

(O Level/IGCSE) (Economics) (2281/0455)**(Unit no.1): (Basic economic problem: choice and the allocation of resources)****Recommended Prior Knowledge**

This can be studied without any prior knowledge but students will, hopefully, have some idea of what economics is about and the skills they will use and develop over the course.

Context

This first Unit introduces some important economic concepts that underpin the course. The economic problem results in choices having to be made by households, firms and the government. Factors of production are used in the production of goods and services and receive income to spend on goods and services. Opportunity cost is a key economic concept which will be used throughout the course.

Outline

The Unit starts by exploring the nature of the economic problem in terms of limited resources and unlimited wants. It then considers resources by defining the four factors of production. Finally, it examines the meaning of opportunity and how this concept can be used to analyse and evaluate economic choices.

AO	Learning outcomes	Suggested Teaching activities	Learning resources
1a	Students should be able to define the nature of the economic problem in terms of finite (limited) resources and infinite (unlimited) wants.	<p>You could start by asking students what they think economics is about. You might want to write up their suggestions on a flip chart.</p> <p>Ask students in groups what is likely to happen to the quantity of goods and services, including cars, computers, food and financial services, people will want in the future and whether it will be possible to meet these wants. Then mention that one definition of economics is: 'Economics is the science which studies human behaviour as a relationship between ends and scarce resources which have alternative uses' (Lionel Robbins 1935).</p> <p>Emphasise the importance of learning key definitions. You may wish to ask students to undertake a straightforward research task of checking on the meaning of the economic problem by using the website addresses listed.</p> <p>Students could read the short Chapter 1 in Grant and answer the activity</p>	<p>Online</p> <p>http://www.bized.co.uk/learn/economics/micro/problem/index.htm</p> <p>http://www.the-times.100.co.uk/theory/theory-the-basic-economic-problem</p> <p>http://www.tutor2Unet/economics/context/topics/introduction/scarcity.htm</p> <p>Textbooks</p> <p>IGCSE and O Level Economics by Susan Grant CUP India Pvt Ltd 2008 ISBN 978-0-521-72003-8 pages 3 – 5.</p> <p>Economics: A Complete Course for IGCSE and O Level by Dan Moynihan</p>

AO	Learning outcomes	Suggested Teaching activities	Learning resources
		<p>and two multiple choice questions and/or the first part of Chapter 1 in Moynihan and Titley and answer exercises 1,2,3 and 5. There is an interesting case study relating to Tanzania in Dransfield, Cook and King Section 1.1.</p>	<p>and Brian Titley OUP 2007 ISBN 978-0-19-915134-9 pages 3 – 8. Economics for IGCSE by Robert Dransfield, Terry Cook and Jane King NT 2010 ISBN 978-1-4085-0657-8 pages 2-3.</p>
1b	<p>Students should be able to define the factors of production (land, labour, capital, enterprise).</p>	<p>You might want to start this topic by getting students to consider what resources are used in producing e.g. houses and rice. It would be useful for students to categorise resources into different factors of production, There are activities in Grant (page 13), Moynihan and Titley (page 15) and Dransfield, Cook and King (pages 4 and 5). Students can explore each of the factors of production in more detail. For instance, they can distinguish between capital and consumer goods (Grant page 8) and consider the difference between gross and net investment (Grant page 9). They may distinguish between renewable and non-renewable resources in connection with land and consider what factors can increase the geographical and occupational mobility of labour. The questions at the end of Unit 1 in Dransfield, Cook and King (pages 10 – 12) will be helpful. Students may enjoy exploring the career of entrepreneurs, They could be required individually or in small groups to research the career of a successful entrepreneur from their own country and compare that with the career of a successful entrepreneur from another country e.g. Cheung Yan (also known as Zhang Yan) – head of Nine Dragons Paper recycling and packaging firm and James Dyson – industrial designer, inventor of the dual cyclone, bagless vacuum cleaner. They could be asked to consider what are the qualities of a successful entrepreneur. There is an interesting case study on an Indian entrepreneur, Lakshmi Mittal, in Dransfield, Cook and King (page 5). They could then give a presentation on their findings to the class. To sum up factors of production, students in groups could be asked to</p>	<p>Online http://www.tutor2U.net/economics/content/topics/introduction/factor/html Textbooks Grant Unit 2 Moynihan and Titley pages 14 – 16. Dransfield, Cook and King pages 4-5.</p>

AO	Learning outcomes	Suggested Teaching activities	Learning resources
		answer the four MC questions from Grant (pages 14 and 15) and MC questions drawn from past papers.	
1c	Students should be able to define opportunity cost and analyse particular circumstances to illustrate the concept.	<p>Students in groups could be asked to consider what the possible opportunity cost could be in a variety of cases. There are activities in Grant (page 18), Moynihan and Titley (page 8) and Dransfield, Cook and King (page 7). You could also use newspaper and magazine articles to consider the possible opportunity cost in the case of a local or national issue e.g. the building of a new hotel or a country hosting a sporting event.</p> <p>You might also want to ask students to undertake the task in Moynihan and Titley (pages 11-12) which covers choice and opportunity cost. To explore opportunity cost further, students individually could undertake the activity on economic and free goods in Grant (pages 18-19). There are also some interesting questions in Dransfield, Cook and King (page 7).</p>	<p>Online http://www.bized.co.uk/learn/economics/notes/opportunity.htm (Defines the term, gives an example and applications) http://www.youtube.com/watch?v=ezOdQuzLVAO (A visual explanation of opportunity cost which makes use of PPCs). Textbooks Grant Unit 3 Moynihan and Titley pages 8 – 12. Dransfield, Cook and King pages 6-7.</p>
1d	Students should be able to evaluate the implications of particular courses of action in terms of opportunity cost.	<p>Students could be asked to consider whether an economy should devote more of its resources to producing consumer or capital goods. Production possibility curves could then be used to illustrate scarcity, choice and opportunity cost, Students could undertake the activity in Grant (pages 20 – 21).</p> <p>To increase students overall grasp of the Unit they could undertake the examination practice in Grant (pages 25 – 26) and in Grant Workbook (Section 1).</p> <p>The questions at the end of Unit 1 in Dransfield, Cook and King (pages 10-12) would also be helpful.</p>	<p>Online http://www.sadleback.edu/faculty/mjavanmand/documents/ (Provides a powerpoint document on PPC which could be adapted for O Level/IGCSE) http://www.theshortrun.com/classroom/curves/prodpossibilities.htm (Allows students to build up a PPC, see points on a curve and move the curve inwards and outwards), Textbook Dransfield, Cook and King pages 8-9.</p>