partner, add two points, and explain what each point represents.

## 2.10 – Market Failure

### Key Terms

market failure, public goods, merit goods, demerit goods, externalities

### Think

- Give an example of a public good and explain why the market will not provide it.
- Why might overconsumption of demerit goods occur?
- What is an external benefit? Give an example.

### Pair

- Market failure is...
- A public good is...
- A demerit good is...

### Share

Share an example of market failure in your country and explain the cause.

## 2.11 – Mixed Economic System

### Key Terms

mixed economy, government intervention, taxes, subsidies

### Think

- How does a mixed economy differ from a market economy?
- Give an example of government intervention to correct market failure.
- What is the effect of a minimum price in a market?

### Pair

- A mixed economy is...
- One form of intervention is...
- A minimum price can...

### Share

Draw a diagram showing the effect of a subsidy on supply.

## 2.1 – Microeconomics and Macroeconomics

### Key Terms

microeconomics, macroeconomics

### Think

- Give examples of a microeconomic and a macroeconomic issue.
- Why might a government be interested in both micro and macroeconomics?
- How does studying one market differ from studying the whole economy?

### Pair

- Microeconomics is...
- Macroeconomics is...
- An example of macroeconomics is...

### Share

Choose a news headline and decide if it is micro or macroeconomics. Explain why.

## 2.2 – The Role of Markets in Allocating Resources

### Key Terms

market system, resource allocation, price mechanism

### Think

- What are the three key questions in resource allocation?
- How does the price mechanism answer these questions?
- Give an example of a market working efficiently.

### Pair

- A market system is...
- The price mechanism means...
- An example of allocation is...

### Share

Share an example of a price change and how it affected who could buy the product.



## 2.3 – Demand

### Key Terms

demand, individual demand, market demand, conditions of demand

### Think

- Draw and label a demand curve.
- What causes a contraction in demand?
- Give two factors that shift the demand curve to the right.

### Pair

- Demand is...
- A contraction in demand means...
- A shift in demand means...

### Share

Draw a demand curve and show what happens if income increases.

## 2.4 – Supply

### Key Terms

supply, individual supply, market supply, conditions of supply

### Think

- Draw and label a supply curve.
- What might cause an extension in supply?
- Give two factors that cause a shift of the supply curve.

### Pair

- Supply is...
- An extension in supply means...
- A shift in supply means...

### Share

Draw a supply curve and show the effect of improved technology.

## 2.5 – Price Determination

### Key Terms

market equilibrium, market disequilibrium

### Think

- What is equilibrium price?
- What happens if price is above equilibrium?
- How can shortages affect price?

### Pair

- Equilibrium price is...
- A surplus means...
- A shortage means...

### Share

Draw a demand and supply diagram showing equilibrium and a shortage.

## 2.6 – Price Changes

### Key Terms

price change causes, price change consequences

### Think

- What might cause the price of coffee to rise?
- How does a fall in supply affect equilibrium price?
- What happens to demand if the price falls?

### Pair

- One cause of price change is...
- A fall in supply means...
- A fall in price can lead to...

### Share

Draw a diagram to show the effect of an increase in demand on price.

## 2.7 – Price Elasticity of Demand (PED)

### Key Terms

PED, elastic, inelastic

### Think

- Why might demand for petrol be inelastic?
- What happens to revenue when price rises for an elastic good?
- What factors influence PED?

### Pair

- PED measures...
- A good is elastic if...
- A good is inelastic if...

### Share

Choose a product and decide if demand is elastic or inelastic. Explain why.

## 2.8 – Price Elasticity of Supply (PES)

### Key Terms

PES, elastic, inelastic

### Think

- Why is PES more elastic in the long run?
- How does spare capacity affect PES?
- Give an example of a product with inelastic supply.

### Pair

- PES measures...
- Supply is elastic when...
- Supply is inelastic when...

### Share

Draw a PES diagram and explain what makes supply more elastic.

## 2.9 – Market Economic System

### Key Terms

market economy, private sector, profit motive

### Think

- How are resources allocated in a market economy?
- Give one advantage and one disadvantage of the market economy.
- Why might a government intervene in a market economy?

### Pair

- In a market economy...
- An advantage is...
- A disadvantage is...

### Share

Share one benefit and one drawback of the market economic system.

## 3.2 – Households

### Key Terms

spending, saving, borrowing, interest rates, income

### Think

- What factors might influence a household's decision to save money?
- How do interest rates affect borrowing?
- Why might households spend more during certain times of the year?

### Pair

- Households may save because...
- Borrowing is more attractive when...
- Spending increases when...

### Share

Share with the class one factor that affects your family's spending habits.



## 3.3 – Workers

### Key Terms

wage determination, non-wage factors, labour market

### Think

- Why do wages differ between occupations?
- What non-wage factors might influence job choice?
- How can a minimum wage affect workers and employers?

### Pair

- One reason for wage differences is...
- A non-wage factor is...
- A minimum wage can...

### Share

Share one reason why a particular job is attractive other than salary.

## 3.4 – Trade Unions

### Key Terms

trade union, collective bargaining, working conditions

### Think

- What is the role of a trade union?
- How can trade unions benefit workers?
- What disadvantages might trade unions have for firms?

### Pair

- A trade union is...
- Collective bargaining means...
- One advantage of a trade union is...

### Share

With your partner, discuss if trade unions are more helpful or harmful to the economy.

## 3.5 – Firms

### Key Terms

classification, small firms, growth, mergers, economies of scale

### Think

- Why might small firms survive in a competitive market?
- What are the benefits of mergers for firms?
- What is the difference between economies and diseconomies of scale?

### Pair

- A small firm might survive because...
- One advantage of a merger is...
- Economies of scale mean...

### Share

Share an example of a local business and how it has grown.

## 3.6 – Firms and Production

### Key Terms

labour-intensive, capital-intensive, productivity

### Think

- Why might a firm choose labour-intensive production?
- What factors influence productivity?
- How does capital-intensive production benefit firms?

### Pair

- Labour-intensive means...
- One factor affecting productivity is...
- Capital-intensive means...

### Share

Give an example of a product made using labour-intensive methods.

## 3.7 – Firms' Costs, Revenue and Objectives

### Key Terms

total cost, average cost, total revenue, average revenue, objectives

### Think

- What are fixed and variable costs?
- How can a firm increase revenue?
- What objectives might a firm have apart from making profit?

### Pair

- Fixed costs are...
- Variable costs are...
- One firm objective is...

### Share

Draw a simple diagram showing how costs change with output.

## 3.8 – Market Structure

### Key Terms

competitive markets, monopoly

### Think

- What are the characteristics of competitive markets?
- What advantages and disadvantages do monopolies have?
- Why might governments regulate monopolies?

### Pair

- A competitive market is...
- A monopoly is...
- One disadvantage of a monopoly is...

### Share

Choose a real-life example of a monopoly and discuss its impact.

## 4.1 – The Role of Government

### Key Terms

local, national, international

### Think

- What are the main roles of a government in the economy?
- Give an example of government activity at each level.
- Why is government intervention sometimes necessary?

### Pair

- One role of government is...
- At a national level, government...
- At an international level, government...

### Share

Share an example of a government policy that affects your community.

## 4.2 – The Macroeconomic Aims of Government

### Key Terms

economic growth, full employment, price stability, balance of payments, income distribution

### Think

- Why might governments have conflicting aims?
- How can full employment conflict with price stability?
- Why is balance of payments stability important?

### Pair

- One macroeconomic aim is...
- A conflict between aims occurs when...
- Balance of payments stability means...

### Share

Discuss with your partner which macroeconomic aim is most important and why.



## 4.3 – Fiscal Policy

### Key Terms

government spending, taxation, budget, deficit, surplus

### Think

- Why does the government spend money on public services?
- What is the difference between direct and indirect taxes?
- How can fiscal policy reduce unemployment?

### Pair

- Fiscal policy is...
- A budget deficit means...
- One reason for taxation is...

### Share

Choose a recent government spending project and explain its purpose.

## 4.4 – Monetary Policy

### Key Terms

interest rates, money supply, exchange rates

### Think

- How does changing interest rates affect inflation?
- Why might a government increase the money supply?
- How can monetary policy encourage investment?

### Pair

- Monetary policy is...
- Raising interest rates can...
- Lowering interest rates can...

### Share

Share an example of how interest rates have affected your country's economy.

## 4.5 – Supply-Side Policy

### Key Terms

education, training, deregulation, tax incentives

### Think

- How can improving education increase economic growth?
- What is the effect of reducing business regulation?
- Why might governments cut taxes for firms?

### Pair

- A supply-side policy is...
- Deregulation means...
- Lower taxes can...

### Share

Choose a supply-side policy and explain how it could boost growth.

## 4.6 – Economic Growth

### Key Terms

GDP, recession, investment, technology

### Think

- What does GDP measure?
- What are the causes of recession?
- How can investment lead to economic growth?

### Pair

- GDP means...
- Recession is...
- Investment can...

### Share

Draw a PPC showing economic growth and explain the shift.

## 4.7 – Employment and Unemployment

### Key Terms

unemployment rate, frictional unemployment, structural unemployment, cyclical unemployment

### Think

- What is the difference between frictional and structural unemployment?
- How is the unemployment rate calculated?
- Why is unemployment a problem for the economy?

### Pair

- Unemployment means...
- Frictional unemployment is...
- One effect of unemployment is...

### Share

Discuss with your partner a policy to reduce unemployment.

## 4.8 – Inflation and Deflation

### Key Terms

inflation, deflation, CPI, demand-pull, cost-push

### Think

- How is inflation measured?
- What causes cost-push inflation?
- Why can deflation be harmful?

### Pair

- Inflation is...
- Deflation is...
- CPI measures...

### Share

Share a recent example of rising prices in your country and discuss the cause.

## 5.1 – Living Standards

### Key Terms

GDP per head, HDI, income distribution

### Think

- What indicators measure living standards?
- What are the advantages of using HDI over GDP?
- Why do living standards differ between countries?

### Pair

- Living standards are...
- GDP per head means...
- HDI stands for...

### Share

Compare living standards between two countries you know.

## 5.2 – Poverty

### Key Terms

absolute poverty, relative poverty, causes of poverty

### Think

- What is the difference between absolute and relative poverty?
- How can unemployment cause poverty?
- What policies can reduce poverty?

### Pair

- Absolute poverty means...
- Relative poverty means...
- One cause of poverty is...

### Share

Share an idea to reduce poverty in your country.



## 5.3 – Population

### Key Terms

birth rate, death rate, net migration, optimum population

### Think

- What factors affect population growth?
- Why might population growth rates differ between countries?
- What is the effect of an ageing population?

### Pair

- Birth rate is...
- Net migration means...
- An ageing population can...

### Share

Discuss with your partner how population change could affect the economy.

## 5.4 – Differences in Economic Development Between Countries

### Key Terms

developed country, developing country, productivity, investment

### Think

- What factors cause differences in development levels?
- How does education affect development?
- Why is investment important for development?

### Pair

- A developed country is...
- A developing country is...
- Investment can...

### Share

Choose two countries and compare their development levels.

## 6.1 – International Specialisation

### Key Terms

specialisation, comparative advantage

### Think

- Why do countries specialise in certain goods?
- What are the benefits of national specialisation?
- What are the disadvantages of national specialisation?

### Pair

- Specialisation means...
- One advantage is...
- One disadvantage is...

### Share

Give an example of a good your country specialises in producing.

## 6.2 – Globalisation, Free Trade and Protection

### Key Terms

globalisation, multinational companies, free trade, protectionism

### Think

- How does globalisation benefit consumers?
- What are the methods of trade protection?
- Why might a country protect its industries?

### Pair

- Globalisation means...
- Free trade is...
- A tariff is...

### Share

Share a product you own made by a multinational company and its country of origin.

## 6.3 – Foreign Exchange Rates

### Key Terms

exchange rate, appreciation, depreciation, floating rate, fixed rate

### Think

- How is the exchange rate determined?
- What causes a currency to appreciate?
- What are the advantages of a fixed exchange rate?

### Pair

- An exchange rate is...
- Appreciation means...
- Depreciation means...

### Share

Explain how a weaker currency might affect tourism in your country.

## 6.4 – Current Account of Balance of Payments

### Key Terms

current account, deficit, surplus

### Think

- What are the components of the current account?
- What causes a current account deficit?
- How can a country reduce a deficit?

### Pair

- The current account is...
- A deficit occurs when...
- A surplus occurs when...

### Share

Discuss with your partner whether a current account deficit is always a problem.