



Getting Ahead – Pre-course Work

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Economics A Level

Welcome to your first year of **Economics**. In preparation for the start of the course, please complete these **5** tasks and have them with you to hand in during your first week of college in September.

These tasks should take you approximately four and a half hours to complete and are designed to give you an introduction to the subject, and the expectations we have for you in economics to complete at least four and a half hours of independent study each week.

Microeconomics

Microeconomics considers the **economics of everyday life**, the decisions that we as consumers and households take and the impact on firms and our economy. Two of the most fundamental concepts that all students meet early on in their economics careers are **scarcity** and **opportunity cost**.

This is known as the basic economic problem – as resources are scarce, every society must decide:

- What goods and services to produce: Does the economy use its resources to operate more hospitals or hotels? Do we make more iPhones and iPads or double espressos? Does the National Health Service provide free IVF treatment for childless couples?
- What is the best use of our scarce resources? Should school playing fields be sold off to provide more land for affordable housing? Should coal be produced in the UK or is it best imported from other countries? Should there be a minimum wage? If so, at what level should it be set?

Because of scarcity, choices must be made by consumers, businesses, and governments.

Making a choice normally involves a **trade-off** – this means that choosing more of one thing can only be achieved by giving up something else in exchange. Opportunity cost measures the cost of any choice in terms of the next best alternative that has been given up.

Task 1 – Complete the following definitions

KEY TERM	DEFINITION
Scarcity	



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Trade off	
Opportunity cost	

Task 2

In the table below, think about some recent decisions that you have made. These could be decisions based around how you spend your time, or they could be monetary, in other words a spending decision. What did you choose and what did you give up?

Decision dilemma	What did you choose?	What did you give up and why?



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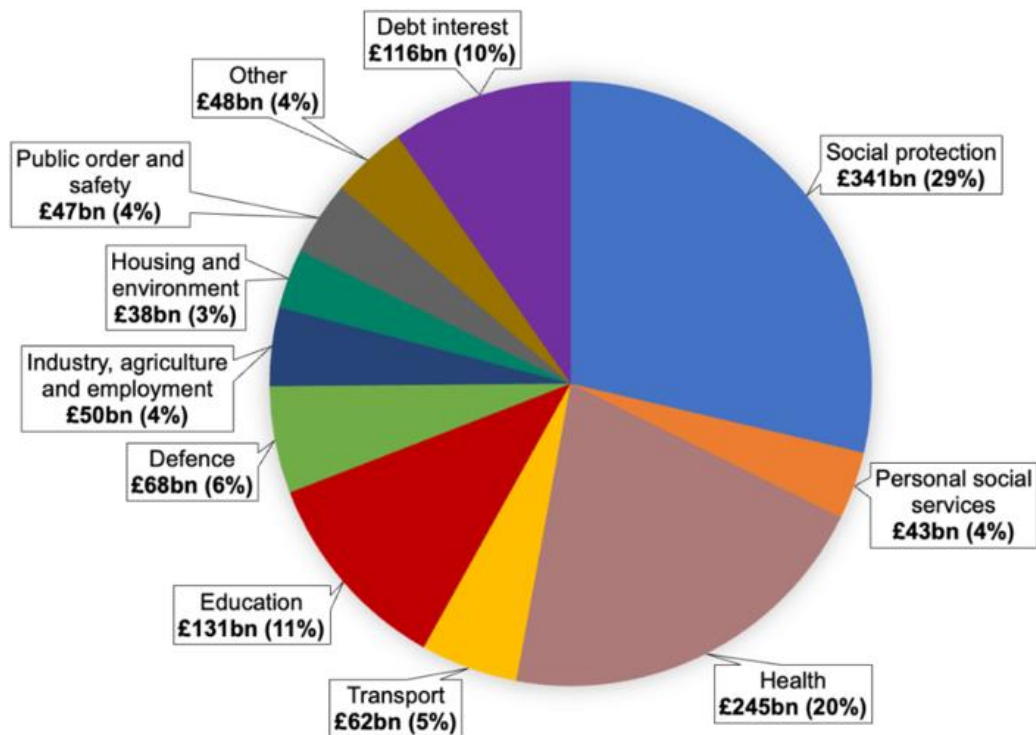
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Task 3

The bigger picture. The government is also affected by opportunity cost and scarcity.

Use the data below to explain some of the choices facing the UK government.

How does the government pay for its spending?



Task 4 – Macroeconomics

Macroeconomics is the study of the behaviour and performance of the economy as a whole.



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Gross domestic product (GDP) measures the monetary value of a country's output of goods and services. GDP is a concept that dates from the second world war and the Great Depression when politicians wanted to have a measure that set out what was happening to the whole economy.

[What is GDP, how is it measured and why does it matter? - BBC News](#)

Use the link above to answer the following questions:

1. What is GDP and how is it worked out?
2. What is the UK's current GDP?
3. How does GDP affect me?
4. How is GDP measured?
5. What are the limitations of the GDP figure?
6. What is GDP per capita?

Task 5

Use the link below to identify the UK's current rate of inflation and the current rate of interest (bank rate).

[Home | Bank of England](#)

Getting Equipped

You will need the following:

- Calculator
- Ruler
- Folder with dividers
- Pens