

# KMA Economics Revision List

Unit 1 Syllabus Name:

## How markets work

### 1.1 Economic foundations

Needs and wants

Key economic Decisions

Main Economic Groups

Factors of production

Basic Economic Problem

Opportunity cost

### 1.2 Resource allocation

Markets

Allocation of resources

Factor and product market

Primary, secondary and tertiary sectors

Goods and services

Benefits of specialisation and division of labour and exchange

Costs of specialisation and division of labour and exchange

### 1.3 How prices are determined

The factors which determine the demand for a good or service

Causes of changes in demand

The demand curve - movements and shifts

The demand curve - how to draw one

The factors which determine the supply for a good or service

Causes of changes in supply

The supply curve - movements and shifts

The supply curve - how to draw one

How equilibrium price is determined by supply and demand

How markets supply and demand diagrams can illustrate a producer's revenue

Complements and substitutes

How changes in a particular market are likely to affect other markets

Price elasticity of demand

Factors affecting price elasticity of demand

Measuring price elasticity of demand

Price elasticity of supply

Factors affecting price elasticity of supply

Measuring price elasticity of supply

### 1.4 Production, costs, revenue, and profit

Business Objectives

Types of costs

Types of revenue

Profit

The importance of cost, revenue and profit for producers

Moral and ethical considerations

The meaning and importance of productivity

The factors that influence productivity

The meaning of economies of scale

Types of economies of scale
Diseconomies of scale
<b>1.5 Competitive and concentrated markets</b>
Identifying market structures
The main characteristics of a competitive market
The impact of competitive markets of price and choice
The economic impact of competition on producers and consumers
The main characteristics of a non-competitive market
The impact of non-competitive markets on price and choice
Monopoly and oligopoly
The role of operation of the labour market
Determination of wages through supply and demand
Gross and net pay
<b>1.6 Market Failure</b>
The meaning of market failure as misallocation of resources
Implications of misallocation of resources
Government Intervention
Defining externalities
The difference between positive and negative externalities
<b>Unit 2 How the economy works</b>
<b>2.1 Introduction to the national economy</b>
Interest Rates
How interest rates affect consumers' decisions to save, borrow or spend
How interest rates affect producers' decisions to save, borrow or invest
UK revenue and spending
Indirect and direct taxation
Progressive taxation
<b>2.2 Government Objectives</b>
The main economic objectives of the government
Conflicts arising from the pursuit of government objectives
Moral, ethical and sustainability considerations
The significance of economic growth to economies
Causes, costs and benefits of economic growth
Government policies to achieve economic growth
Employment and unemployment and how they are measured
Types, causes and consequences of unemployment
Government policies to reduce unemployment
What is inflation
Measures of inflation
Causes of inflation
Consequences of inflation
Government policies to manage inflation
Balance of trade and balance of payments
Balance of payments surpluses and deficits on the current account
Government policies to influence the balance of payments
Income and wealth inequality

Causes of income and wealth inequality
Government policies to redistribute income and wealth inequality and their consequences
<b>2.3 How the government manages the economy</b>
<b>Fiscal policy</b>
The government budget
How fiscal policy can affect levels of income and expenditure within the economy
How fiscal policy can be used to achieve government objectives
The meaning of a balanced budget and explain the consequences of operating a budget surplus and deficit
<b>Monetary Policy</b>
How monetary policies can be used to achieve the government objective using inflation
How monetary policies can be used to achieve other government objectives
<b>Supply-side policies</b>
The advantages and disadvantages of supply-side policies
Supply-side policies such as: investment in education and training, lower direct taxes, lower taxes on business profits, trade union reform, privatisation/de-regulation
How supply-side policies can be used to help achieve government objectives
<b>Externalities</b>
Students should be able to understand government policies designed to influence positive and negative externalities
<b>2.4 International Trade and the global Economy</b>
Benefits of trade to countries
UK's exports and imports
Advantages of trade and the consequences of global interdependence
Exchange Rates
How exchange rates are determined
The effects of changes in the exchange rate on consumers and producers
Free trade
Free trade agreements such the EU
Globalisation - main features
Benefits and drawbacks of globalisation to producers, workers and consumers in developed countries
Benefits and drawbacks of globalisation to producers, workers and consumers in less developed countries
Moral, ethical and sustainability considerations
<b>2.5 The role of money and financial markets</b>
Functions of money
Definition of money
The financial sector
The role of the Bank of England
The role of other institutions in the financial sector