

Preparation for A level Economics and beyond

The following are suggestions for you to start to understand what economics is about, the sorts of things you may study and how economics exists beyond the classroom. This time is a great opportunity to do some extra enrichment activities to really understand and hopefully enjoy the subject. You could keep a record of what you find out/read as you wish.

We follow the A level **Economics Edexcel Specification B** which you can look at here:

<https://qualifications.pearson.com/en/qualifications/edexcel-a-levels/economics-b-2015.html>

1 What is the economy?

The economy is about the relationship between us as consumers, the firms or businesses who make what we buy, the labour we provide as a workforce to those businesses and the degree to which the government is involved in that process.

2 How is the economy organised?

Most countries are run along capitalist lines; entrepreneurs take the risk to set up firms to provide the goods and services we need, and the successful ones survive and make a profit. This is the 'free market' supplying goods and services that us consumers demand. Governments provide some goods and services, but this varies between economies. For example, in the USA you are expected to insure yourself for your health needs, whereas in the UK, most people use the National Health Service.

These books would be good starting points to read about how economies work and help you to form an informed view about how far you think 'free market economics' or capitalism works or whether governments should provide more services such as free care for elderly people, free nursery care for all babies and children, free eye check and dentistry for all, more affordable houses to rent from the local government.

The Economics Book – Big Ideas Simply Explained - Niall Kishtainy

Undercover economist - Tim Harford

Undercover economist strikes back- Tim Harford

Talking to my daughter about the economy: a brief history of capitalism – Yanis Varoufakis

Economics – The User's Guide – Ha-Joon Chang

23 Things They don't tell you about Capitalism – Ha-Joon Chang

3 Measuring the economy [GDP]

At the moment, there is a lot of news about the economy and the fact that it is going to 'shrink'. Research what is meant by GDP [which is how economies are measured] and how the Covid 19 virus is affecting the economy and the firms in it. The BBC is always a great starting point

<https://www.bbc.co.uk/news/business/economy>

Take a look at sectors such as retail, travel, restaurants to see how they are affected in terms of profit, cash flow and how they may have to adapt in the future.

Also compare the impact that the Coronavirus is expected to have on some of the UK's major competitors and see if they have been more less impacted and how this will affect the UK. Good

starting points are France, Germany and the US. You could also look at the BRIC countries (Brazil, Russia, India and China).

What impact has the Coronavirus had on the environment and also how has it exposed poverty and inequality in the UK?

The Growth Delusion, by David Pilling questions whether measuring an economy in this way is still relevant. This is very topical now given the virus, and the impact that economic activity has on the environment and the degree to which consumerism is a 'good thing'.

4 Other key measures of the macro economy

Rates of inflation, unemployment, the exchange rate, the balance of payments and interest rates are key indicators for an economy and objectives related to them lead to government policy, which you will study in year 13. Find out traditionally what government policy has been over the past 20 years in terms of tax, spending, government borrowing, the rate of interest rate set by the Bank of England. Consider how this may change in the future.

5 Globalisation

Another big part of studying economics is globalisation; i.e. the fact that economies are dependent on other economies for goods, services, customers and workers. This book:

- **The Almighty Dollar, Dharshini David**

is superb for understanding the importance of globalisation and the interdependence of economies on each other. Again, the current climate is putting a question mark over the idea that economies can't survive without other countries. Eg we were relying on a plane from Turkey to bring over PPE; why couldn't we just make our own?

Do countries benefit from international trade? Do some gain more than others? Look at the impact of trade on some countries in Africa (Nigeria and Ecuador).

Multinationals can have a massive impact on a country- some of this is positive and some of this is negative. Investigate a multinational and explain the impact it could have.

Some examples could be

- Coca Cola
- Nike
- Primark
- Nestle

Finally, dare we mention BREXIT? We were in a trade bloc called the European Union, but following the referendum we have left.

Find out what trade blocs are, [there are lots and different sorts] and try to form your own view of the benefits and problems of being in one.

6 You could do a biography on a famous economist. Some suggestions are

John Maynard Keynes

Adam Smith
Milton Friedman
Karl Marx
David Ricardo
Frederich Hayek

6. You could also watch some TED talks:

The dirty secret of capitalism

https://www.ted.com/talks/nick_hanauer_the_dirty_secret_of_capitalism_and_a_new_way_forward

Why do competitors open their stores next to each other?

https://www.ted.com/talks/jac_de_haan_why_do_competitors_open_their_stores_next_to_one_another

What causes an economic recession?

https://www.ted.com/talks/richard_coffin_what_causes_an_economic_recession

If you only do some of this, you will be a much better-informed economics student and citizen!