# Economics A Level

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

The task below should take you approximately an hour to complete and are designed to give you an introduction to the subject, and the expectations we have for you to complete at least four and a half hours of independent study, per subject, per 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 uses 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 economic terms:

What is meant by scarcity?

What is meant by trade off?

What is meant by opportunity cost?

**Task 2**

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? The first is an example to help you.

The final decision is a real-life problem faced by government. What would you do?

| **Decision Dilemma** | **What did you choose? What did you gain?** | **What benefits did you give up by not choosing the other option?** |
|---|---|---|
| 1. Go out with friends, or stay at home completing my pre-course work | Stay at home to complete pre-course work. This way I ensured I started college in the right way and wasn't behind before I even started.<br><br>Saved some money as well by not going out | Having social time with my friends.<br><br>Missed out on getting some junk food I like. |
| 2. | | |
| 3. | | |

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**Task 3 – Macroeconomic decision making (this example comes under 'fiscal policy')**

The UK government can increase spending on defence, or energy infrastructure, but not both. Which one should they do? (No more than 1 side of A4 please).

| | Increase defence spending | Invest in energy infrastructure |
|---|---|---|
| Arguments for | | |
| Arguments against | | |
| My judgement | | |

## Getting Equipped

You will need the following:

- A ring binder
- Dividers
- Stationery (pens, pencils, a ruler, calculator)