CAMBRIDGE
International Education

Scheme of Work

Cambridge IGCSE™ / IGCSE (9–1) Economics 0455 / 0987

Cambridge O Level Economics 2281

For examination from 2027

Cambridge Pathway

Contents

Introduction

This scheme of work has been designed to support you in your teaching and lesson planning. You can choose what approach to take and you know the nature of your institution and the levels of ability of your learners. What follows is just one possible approach you could take and you should always check the syllabus for the content of your course.

Suggestions for independent study **(I)** and formative assessment **(F)** are included. Throughout the scheme of work we have included reference to the Sustainability Development Goals (SDGs 1–17), if and where they are relevant and applicable. Please be aware that the topic of sustainability is not explicitly part of this syllabus and will not be directly assessed in the examinations.

Opportunities for differentiation are indicated as **Extension activities**; there is the potential for differentiation by resource, grouping, expected level of outcome, and degree of support by teacher. Timings for activities and feedback are left to the judgment of the teacher, according to the level of the learners and size of the class.

Guided learning hours

Guided learning hours give an indication of the amount of contact time you need to have with your learners to deliver a course. Our syllabuses are designed around 130 hours of classroom time. The number of hours may vary depending on local practice and your learners' previous experience of the subject. The table below give some guidance about how many hours we recommend you spend on each topic area.

Topic	Suggested teaching time	Suggested teaching order
1. The basic economic problem	10% of the course.	1
2. The allocation of resources	20% of the course.	2
3. Microeconomic decision-makers	20% of the course.	3
4. Government and the macroeconomy	25% of the course.	4
5. Economic development	10% of the course.	5
6. International trade and globalisation	15% of the course.	6

Resources

You can find the endorsed resources on the Published resources tab of the syllabus page on our public website

Endorsed textbooks have been written to be closely aligned to the syllabus they support and have been through a detailed quality assurance process. All endorsed textbooks are the ideal resource to be used alongside this scheme of work as they cover each learning objective. In addition to reading the syllabus, teachers should refer to the specimen assessment materials.

Teaching tools – designed to help you to deliver interactive classroom activities and engage learners.

School Support Hub

The School Support Hub is a secure online resource bank and community for Cambridge teachers, where you can download specimen and past question papers, mark schemes and other teaching and learning resources. This scheme of work is available as PDF and an editable version in Microsoft Word format. If you are unable to use Microsoft Word you can download Open Office free of charge from www.openoffice.org

Websites

This scheme of work includes website links providing direct access to internet resources. Cambridge Assessment International Education is not responsible for the accuracy or content of information contained in these sites. The inclusion of a link to an external website should not be understood to be an endorsement of that website or the site's owners (or their products/services).

The website pages referenced in this scheme of work were selected when the scheme of work was produced. Other aspects of the sites were not checked and only the particular resources are recommended.

How to get the most out of this scheme of work

Integrating syllabus content, skills and teaching

This scheme of work provides some ideas and suggestions of how to cover the content of the syllabus. The following features help guide you through your course:

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Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
1.1 The nature of the basic economic problem **SDG 7 and 14** 5	1.1.1 Finite resources and infinite wants 1.1.2 Resource allocation decisions 1.1.3 Economic goods and free goods	In pairs, learners consider the similarities and differences between alternative methods of energy provision, e.g., wood / coal burning versus wind or solar power, petrol cars versus electric cars. Which method(s) will provide energy furthest into the future and why? Provide learners with different examples of definitions of Economics, examples 4 be found at: www.economicsdiscussion.net/economics-2/definitions/top-4-definitions-of-economics-with-conclusion/14134 and en.wikipedia.org (search for 'Definitions of Economics'). Ask them to write down the definitions in their own words or practice explaining them especially that attributed to Lord Robbins to a friend who has not studied Economics. **(I)** **Extension activity:** Learners explore recent newspap 3 cutting out examples of Economics news stories that reflect the different aspects of Economics. Produce a

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Past and specimen papers			
Past/specimen papers and mark schemes are available to download from the School Support Hub **(F)**			
1.1 The nature of the basic economic problem Specimen Paper 1 2027 Q1 Specimen Paper 1 2027 Q2 Jun 2024 Paper 22 Q5a	**1.2 Factors of production** Specimen Paper 1 2027 Q3 Specimen Paper 1 2027 Q4 Specimen Paper 2 2027 Q1b Jun 2024 Paper 21 Q1b	**1.3 Opportunity cost** Specimen Paper 1 2027 Q27 Specimen Paper 2 2027 Q5b Jun 2024 Paper 22 Q2a	**1.4 Production possibility curve (PPC) diagrams** Jun 2024 Paper 23 Q1e Nov 2024 Paper 21 Q1f Nov 2024 Paper 22 Q2a

Included in this scheme of work:

1 **Learning objectives** help learners by making it clear the knowledge they are trying to build. Pass these on to your learners by expressing them as 'We are learning to / about…'.

2 **Suggested teaching activities** give you lots of ideas about how you can present learners with new information without teacher talk or videos. Try more active methods which get your learners motivated and practising new skills.

3 **Further activities**

Extension activities provide your more able learners with further challenge beyond the basic content of the course. Innovation and independent learning are the basis of these activities.

Formative assessment is an on-going assessment which informs you about the progress of your learners. Tip: Don't forget to leave time to review what your learners have learnt, you could try question and answer, tests, quizzes, 'mind maps', or 'concept maps'. These kinds of activities can be found in the scheme of work.

Independent study gives learners the opportunity to develop their ideas and understanding without direct input from you.

4 **Link to online resources** give examples, tools, or materials that can be used alongside the suggested teaching activities. See the 'Websites' section above for more information.

5 **Sustainability Development Goals (SDGs 1–17)** are referenced throughout the scheme of work where applicable and relevant.

6 **Past papers, specimen papers and mark schemes** are available to download from the School Support Hub. Use these resources with your learners to check their progress and give them confidence and understanding.

1 The basic economic problem

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
1.1 The nature of the basic economic problem **SDG 7 and 14**	1.1.1 Finite resources and infinite wants 1.1.2 Resource allocation decisions 1.1.3 Economic goods and free goods	Learners explore the basic economic problem using a game simulating the need to survive on a desert island. In groups, learners discuss what is likely to happen to the quantity of goods and services, such as cars, computers and computer accessories, food, clothing and financial services, that people will want in the future and whether it will be possible to meet these wants. In pairs, learners consider the similarities and differences between alternative methods of energy provision, e.g., wood / coal burning versus wind or solar power, petrol cars versus electric cars. Which method(s) will provide energy furthest into the future and why? Provide learners with different examples of definitions of Economics, examples can be found at: www.economicsdiscussion.net/economics-2/definitions/top-4-definitions-of-economics-with-conclusion/14134 and en.wikipedia.org (search for 'Definitions of Economics'). Ask them to write down the definitions in their own words or practice explaining them especially that attributed to Lord Robbins to a friend who has not studied Economics. **(I)** **Extension activity:** Learners explore recent newspapers, cutting out examples of Economics news stories that reflect the different aspects of Economics. Produce a class display titled 'Economics in the News'. Use the above activities to discuss the meaning of the terms 'finite resources' and 'unlimited wants'. Introduce the three key resource allocation decisions: What to produce, how to produce, and who to produce for. Put learners in groups – tell each group that they have been given some land and must decide what to do with it. Give each group a key piece of information about their land that is different from the other groups (e.g.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		one group's land is in a city centre, another is farmland, another is a lake). Ask learners how they will answer the three questions for 'their' land. Ask each group to present to the other groups their response to the three questions. The other groups must work out what was 'special' about the land. Provide learners with a list of products they can both afford and not afford to buy. The list should also include items such as 'air' and 'sea water'. Learners can then decide whether each item is an economic good or a free good. Learners define the terms 'finite resources', 'unlimited wants', 'economic goods' and 'free good'. Then ask them to explain in their own words the basic economic problem. 1. Learners investigate / discuss in groups: how oil is made from trees, how/where it is extracted, what it is used for (what can be made from it). 2. Show learners data on oil consumption and human population: https://ourworldindata.org/grapher/world-population-1750-2015-and-un-projection-until-2100 (the chart can be manipulated to show trends between any two time-periods). and www.worldometers.info/oil/. (for a more dramatic impact, display the oil counter alongside this population counter: www.worldometers.info/world-population/) 3. Introduce the basic economic problem (Infinite needs and finite resources) to learners. Learners explain why the data on oil and human population is an example of the Basic Economic Problem. 4. Display examples of images showing oil pollution: • Learners discuss some of the costs involved in extracting and shipping oil around the world. How might oil use impact on the climate?

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		• Define the term 'sustainability. Learners consider how the use of wind and wave power might be a more sustainable energy source than oil. (e.g., www.shutterstock.com/search/oil+pollution) – sensitivity may be needed with some images of wildlife. Give learners a basic definition of 'economic goods' and 'free goods' (free goods can be consumed by one person without reducing the amount available for others). Learners are shown information such as: www.wwf.org.uk/what-we-do/addressing-unsustainable-fishing-and-seafood and https://theoceancleanup.com/great-pacific-garbage-patch/ Learners consider fishing by discussing questions such as: • Who owns the fish in the oceans? • Can we keep on fishing 'forever'? • Are fish a 'free' economic good? What about the oceans – are they a free good?
1.2 Factors of production **SDG 13**	1.2.1 Factors of production and their rewards 1.2.2 Quantity and quality of factors of production	In groups, learners consider what resources would be used in the production of certain items, e.g. cars, houses, and rice. Each group focusses on a different product. All lists are shared, e.g. on flip-chart paper. Introduce the four factors of production. Provide the names and definitions on separate cards. In pairs, learners sort each factor of production card to match its definition then define and describe each factor of production in their own words. Use the Teaching Tool 'Match-up'.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Give learners the lists of resources from the previous activity and ask them to classify each item as being ether land, labour, capital or enterprise. If necessary, add new items to ensure all four factors have resources identified. Ask them to explain in their own words the difference between land and capital and the difference between labour and enterprise. **(I)** Introduce the terms rent, interest, wages, profit. In pairs learners suggest definitions of these terms and match them to the four factors of production. Review their solutions, correcting any errors. In groups, learners research ways in which a country can increase the size and quality of its factors of production. Examples include: How has Hong Kong increased its International Airport capacity? (Bing Videos) How has China increased its capital? How can one country encourage more people to become entrepreneurs? How can people be persuaded to move from one part of the European Union to another? **Extension activity:** Learners write a job description and person specification (you may need to provide a brief description of these terms as they are not part of the syllabus) for the role of an entrepreneur. Learners list: • Possible different ways that electricity can be generated (e.g., burning coal, wind-power) • Possible sources of energy to provide power to a home. Which factor of production are the energy sources an example of? Rank the energy sources in order of sustainability. www.eonenergy.com/spark/ways-to-power-your-home-with-renewable-energy.html https://electricity.ca/learn/electricity-today/generating-electricity/

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Learners investigate the impact of global warming and rising sea levels on the economies of Bangladesh and the Maldives. Learners discuss how each of the four factors of production in Bangladesh and the Maldives might be affected by climate change. Learners watch the video and other information from the website: https://ejfoundation.org/reports/climate-displacement-in-bangladesh.
1.3 Opportunity cost **SDG 15**	1.3.1 Opportunity cost 1.3.2 The influence of opportunity cost on decision-making	Give learners a list of situations where they must choose between competing items, e.g. between two types of meal, between studying Economics or Mathematics, between taking the bus home or walking. For each situation, they must decide which they would choose and why. Ask them to give reasons for their choices. Then learners describe what they have chosen and what they have rejected, using the terms 'choice', 'foregone', and 'opportunity cost' in their responses. **(I)** Provide learners with a list of products of identical price (e.g., books or mobile phone apps) and ask them which item they would purchase as their income changed (e.g. which item would you buy if you could only afford one), so revealing their rank order of preferences. Provide learners with a formal definition of opportunity cost ensuring that they understand that it represents the 'next best alternative' given up when making a choice. Ask them to explain opportunity cost to a class partner using the 'revealed preferences' activity above. **(I)** In groups, learners identify and explain the factors of production and opportunity cost involved if a government were to embark on a new infrastructure project (e.g. the building of a new school) or host a major sporting event. **Extension activity:** Learners produce a newspaper article exploring how opportunity cost affects government spending decisions, e.g. in education or health care. See www.healthknowledge.org.uk/public-health-textbook/medical-sociology-policy-economics/4d-health-economics/principles-he (Section 1.1 Production, resources, scarcity and opportunity cost).

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Learners in groups investigate the causes and effects of deforestation in the Amazonian rainforest. What are the possible opportunity costs of this deforestation? Show learners the information from https://earthobservatory.nasa.gov/world-of-change/Deforestation especially the images showing the extent of deforestation over time.
1.4 Production possibility curve (PPC) diagrams **SDG 13**	1.4.1 Production possibility curves (PPC) 1.4.2 Points under, on and beyond a PPC 1.4.3 Movements along a PPC 1.4.4 Shifts of a PPC	Introduce the concept of a PPC by asking learners to consider an economy producing two types of good: capital goods and consumer goods. Give pairs of learners a blank PPC diagram with just the axes labelled and ask them to plot where the economy would be if just capital goods or just consumer goods were produced. Use this to derive all combinations of production possibilities along a straight-line PPC. In groups, learners discuss the following scenarios: 1. What would have to happen for an economy to produce the maximum possible quantity of economic goods? 2. What would happen to the quantity produced if some resources became unemployed? 3. What would happen if new resources were discovered? 4. What would happen if there was a natural disaster, e.g. earthquake? 5. If an economy decided to produce only capital goods for a six-month period – what would happen now and in twelve months' time to the quantity of consumer goods produced? Learners discuss where on their straight-line PPC diagram corresponds to scenarios 1 to 5 above. Learners explain in their own words what a PPC shows and why it is called a Production Possibilities Curve. **(I)**

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Explore with learners how opportunity cost can be illustrated through the process of movement along a PPC. Use scenario 5 to illustrate the short-term trade-off between producing more capital goods and fewer consumer goods. See The evolution of China's growth model: challenges and long-term growth prospects. Use an adapted diagram with numerical axes to construct numerical examples illustrating the opportunity cost of changing production decisions. Discuss what would happen to the potential output of both capital and consumer goods in scenarios 3 and 4. Use this discussion to show and explain how a PPC can shift outwards and inwards. Learners update their PPC diagram to explain a range of situations given to them that alter present or future production decisions/possibilities. Use the Teaching Tool 'Submit and Compare'. **(I)** **Extension activity:** Learners explore how opportunity cost changes on a curved PPC and explain reasons why the PPC is curved. **(I)** 1Review learners' understanding of the possible impact of climate change/rising sea levels on the factors of production in Bangladesh. Learners draw a diagram that shows how Bangladesh's Production Possibility Curve (PPC) would be affected by climate change / rising sea levels. Give learners the following scenario: A country faces two choices: a. Invest $2 billion in mining operations to extract minerals from a mountainous area. OR b. Invest $2billion to build a hydro-electric power station in the same location. • Learners draw a PPC to show the possible impact of each option. • Which of the two options is likely to benefit the economy most in the long-term?

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2 The allocation of resources

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
2.1 The role of markets in allocating resources	2.1.1 How markets work	Show learners photographs of two street markets, one in a high-income country and one in a low-income country. Both show many sellers of similar products as well as buyers (e.g. images of a fruit and vegetable street market). Use the Teaching Tool 'Image Compare'. In groups, learners explore issues such as: Why are there many buyers and sellers? What would happen if one seller charges double the price of other sellers? What would happen if more buyers started visiting the market? What would happen if fewer sellers sold products in the market? What would make you want to start selling products at this market? Would the outcomes be the same in both image situations? Show learners images of shortages (e.g. people queuing outside empty shops) or surpluses (e.g. piles of unsold products). Use the Teaching Tool 'Image Compare'. Ask them to describe what will happen to the prices charged for these products because of the shortage/surplus. **(I)** Use this discussion to reinforce the key terms of buyers and sellers and to explore their roles in a market situation.
2.2 Demand **SDG 12**	2.2.1 Individual and market demand 2.2.2 Movements along a demand curve 2.2.3 Shifts of a demand curve	Ask learners how many units of a specified product they would buy at different prices in a week. Ask each learner to produce their own price and quantity demand schedule. Use these to produce a demand schedule for the whole class and then plot the figures for the whole class on a demand diagram. Explain how the diagram represents a 'demand curve'. Learners plot and label a downward sloping demand curve, illustrating and defining the terms 'demand' and 'demand curve'. Ask them to explain how a market demand curve can be derived from the demand schedules of each individual consumer. **(I)**

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Ask learners to consider a particular price and quantity combination on their demand curve. Ask each learner to consider what would cause a movement along the curve to a different point relating to a different quantity demanded. Relate these movements along a demand curve (caused by a change in price) to increases and decreases in the quantity demanded and extensions and contractions of demand. In groups, learners consider the factors that could change demand for a good or service. They could then present their findings to the class. Discuss with them which of the influences were most likely to have a significant effect in a range of specific markets. Show learners how a change in one of the conditions of demand (e.g. income) can shift the whole demand curve. Give them a list of possible changes in the conditions of demand and ask them to practice drawing how demand curves shift (up or down) in response to these changes. **(I)** Reinforce their understanding by showing learners two diagrams showing either an increase or decrease in demand – one coloured red the other blue. Give each learner a red card and a blue card. Show in turn a list of possible changes in the conditions of demand for a named product. For each scenario learners hold up the card that matches the colour of the correct diagram. **(I)** **Extension activity:** Learners consider whether an increase in income will always result in an increase in demand for all products – are there any exceptions? **(I)** Share with learners the aims of SDG 12 Responsible Consumption and Production, as they apply to consumers. For example: • the need to reduce food waste in households • the need to switch consumption towards energy efficient lightbulbs • the impact of a rising world population on the demand for cars ○ Learners discuss how these three examples would affect the demand for the products concerned.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Learners draw 'before and after' demand curves illustrating the impact of these changes on the level of demand. For more information about SDG 12 and the examples in the activity see www.un.org/sustainabledevelopment/sustainable-consumption-production/ And https://wedocs.unep.org/bitstream/handle/20.500.11822/22747/12_Responsible%20consumption%20and%20production_FINAL.pdf
2.3 Supply **SDG 12**	2.3.1 Individual and market supply 2.2.2 Movements along a supply curve 2.2.3 Shifts of a supply curve	Ask learners whether they would be prepared to supply their services (e.g. to tutor learners in lower years) at different prices. Start with a low price (e.g. zero) and slowly raise it, counting how many of them are prepared to offer their services at different prices. Keep raising the price until they have all been incentivised to offer supply their service. Use this information to produce a supply schedule for the whole class and then plot the figures for the whole class on a supply diagram. Explain how the diagram represents a 'supply curve'. Learners plot and label an upward sloping supply curve, illustrating and defining the terms 'supply' and 'supply curve'. Then ask them to explain how a market supply curve can be derived from the supply schedules of each individual supplier. **(I)** Ask learners to consider a particular price and quantity combination on their supply curve. Ask each learner to consider what would cause a movement along the curve to a different point relating to a different quantity supplied. Relate these movements along a supply curve (caused by a change in price) to increases and decreases in the quantity supplied and extensions and contractions of supply. In groups, learners consider the possible cause of changes in supply. They could then present their findings to the class. There could then be a discussion as to which of the influences were most likely to have a significant effect in a specific market e.g. the electric vehicle market and the market for oil.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Explain why electric vehicle supply costs differ between countries. See https://www.marketplace.org/2024/09/09/how-can-china-make-evs-that-sell-for-less-than-20000/. Ask them to explain why different countries face different supply costs. **(I)** In pairs learners research the impact on the world supply of oil of oil fracking and illustrate this using a supply diagram. See https://www.cfr.org/in-brief/why-fracking-matters-2024-us-election. Show learners how a change in one of the conditions of supply (e.g. new technology that reduces the cost of production) can shift the supply curve. Provide a list of possible changes in the conditions of supply and ask them to practice drawing how supply curves shift (up or down) in response to these changes. **(I)** Reinforce their understanding by showing learners two diagrams showing either an increase or decrease in supply – one coloured green the other yellow. Give each learner a green card and a yellow card. Show in turn a list of possible changes in the conditions of supply for a named product – for each scenario learners hold up the card that matches the colour of the correct diagram. **(I)** **Extension activity:** Learners consider whether an increase in price will always result in an increase in supply for all goods and services– are there any situations where this would not happen? **(I)** Learners consider the extraction of oil and gas from the North Sea between the United Kingdom (UK) and the North-West European mainland. • What happened to the supply of oil from the North Sea between 1974 and 2000? • What has happened since? • What is predicted to happen in the future? • Why have many governments, including the UK, subsidised solar and wind generating industries?

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Draw supply curve diagrams to illustrate the effect of these changes on the supply of the various forms of energy. Useful background information can be found at: www.crystolenergy.com/assessing-future-north-sea-oil-gas/ and http://theoildrum.com/node/4112 (especially the charts and maps, the text can be ignored).
2.4 Price determination	2.4.1 Price mechanism 2.4.2 Market equilibrium 2.4.3 Market disequilibrium	Provide learners with a demand schedule and a supply schedule for a named product (e.g. vanilla). Ask them to plot the figures on a graph. Ask them to identify and define the equilibrium price. In pairs ask learners to explore what would happen over time if the initial market price were below equilibrium. Then ask them what would happen over time if the initial price were above equilibrium. In pairs learners use the Teaching Tool 'Think-Pair-Share' to explain how the price mechanism enables the three resource allocation decisions to be made. **(I)** Ask learners to identify factors that could cause a market to move away from its current equilibrium (e.g. buyers have more money to spend, a shortage of products for sale) and the impact of this on the prices charged at the market. Use the Teaching Tool 'Image Reveal' to deliver this exercise. Explore with learners the definition of disequilibrium and a disequilibrium market situation, e.g. https://www.lemonde.fr/en/economy/article/2023/04/20/crisis-in-madagascar-over-hundreds-of-tonnes-of-vanilla-unsold_6023684_19.html. Ask them to explain why Madagascan vanilla suppliers are facing economic difficulty. Show learners how the surplus of vanilla in Madagascar due to high prices can be illustrated using a supply and demand diagram. Ask them to consider what would happen in the market for vanilla if prices were to be set by the market forces of supply and demand. Show learners how a movement towards the equilibrium can be illustrated using a supply and demand diagram.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Explore how shortages and surpluses can occur and can be illustrated using supply and demand diagrams (e.g. through minimum and maximum prices) Note: this will cover part of 2.10.3. **(I)**
2.6 Price elasticity of demand (PED)	2.6.1 Definition of PED 2.6.2 Calculation of PED 2.6.3 Determinants of PED 2.6.4 PED, consumer expenditure and firms' revenue 2.6.5 Significance of PED	Learners are asked how they would react in terms of their own demand if the price of all mobile phone data packages (or an equivalent product) were to increase by 30%. Also, how would they react if their mobile phone data provider increased their price by 30% whilst all other such providers stayed unchanged? Use this discussion to introduce the concept of price elasticity of demand (PED). Ask them to define PED. Show learners how PED is calculated and ask them to use a demand schedule (e.g., the ones used in 2.4) to calculate the PED for a range of given price changes. Use the Teaching Tool 'Submit and Compare'. Explain the terms 'price elastic demand' and 'price inelastic demand' including their numerical value ranges. Ask learners to define elastic and inelastic PED. Learners can explore the implications of PED values of zero (perfectly inelastic), 1 (unitary) and infinity (perfectly elastic) for the demand curve and consider if there are any real-world applications for these specific values of PED. Explain how the specified numerical value of PED is used to classify whether a product has elastic or inelastic PED. Show how these types of elasticity can be illustrated using a supply and demand diagram. Introduce learners the factors likely to determine the PED of a product or service. Ask them to consider a range of different products and, applying these factors, predict whether the product is likely to have elastic or inelastic PED, e.g. all chocolate bars taken together or individual named bars. **(I)** Use the Teaching Tool 'True or False'. Develop this to show how the diagram can be used to illustrate how a fall in the price of a product with elastic PED results in an increase in total revenue for the suppliers

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		as well as consumer expenditure. Also, if the product is found to have price inelastic demand, the supplier can raise the price to increase their total revenue and consumer expenditure will also increase. Ask learners to practice drawing shifts in supply and demand diagrams illustrating elastic and inelastic PED and their resulting impact on the supplier's (firm's) total revenue and the consumer's expenditure. **(I)** Explore why it is that OPEC attempts to influence the price of oil, and therefore its own total revenue through its decisions about how much oil to supply. See https://www.eia.gov/todayinenergy/detail.php?id=61643. Learners can illustrate the market for oil (including reflecting the PED for oil in the slope of the demand curve) and how OPEC attempts to influence prices. **(I)** In groups, learners produce a briefing paper for local entrepreneurs titled: "How knowledge of the value of your product's PED can help you set prices that increase your total revenue'. In groups, learners explore the significance of PED through consideration of how the imposition of a tax on producers by government would affect the market for a product. Learners can then be asked to explore how the value of PED might affect the revenue earned by producers because of the tax, the implications for the wages of the firm's workers and the likely tax revenue earned by the government. Learners can then use this information to produce a presentation to the rest of the class entitled 'The best types of products to tax'. 'Best' will be determined by the perspective taken by the learner. This also covers part of 2.10.3.
2.7 Price elasticity of supply (PES)	2.7.1 Definition of PES 2.7.2 Calculation of PES	Learners decide how they think suppliers of the following products would react if the market price for their product were to double because of strong demand: bread (bakers), oranges (fruit farmers), container ships (ship builders). What would be similar and different about their responses to the increase in price?

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
	2.7.3 Determinants of PES	Use this discussion to introduce the concept of price elasticity of supply (PES). Ask them to define PES. Show learners how PES is calculated then ask them to use a supply schedule (e.g. the ones used in 2.4) to calculate the PES for given price changes. Use the Teaching Tool 'Submit and Compare'. Explain the terms 'elastic supply and 'inelastic supply. Learners define elastic and inelastic PES. Then ask them to review a range of different products (e.g., the ones used above) and consider which products are likely to have elastic supply and which are likely to have inelastic supply. Use the Teaching Tool 'True or False'. **(I)** Learners can explore the implications of PES values of zero (perfectly inelastic), 1 (unitary) and infinity (perfectly elastic) on the supply curve and consider if there are any real-world applications for these specific values of PES. Introduce to learners the factors that determine PES. Ask them to consider a wider range of different products and, applying these factors, predict whether the product is likely to have elastic or inelastic PES. **(I)** Explain how the numerical value of PES can be used to determine whether a product has elastic or inelastic PES. Show how these two types of elasticity can be illustrated using a supply and demand diagram. Show how the diagram is used to show illustrate how a rise in demand of a product with inelastic PES results in an increase in revenue for the suppliers. Learners practice drawing supply and demand diagrams illustrating elastic and inelastic PES and their resulting impact on revenue. **(I)** Explore with learners how knowledge of PES can enable suppliers to answer questions such as: Our product currently takes 12 weeks to manufacture, should we try to shorten that production time? We have developed a new product that nobody else can make or sell for the next five years. What will happen if we increase the price we charge for it? **Extension activity:** Explore with learners how shortages can affect the PES. See https://www.bnnbloomberg.ca/investing/commodities/2024/12/10/coffee-crunch-

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		sends-arabica-to-record-and-risks-costlier-drinks/. Ask them to consider why it is that producers do not always respond to shortages by increasing their retail prices.
2.8 Market economic system	2.8.1 Definition of the market economic system 2.8.2 Arguments for and against the market economic system	Review with learners the main features and importance of the price mechanism in achieving an efficient resource allocation, e.g. the role of markets, producers, consumers and market equilibrium. Ask learners to define the market economic system. Then, in groups, ask them to conduct research into a country such as Singapore and create a list of the main characteristics of a market economy. Use the Teaching Tool 'Where in the World'. See https://www.state.gov/reports/2024-investment-climate-statements/singapore/. In groups, learners explore the role of private enterprise in their own economy and compare this with other economically similar and contrasting countries. Explain to learners the main advantages and disadvantages of a market economic system. Learners summarise them. Ask learners to consider the strength of the arguments for and against operating a market economic system and to evaluate their importance. Use the Teaching Tool 'Prioritise'. Learners explain to a partner why a market economic system should create allocative and productive efficiency and could create dynamic efficiency. **Extension activity:** in groups, learners research, and present to the rest of the class, a case for whether their own country should or should not become a more market-oriented economy. This should include a discussion of the strength of the advantages and disadvantages of such a transition.
2.9 Market failure **SDG 5, 14 and 15**	2.9.1 Definition of market failure	Define the concept of market failure through a discussion of what is meant by 'market success' in terms of allocative efficiency. Ask learners to consider why market failure is considered a significant disadvantage of a market economy.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
	2.9.2 Definitions of terms associated with market failure 2.9.3 Causes of market failure 2.9.4 Consequences of market failure	Learners define the terms public goods, merit goods, demerit goods, private benefits, external benefits, social benefits, private costs, external costs, social costs and monopoly. **(I)** Use the Teaching Tool 'Submit and Compare'. Review the characteristics of a public good and why they will not be provided in a market economy. Ask learners to the benefits of education using https://www.uil.unesco.org/en/articles/new-issue-international-review-education-published-0 and https://mahb.stanford.edu/blog/why-is-education-so-important-in-the-quest-for-equality/. They can then use this information to classify benefits / drawbacks of education according to whether it is a benefit / drawback to themselves, their family or the rest of society. Discuss with them why individuals under-estimate the benefits to themselves of goods such as education and health care. Explore with learners how the above issues would operate in reverse with goods such as cigarettes and high-calorie food. **(I)** Ask learners to explain why it is that whenever a gap exists between the effects of economic activity on society and on those undertaking the activity (producers / consumers) there will be market failure. See How Do Externalities Affect Equilibrium and Create Market Failure? Use the Teaching Tool 'Flip Cards' to check the understanding of terminology. Explore with learners how the abuse of monopoly power can result in market failure. See https://edition.cnn.com/2024/08/05/business/google-loses-antitrust-lawsuit-doj/index.html and https://www.globaljustice.org.uk/blog/2024/01/from-cholera-to-coronavirus-medicine-monopolies-are-making-us-sick/. Ask learners in groups to create a presentation to the rest of the class explaining how a specified economic activity results in market failure and what the consequences are of the market failure. For example, whether this market failure results in under- or over-consumption of economic resources.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Extension activity: Attempt to reference consequences 2 – 5 in the presentation. Consequences of Market Failure: 1. Inefficient Resource Allocation: Misallocation of resources leading to social welfare losses. 2. Reduced Economic Growth: Decreased economic activity and innovation. 3. Social Welfare Losses: Decreased consumer and producer surplus. 4. Environmental Degradation: Unpriced environmental externalities leading to pollution. 5. Financial Instability: Market failures leading to financial crises. Learners investigate how the following situations give rise to market failure: • A chemicals manufacturer has a choice of either paying for their waster products to be cleaned or dump them, for free, in a nearby river. • A river passes through five different countries on its way to the sea. One of the upstream countries decides to build a dam across the river and use the water to generate electricity and irrigate its crops. Females in a particular country are paid 20% less than males for doing the same work. Parents in this country have to pay for their own children's college education. Information on some of these issues can be found at: www.theguardian.com/environment/2016/jul/01/vietnam-blames-toxic-waste-water-fom-steel-plant-for-mass-fish-deaths www.newscientist.com/article/2134785-billion-dollar-dams-are-making-water-shortages-not-solving-them/

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
2.10 Mixed economic system **SDG 2**	2.10.1 Definition of the mixed economic system 2.10.2 Arguments for and against the mixed economic system 2.10.3 Government intervention to address market failure	Provide learners with information about an economy, e.g., India, the USA or the UK. Use the Teaching Tool 'Where in the World'. Also see Mixed Economy: Public Sector & Private Sector. In groups, learners consider the definition of a mixed economic system and extent to which the country under consideration is a mixed economy. Also to consider what other information would have been useful to help them come to their decision. Explain to learners the main arguments for and against the mixed economic system. Learners summarise them. Ask learners to consider the strength of the arguments for and against and to evaluate their importance in different economies at different times. Introduce learners to the important reasons for and aspects of government intervention to address market failure. Learners to provide definitions of maximum and minimum prices in product markets, indirect taxation, and subsidy. **(I)** Learners draw and interpret diagrams illustrating the interventions specified. Class discussion of the advantages and disadvantages of each of these methods of (microeconomic) government intervention. Ask learners to define the terms regulation, privatisation, nationalisation, direct provision of goods and services and quotas, e.g. relating to the extraction of natural resources. **(I)** Class discussion of the advantages and disadvantages of each of these methods of (microeconomic) government intervention. In groups, learners research examples of each type of government intervention and present their findings to rest of the class. Then learners discuss the extent to which governments can be effective in overcoming the failings of the market in a mixed economic system. They can then present the case either for or against greater government intervention in a mixed economy.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		A government wishes to help provide its citizens food produced using sustainable agricultural methods, for example organic methods (e.g., no chemicals). Learners consider the following policies and how they might help the government to achieve its aim: • Setting maximum prices for foods produced organically. • Setting minimum prices for foods produced using chemicals. • Putting indirect taxes on food produced using chemicals. • Subsidising organically produced food. Draw supply and demand diagrams to illustrate the impact that these policies might have. Discuss how the following policies might be used to increase help the country to switch production towards organically produced food. • Regulation • Privatisation • Nationalisation • Direct provision

Past and specimen papers			
Past/specimen papers and mark schemes are available to download from the School Support Hub **(F)**			
2.1 The role of markets in allocating resources Jun 2024 Paper 23 Q2b Nov 2024 Paper 21 Q4a	**2.2 Demand** Specimen Paper 1 2027 Q4 Jun 2024 Paper 21 Q5a Jun 2024 Paper 23 Q3a Jun 2024 Paper 23 Q4a	**2.3 Supply** Specimen Paper 1 2027 Q5	**2.4 Price determination** Specimen Paper 2 2027 Q1d Jun 2024 Paper 21 Q1f Nov 2024 Paper 22 Q1f Nov 2024 Paper 23 Q1f

Past and specimen papers			
	Nov 2024 Paper 21 Q4b Nov 2024 Paper 22 Q2b Nov 2024 Paper 22 Q4a Nov 2024 Paper 23 Q3b		
2.6 Price elasticity of demand (PED) Specimen Paper 1 2027 Q6 Specimen Paper 1 2027 Q7 Specimen Paper 2 2027 Q3b Jun 2024 Paper 21 Q1a Nov 2024 Paper 21 Q1d	**2.7 Price elasticity of supply (PES)** Specimen Paper 1 2027 Q8	**2.8 Market economic system** Nov 2024 Paper 21 Q3d Nov 2024 Paper 23 Q2d	**2.9 Market failure** Specimen Paper 1 2027 Q9 Specimen Paper 2 2027 Q3a Jun 2024 Paper 21 Q3d Jun 2024 Paper 21 Q4b Jun 2024 Paper 22 Q2d Jun 2024 Paper 23 Q1b Jun 2024 Paper 23 Q1h Jun 2024 Paper 23 Q5b Nov 2024 Paper 22 Q4b

3 Microeconomic decision-makers

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
3.1 Money and banking	3.1.1 Money 3.1.2 Banking	Learners each identify an object that they would like to sell. Collate the items in a single list. Tell them that they can sell the items to each other, but they cannot use money. Ask them to explore how they might 'sell' their items and so enable trade to take place. Ask learners to explain how barter is used in situations where money does not exist, and that successful barter can require a 'double coincidence of wants'. **(I)** Show learners' images of objects used as money before the invention of notes and coins. Use the Teaching Tool 'Image Compare'. Ask them what all these objects have in common. They can then consider why some societies might have chosen to use these items as money. Ask them why the following items would not be good to use as money: water, air, earth, fruit. Learners to define the terms 'characteristics of money' and to explain the main characteristics that money should possess. **(I)** Having understood the characteristics of money, learners can then explore the functions of money. Show them an image of a United States ten dollar note. Ask them if they would be prepared to accept one as payment for selling an object they own. Discuss with them how money acts a medium of exchange then introduce the other functions of money. Learners to define the term 'functions of money' and then explain in their own words the main functions of money. **(I)** Central banks as well as commercial banks often welcome visitors for educational purposes. If possible, arrange a class visit to either. If that is not possible, enquire if a representative of a local bank would be willing to visit your school. In all such circumstances due safeguarding policies should be adhered to.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Alternatively, learners could access the website of a commercial bank to research the activities of the organisation. In groups, learners produce summary posters illustrating the ways in which individuals / households, workers and producers / firms utilise the services offered by commercial banks. **(I)** In groups, learners carry out research on the operations of the central bank of their economy and that of another country (this could be the European Central Bank see European Central Bank. They then give a presentation to the rest of the class, summarising their findings. Most central bank websites provide a good amount of useful information. **(I)** **Extension activity:** Learners produce a chart which clearly compares the different functions and roles of both commercial banks and the central bank in an economy. **(I)**
3.2 Households **SDG 1, 9 and 11**	3.2.1 Influences on households' spending, saving and borrowing	In groups, discuss how a household's income, confidence, age and culture might influence their spending, saving and borrowing. Also discuss how changes in the rate of interest would impact on the outcomes reached. In groups, learners identify the periods in a person's life when they might be earning less than they spend; earning more than they spend; not earning but spending own savings or receiving transfers from others. Discuss with learners the 'life-cycle theory' What Is the Life-Cycle Theory in Economics? | Britannica Money. In pairs, learners research how and why income can change over time in a specific occupation, e.g. a lawyer or a teacher. Each pair research a different occupation then gives feedback to the rest of the class. In groups, learners discuss the range of factors that could cause an individual's income to change over time; this could include factors such as changes in qualifications, training, skills, promotion; experience; periods of unemployment and retirement. Discuss with learners the factors that affect the savings of individuals within a particular country and across different countries. Learners explain each factor and how it affects saving.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		In groups, learners investigate the savings ratio of the learners' own country and compare it with other countries, analysing how and why they differ and considering whether the savings ratios are likely to change in the future. See data.oecd.org and data.worldbank.org: search for 'savings rate' or 'gross domestic savings'. Explain the factors that affect borrowing for individuals within a particular country and across different countries. Learners explain each factor and how it affects borrowing. **(I)** In groups, learners investigate the levels of borrowing and personal debt in their own country and compare it with other countries, analysing how and why they are different and considering whether levels of borrowing and personal debt are likely to change in the future. See data.oecd.org and search for 'household debt'. Learners consider why low-income and rural households / individuals are in lower income countries. Learners investigate how microfinance organisations can help these people to: • achieve greater gender equality • reduce poverty • develop their own businesses • build sustainable communities.
3.3 Workers **SDG 5 and 8**	3.3.1 Factors affecting an individual's choice of occupation 3.3.2 Wage determination	Provide pairs of learners with a set of cards, on each of which is listed a wage and a non-wage benefit of working. Ask each pair to sort the cards into wage (financial) and non- wage (non- financial) factors. Ask one of the pair to rank the cards in terms of their own preferences for choosing an occupation. The other learner then explains how their rank order would compare (e.g., similarities and differences). Use the Teaching Tool Prioritise'. Then ask learners to explain the wage and non-wage factors affecting a worker's choice of occupation.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
	3.3.3 Reasons for differences in wages 3.3.4 Mobility of labour 3.3.5 Division of labour	Learners conduct research with friends and family – what were the three main factors each person considered as important in their choice of present occupation? The whole class then collates the results to reveal the key themes and factors. **Extension activity:** learners analyse any similarities and differences between different types of occupation as to the most important factors influencing people's choices. Ask learners whether they would prefer to work as a road sweeper or a doctor. Explore with them how their choice would vary depending on relative wage levels. Learners construct two wage-supply schedules and invite them to choose which occupation they would choose if, for example, road sweepers earned 20% more than doctors. Use this information to help construct the supply curve for labour. Learners also construct a demand curve for labour from the firm's / employer's perspective. Learners explain why the labour supply curve is upward sloping and the demand curve for labour is downward sloping. **(I)** From the labour market diagram learners can discuss the determination of an equilibrium wage in the different labour markets introduced. The discussion could include attention to trade unions and relative bargaining power and any national minimum wage rates. Learners can then practice using diagrams to explain how changes in the demand and supply for labour and national minimum wage legislation can impact wage determination. **(I)** **Extension activity:** In groups, learners present a case for or against raising a minimum wage. See for example the arguments for and against minimum wages in the USA: What Are the Pros and Cons of Raising the Minimum Wage? In groups, learners explore the factors that cause differences in wages between different groups of workers and how those factors influence wage rates of, e.g., teachers, doctors, footballers, actors, hairdressers, shop and factory workers. Using the Teaching Tool 'Think-Pair-Share' learners discuss how:

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		• changes in demand (an increase in demand for a firm's products) or supply (differences in skills / training that workers achieve) would affect the labour market and therefore the wage rate • trade union membership would influence member's bargaining power and therefore their wage rate **(I)** • discrimination, e.g. male / female would affect the demand for labour and therefore the wage rate **(I)** • government policy, e.g. stricter rules and regulations relating to driving vehicles would reduce the supply of drivers and therefore increase the wages in occupations requiring employees to drive **(I)** • the economic sector workers operate in (primary / secondary / tertiary) would influence their wage rate with primary sector workers often earning lower wages than those in the tertiary sector • working in the private sector or public sector can influence the wage rate earned Provide learners with a case study such as a production worker in a small town has been made redundant due to factory closure. The worker has the option to retrain for a job in IT or move to a nearby city for similar factory work. Using the Teaching Tool 'Think-Pair-Share' learners identify: • factors that affect the worker's decision to retrain (occupational mobility) • factors that affect the worker's decision to move to another location (geographical mobility). Class Discussion: Share findings. Highlight factors such as: • occupational: Access to education / training, cost of retraining, transferable skills, demand for skills

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		• geographical: Housing costs, family ties, transport availability, government policies (e.g., relocation grants). Emphasise what would be the causes and consequences of changes in the occupational and geographical mobility of a worker such as the one highlighted in the discussion. Introduce the concepts of specialisation and the division of labour by simulating how these concepts operate in the workplace. Use a role-play game such as serc.carleton.edu/sp/library/simulations/examples/example8.html or www.acadiau.ca/~dreid/games/Game_descriptions/Division_of_Labour.html or search online for a similar 'economics division of labour game'. In groups, learners consider the advantages and disadvantages of the division of labour (worker specialisation) in specific occupations, e.g. doctors, car assembly workers, hair stylists or farm workers. If possible, it could be interesting to visit a local business where workers specialise. (Safeguarding) Learners explain the terms 'division of labour' and 'worker specialisation' describing the advantages and disadvantages for workers, firms and the economy. **(I)** Share information with learners about the rates of pay for women and men in the United Kingdom (UK). • Learners investigate whether this 'gender pay gap' occurs in other countries. • Learners discuss possible reasons for the gender pay-gap. • Learners discuss how the gender pay gap can lead to / make it harder to escape from poverty. Learners consider possible actions that could reduce gender equality – what economic benefits and drawbacks might they have?

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Some relevant information on UK wages is at: www.theguardian.com/world/2019/oct/28/women-paid-less-than-men-over-careers-gender-pay-gap-report Some possible steps to reduce gender equality are outlined at: www.theguardian.com/global-development-professionals-network/2016/mar/14/gender-equality-women-girls-rights-education-empowerment-politics
3.4 Firms	3.4.1 Different types of firms 3.4.2 Mergers 3.4.3 Economies and diseconomies of scale	Learners define the terms primary, secondary and tertiary sector; public and private sector; and large and small firms. Give learners a list of well know local, national and international business organisations. In pairs, ask them to classify the firms using the above criteria. Give learners definitions of horizontal, vertical and conglomerate mergers. Then give them a list of recent merger activity and basic information about the firms involved. Ask learners in pairs to decide which type of merger was involved in each case. **(I)** In groups, learners research recent mergers, both in their own country and abroad, to discover why the mergers took place and the potential advantages and disadvantages of each merger type. Learners carefully define economies of scale diseconomies of scale paying attention to changes in the average cost of production. Learners describe the main internal and external economies / diseconomies of scale. Show learners the average total cost (ATC) diagram. Use the Teaching Tool 'Image Reveal'. Allow learners to draw and interpret the average total cost (ATC) diagrams to illustrate economies and diseconomies of scale arising from changes in a firm's circumstance e.g. a number of close competitor firms leave the market. **Extension activity:** In groups, learners consider which types of economies / diseconomies of scale can be experienced by different industries such as the car

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		industry, the film industry and farming. Learners then present their findings to the whole class.
3.5 Firms and production	3.5.1 Demand for factors of production 3.5.2 Labour-intensive and capital-intensive production 3.5.3 Production and productivity	Review with learners their knowledge of the factors of production covered in 1.2. Give groups of learners a different manufactured product or service. Each group identifies the factors of production needed for each and presents their results to the class. Discuss with them the main factors affecting the demand for each factor of production, e.g. demand for the product, the price of different factors of production, their availability and their productivity. Learners define 'capital intensive production' and 'labour intensive production'. Share with learners some examples of labour- and capital-intensive production. For example, https://fastercapital.com/content/Capital-Intensity--Investing-in-Efficiency--The-Role-of-Capital-Intensity-in-Modern-Manufacturing.html Give groups a different manufactured product or service. They then discuss the reasons why they would recommend d adopting a particular production style with a clear focus on the relative advantages and disadvantages of using labour-intensive and capital-intensive methods of production. **Extension activity:** Learners explore the effects on costs when production moves from being labour-intensive to being capital intensive (this activity could be done as part of 3.6 below when they have a sufficient understanding of different types of business costs). **(I)** Introduce the concepts of production and productivity by reminding learners of the specialisation and production activity they did in 3.3. Learners clearly define the terms production and productivity being very clear on the important differences between the terms. Learners calculate output figures for productivity and production using given data. Use the Teaching Tool 'Slide to Answer'. **(I)**

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		In groups, learners explore the factors affecting the productivity of a specific factor of production, applying the concept more widely than to just labour. Learners conduct research and explore issues before reporting their findings to the rest of the class. As part of this they could consider issues such as: how do levels of education and training influence labour productivity and the effects of changes in investment by firms on productivity.
3.6 Firms' costs, revenue and objectives **SDG 9 and 12**	3.6.1 Definitions of costs of production 3.6.2 Calculation of costs of production 3.6.3 Definition of revenue 3.6.4 Calculation of revenue 3.6.5 Objectives of firm	Learners define total cost (TC), average total cost (ATC), fixed cost (FC), average fixed cost (AFC), variable cost (VC), average variable cost (AVC) (note that marginal cost is not required). **(I)** Give groups of learners a different production activity. Ask them to identify possible fixed and variable costs for each production activity. They can then give feedback to the rest of class. Learners explore how costs can be classified into FC, VC and then added together to result in TC. See www.tutor2u.net/business/reference/business-costs-1 **(I)** Provide learners with cost and output figures for a firm. Ask learners to calculate the TC, FC, VC, ATC, AFC, AVC from the data. Use the Teaching Tool 'Answer reveal'. **(I)** Review the correct answers with learners then ask them to plot each type of cost on a graph (depending on the data used it might remove potential confusion if two sets of graphs were generated. **(I)** Learners explain to a study partner their interpretation of the diagrams with a focus on how changes in output affect costs of production. **Extension activity:** Learners explain in their own words the reason for the shape of each curve plotted and the inter-relationships between the various curves / types of cost. Review with learners their understanding of the demand schedule introduced in 2.2. Explain how the price paid by the consumer represents the income received by the

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		firm. Then ask them to then define total revenue (TR) and average revenue (AR) (note: marginal revenue is not required). **(I)** Give learners a table containing columns for output, price, average revenue and total revenue. None of the columns contains a full set of data but it should be possible to complete the table by calculating the empty cells using information supplied in the table. Ask them to calculate the missing figures. Use the Teaching Tool 'Answer reveal', then ask them to plot the data for AR and TR on a graph. **(I)** Learners define profit and explain how TR and TC are used to calculate total profit. Then give them numerical data exercises to practice calculating profit. **(I)** Show to them how profit maximisation can be shown on a graph showing the figures for TR and TC. Ask them to define and explain profit maximisation. **(I)** In groups, learners consider why profit maximisation is such an important goal for many firms. They can then present their findings to the whole class. **Extension activity:** In groups, learners study what has happened to the profits of selected organisations over several years and to analyse the reasons for any change in profit. Learners can then present these findings to the class. In groups learners consider alternative goals that firms might have, other than profit maximisation such as survival, social welfare and growth. **Extension activity:** The class holds a debate on what could and should be the main aim of firms. After having outlined the main objectives of firms, ask learners to consider how achieving environmental sustainability might affect the other aims of firms, in particular the relationship between costs, revenue and profitability. Learners investigate how firms in the following industries have responded to environmental concerns: • Oil and gas extraction, e.g., BP

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		• Car manufacturing Learners discuss the extent to which these firms have changed their objectives in response to these environmental concerns. Information on BP can be found at www.bp.com/en/global/corporate/sustainability.html Information on the car industry can be found at: www.euronews.com/next/2021/09/16/when-will-cars-go-fully-electric-the-europe-based-carmakers-dropping-petrol and www.activesustainability.com/sustainable-life/electric-vehicles/?_adin=02021864894
3.7 Types of markets	3.7.1 Competitive markets 3.7.2 Monopoly markets	Learners define the terms 'competitive market' and 'monopoly'. In groups, learners consider the wider characteristics of a competitive market. Learners could also discuss and then report to the class their thoughts on the possible advantages and disadvantages of having many firms competing against each other in one market. In groups, learners consider the wider characteristics of a monopoly market. Learners could then contrast their discussion of the competitive market with a discussion of a monopoly market, reporting to the class their thoughts on the possible advantages and disadvantages of having one firms controlling an entire market. Learners should be clear on the effect on price, quality, choice and profit in both market structures. **Extension activity:** Give learners examples from their own country of situations where there is a competitive market and a monopoly market. Ask learners to research and compare the two situations in terms of their impact on price, quality, choice and profit. Learners prepare a presentation on the potential advantages and disadvantages of monopoly, making use of real examples for application context.

Past and specimen papers			
Past/specimen papers and mark schemes are available to download from the School Support Hub **(F)**			
3.1 Money and banking Specimen Paper 1 2027 Q11 Jun 2024 Paper 21 Q1d Jun 2024 Paper 21 Q2b Jun 2024 Paper 22 Q4b Nov 2024 Paper 23 Q5a Nov 2024 Paper 23 Q5b	**3.2 Households** Specimen Paper 1 2027 Q12 Specimen Paper 2 2027 Q4b Nov 2024 Paper 23 Q2a Nov 2024 Paper 23 Q3a	**3.3 Workers** Specimen Paper 1 2027 Q13 Specimen Paper 1 2027 Q14 Specimen Paper 1 2027 Q15 Specimen Paper 2 2027 Q4a Specimen Paper 2 2027 Q4c Jun 2024 Paper 21 Q1e Jun 2024 Paper 21 Q2a Jun 2024 Paper 21 Q2c Jun 2024 Paper 22 Q3b Jun 2024 Paper 22 Q3c Nov 2024 Paper 21 Q1c Nov 2024 Paper 21 Q2c Nov 2024 Paper 21 Q5a Nov 2024 Paper 22 Q1a Nov 2024 Paper 22 Q2c Nov 2024 Paper 21 Q5d Nov 2024 Paper 23 Q3c	**3.4 Firms** Specimen Paper 1 2027 Q16 Specimen Paper 2 2027 Q1a Specimen Paper 2 2027 Q1c Jun 2024 Paper 21 Q1g Jun 2024 Paper 21 Q4a Jun 2024 Paper 21 Q4c Jun 2024 Paper 23 Q4b Jun 2024 Paper 23 Q5a Jun 2024 Paper 23 Q5c Nov 2024 Paper 22 Q1d Nov 2024 Paper 23 Q4b
3.5 Firms and production Specimen Paper 1 2027 Q18 Nov 2024 Paper 22 Q3b	**3.6 Firms' costs, revenue and objectives** Specimen Paper 1 2027 Q19 Jun 2024 Paper 23 Q3b Nov 2024 Paper 23 Q1a	**3.7 Types of markets** Specimen Paper 1 2027 Q17 Specimen Paper 1 2027 Q20 Specimen Paper 2 2027 Q4d Nov 2024 Paper 21 Q3c Nov 2024 Paper 22 Q5c Nov 2024 Paper 23 Q2b	

4 Government and the macroeconomy

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
4.1 Government macroeconomic intervention **SDGs 13 and 17**	4.1.1 Macroeconomic aims	Learners define economic growth, full employment / low unemployment, price stability / low inflation, balance of payments stability, redistribution of income and environmental sustainability. In groups, learners examine government statements on what they are trying to achieve in terms of their macroeconomic aims. Learners can then attempt to assess the government's record of success by examining data on the stated macroeconomic aims. They can also compare the record of their own country with that of another country. See data.worldbank.org or unstats.un.org/unsd/publications/pocketbook. Give each group of learners a different country to study and one of the following potential policy conflicts: • full employment and stable prices • economic growth and environmental sustainability • full employment and balance of payments stability. Ask learners to research each potential conflict to identify two possible reasons for the conflict and how well their country has done in managing the policy conflict. They can then present their findings to the rest of the class. In groups, learners investigate the possible impact on the government's macroeconomic objectives of the actions being taken to reduce carbon emissions (covered in Activity 4.1). Some impacts might be negative with others positive. Each group could be allocated a different macroeconomic objective. Each group can share its findings / conclusions with the rest of the class.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
4.2 Fiscal policy **SDGs 10, 11 and 12**	4.2.1 Government budget 4.2.2 Reasons for government spending 4.2.3 Taxation 4.2.4 Definition of fiscal policy 4.2.5 Fiscal policy measures 4.2.6 Effects of fiscal policy on government macroeconomic aims	Learners define the terms government budget, government budget deficit, government budget surplus. Give each group of learners a selection of recent news stories where governments are either under pressure to spend more money or to reduce spending to reduce taxation. Ask them to use these and their own research to produce a list of the main areas of government sending for their own country. Ask them to estimate what proportion of its budget their government should spend and does spend on each of these areas. Provide learners with recent figures for government spending by category. See example here for Malysia section3.pdf or ourworldindata.org/public-spending/ or national government websites. Ask them to review and update their own estimates of the proportions spent on each area and reasons for and effects of spending in these areas. In groups, learners create a list of the reasons for taxation. They then share their ideas with the class. Use the Teaching Tool 'Think-Pair-Share'. This produces a comprehensive list that should include raising revenue, discouraging consumption of demerit goods, reducing imports, redistributing income, influencing total demand, and encouraging environmental sustainability. Learners define the different classifications of tax: progressive, regressive, proportional; direct, and indirect. They can then make connections regarding the relationship between level of income and proportion of income taken in tax for regressive, progressive and proportional taxation. Show them the correct relationships and learners review own work and amend as necessary. **(I)** In group, learners research the main types of taxes collected in their country and classify according to the terms above. See https://ifs.org.uk/taxlab/taxlab-key-questions/where-does-government-get-its-money or government websites.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Share with learners some recent news stories about the impact of taxation on consumers, workers, producers / firms, the government and the economy. See Would Donald Trump's tariffs hurt US consumers? - BBC News In groups, learners explore the impact of taxation by considering issues such as: how, if you were working, would you respond to a 10% cut in income tax? How might a business respond to a 10% cut in profits tax if it was in a competitive market? Would this be different if it were a monopoly? What might happen if a government increased its spending at the same time as cutting taxes? **(I)** Learners define the term, fiscal policy. Review with learners the measures that can be implemented by the government with respect to government spending and taxation that are designed to influence total demand in the economy, the welfare of the population and the future of the national economy. Give learners recent data on government spending and revenue (e.g. using a country's recent data on public spending). Ask them to calculate the size of a budget surplus or deficit. Show the correct answer and ask them to review and correct their calculation. Use the Teaching Tool 'Slide to Answer'. **(I)** It will be informative for learners to take part in a role-playing exercise based on different group's views on what the fiscal policy measures should be in relation the priority of different group's aims. These groups could include government ministers, the unemployed, the retired, families with young children, retailers, manufacturers and bankers. A useful computer simulation game could be played, one engaging version is (for the UK): Watch Play the UK Budget Game: Test Your Treasury Skills - Bloomberg Additionally, explore with learners an analysis of how changes in government spending and taxation can affect the level of total demand in the economy.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		In groups, learners predict how these changes in taxation / spending might affect each of the macroeconomic aims introduced in 4.1. Review the outcomes with learners who, if necessary, amend their predictions. Give each group of learners a different macroeconomic aim and a starting point in relation to that aim. Ask each group to identify an appropriate fiscal policy to achieve the aim. Each group then states the policy they have chosen, and the other groups must decide if the policy would help or harm the aim. Learners produce a newspaper article predicting how a recent change in government fiscal policy might affect their country's macroeconomic performance. The article should include a non-technical explanation of how and why these economic indicators will be affected. **Note**: Aggregate demand and aggregate supply analysis is not required. Learners prepare articles for a magazine supplement explaining how their country's government could use fiscal policy / taxation to help the country to: • make fewer journeys using petrol / diesel powered vehicles • reduce the income gap between rich and poor. • increase the proportion of recyclable materials in household products.
4.3 Monetary policy	4.3.1 Definitions of money supply and monetary policy 4.3.2 Monetary policy measures 4.3.3 Effect of monetary policy on	Learners define monetary policy to include a definition of the rate of interest, the exchange rate and the money supply. Introduce learners to the nature of the use of these three monetary policy measures commonly used by governments in the pursuit of their macroeconomic aims. In pairs, learners predict how a reduction in interest rates would affect the level of savings and borrowing. They can then predict what the impact of this would be on the level of consumption and investment in the economy and therefore the impact on total demand and the main macroeconomic indicators. They can repeat this for an

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
	government macroeconomic aims	increase in interest rates. Provide them with the suggested answers and ask them to review their responses and amend them if necessary. An interest rate decision computer simulation game could be played, one version that explicitly addresses sustainability is produced by the European Central Bank. See ECONOMIA - Games4Sustainability there are alternatives, including the US version entername1983.github.io/chairthefed.html Explain to learners how changes in the money supply could affect the level of total demand in the economy. Ask them to then predict the impact of this on the main macroeconomic aims. Provide learners with the suggested answers and ask them to review their responses and amend them if necessary. **(I)** Explain to learners how a depreciation in a country's exchange rate will affect the price of imports and exports. Ask them to predict how both an appreciation (rise) and a depreciation (fall) in a country's exchange rate will affect the main macroeconomic aims. Provide learners with the suggested answers and ask them to review their responses and amend them if necessary. **(I)** **Extension activity:** Learners research the recent monetary policy measures adopted in their country. To what extent has the country successfully used monetary policy to manage its economy?
4.4 Supply-side policy **SDGs 4, 8, 9 and 10**	4.4.1 Definition of supply-side policy 4.4.2 Supply-side policy measures 4.4.3 Effects of supply-side policy measures on government macroeconomic aims	Learners define supply side policy to understand that the policy incorporates a range of possible measures designed to increase total supply in the economy. Learners explore the supply-side policy measures that include education and training, infrastructure spending, labour market reforms, lower direct taxes, deregulation, improving incentives to work and invest, privatisation. Give groups of learners one each of these supply-side policy measures. Each group researches its policy measure to establish how the policy might work in improving the quantity and quality of the factors of production in the economy; how this could

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		increase the economy's total output / supply, and how it could improve international competitiveness. Each group then present their findings to the rest of the class. Learners can then explore how these various supply-side measures might help the government towards achieving its macroeconomic aims. Provide learners with the suggested answers and ask them to review their responses and amend them if necessary. **(I)** **Extension activity:** Provide learners with a specific country to investigate and ask them to prepare a set of appropriate supply-side policies that the country should adopt in the pursuit of specified macroeconomic aims with a clear consideration for sustainability. Other learners can review the extent to which the proposals are appropriate and workable for the selected country. Learners consider how a policy of encouraging more females to study STEM subjects (Science, Technology, Engineering and Mathematics) could help to achieve sustainability goals 4, 8, 9 and 10. All learners should consider each SDG in turn. Some learners could also consider the linkages between each SDG and the others. Some learners could consider the extent to which these goals will be met and any other SDG that might be impacted by this policy.
4.5 Economic growth **SDGs 12 and 13**	4.5.1 Definition of economic growth 4.5.2 Measurement of economic growth 4.5.3 Causes and consequences of economic growth	Ask learners to research a definition of economic growth. Ask why there might be so many similar but different suggested definitions. Provide learners with an acceptable definition 'Economic growth means an increase in real Gross Domestic Product (GDP) of an economy in a period of time' which means an increase in the real value of national output. Learners define Real Gross Domestic Product (GDP) and explain how it is used in the measurement of economic growth.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
	4.5.4 Causes and consequences of recession 4.5.5 Policies to promote economic growth	Give learners recent GDP data from a range of high- and low-income countries. Learners use the data to calculate economic growth rates and then produce a report comparing the countries' relative economic performance. **(I)** Class discussion on the factors that might affect the reliability of real GDP data across the different nations that report this metric. Learners use recent GDP and price data to distinguish between real and nominal changes in GDP and recognise the difference between a fall in the rate at which output rises and an actual fall in output. **(I)** **Extension activity:** Learners use the circular flow of income to explain how an economy's output can be measured by the output, income or expenditure methods. Learners define GDP per head (per capita). Provide them with data for population size for the countries analysed previously and ask them to calculate GDP per head. They can then use this new data to refine their assessment of the relative economic performance of these countries. **(I)** Learners discuss in pairs how economic growth may be caused. As a class, discuss the ideas from a list that includes, an increase in total demand, an increase in the quantity of resources or an increase in the quality of resources. Learners to clearly understand the analysis of how each of these can lead to an increase in real GDP. Learners could also explore countries with a recent record of strong economic growth, e.g. India and China. They can then share their findings with the rest of the class and use this to contextualise a list of possible causes of economic growth. Learners can be asked to explore ideas relating to the more obvious advantages of economic growth and some of the less obvious disadvantages. They should be encouraged to think about distributional and environmental aspects of economic growth and sustainability. They should finish with comprehensive notes on both the advantages and disadvantages. A good case study for this exercise is Guyana. See Guyana: 2024 Economic Overview - The Business Year

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Learners define the term recession. They can then review their previous analysis of GDP changes to identify periods of recession for the economies studied. In groups, learners conduct research into the economies and periods identified to establish some of the causes of recession. They can then share their findings with the rest of the class and use this to produce a list of the possible causes of recession. **(I)** The causes to include, a decrease in total demand, a decrease in the quantity of resources or a decrease in the quality of resources. Review with learners their understanding of production possibility curves (PPCs) introduced in 1.4. Ask them to show how a PPC could be used to illustrate economic growth and possibly recession. **(I)** In groups, learners explore the consequences of recession for consumers, workers, producers / firms and the government. See Economic downturn considered biggest risk for many countries | World Economic Forum In groups, learners explore how fiscal, monetary and supply-side policies can be used to stimulate economic growth. An important part of the discussion is the factors that would affect the likely effectiveness of each policy option. Learners could then discuss what their own government could be doing to improve its economy's rate of economic growth. Learners explore the implications of these growth policies for the government's other macroeconomic aims and then recommend the best set of policies that should be used to avoid the conflicts with environmental stability raised in 4.1. Review understanding of how Production Possibility Curves can show how an increase in investment can lead to economic growth. A government wishes to achieve economic growth by increasing its country's production of goods made using non-renewable materials and energy-sources. • Learners investigate how this policy might contribute to: ○ depletion of natural resources

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		○ climate change. • Learners consider the extent to which this policy is sustainable over: five years, 20 years, 100 years. Learners, in groups, investigate ways that this policy could be amended to help the country contribute towards SDG 12 and 13. Learners share their findings class.
4.6 Employment and unemployment **SDGs 7, 8 and 9**	4.6.1 Definitions of employment, unemployment and full employment 4.6.2 Measurement of unemployment 4.6.3 Causes/types of unemployment 4.6.4 Consequences of unemployment 4.6.5 Policies to reduce unemployment	Learners define employment, unemployment and full employment. In groups, learners research a specific country and produce a report describing how unemployment is measured using the 'labour force survey' method. Give learners labour market data and ask them to practice calculating rates of unemployment. They can then research changes in unemployment in a specific country and produce a report summarising and explaining the changes. **(I)** Learners define frictional, structural, cyclical and seasonal unemployment. Give a set of cards to each pair of learners. Each card describes a reason why a person is unemployed. Ask each pair to match each card to one of the four types of unemployment. Be especially clear on frictional. Use the Teaching Tool 'Submit and Compare'. Learners investigate a specific country that has recently experienced an increase in unemployment. Learners produce a report explaining the factors influencing this change. They can then share their findings with the rest of the class, and this is used to produce a list of the possible causes of increasing unemployment, linking to the four types previously discussed. In groups, learners identify consequences, both negative and positive of unemployment for individuals, firms and the economy. Each group could then investigate a different location (e.g. country, region or city) that has high unemployment, to consider the implications for those involved and the local economy. See The Effects of Unemployment On Individuals and the Economy |

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Indeed.com. For the more unusual positive effects see https://www2.afavor-contra.com/en/pros-cons-unemployment-analyzing-impact-perspectives/. **(I)** In groups, learners explore how fiscal, monetary and supply-side policies could be used to reduce unemployment and / or increase employment. An important part of the discussion is the factors that would affect the likely effectiveness of each policy option. Learners could also research and discuss what their own government is doing to reduce its rate of unemployment and / or increase employment. Learners explore the implications of these policies for the government's other macroeconomic aims and then recommend the best set of policies that should be used to avoid the conflicts between full employment and stable prices and balance of payments stability raised in 4.1. Each learner investigates patterns of male and female employment in a specific country (each learner investigates a different country). Learners compare the trends for different countries, working in pairs and then groups. Groups shares findings with the rest of the class. Learners investigate how the introduction of 'green technologies' could help to create employment. Examples of the impact of green technologies on employment include the UK: https://greenporthull.co.uk/jobs-training/job-roles-in-offshore-wind-1 and Sri Lanka: www.ilo.org/colombo/whatwedo/publications/WCMS_755006/lang--en/index.htm
4.7 Inflation	4.7.1 Definitions of inflation and deflation 4.7.2 Measurement of inflation	Learners define inflation and deflation. Explain to learners how the rate of inflation is calculated using expenditure data and a weighted price index over time. Provide learners with numerical exercises so they can practice calculating price indices. They can then explore how the Consumer Price Index is used to calculate the rate of inflation. See http://www.tutor2u.net/economics/topics/consumer-price-

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
	4.7.3 Causes of inflation 4.7.4 Consequences of inflation 4.7.5 Policies to control inflation	index-cpi . **(I)** Also to see the impact of inflation over time learners could visit https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator to look at the value of the UK pound as far back as 1209. Learners should plot the data both for the price index and the rate of inflation and annotate these graphs to show periods of inflation / deflation / rising / falling prices. They can then explain the difference between a fall in the rate at which the general price level is rising and a fall in the price level itself. **(I)** **Extension activity:** Learners research how expenditure weights differ between countries and over time and the question of how accurately a consumer price index measures inflation. In considering how representative a consumer price index is, they could calculate a price index for themselves or review their own households rate of inflation using an online tool such as www.bbc.co.uk/news/business-22523612. **(I)** Learners define demand-pull and cost-push inflation. Then give them a set of scenarios, e.g. a firm's price increases in response to an increase in orders received; a rise in the price of oil increases the cost of production so firm's increase their price. Learners decide whether the scenarios relate to demand-pull or cost-push inflation. In pairs, Learners discuss how different groups, e.g. the retired, the government, exporters, savers, borrowers, banks (lenders), members of trade unions are affected by inflation. Learners can then summarise their findings with a short presentation highlighting the harmful and beneficial consequences of inflation in each case. In groups, learners explore how fiscal, monetary and supply-side policies are used to control the rate of inflation (caused by both demand-pull and cost-push elements). An important part of the discussion are the factors that would affect the likely effectiveness of each policy option. Learners could also research and discuss what their own government is doing to control the rate of inflation in their economy.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Learners explore the implications of these policies for the government's other macroeconomic aims and then recommend the best set of policies that should be used to avoid the conflicts between stable prices and full employment raised in 4.1.

Past and specimen papers			
Past/specimen papers and mark schemes are available to download from the School Support Hub **(F)**			
4.1 Government macroeconomic intervention Specimen Paper 1 2027 Q21 Specimen Paper 1 2027 Q22 Jun 2024 Paper 22 Q3d Nov 2024 Paper 21 Q3c	**4.2 Fiscal policy** Specimen Paper 1 2027 Q23 Specimen Paper 1 2027 Q24 Jun 2024 Paper 21 Q5d Jun 2024 Paper 22 Q1b Jun 2024 Paper 22 Q5d Jun 2024 Paper 23 Q1f Nov 2024 Paper 23 Q3d	**4.3 Monetary policy** Specimen Paper 1 2027 Q25 Nov 2024 Paper 22 Q1h Nov 2024 Paper 23 Q5d	**4.4 Supply-side policy** Specimen Paper 1 2027 Q26 Nov 2024 Paper 21 Q3d Nov 2024 Paper 22 Q1g Nov 2024 Paper 22 Q5b Nov 2024 Paper 23 Q1g
4.5 Economic growth Specimen Paper 1 2027 Q28 Specimen Paper 1 2027 Q29 Jun 2024 Paper 21 Q5b June 2024 Paper 22 Q4a Jun 2024 Paper 22 Q4c Jun 2024 Paper 23 Q1a Jun 2024 Paper 23 Q5d Nov 2024 Paper 21 Q1e Nov 2024 Paper 21 Q3b	**4.6 Employment and unemployment** Specimen Paper 1 2027 Q31 Specimen Paper 1 2027 Q32 Specimen Paper 2 2027 Q2b Specimen Paper 2 2027 Q2c Jun 2024 Paper 21 Q1c Jun 2024 Paper 22 Q1d Jun 2024 Paper 22 Q2c Nov 2024 Paper 21 Q2a	**4.7 Inflation** Specimen Paper 1 2027 Q30 Specimen Paper 1 2027 Q33 Jun 2024 Paper 21 Q3c Jun 2024 Paper 22 Q1e Nov 2024 Paper 21 Q5c	

Past and specimen papers			
	Nov 2024 Paper 22 Q1c Nov 2024 Paper 22 Q4d Nov 2024 Paper 23 Q1c Nov 2024 Paper 23 Q1h Nov 2024 Paper 23 Q4d		

5 Economic development

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
5.1 Living standards **SDG 10**	5.1.1 Indicators of living standards 5.1.2 Comparing living standards and income distribution	Provide groups of learners with a range of economic and social indicators for a range of countries but leave the countries unnamed. Use the Teaching Tool 'Where in the World'. Learners then place the countries in what they consider to be the rank order of living standards. Give learners the names of all the countries. They must match the country to the data; this will likely be an educated guess. Discuss with learners the reasons for their choices made, e.g. the factors influencing the living standards rankings. Learners explain how real GDP per head is used as an indicator of living standards. They can then investigate how specific countries rank in terms of GDP per head and how this rank order has changed in recent years, e.g. they could compare the relative performance of their own country with others such as the USA, China, Germany and Finland. In groups, learners discuss possible advantages and disadvantages of using real GDP per head as a measure of the standard of living. Discuss with them their findings and use this to construct a list of the key advantages and disadvantages. Learners could be given prompts, e.g. www.economicsonline.co.uk/Global_economics/Limitations_of_GDP_statistics.html or bizfluent.com/info-8784399-limitations-gdp-per-capita.html. Alternatively, these articles could be used to enable them to review and revise their own list. Explain to learners how the Human Development Index (HDI) measures living standards. See hdr.undp.org/en/content/human-development-index-hdi. Ask them to explain how the HDI is calculated using the three component parts. They can then use the HDI data to compare the rankings of countries in terms of real GDP per head and HDI.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		In groups, learners research a specific country and identify reasons for the level of living standards in that country. Discuss their findings with the class and use this to construct a list of the main reasons for differences in living standards and income distribution within and between countries. In groups, learners consider how useful real GDP per head, the HDI and possibly another composite measure such as the Index of Sustainable Development are as measures of living standards. See Sustainable Development Report 2024. Learners define income distribution. Explain how income distribution can be measured, e.g. the percentage share of income earned by each successively higher income earning 10% of the population. Provide learners with information on the income distribution in different countries. In groups, learners research a specific country and identify reasons for the distribution of income in that country. Discuss their findings with the class and use this to construct a list of the main factors affecting the income distribution within and between countries. Each learner compares the living standards in a specific country using a range of economic and social indicators. Learners suggest reasons for these differences. Learners form groups of 4-5 to compare their findings for each country. Learners then attempt to judge which factors affecting living standards are easiest to affect in order to reduce the differences in living standards within and between countries. A useful resource for Sri Lanka is in Economics (Beere, Borrington, Riches), 2018 Collins, page 290. A United Nations summary of key economic and social indicators can be downloaded from: https://unstats.un.org/unsd/publications/pocketbook/files/world-stats-pocketbook-2020.pdf

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
5.2 Poverty **SDG 1, 2, 3 and 10**	5.2.1 Definitions of absolute and relative poverty 5.2.2 Causes of poverty 5.2.3 Policies to alleviate poverty and redistribute income	In groups, learners produce a list of goods or service that they consider to be essential to live and function in their own country. They can then compare their own lists with others in the class and lists produced elsewhere in the world. Use the Teaching Tool 'Prioritise' to explore an order of importance. Learners define the terms absolute poverty, and relative poverty. They can then explain the difference between absolute poverty and relative poverty using the concepts of basic need and income distribution (introduced in 5.1). In groups, learners explore the extent to which absolute and relative poverty exist in their own country and have either increased or decreased in recent years. They can then make comparisons with other countries, e.g., countries with similar, higher and lower GDP per head. An interesting set of comparative data can be explored at Poverty Rate by Country 2024. Learners review the SDG 1. To what extent has this goal been achieved. Ask learners to discuss what they consider are the causes of poverty. Use the Teaching Tool 'Think-pair-Share' to produce a class list. Check how close this is to the following: unemployment, low wages, illness, age, environmental factors. Ask learner to explain how each entry on the list could cause poverty. **(I)** In groups, learners explore the extent to which these factors are an explanation for the existence of poverty in the countries they studied previously. **(I)** In groups, ask learners to think of two viable policies from their knowledge of the course so far that they consider could alleviate poverty. Groups to share and justify their policy ideas with the class. The class to vote on whether the policies make the class 'approved list'. Compare the final class list with the following suggested list: promoting economic growth, improved education, improved healthcare provision, more generous state benefits, progressive taxation, national minimum wage (NMW). Ensure that learners are able explain how each policy on the suggested list might work to alleviate poverty and explain any potential disadvantages with each. **(I)**

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Learners investigate the links between poverty (SDG1) and other SDGs including SDG 2, 3 and 10. Learners make a presentation that: • addresses the linkage between poverty and other SDGs • suggests ways in which a reduction in poverty could help achieve other SDG, and / or how an improvement in other SDG could help to reduce poverty. Provide learners with the following quotation: *"The root cause of many children's problems is poverty, he says. "If you want to get rid of child poverty, there's a dead easy way and it's called money. Give people money and they're no longer poor. It's not rocket science, actually."* Ask learners whether they agree with the quotation.
5.3 Population **SDG 1, 2, 6, 11, 13 and 14**	5.3.1 Factors that affect population growth 5.3.2 The effects of changes in the size and structure of populations	Provide learners with data on total population size for a country whose population is growing rapidly and one whose population is relatively stable or declining. Country level statistics are available at Population by Country (2025) - Worldometer. Ask learners to calculate the annual percentage change in total population for each year and plot both the total and % change on graphs. Provide them with the correct answers and learners review their calculations if necessary. **(I)** Learners can access population data at World Population Dashboard. In groups, learners discuss possible factors that affect the rate of population growth in the two countries. As an outcome of their discussion learners define the terms birth rate (BR), death rate (DR), net migration (NM), immigration and emigration. Provide learners with numerical exercises so they can practice calculating population changes using BR, DR and migration data. Provide them with the correct answers and learners review their calculations if necessary. **(I)**

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Learners can then use their understanding of BR, DR and migration to reconsider the possible causes of population change for the countries in the first activity. If necessary, you could give them this data. **(I)** Divide learners into groups. Ask each group to research how one of the population change drivers (BR, DR or migration) affects population change in their own country and that of two contrasting countries. Ask learners to produce a set of reasons why birth rates, death rates and net migration rates can vary between countries (e.g., why is the BR higher in some countries than others?). At the end of the previous two activities all outcomes should be shared across the class. Learners predict what would be the consequences on the total population size and average age of a country if it has: high birth and death rates, low birth and death rates, high birth and low death rates and low birth and high death rates. This could be explored using a computer simulation using either a spreadsheet or an online tool. See www.ined.fr/en/everything_about_population/population-games. After studying the data, learners review their predictions. See live statistics Nigeria Population (2025) - Worldometer. **(I)** Learners define and explain the concept of an optimum population. They can then explore the benefits and problems of underpopulation and overpopulation for a country. For example, they could explore underpopulation in Australia and overpopulation in Singapore. Learners discuss the advantages and disadvantages of an increase and a decrease in population size. See The End of China As a Great Power: Population Collapse | Opinion - Newsweek. The outcomes are shared with the class and compared with the suggested outcomes.

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		Learners investigate the links between population and the pressures on sustainability that affect SDGs 1, 2, 6, 11, 13, 14 and 15. Each learner could focus on one or two SDG and report back to a group of peers. Learners then investigate government policies and / or population trends that might reduce their impact.
5.4 Differences in economic development between countries **SDGs 4, 5, 8 and 9**	5.4.1 Causes and consequences of international differences	Learners produce a list of the countries they consider the least economically developed in the world (do not at this stage define this term). Share with them the United Nations list of the least developed countries. See www.nationsonline.org/oneworld/least_developed_countries.htm. Use the Teaching Tool 'Where in the World'. Ask them to compare these countries to identify what they have in common and to try to identify reasons why these countries are 'least economically developed'. Use this discussion to create a list of the main factors influencing the low level of economic development of these countries. Review with learners their understanding of concepts previously covered that are relevant to explain differences in economic development: income, productivity, population growth, size of primary, secondary and tertiary sectors, saving and investment, education, healthcare, natural resources. In groups, learners discuss how these factors are of themselves also the consequences of low economic development and can become barriers to future economic development. Learners then research examples of how these factors affect the economic development of specific countries. See Development in Kenya, Africa - Causes and consequences of uneven development – WJEC - GCSE Geography Revision - WJEC - BBC Bitesize as a starting point for a class discussion relating to the experience of different countries and international differences. Learners extend their understanding of the differences in economic development between countries by:

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
		• giving examples of sustainable and / or unsustainable development for each country • considering the extent to which economic development models in particular countries are sustainable • suggesting ways in which economic development in these countries could be made more sustainable.

Past and specimen papers			
Past/specimen papers and mark schemes are available to download from the School Support Hub **(F)**			
5.1 Living standards Specimen Paper 1 2027 Q34 Specimen Paper 1 2027 Q35 Jun 2024 Paper 21 Q2d Jun 2024 Paper 23 Q1c Jun 2024 Paper 23 Q1d Nov 2024 Paper 21 Q2b Nov 2024 Paper 22 Q4c Nov 2024 Paper 23 Q1e	**5.2 Poverty** Specimen Paper 2 2027 Q5c Jun 2024 Paper 22 Q2b Nov 2024 Paper 21 Q5d	**5.3 Population** Specimen Paper 1 2027 Q36 Specimen Paper 2 2027 Q1e Jun 2024 Paper 21 Q3b Jun 2024 Paper 23 Q1g Jun 2024 Paper 23 Q2c Jun 2024 Paper 23 Q3c Jun 2024 Paper 23 Q4d Nov 2024 Paper 21 Q1a Nov 2024 Paper 21 Q5b Nov 2024 Paper 22 Q1e	**5.4 Differences in economic development between countries** Specimen Paper 1 2027 Q37 Jun 2024 Paper 23 Q4c Nov 2024 Paper 21 Q1g Nov 2024 Paper 23 Q2c

6 International trade globalisation

Syllabus ref. and SDGs	Learning objectives	Suggested teaching activities
6.1 Specialisation and free trade **SDGs 1,2, 5, 8, 9,13 and 15**	6.1.1 Specialisation by country 6.1.2 Free trade	Learners define specialisation by country as the process by which a nation focuses on the production of certain goods or services. Learners are asked to identify countries that specialise in the production (and export of) specific products, e.g. Japan specialises in advanced technology, Saudi Arabia in oil and the UK financial services. Explain why these countries specialise in these products / services. Each learner takes a specific country / product (also introduce e.g. Kenya in horticultural products, Bangladesh in clothing and Ghana in cocoa) and identifies reasons why the specialisation occurs. Other learners then vote on whether the reasons are plausible. This leads to a whole class discussion resulting in a list of general factors that could explain specialisation. At this point introduce two possible explanations: best resource allocation and low-cost production methods. Learners define these terms and use them to classify and explain their reasons for specialisation identified earlier. In groups, learners discuss the possible advantages and disadvantages of specialisation by country. This discussion should relate to consumers of the products, producers of the products, and the economies in which the consumers and producers are based. Learners could explore the advantages and disadvantages of Venezuela specialising in oil production as an example. One source of information is Challenges and Opportunities in Mining in Venezuela: Social, Environmental, and Economic Issues. **Extension activity:** Explore how specialisation by country relies on the theory of comparative advantage, allowing it to produce more efficiently and at a lower cost than other countries.

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		Learners define free trade as the conditions under which goods and services can be exchanged between countries without restrictions or barriers such as tariffs, quotas, or subsidies. There are several global trade simulation games available that could be played for reinforcement at this point. See the IMF version Trading Around the World. Learners, in groups, research and present either the case for or against free trade. Learners in groups focus on the advantages or disadvantages of free trade for consumers, workers, producers and government. See Arguments For and Against Free Trade - Debating Europe for some excellent summary points. Learners investigate how specialisation in cocoa production might both help and limit Ghana's ability to contribute to SDG 1, 2, 5, 8, 9, 13 and 15. Learners can also consider any other SDG they consider relevant.
6.2 Globalisation and trade restrictions **SDG 12 and 13**	6.2.1 Definition of globalisation 6.2.2 Causes and consequences of changes in globalisation 6.2.3 Role of multinational companies (MNCs) 6.2.4 Types of trade restrictions / methods of protection	Learners each finds a definition of 'globalisation'. These are likely to differ slightly. Provide the suggested definition. Learners, in Groups discuss 'How infrastructure and technology link the world (examples of financial institutions, containerisation and internet usage). This leads to a class consensus on the causes of changes in globalisation to include changes in trade restrictions, changes in transport costs, changes in communication costs, and the movement of multinational companies (MNCs). Note the emphasis on 'change'. Learners, in groups are assigned an economy impacted by globalisation. They produce a Case study analysis: The consequences of changes in globalisation for 'their economy' (e.g. Vietnam / Bangladesh / Brazil). Role-play: Learners represent different stakeholders in their economy e.g. governments, firms, workers, consumers, environmental activists, all discussing the effects of changes in globalisation on international trade, competition, the environment, migration, income distribution, and economic development.

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	6.2.5 Reasons for trade restrictions 6.2.6 Consequences of trade restrictions	In groups, learners research examples of MNCs, including, where possible, examples of MNCs from abroad locating in their own country and examples of MNCs from their own country locating abroad. Hold a class debate on the advantages and disadvantages of MNCs locating in a host country. Alternatively, they could take part in a role play to consider whether a new MNC should be encouraged set up operations locally. Learners define the term 'trade restrictions / method of trade protection' and discuss the operation of various types to include tariffs, import quotas, subsidies and embargoes. Learners produce a list of reasons for trade restrictions. These are shared to produce a class list of explained reasons to include, protect infant (sunrise) industries, protect declining (sunset) industries, protect strategic industries, avoid dumping, reduce a deficit on the current account of the balance of payments, raise tax revenue, restrict the import of demerit goods, promote environmental sustainability. Learners, in groups, discuss the impact of trade restrictions on the home country and its trading partners to include consumers, workers, producers and government. For information learners could examine current cases of trade restriction and disputes by using newspaper articles, news websites and the WTO website, www.wto.org. In their groups, learners produce a short explanation of how each method of trade restriction could restrict imports. This could include supply and demand analysis. Learners can then present the case for trade restrictions / against free trade with an evaluative focus on the potential advantages and disadvantages of restricting free trade. At the end of this section, divide the class into two groups. Members of each group prepare an argument for and against the view that:

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		"Free trade is good for the environment and helps to promote sustainable economic development." Members of each group present their arguments to the whole class. Debate the issue with whole class and attempt to reach a consensus view.
6.3 Foreign exchange rates	6.3.1 Definition of foreign exchange rate 6.3.2 Reasons for buying and selling foreign currencies 6.3.3 Determination of foreign exchange rate in foreign exchange market 6.3.4 Consequences of changes in foreign exchange rates	Learners define the term foreign exchange rate. There is likely to be a variety of terminology. Agree a definition 'the price of one currency in terms of another currency (or currencies). Provide learners with information on current exchange rates between their own currency and others. Ask them to practice converting prices from one currency to another, e.g. by converting goods priced in the domestic currency to US dollar prices or goods priced in dollars into the domestic currency. For application context learners could track recent exchange rate movements using newspapers or a currency website such as www.xe.com or www.tradingeconiomics.com (navigate to 'Currency Charts'). Learners, in groups produce a list of reasons for buying and selling foreign currencies. A class list can be produced that explains the following reasons, trade in goods and services, speculation, government intervention in currency markets, payment of profit, interest and dividends between countries, workers' remittances, and investment in capital goods between countries. **(F)** mind map Learners define the terms floating exchange rate, appreciation and depreciation and explain how these terms can be used in an explanation of the changing value of a currency. Learners study recent reports of currency movements and use this to identify possible reasons for exchange rate changes. These reasons can be linked to the previous list of

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		reasons for buying and selling foreign currencies resulting in an agreed list of factors influencing exchange rates. Learners classify these factors into ones affecting the demand for a currency and those affecting its supply. They can then consider what happens to the supply and demand of their countries currency if a local manufacturer needs to buy US dollars to pay for the import of raw materials, or a local firm receives payment for exports sent to a customer in the US. **(I)** Learners can thus use supply and demand analysis to explain how equilibrium exchange rates are determined in a floating system. Reinforce understanding by showing learners four diagrams showing either an increase or decrease in supply or demand for a currency and the resulting change in equilibrium price and quantity of the currency – one coloured red the others green, blue, and yellow. Give each learner four cards with matching colours. Show in turn a list of possible factors affecting either the demand for or supply of a currency – for each scenario they hold up the card that matches the colour of the correct diagram. **(I)** This should be contextually linked to an explanation of the key causes of foreign exchange rate fluctuations being changes in demand for exports and imports, changes in the interest rate and speculation. Learners then explore the consequences of exchange rate changes on prices and demand for exports and imports. This should be linked to a discussion of the reasons why a government might intervene to cause their home currency to either appreciate or depreciate against another currency / currencies. **Extension activity:** Learners explore how the price elasticity of demand for exports and imports might influence how an appreciation or depreciation would affect the total value of exports and imports.

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6.4 Current account of the balance of payments	6.4.1 Structure of the current account of the balance of payments 6.4.2 Causes of current account deficit and surplus 6.4.3 Consequences of current account deficit and surplus 6.4.4 Policies to achieve balance of payments stability	Give learners a list of items split into two un-titled columns. Ask them to think what the title of each column could be. Learners define the terms import and export. Then head each column and continue the list be adding their own item ideas relevant to their own country. This activity could conclude by adding progressively more difficult items to the list e.g. a foreign tourist buys a meal in a local restaurant that included imported ingredients, or a travel agent based in their capital city sells a holiday to a citizen of another country to enable them to visit a third country. Use the Teaching Tool 'Drag and Match' to deliver this activity. Learners define the 'current account of the balance of payments' and its four main components. It is important that they have an accurate understanding of the entries that would appear in each section under the titles of trade in goods, trade in services, primary income, and secondary income. Learners could revisit the previous activity and classify each activity as a good, service, income, or current transfer. This could extend a link to the activity in 6.3 which involved payment of profit, interest and dividends between countries, workers' remittances, and investment in capital goods between countries. Learners could further explain each of the four account components and provide their own examples of entries. They should also be able to explain the difference between the current transfers (secondary income) and the unrelated issue of transfer payments (benefits paid by government). **(I)** Learners calculate current account balances from supplied figures, e.g., calculating trade balance from import and export totals and then adding surpluses or subtracting deficits on primary and secondary income. Provide learners with the answers and they review their calculations. Use the Teaching Tool 'Submit and Compare'. **(I)** In groups, learners explore the structure of the current account of the balance of payments for their own country and others. For example, by creating pie charts to show the relative sizes of each component and comparing these across different countries.

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		They could then explore the impact that remittances make to the structure of the current account for countries such as Bangladesh and Senegal. Learners review the current account performance of countries, including their own, over time. Ask them to define the terms deficit and surplus then identify periods of deficit / surplus for each country. They can then explore reasons for the changes in the current account balance. They share their findings with the class, and this can lead to a list of reasons for deficits and surpluses. Learners explore possible consequences of current account imbalances. This should include the impact on impact on GDP, employment, inflation and the foreign exchange rate of a deficit and a surplus. In groups, learners identify possible policies to correct balance of payments instability. Discuss as a class and use the outcomes to produce a definitive list. They can then take specific policies and explain how they would help to correct either a deficit or a surplus. A key aspect of this discussion should explore the reasons why some policies might be more effective than others in different countries and at different times. Learners review their country's current account performance and recommend policies to correct any imbalance, justifying why they believe their choice will be successful. **Extension activity:** Learners explore how the price elasticity of demand for imports and exports would affect the extent to which a depreciation in a currency value would correct a current account deficit. Explain the Marshall-Learner condition for a successful such depreciation of a currency. **Extension activity:** Explain how a floating exchange rate could correct a current account deficit or surplus. Discuss whether such an automatic adjustment is likely to work in practice and if so, should this be used to correct current account imbalances in their own country?

Past and specimen papers			
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6.1 Specialisation and free trade Specimen Paper 2 2027 Q2a Nov 2024 Paper 22 Q2d	**6.2 Globalisation and trade restrictions** Specimen Paper 1 2027 Q38 Specimen Paper 2 2027 Q5d Jun 2024 Paper 21 Q4d Nov 2024 Paper 21 Q1b Nov 2024 Paper 21 Q2d Nov 2024 Paper 21 Q4a Nov 2024 Paper 21 Q4d Nov 2024 Paper 23 Q4c	**6.3 Foreign exchange rates** Specimen Paper 1 2027 Q39 Specimen Paper 2 2027 Q5a Jun 2024 Paper 22 Q1h Nov 2024 Paper 21 Q1h Nov 2024 Paper 22 Q1b Nov 2024 Paper 22 Q3a Nov 2024 Paper 23 Q5c	**6.4 Current account of the balance of payments** Specimen Paper 1 2027 Q40 Specimen Paper 2 2027 Q2d Jun 2024 Paper 21 Q5c Jun 2024 Paper 22 Q1a Nov 2024 Paper 23 Q4a

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