

AS/A Level Economics 9708

Unit 6: Basic Economic Ideas

Recommended Prior Knowledge

This Unit builds on the basic economic ideas covered in the Core curriculum and, in particular, the concept of economic efficiency.

Context

The material focuses on the concept of efficient resource allocation. Economic efficiency will form part of Unit 2, especially section (n) on different market structures and section (p) on the performance of firms. It will also form part of Unit 3, especially section © on the objectives of government microeconomic policy.

Outline

The Unit considers the idea of economic efficiency in terms of both productive and allocative efficiency

AO	Learning outcomes	Suggested Teaching activities	Learning resources
	Candidates should understand the concept of efficient or optimum resource allocation	Bamford (page 129) has a useful self-assessment task on the problems arising from the increasing demand for timber Students should then try and find other examples, in the newspapers and on the internet, of scarce resources not being used in an optimum way; it would be especially useful if students could find local examples in their own countries They could then give a presentation to the group on their findings and this should generate a useful discussion of why efficient resource allocation is so important, given the scarcity of resources, leading to an informed analysis and evaluation of the concept	Tutor2u: Economic Efficiency Bamford, Chapter 8, pp 128-129 Anderton, Unit 16, p 100 Stanlake, Chapter 19, pp 180-181
	Candidates should understand the meaning of productive efficiency	Students should be able to use a production possibility curve to show the difference between a position on the curve and one inside it; Bamford (page 130), Anderton (page 101) and Stanlake (page 180) all have clear examples of this Questions 1 (page 100) and 3 (a) (page 102) in Anderton should help students gain a clearer understanding of the concept	Tutor2u: The Production Possibility Curve and Economic Efficiency Bamford, Chapter 8, pp 130-131 Anderton, Unit 16, pp 100-101

AO	Learning outcomes	Suggested Teaching activities	Learning resources
		This should then enable students to understand and discuss the conditions which are necessary for it to exist	Stanlake, Chapter 19, pp 180-181 Gillespie, p 34
	Candidates should understand the meaning of allocative efficiency and be able to compare and contrast it with productive efficiency	Students should be able to draw a diagram of perfect competition to show $P=MC$, as in Bamford (page 130) Questions 2 (page 101) and 3 (b) (page 102) of Anderton should prove helpful The self-assessment tasks in Bamford (page 132) will be useful as a way of concluding the Unit and assessing if the concepts have been fully understood	Bamford, Chapter 8, p 132 Anderton, Unit 16, pp 101-102 Stanlake, Chapter 19, pp 180-181 Gillespie, p 34