# Economics

### Starter:

Write down any questions you have about economics / the politics of the economy (financial decisions made by the government)

### Aim:

To know the point of economics

### Activities:

Discussion: The economic problem: Finite resources + Non-finite desires.

How to decide who gets what?

Some ideas:

One person decides who gets what (Absolute Monarchy)

Everything is shared equally (Communism)

Government decides what to produce, what the jobs are, salaries and prices (Socialism)

People produce things and trade them (Free Market / Capitalism)

Or, most commonly, a mixture of the above.

### Aim:

To know why most countries don’t use communism (because it sounds kind of fair)

### Activities:

Class discussion.

Corruption (but this can happen in the other systems as well)

Lack of incentive to work.

<https://fee.org/articles/why-communism-failed/>

### Aim:

To know how price is determined by the free market

### Activities:

Activity:

Half of the participants will be given two oranges and will become the sellers, the other half will be given six $1 bills and will become the buyers.

1) Students who are selling the oranges can charge whatever they want for the oranges. Your aim is to make as much money as possible.

2) Students who are buying the apples can shop around. Your aim is to buy as many oranges as possible.

3) You will have 3 minutes to buy and sell.

 

 

 

 

 

 

Repeat the game with more/less money or oranges.

What happens when…

1) there is an increase in demand?

2) demand exceeds supply?

3) supply exceeds demand?

Other examples of supply and demand: (ask the pupils for ideas)

Oil prices

Gucci handbag vs Primark

Labour market - Why do some people cost more than others?

Doctors

Cleaners

Sports stars

Currency market

Why are some currencies “more expensive” than others?

Big Mac Index: <https://www.economist.com/news/2018/07/11/the-big-mac-index>

### Aim:

To understand why prices stabilise.

### Aim:

To think about what effects demand.

One example: opportunity cost.

### Activities:

Discussion: Why does one chocolate bar cost more than the other?

Why might you buy the cheaper bar?



Episode of More or Less about opportunity cost (and also a feature on how to split the bill in a restaurant).

<https://www.bbc.co.uk/sounds/play/p064xy9k>

Write down your own standard purchases which you can use to help you make decisions.

### Aim:

To think about what effects demand.

One example: diminishing marginal utility

### Activities:

Discussion: how many donuts would you eat?

### Aim:

To think about what effects supply

One example: entrepreneurship

### Activities:

If there is a low supply of a product, what happens to the price?

What might this encourage?

### Aim:

To think about what effects supply

One example: economies of scale.

### Activities:

Billy Bookcase from 50 things that made the modern economy: <https://www.bbc.co.uk/programmes/p04nmxy2>

**Knowledge organiser:**

Communism

Socialism / Left wing economics

Free Market / Capitalism / Right wing economics

Supply

Demand

Competition

Opportunity Cost

Diminishing marginal utility

Economies of scale