

Next Steps

Cambridge IGCSE™ Economics 0455 and Cambridge International AS & A Level Economics 9708

For Cambridge IGCSE examination from 2020

For Cambridge International AS & A Level examination from 2021



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Introduction

The focus of this guide is on moving on from teaching and studying the **Cambridge IGCSE™ Economics 0455** syllabus to the **Cambridge International AS & A Level Economics 9708** syllabus.

This guide will help you and your learners:

- understand what to expect when you start the AS & A Level course
- prepare for the AS & A Level course
- think about ways to achieve success and gain confidence.

You may be using this document at the end of the academic year for Cambridge IGCSE Economics or at the start of the academic year for Cambridge International AS & A Level Economics. Either way, the aim is to motivate and inspire learners. If there is to be a time gap between delivering this session and starting the Cambridge International AS & A Level course, then the aim is for every learner to look forward to the new course positively.

This Introduction, the Resources and Suggested Classroom Activity sessions of this guide are written directly for you, the teacher. The rest of this guide has been written to make it easy for you to adapt and reproduce the content for use by your learners.

Frequently asked questions by learners

Listed below are some questions which learners frequently ask. The answers to each of the questions below are written as a direct communication to your learners. You could copy and paste these to make a PowerPoint, read them out to your group, or produce a booklet for them to read through and discuss.

Is it helpful to have taken the Cambridge IGCSE Economics course?

Yes. The move from Cambridge IGCSE to Cambridge International AS & A Level has been designed to be as smooth a transition as possible. Many of the topic headings are the same so you will already be familiar with the topic and will just progress from there to develop more detailed analysis and sophisticated evaluation. The style of questions may be similar and the skills you have developed will be useful. If you are in a class with learners new to the subject, you need to guard against complacency as the initial stages of topics will go over the relevant IGCSE material. You could offer your services as a subject mentor to one of these learners as this should help to reinforce your grasp of the subject. Alternatively you could read around the subject to develop a deeper understanding of topics studied at IGCSE.

What extra work will I have to do, if I have not taken Cambridge IGCSE Economics?

Many learners begin their study of Economics at AS & A Level so the course is designed with this in mind. Your teacher should go over the relevant IGCSE work as a start to each new AS & A Level topic, so you will need to be particularly attentive, especially if you are in a class with learners who have taken the IGCSE Economics course and seem to be ahead of you. You can also develop your research skills and read up what you need to know. You will find that teaching yourself subject matter at IGCSE level is much easier when you are working to a higher level. You could ask a learner with IGCSE Economics to help you as a subject mentor.

What is the syllabus?

The syllabus for Cambridge International AS & A Level Economics 9708 is a complete description of the content, examinations and what you need to do to be successful in the qualification. '9708' is the reference number of the Economics syllabus.

Your teacher may give you a copy of the subject content of the syllabus. Or go to the Cambridge website at <http://www.cambridgeinternational.org/9708>, which publishes the full copy of the syllabus.

How do I make the transition from Cambridge IGCSE Economics to Cambridge International AS & A Level Economics?

This guide will help you prepare for the transition, so there are no surprises in what to expect.

You may find you hardly notice the transition to AS & A Level, or you may find it more difficult to adjust at first and need a bit of time to settle into the new course. Try and assess your own situation and then decide your best course of action.

What are the differences?

Some of the main differences you will find when you study Cambridge International AS & A Level compared to Cambridge IGCSE are listed in the table below.

Fewer subjects	Hopefully you will have chosen the subjects that you really enjoy, are really good at or those which you need to take you on to university and/or your chosen career.
Smaller classes	You will have an opportunity to contribute more to lessons and have more one-to-one interaction with your teacher. You will have more lessons each week: the recommended guided learning hours for IGCSE Economics is 130 compared with 180 guided learning hours for AS and 360 learning hours for the full A Level qualification.
Detailed and specialist content	You will find increased challenge as you study in greater depth, work more independently and begin to develop your own ideas. You will be able to explore topics in much more depth than at IGCSE, maybe finding answers to unanswered questions and learning about certain topics which are completely new.
Independent study	Greater independence is a key part of AS & A Level qualifications which helps prepare you for study at university. It is important that you use this independent study time well. You can use this time in a variety of constructive ways – for completion of homework tasks, assignments, research or for completing additional reading around the subject.
Revision	Try to build in some time for revision throughout the course – consolidating and learning notes as you go along makes it much easier to remember when it comes to examination time.
Read around your subject	Use a range of textbooks and internet sites, though you will probably find the Cambridge endorsed textbooks the most helpful.
Take notes	When you take notes, try to summarise the main information that you need. Use headings and bullet points to reduce the content and colours to highlight key pieces of information. If using the internet, don't just print pages of information; make notes from them or highlight text to show the key points. Always use your own words where possible.
Independent research	You might have completed some wider reading tasks at IGCSE but you can expect this to be a more regular feature of homework tasks. Ask your teacher for a recommended list of textbooks and websites that you can use so you have a good starting point. Save useful websites to your favourites bar so you know where to find them again.

Folders	You will probably move from exercise books to folders to record your learning and it is important to be organised. Divide your folder into topic sections and keep your notes in date order. Keep copies of past questions, mark schemes and example answers alongside any completed assessed work. Highlight examination tips in your notes and keep key documents about examinations in a separate section of your folder.
Command words	These are the words in an exam question that explain to you what you need to do such as: describe, explain, state, evaluate. You may well have underlined these when looking at example examination questions. At Cambridge International AS & A Level, you may be introduced to some new command words. The Economics 9708 syllabus contains a glossary of command words, but you could start your own glossary too.
Assessment	You need to know what examinations you will sit; how long each examination is; whether you have a choice of questions or not; how many marks each question/paper carries and what the structure of the questions is like. It is a good idea to have an assessment overview and copies of past papers and mark schemes.
Key concepts	<p>You will be introduced to key concepts that help you to develop a deeper understanding of the subject and make links between the different areas of the syllabus.</p> <p>The key concepts for Cambridge International AS & A Level Economics are:</p> <ul style="list-style-type: none"> • scarcity and choice - The fundamental problem in economics is that resources are scarce and wants are unlimited, so there is always a choice required between competing uses for the resources. • the margin and change - Decision-making by individuals, firms and governments is based on choices at the margin; that is, once behaviour has been optimised, any change will be detrimental as long as conditions remain the same. • equilibrium and efficiency - Prices are set by markets, are always moving in to and out of equilibrium, and can be both efficient and inefficient in different ways and over different time periods. • regulation and equity - There is a trade-off between, on the one hand, freedom for firms and individuals in unregulated markets and, on the other hand, greater social equality and equity through the government regulation of individuals and markets. • progress and development - Economics studies how societies can progress in measurable money terms and develop in a wider more normative sense.

Skills, topics and assessment

What are the skills needed for the Cambridge International AS & A Level course?

For the examinations taken at AS & A Level, you will be assessed on assessment objectives (AOs) which detail the skills and knowledge you need to display in order to fulfil the requirements of the assessment. These skills are divided into four main groups:

AO1 Knowledge and understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Demonstrate knowledge and understanding.	Interpret and apply knowledge and understanding to information presented in written, numerical or graphical form.	Analyse economic issues and arguments, using relevant economic concepts, theories and information, and communicate conclusions in a clear, reasoned manner.	Critically evaluate economic information, arguments, proposals and policies, taking into consideration relevant information and economic principles and distinguishing facts from hypothetical statements and value judgements.

How will I be assessed?

The Cambridge International AS & A Level examination contains multiple choice questions, data response questions and essay questions. There is a choice of essay questions, but the multiple choice and data response questions are compulsory. There are more essay questions at A Level providing more opportunity for extended writing.

What topics will be studied?

Cambridge IGCSE Economics 0455 serves as a foundation for Cambridge International AS & A Level Economics 9708 which prepares learners for the study of Economics at university. There are many areas of the Cambridge International AS & A Level syllabus which you will already have studied at IGCSE, but you will cover them in more depth and detail. There are also areas that will be new to you. The table below shows the main areas of progression between the IGCSE and the International AS & A Level syllabus.

Where topics are completely new, there may be more key words and you may need to read around these topics more widely to consolidate your knowledge and understanding.

Cambridge IGCSE Economics 0455	Cambridge International AS & A Level Economics 9708
Basic economic ideas and concepts	
The economic problem and opportunity cost <ul style="list-style-type: none"> • finite resources and unlimited wants • economic and free goods • definition of opportunity cost • influence of opportunity cost on decision making 	Scarcity, choice and opportunity cost <ul style="list-style-type: none"> • fundamental economic problem • meaning of scarcity and the inevitability of choices (individual, firms and governments) • economic and free goods
The factors of production	Factors of production

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<ul style="list-style-type: none"> definition of factors and their rewards mobility of factors quantity and quality of factors 	<ul style="list-style-type: none"> rewards to factors of production: land, labour, capital and enterprise specialisation and division of labour
<p>Production possibility curve (PPC) diagrams</p> <ul style="list-style-type: none"> definition of PPC points under, on and beyond PPC movements along a PPC shifts in a PPC 	<p>Production possibility curves</p> <ul style="list-style-type: none"> shape and shifts of PPC constant and increasing opportunity cost and PPC
	<p>Positive and normative statements</p> <ul style="list-style-type: none"> distinction between facts and value judgements
	<p>Other concepts</p> <ul style="list-style-type: none"> meaning of '<i>ceteris paribus</i>' the margin and decision making at the margin short run, long run, very long run
	<p>Efficient resource allocation</p> <ul style="list-style-type: none"> productive and allocative efficiency Pareto optimality dynamic efficiency
Markets and the allocation of resources	
Microeconomics and macroeconomics	
<p>The role of markets in allocating resources</p> <ul style="list-style-type: none"> the market economic system key resource allocation decisions of what how and for whom to produce introduction to the price mechanism advantages and disadvantages of the market economic system definition of mixed economic system 	<p>Resource allocation in different economic systems and issues of transition</p> <ul style="list-style-type: none"> decision making in market, planned and mixed economies basic questions of what will be produced, how and for whom the workings of the price mechanism; rationing, signalling and the transmission of preferences role of enterprise in a modern economy
<p>Demand</p> <ul style="list-style-type: none"> definition of demand price and demand individual and market demand conditions of demand 	<p>Demand curves</p> <ul style="list-style-type: none"> effective demand individual and market demand factors influencing demand movements along and shifts of demand curve
	<p>Law of diminishing marginal utility</p> <ul style="list-style-type: none"> relationship to derivation of individual demand schedule equi-marginal principle limitations of marginal utility rational behaviour versus behavioural models

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	<p>Indifference curves and budget lines</p> <ul style="list-style-type: none"> income, substitution and price effects for normal, inferior and Giffen goods
<p>Supply</p> <ul style="list-style-type: none"> definition of supply price and supply individual and market supply conditions of supply 	<p>Supply curves</p> <ul style="list-style-type: none"> individual and market supply factors influencing supply movements along and shifts of supply curve
<p>Price determination and price changes</p> <ul style="list-style-type: none"> market equilibrium market disequilibrium causes of price changes consequences of price changes 	<p>Market equilibrium and disequilibrium</p> <ul style="list-style-type: none"> meaning of equilibrium and disequilibrium effects of changes in supply and demand on equilibrium price and quantity applications of demand and supply analysis joint demand (complements) and alternative demand (substitutes) joint supply
<p>Price elasticity of demand (PED)</p> <ul style="list-style-type: none"> definition, calculation and determinants of PED PED and total revenue significance of PED 	<p>Price elasticity of demand (PED)</p> <ul style="list-style-type: none"> definition, calculation, range of PED values and factors affecting PED implications for revenue and business decisions of PED
	<p>Income elasticity of demand (YED)</p> <ul style="list-style-type: none"> definition, calculation, range of YED values and factors affecting YED implications for revenue and business decisions
	<p>Cross elasticity of demand (CED)</p> <ul style="list-style-type: none"> definition, calculation, range of CED values and factors affecting CED implications for revenue and business decisions
<p>Price elasticity of supply (PES)</p> <ul style="list-style-type: none"> definition, calculation and determinants of PES significance of PES 	<p>Price elasticity of supply (PES)</p> <ul style="list-style-type: none"> definition, calculation, range of PES values and factors affecting PES implications for speed and ease with which businesses react to changed market conditions
	<p>Consumer and producer surplus</p> <ul style="list-style-type: none"> meaning and significance how these are affected by changes in equilibrium price and quantity
Market failure and microeconomic government intervention	
<p>Definition of market failure</p>	

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<p>Causes of market failure</p> <ul style="list-style-type: none"> public goods merit and demerit goods external costs and external benefits (private and social costs and benefits) abuse of monopoly power factor immobility 	<p>Causes of market failure</p> <ul style="list-style-type: none"> public goods merit and demerit goods as outcome of imperfect information by consumers positive and negative externalities for consumers and producers (private, external and social costs and benefits and the use of cost benefit analysis in decision making)
<p>Consequences of market failure</p> <ul style="list-style-type: none"> no provision of public goods over consumption of demerit goods and goods with external costs under consumption of merit goods and goods with external benefits <p>(market diagrams of market failure are not required)</p>	<p>Consequences of market failure</p> <ul style="list-style-type: none"> missing market inefficient resource allocation <p>(diagrammatic analysis of market failure showing resource misallocation/welfare losses is required)</p>
<p>Government intervention to address market failure</p> <ul style="list-style-type: none"> definitions, drawing and interpretation of diagrams for maximum and minimum prices, indirect taxes and subsidies definition only of regulation, direct provision of goods, privatisation and nationalisation effectiveness of government intervention 	<p>Government microeconomic intervention</p> <ul style="list-style-type: none"> maximum and minimum prices – meaning and effect on market taxes (direct and indirect) – impact and incidence, specific and ad valorem taxes, average and marginal rates of tax subsidies – impact and incidence transfer payments – meaning and effect on market direct provision of goods and services – meaning and effect on market nationalisation and privatisation – meaning and effect on market (price and output decisions) prohibitions and licences property rights information regulatory bodies and deregulation pollution permits behavioural insights and ‘nudge’ theory
	<p>Government failure in microeconomic intervention</p> <ul style="list-style-type: none"> effectiveness of government policies
Microeconomic decision makers	
<p>Money and banking</p> <ul style="list-style-type: none"> money – forms, functions and characteristics of money banking – role and importance of central banks and commercial banks for government, consumers and producers 	<p>Money</p> <ul style="list-style-type: none"> functions and characteristics in a modern economy barter, cash and bank deposits, cheques, near money liquidity
Households	

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<ul style="list-style-type: none"> influences on spending, saving and borrowing 	
<p>Workers</p> <ul style="list-style-type: none"> factors affecting an individual's choice of occupation wage determination reasons for differences in earnings division of labour/specialisation, its advantages and disadvantages 	<p>Labour market forces and government intervention</p> <ul style="list-style-type: none"> factors affecting demand for labour marginal revenue product theory factors affecting supply of labour net advantages and long-run supply of labour competitive product and factor market forces determining wage differentials transfer earnings and economic rent
<p>Trade unions</p> <ul style="list-style-type: none"> definition and role of trade unions in economy advantages and disadvantages 	<p>Wage determination in imperfect markets</p> <ul style="list-style-type: none"> influence of trade unions on wages influence of government on wages monopsony
<p>Firms and their growth</p> <ul style="list-style-type: none"> classification of firms small firms causes and forms of growth of firms mergers economies and diseconomies of scale 	<p>Firms and their growth</p> <ul style="list-style-type: none"> reasons for small firms integration and diversification mergers and cartels internal and external economies of scale
<p>Firms and production</p> <ul style="list-style-type: none"> demand for factor of production labour-intensive and capital intensive production production and productivity 	<p>Firms and production</p> <ul style="list-style-type: none"> fixed and variable factors of production total product, average product, marginal product short run production function; law of diminishing marginal returns long run production function; returns to scale
<p>Firm's costs</p> <ul style="list-style-type: none"> definition and calculation of total cost, average total cost, fixed cost, average fixed cost, variable cost and average variable cost <p>(marginal cost not required)</p>	<p>Firm's costs</p> <ul style="list-style-type: none"> definition and calculation of total cost, average total cost, fixed cost, average fixed cost, variable cost, average variable cost and marginal cost short and long run cost functions explanation of shape of short run average cost curve explanation of shape of long run average cost curve relationship between economies of scale and decreasing costs
<p>Firm's revenue</p> <ul style="list-style-type: none"> definition and calculation of total revenue and average revenue <p>(marginal revenue not required)</p>	<p>Firm's revenue and profit</p> <ul style="list-style-type: none"> definition and calculation of total revenue, average revenue and marginal revenue definition of normal and abnormal (supernormal) profit
<p>Objectives of firms</p> <ul style="list-style-type: none"> profit maximisation survival, social welfare, and growth 	<p>Objectives of firms</p> <ul style="list-style-type: none"> profit maximising survival, strategic, satisficing, sales

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	maximisation <ul style="list-style-type: none"> divorce of ownership from control and principal-agent problem
Market structure <ul style="list-style-type: none"> competitive markets – effects of a high number of firms on price, quality, choice and profit monopoly markets – characteristics, advantages and disadvantages (diagrams and theory of perfect competition and monopoly are not required)	Different market structures <ul style="list-style-type: none"> perfect competition monopoly natural monopoly monopolistic competition oligopoly (diagrams and analysis of each structure by number of buyers and sellers, nature of product, degree of freedom of entry and nature of information are required) <ul style="list-style-type: none"> contestable markets and their implications concentration ratio
	Behavioural analysis approach to decision-making by firms <ul style="list-style-type: none"> kinked demand curve 2 player pay-off matrix and prisoner's dilemma (game theory)
	Pricing policy of firms <ul style="list-style-type: none"> price discrimination limit pricing price leadership mutual interdependence in oligopoly (game theory)
	Comparison of performance of firms <ul style="list-style-type: none"> prices, revenue, output and profits efficiency and X-inefficiency barriers to entry and exit non-price competition and collusion
Government and the macroeconomy	
The role of government locally, nationally and internationally	
The macroeconomic aims of government <ul style="list-style-type: none"> the aims of economic growth, full employment/low unemployment, stable prices/low inflation, balance of payments stability and redistribution of income reasons for choice of aims and criteria set for each aim possible conflicts between aims 	The macroeconomic aims of government <ul style="list-style-type: none"> the aims on inflation, balance of payments, exchange rates, unemployment, growth and development problems arising from conflicts between policy objectives on inflation, unemployment, economic growth, balance of payments, exchange rates and the redistribution of income and wealth

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	<p>National Income statistics</p> <ul style="list-style-type: none"> • use of national income as measures of economic growth and living standards • Gross Domestic Product (GDP)/Gross National Product (GNP)/Gross National Income (GNI) • National debt (government or public sector debt)
	<p>Aggregate Demand (AD) and Aggregate Supply (AS) analysis</p> <ul style="list-style-type: none"> • $AD = C + I + G + (X - M)$ • shape and determinants of AD curve • shape and determinants of AS curve • distinction between a movement along and a shift in AD and AS • the interaction of AD and AS and the determination of the level of real output, prices and employment
	<p>The circular flow of income</p> <ul style="list-style-type: none"> • closed and open economies • circular flow of income between households, firms, government and the international economy • average and marginal propensities to save and consume • the multiplier • meaning of Aggregate Expenditure (AE) • components of AE and their determinants • income determination using AE and income approach • income determination using withdrawal (leakage) and injection approach • inflationary and deflationary gaps, full employment level of income and equilibrium level of income • autonomous investment, induce investment and the accelerator
<p>Fiscal policy</p> <ul style="list-style-type: none"> • definition of the budget • reasons for government spending • reasons for taxation • classification of taxes • principles of taxation • impact of taxation • definition of fiscal policy • fiscal policy measures • effects of fiscal policy on government macroeconomic aims 	<p>Fiscal policy</p> <ul style="list-style-type: none"> • policy instruments • Laffer curve analysis • proportional, progressive and regressive taxes • the Canons of Taxation • effectiveness of fiscal policy to meet government macroeconomic aims
<p>Monetary policy</p> <ul style="list-style-type: none"> • definition of money supply and monetary 	<p>Monetary policy</p> <ul style="list-style-type: none"> • policy instruments

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<p>policy</p> <ul style="list-style-type: none"> monetary policy measures effects of monetary policy on government macroeconomic aims 	<ul style="list-style-type: none"> effectiveness of monetary policy to meet government macroeconomic aims
	<p>Money supply theory</p> <ul style="list-style-type: none"> quantity theory of money ($MV=PT$) broad and narrow money supply sources of money supply in an open economy (commercial banks and credit creation, role of central bank, deficit financing, quantitative easing and total currency flow) transmission mechanism of monetary policy
	<p>Demand for money and interest rate determination</p> <ul style="list-style-type: none"> liquidity preference theory
<p>Supply-side policy</p> <ul style="list-style-type: none"> definition of supply-side policy supply-side policy measures effects of supply-side policy on government macroeconomic aims 	<p>Supply-side policy</p> <ul style="list-style-type: none"> policy instruments effectiveness of supply-side policy to meet government macroeconomic aims
	<p>Keynesian and monetarist schools</p> <ul style="list-style-type: none"> different theoretical approaches to how the macroeconomy functions
	<p>Existence of government failure in macroeconomic policies</p>
<p>Economic growth</p> <ul style="list-style-type: none"> definition of economic growth measurement of economic growth causes and consequences of recession causes of economic growth consequences of economic growth policies to promote economic growth 	<p>Economic growth, economic development and sustainability</p> <ul style="list-style-type: none"> definition of economic growth, economic development and sustainability actual versus potential growth, output gaps and business (trade) cycle factors contributing to economic growth costs and benefits of growth, including using and conserving resources
<p>Employment and unemployment</p> <ul style="list-style-type: none"> definition of employment, unemployment and full employment changing patterns and level of employment measurement of unemployment causes/types of unemployment consequences of unemployment policies to reduce unemployment 	<p>Employment and unemployment</p> <ul style="list-style-type: none"> size and components of labour force patterns and trends in employment and unemployment labour productivity full employment and the natural rate of unemployment measurement of unemployment and its difficulties unemployment rate causes/types of unemployment consequences of unemployment

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	<ul style="list-style-type: none"> • policies to reduce unemployment
<p>Inflation and deflation</p> <ul style="list-style-type: none"> • definition of inflation and deflation • measurement of inflation and deflation (CPI) • causes of inflation (demand-pull and cost-push) • causes of deflation (demand-side and supply-side) • consequences of inflation and deflation • policies to control inflation and deflation and their effectiveness 	<p>Inflation</p> <ul style="list-style-type: none"> • definition of inflation, deflation and disinflation • degrees of inflation • measurement of inflation, deflation and disinflation • distinction between money values and real data • causes of inflation (demand-pull and cost-push) • consequences of inflation • policies to correct inflation and deflation and their effectiveness
	<p>Links between macroeconomic problems</p> <ul style="list-style-type: none"> • relationship between internal and external value of money • relationship between balance of payments and inflation • trade-off between inflation and unemployment (Phillips curve)
Economic development	
<p>Living standards</p> <ul style="list-style-type: none"> • indicators of living standards • comparing living standards and income distribution 	<p>Living standards</p> <ul style="list-style-type: none"> • indicators of living standards and economic development, monetary and non-monetary • Human Development Index (HDI) • Measure of Economic Welfare (MEW) • Human Poverty Index (HPI)/Multidimensional Poverty Index (MPI) • Kuznets curve • comparing living standards over time and between countries
<p>Poverty</p> <ul style="list-style-type: none"> • definition of absolute and relative poverty • causes of poverty • policies to alleviate poverty and redistribute income 	<p>Equity and policies towards income and wealth redistribution</p> <ul style="list-style-type: none"> • equity versus efficiency • price stabilisation • means tested benefits • transfer payments • progressive income tax, inheritance tax and capital taxes • negative income tax • poverty trap analysis • Gini coefficient and Lorenz curve • Inter-generational equity
<p>Population</p> <ul style="list-style-type: none"> • factors affecting population growth • reasons for different rates of population growth in different countries • effects of changes in the size and structure of 	

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population on different countries	
<p>Differences in economic development between countries</p> <ul style="list-style-type: none"> causes and impacts of differences in income, productivity, population growth, sectoral structure, saving, investment, education and healthcare 	<p>Characteristics of developed, developing and emerging (BRICS) economies</p> <ul style="list-style-type: none"> population growth and structure income distribution economic structure employment composition external trade urbanisation
	<p>Policy towards developing economies; trade and aid</p> <ul style="list-style-type: none"> types of aid, nature of dependency trade and investment, role of multinationals and Foreign Direct Investment (FDI) external debt, role of IMF and World Bank impact of corruption, and importance of the legal framework in an economy
International trade and globalisation	
<p>International specialisation</p> <ul style="list-style-type: none"> specialisation at a national level advantages and disadvantages of specialisation at a national level <p>(trade theory of absolute and comparative advantage not required)</p>	<p>International specialisation</p> <ul style="list-style-type: none"> absolute advantage comparative advantage benefits of free trade, including trading possibility curve
	<p>Trading blocs</p> <ul style="list-style-type: none"> free trade area customs union monetary union full economic union trade creation and trade diversion
	<p>Terms of trade</p> <ul style="list-style-type: none"> measurement causes of changes in terms of trade impact of changes in terms of trade
<p>Globalisation, free trade and protection</p> <ul style="list-style-type: none"> definition of globalisation role of multinational companies (MNCs) the benefits of free trade methods of protection (tariffs, import quotas, export subsidies and embargoes) reasons for protection consequences of protection 	<p>Protectionism</p> <ul style="list-style-type: none"> meaning of protectionism methods of protection (tariffs, import quotas, export subsidies, embargoes, voluntary export restraints and excessive administrative burdens) impact of protectionism arguments for protectionism
<p>Foreign exchange rates</p> <ul style="list-style-type: none"> definition of foreign exchange rate 	<p>Exchange rates</p> <ul style="list-style-type: none"> definition and measurement of exchange

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<ul style="list-style-type: none"> • determination of foreign exchange rate in foreign exchange market • causes of exchange rate fluctuations • floating and fixed exchange rates • consequences of exchange rate fluctuations 	<p>rates – nominal, real and trade-weighted exchange rates</p> <ul style="list-style-type: none"> • determination of exchange rate in foreign exchange market • causes of changes in exchange rate • floating, fixed and managed float exchange rates • consequences of exchange rate changes on domestic and external economy using AD/AS, Marshall-Lerner and J curve analysis • depreciation/appreciation • devaluation/revaluation
<p>Current account of balance of payments</p> <ul style="list-style-type: none"> • components of current account • calculation of deficits and surpluses • causes of deficits and surpluses • consequences of deficits and surpluses • policies to achieve balance of payments stability <p>(capital account, financial account and balancing item not required)</p>	<p>Balance of payments</p> <ul style="list-style-type: none"> • components of balance of payments accounts (using IMF/OECD definition) – current account, capital account, financial account and balancing item • meaning of balance of payments equilibrium and disequilibrium • causes of balance of payments disequilibrium in each component of the accounts • consequences of balance of payments disequilibrium on domestic and external economy • policies to correct balance of payments disequilibrium and their effectiveness (expenditure-reducing and expenditure-switching policies)

Resources

Although some of the resources for AS & A Level are similar to those for Cambridge IGCSE such as past papers and endorsed textbooks, your learners may not have much experience of looking for themselves on websites or reading around the subject to enhance their interest and understanding. Reading widely and learning new skills are part of the challenge for learners of stepping up to Cambridge International AS & A Level Economics.

Past/specimen papers and mark schemes

Past examination papers and specimen papers provide opportunities for learners to become familiar with the assessment requirements of the course. Learners should try to get as much practice as they can before their final exams.

Textbooks

There are a variety of textbooks available, some which cover the entire course and others which specialise in certain topics. Give your learners a list of suggested reading materials. There are five endorsed textbooks which are currently available for this course. One of these textbooks has an associated learner workbook, revision guide and teacher's resource book.

To find a list of the endorsed textbooks go to www.cambridgeinternational.org/resource-centre/

Websites

There are some specific AS & A Level Economics revision sites which are great to use. You can also use general search engines to find information although some sites might be more relevant than others. Sometimes, teachers put lesson presentations on the internet too. Remember to check all internet resources for suitability, making sure that the content is relevant for your syllabus. Also, some websites tend to match a certain syllabus. That does not mean that they are not useful, you will just need to be selective about the topics that you choose from them.

www.cambridgeinternational.org (access to syllabus, past papers and mark schemes)

www.tutor2u.net/economics

www.economicshelp.org

www.economicsonline.co.uk

www.dineshbakshi.com/a-level-economics

Useful websites for economic data

www.tradingeconomics.com

<https://data.oecd.org/>

www.imf.org/en/Data

Suggested classroom activity

You could use the plan below to deliver a lesson that supports the transition to AS & A Level study.

Subject: Economics		Syllabus reference: 1 (g) classification of goods and services
<p>Lesson objectives:</p> <p>To define, explain and apply some of the different classifications of goods used by economists.</p>	<p>Lesson outcomes:</p> <p>Learners are able to display knowledge and understanding of free goods, economic goods/private goods, public goods, merit goods and demerit goods. They are also able to provide examples of each type of good and to understand the problems associated with providing public goods, merit goods and demerit goods in a market economy.</p>	
<p>Introduction:</p> <p>The economic problem of scarce resources can be used to set the scene for learners new to the subject and to reinforce its importance for learners with IGCSE subject experience.</p>	<p>Resources:</p> <p>An endorsed textbook.</p> <p>Handout to summarise the main points of the activity.</p> <p>Relevant websites:</p> <p>www.economicshelp.org/blog/2104/economics/private-public-and-free-goods-defined/</p> <p>www.tutor2u.net/economics/collections/merit-goods</p> <p>www.tutor2u.net/economics/collections/de-merit-goods</p> <p>www.tutor2u.net/economics/collections/public-goods</p>	
<p>Main activities:</p> <ul style="list-style-type: none"> • Establish the difference between free goods and economic goods/private goods in the context of scarce resources. Learners complete the relevant sections of the handout with definitions and examples. • Establish the difference between private goods and public goods in terms of the concepts of rivalry and excludability. Learners complete the relevant sections of the handout with definitions and examples. • Consider the problem of missing markets for public goods in a market economy – the free rider problem and absence of profit for private producers. • Establish the difference between merit goods and demerit goods in terms of the imperfect information possessed by consumers, and the consequences of this imperfect information for consumption of such goods. Learners complete the relevant sections of the handout with definitions and examples. • Consider the effects of the under-consumption of merit goods and the over-consumption of demerit goods in a market economy – eg issues such as lower labour productivity from under-consumption of merit goods, and health problems arising from over-consumption of demerit goods. Learners complete the relevant sections of the handout. 		

Subject: Economics	Syllabus reference: 1 (g) classification of goods and services
<p>Organisation:</p> <p>Learners can work in pairs or small groups. If some learners have IGCSE Economics experience they should be mixed with any learners new to the subject.</p>	<p>Plenary:</p> <p>Ask learners to explain the differences between</p> <ul style="list-style-type: none"> • free goods and economic goods/private goods (check understanding of role of scarce resources) • private goods and public goods (check understanding of rivalry and excludability) • merit goods and demerit goods (check understanding of imperfect information) <p>Check that learners can apply their knowledge by getting them to classify a list of goods and services.</p>
<p>Challenge:</p> <p>More able learners can develop the understanding of the consumption issues associated merit and demerit goods in a market economy in terms of demand and supply analysis (if this has been covered at IGCSE they could be asked to investigate marginal private cost and marginal private benefit analysis).</p>	<p>Assessment opportunities:</p> <p>The answers of learners during class discussions, especially during the plenary.</p> <p>The responses on worksheets of the learners.</p> <p>Observation of the learners working in their pairs/groups.</p>

Next Steps

The classification of goods: worksheet

	Definition	Examples
Economic good		
Free good		
Private good		
Public good		
Merit good		
Demerit good		

Key issues to understand

Scarcity of resources:

Rivalry:

Non-rivalry:

Excludability:

Non-excludability:

Free rider problem:

Imperfect information by consumers:

Under-consumption of merit goods:

Over-consumption of demerit goods:

Example of merit good	Consequences of under-consumption
Example of demerit good	Consequences of over-consumption

Bridging exercise

Note for teachers

This activity is designed to follow on from the learning in the classroom activity. It makes use of a specimen question to give an indication of how each learner has gained knowledge and understanding from completing the earlier activity. Learners will need access to one of the endorsed textbooks. They will also need a copy of Question 2 from 9708/22, June 2017 and the accompanying mark scheme. These are available from the [School Support Hub](#). As this is the first activity they have attempted, it would be a good idea to pair learners together, providing each with a study partner for support, especially if some of the learners have IGCSE Economics experience and others do not. Rather than use the whole task, you might decide that for learners new to Economics, only part (a) of the question is appropriate, while for learners with IGCSE Economics experience, only part (b) should be tackled.

Learner task

You will now have completed your classroom activity and hopefully you have enjoyed learning about some of the classifications of goods used by economists. You are going to complete the following activity to give you an idea of how you might work independently as part of the AS & A Level Economics course. Make sure that you first use your resources, then your partner and lastly your teacher for support.

Aim: We want you to:

- Read part (a) of the AS examination question that you have been given.
- Without consulting your study partner, refer to your worksheet from the classroom activity on the classification of goods and services and the relevant pages your textbook, and select the information that you need to answer part (a) of the question.
- Focus on the command words in part (a) of the question and make sure that you understand what you are expected to do in order to answer the question.
- Plan your answer to part (a) of the question.
- Compare your plan with that of your study partner and agree on how to answer part (a) of the question. Check that all aspects of the question are covered and the command words are being followed.
- Write a first draft answer to part (a) of the question, following the agreed plan.
- Now look at the mark scheme provided to self-assess your first draft. Answer these questions: what has gone well and what could be improved? Add any additional ideas you might have into your answer in a different colour.
- Read part (b) of the AS examination question that you have been given.
- Identify the methods proposed to address the problem of the over-consumption of a demerit good.
- Investigate using your textbook and the internet how the methods proposed should address the problem of the over-consumption of a demerit good, so that you understand the concepts in the question.
- Draw up lists of the advantages and disadvantages of the methods proposed in the question.
- Focus on the command word in part (b) of the question and make sure that you understand what you are expected to do in order to answer the question.
- Plan your answer to part (b) of the question.
- Compare your plan with that of your study partner and agree on how to answer part (b) of the question. Check that all aspects of the question are covered and the command word is being followed. Make sure that you are developing analysis (demand and supply analysis is good place to start) and evaluation (reach a conclusion that you are able to justify from your preceding analysis) in your answer.
- Write a first draft answer to part (b) of the question, following the agreed plan.
- Now look at the mark scheme provided to self-assess your first draft. Answer these questions: what has gone well and what could be improved? Add any additional ideas you might have into your answer

Next Steps

in a different colour. If there is anything that you are not sure about do some extra reading, note taking, talk to your partner or ask your teacher.

- Fasten all your work together and submit it to your teacher. You have successfully completed an independent research task and your first AS Level question. Great work!

Your completed activity will include: note taking, textbook and internet research, answer planning, first draft and self-assessment.

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