PiXL Gateway: Progression – Economics

Year 12-13 Economics

Contents:

I. Economics Vocabulary

ECONOMICS:

Currently, within the Economics section of the app, we have the following units:

- Introduction to markets and market failure
- The UK Economy
- Business Behaviour and the Labour Market
- A Global Perspective

Introduction to markets and market failure Keywords and Definitions

Word	Definition
value judgements	Value judgements are subjective statements of opinion, rather than factual ones.
ceteris paribus	Ceteris paribus means 'all other things remaining equal'.
renewable resources	Renewable resources are those which can be replaced by natural means as quickly as they are used.
non-renewable resources	Non-renewable resources are those which cannot be readily replaced as quickly as they are used up.
positive	Positive statements are statements which can be tested and rejected with reference to evidence.
normative	Normative statements are subjective statements which cannot be tested and rejected with reference to evidence.
scarcity	Scarcity refers to a lack of something. It occurs in situations where there is greater demand than supply.
opportunity cost	Opportunity cost is the cost of the next best alternative foregone as a result of an economic decision.
productive potential	Productive potential is the maximum quantity of goods and services which can be produced by a set amount of resources.
production possibility frontier	A production possibility frontier is the maximum output combinations for two goods, assuming all resources are used efficiently.
productivity	Productivity is the efficiency with which capital and labour are combined in order to create output.
economic growth	Economic growth is the long-term expansion of the productive potential of the economy, as measured by an increase in the value of real national output.
capital goods	Capital goods are products made to facilitate production of consumer goods.
consumer goods	Consumer goods are products made to satisfy the needs and wants of end users.
specialisation	Specialisation is concentrating productive efforts into a smaller number of tasks, activities or products.
division of labour	Division of labour is the breaking down of production into smaller, discrete tasks.
free market	A free market is where level of output and price are dictated by forces of supply and demand.
command economy	A command economy is where a central agent makes economic decisions relating to the organisation of production.

efficiency	Efficiency is a state of resource usage where wastage is minimised.
curve	A curve, in economics, is a line representing the connection between two or more points on a plane.
functions	Functions are the role of an agent in a process or relationship between variables.
money	Money is the medium of exchange which is commonly used for transactions and purchases.
utility	Utility, in economics, is the satisfaction or usefulness derived from consuming a particular good or service.
rationality	Rationality, in economics, is the assumption that economic decisions will be taken to best satisfy wants and needs.
marginal	Marginal means a specific change in a variable, often meaning 'one more or fewer'.
price	Price is the amount of money needed to acquire a specific volume of goods.
optimal	Optimal is the best result which can be obtained from any decision.
market	A market is a place where buyers and sellers interact to exchange goods and services.
demand	Demand is the amount consumers are willing and able to consume at any given price level.
supply	Supply is the amount producers are willing and able to provide at any given price level.
consumers	Consumers are people or organisations which use economic services or commodities.
producers	Producers are parties which create or supply economic goods or services.
rationing	Rationing is a way of controlling the consumption of scarce resources.
incentive	An incentive is a factors which motivates someone to behave in a certain way.
signal	A signal is a method of sending some information from one party to another.
complementary	Complementary goods are two goods which are bought or consumed together.
substitute	Substitute goods are two goods which are bought or consumed instead of one another.
elasticity	Elasticity, in economics, is the responsiveness of one factor to a change in price of a good or income.
inferior goods	Inferior goods are products which experience lower demand as consumers' incomes rise.
tax	Tax is a compulsory contribution charged by the government.
subsidy	A subsidy is a payment made by government to encourage consumption or production of a specific good or service.
surplus	Surplus is a situation where there is a greater amount of assets than the current requirement for them.
externalities	Externalities are the effects on a third party of transactions in which they are neither producer nor consumer.
welfare	Welfare is the level of prosperity and quality of living standards.

intervention	An intervention, in economics, is an action taken by a government or institution to impact the economy in a certain way.
public goods	Public goods are those goods usually under-provided in a free market because their non-rivalrous and non-excludable nature means there is no direct incentive to pay.
unintended consequences	Unintended consequences are outcomes which are not the ones foreseen and desired by parties taking a course of action.
regulation	A regulation is a government placing rules (and sanctions) on individuals and firms.
permit	A permit, in economics, is a right to buy or sell a specific good or service.
asymmetric information	Asymmetric information is a situation where one party in a transaction has greater knowledge than the other.

The UK Economy Keywords and Definitions

Word	Definition
macroeconomic	Macroeconomic refers to the behaviour of the economy on a (inter)national scale.
gross domestic product (GDP)	Gross domestic product (GDP) is the value of all goods and services produced within a country over a period of time.
gross national income (GNI)	Gross national income (GNI) refers to the incomes which flow to the owners of a country's factors of production (wherever those factors are located).
trade cycle	The trade cycle shows fluctuations in economic activity over a period of time (as measured against anticipated or 'trend' rates of growth to highlight recession/boom etc).
output gap	An output gap is the difference between the actual and potential output of any economy.
recession	A recession is a sustained decline in economic activity.
inflation	Inflation, in economics, is a sustained increase in average price levels over a period of time.
real	In economics, the word real is the nominal (or actual) value adjusted for inflation.
nominal	Nominal is the value which has not been adjusted for inflation.
disinflation	Disinflation is a decrease in the rate of inflation.
deflation	Deflation, in economics, is a sustained fall in the general price level.
consumer price index (CPI)	The consumer price index (CPI) is a weighted average of the price of a representative basket of consumer goods and services.
retail price index (RPI)	The retail price index (RPI) is a measure of inflation which, unlike CPI, includes housing and mortgage interest costs.
unemployment	In economics, unemployment is the measure of the number of people who are willing and able to work but cannot find a job.
living standards	Living standards are a measure of the wealth, comfort, material goods and necessities available to a population.
national happiness	National happiness is a wider measure of well-being than the traditional measures of income and wealth.

current account of balance of payments	The current account of the balance of payments measures the inflows and outflows of goods, services, investment incomes and transfer payments of a nation.
exports	Exports are goods produced in one country and sold to another foreign nation.
imports	Imports are goods which are purchased from another country.
circular flow of income	The circular flow of income is a model showing the way money flows in exchange for labour and goods between firms and households.
injection	An injection, in economics, is an addition to the circular flow of income through government spending, investment or exports.
withdrawal	A withdrawal is a leakage from the circular flow of income as it is reduced via imports, taxes and savings.
savings	Savings are the amount left over from income, once a consumer has satisfied their spending in a period.
multiplier effect	The multiplier effect is the concept that an injection into an economy will create an overall impact, larger than the size of the original injection.
propensity	Propensity means a tendency or inclination to behave in a certain way.
aggregate demand (AD)	Aggregate demand (AD) is a measure of the total amount spent by all agents within an economy.
consumption	Consumption, in economics, is the purchase of goods and services for use by households.
investment	Investment, in economics, refers to firms spending money on goods which are not consumed but are retained to enable future production.
consumer	A consumer, in economics, is a person or firm which uses goods and services in an economy.
aggregate supply (AS)	Aggregate supply (AS) is the total amount of goods and services that firms within an economy are willing and able to supply at any given price level.
equilibrium	Equilibrium is the state in which different forces are held in balance.
spare capacity	Spare capacity is the level of unused resources within an economy whereby it operates below its productive potential.
demographic	Demographic refers to factors relating to a population such as age, race, gender etc.
productivity	Productivity is a measure of the rate at which inputs are turned into outputs.
competition	Competition, in economics, is the rivalry between producers where each tries to obtain sales or profits at the expense of other firms.
income	Income is the money received in exchange for supplying labour, goods or services.
wealth	Wealth is the value of all assets owned by a party.
Phillips curve	The Phillips curve is a line showing the inverse relationship between inflation and unemployment.
monetary policy	Monetary policy is the manipulation of interest rates and other policy tools to manage the money supply.
interest rates	Interest rates are the cost of borrowing or reward for saving, expressed as a percentage.
quantitative easing	Quantitative easing is a monetary policy tool where the central bank buys illiquid assets and so increases the money supply.

fiscal policy	Fiscal policy is the use of government spending and taxation within an economy.
budget	A budget is an estimate of expenses and revenues over a period of time.
deficit	A deficit is where spending exceeds revenue for a country or institution.
supply-side policy	A supply-side policy is a strategy aimed at improving the quality and quantity of factor inputs and so increasing AS.
market-based	Market-based refers to the systems or policies which allow the interaction of supply and demand to set price and output levels.
interventionist	Interventionist refers to the use of government policies which seek to address market failure and improve societal welfare.
protectionism	Protectionism involves policies protecting domestic industry against foreign competition using quotas, tariffs, subsidies or other restrictions.
exchange rate	An exchange rate is the value of one currency expressed in terms of another.
purchasing power parity	Purchasing power parity is an index which seeks to equate the relative buying strength of one currency against others to allow for comparison of living standards.

Business Behaviour and the Labour Market Keywords and Definitions

Word	Definition
public sector	The public sector is the part of the economy provided by the government because private firms are unwilling or would not equitably provide those services.
private sector	The private sector is the part of an economy where individuals and firms exchange goods and services for money.
principal-agent problem	The principal-agent problem is a situation where one party gives decision-making responsibility to another who then has control over the first party's outcomes.
profit	Profit is the difference between the income from selling goods and the costs of doing so.
not-for-profit	A not-for-profit firm is a firm which spends all of its income (after costs) on providing goods or services, rather than providing returns to owners.
conglomerate	A conglomerate is a firm made up of a number of different, apparently unrelated, businesses.
demerger	A demerger is where a large firm splits up, or sells off, its different brands or business units.
organic growth	Organic growth is business expansion caused by increased sales, customer-base or product or geographic range.
vertical integration	Vertical integration is the merger or acquisition of two companies at different stages of the production process.
horizontal integration	Horizontal integration is the merger or acquisition of two companies at the same stage of the production process.
assumption	An assumption is an initial proposition which is expected to be true or to happen.
revenue	Revenue is the income earned from selling goods or services.
costs	Costs are the expenditure incurred from providing or producing goods and services.

variable costs	Variable costs are the expenses incurred which change in relation to the level of output or sales.
fixed costs	Fixed costs are the expenses which do not change as levels of output vary.
profit maximisation	Profit maximisation is an objective whereby firms seek to create as large a differential between the value of their income and expenditure as possible.
revenue maximisation	Revenue maximisation is an objective whereby firms seek to achieve the highest possible value for their income as possible.
sales maximisation	Sales maximisation is an objective whereby firms seek to sell the highest volume of products as possible.
satisficing	Satisficing is a business objective where managers don't seek to maximise profits but do enough to ensure owner satisfaction with a firm's performance.
economies of scale	The term economies of scale refers to reduced costs per unit that arise from increased total output.
diseconomies of scale	Diseconomies of scale occurs when average costs rise as a result of increases in the level of output.
normal profit	Normal profit is a position where a firm's revenues are just sufficient to cover its costs and incentivise it to continue in the market.
supernormal profit	Supernormal profit is the level of return over and above the standard rate of return which the owners could expect to receive from investing their capital.
efficiency	Efficiency is a position where all resources are used to their maximum potential.
allocative efficiency	Allocative efficiency is when resources are distributed in a way which optimises consumers' utility.
productive efficiency	Productive efficiency is a level of output which delivers the lowest average cost for the firm.
dynamic efficiency	Dynamic efficiency is a concept which recognises that productive efficiency may change over time and investment is required to achieve greater future efficiency through new innovations.
characteristics	Characteristics are a distinguishing feature or attribute of a firm, market or consumer.
monopoly	A monopoly is a situation where there is only one firm providing goods or services in a market.
oligopoly	An oligopoly is a market which is dominated by a small number of large, powerful sellers.
monopsony	A monopsony is a market position where a large buyer is able to exert control over its suppliers on account of its relatively greater power.
perfect competition	Perfect competition is a market structure where the level of rivalry between firms is at its greatest.
monopolistic competition	Monopolistic competition is a market structure where a large number of small firms offer products which are similar but not perfect substitutes.
interdependence	Interdependence is the way in which the actions of one organisation will inevitably impact upon others and vice-versa.
differentiation	Differentiation, in economics, is the way in which firms make their products stand out from those of their competitors.
price war	A price war is competition between firms whereby they seek to continually undercut each others' prices.
collusion	Collusion occurs when rival companies co-operate for economic benefit.

tacit	Tacit refers to unspoken rules of collusive behaviour.
overt	Overt refers to a formal agreement between firms to achieve a certain outcome.
cartel	A cartel is a group of seemingly independent producers who seek to maximise profit by price-fixing, limiting supply or other restrictive practices.
concentration ratio	The concentration ratio is the percentage share of any market which is owned by the largest firms.
game theory	Game theory is a framework for analysing the likely decisions of two or more inter-related companies and evaluating those outcomes.
labour immobility	Labour immobility is the inability of workers to move between different job roles.
privatisation	Privatisation is the transferring of the ownership of previously state-run assets outside of government control.
nationalisation	Nationalisation is bringing privately owned assets under the control of the government.
deregulation	Deregulation is removing or reducing state rules around the running of the economy.
quality standards	Quality standards are a set of minimum expectations a consumer is entitled to have regarding a product or service.
performance targets	Setting performance targets is a method of ensuring appropriate levels of customer satisfaction are provided by service companies.
competitive tendering	Competitive tendering is an auction where private firms bid for the right to run a specific government service.
regulatory capture	Regulatory capture is a form of government failure where an agency appointed by government advances the interests of large firms at the expense of consumers.

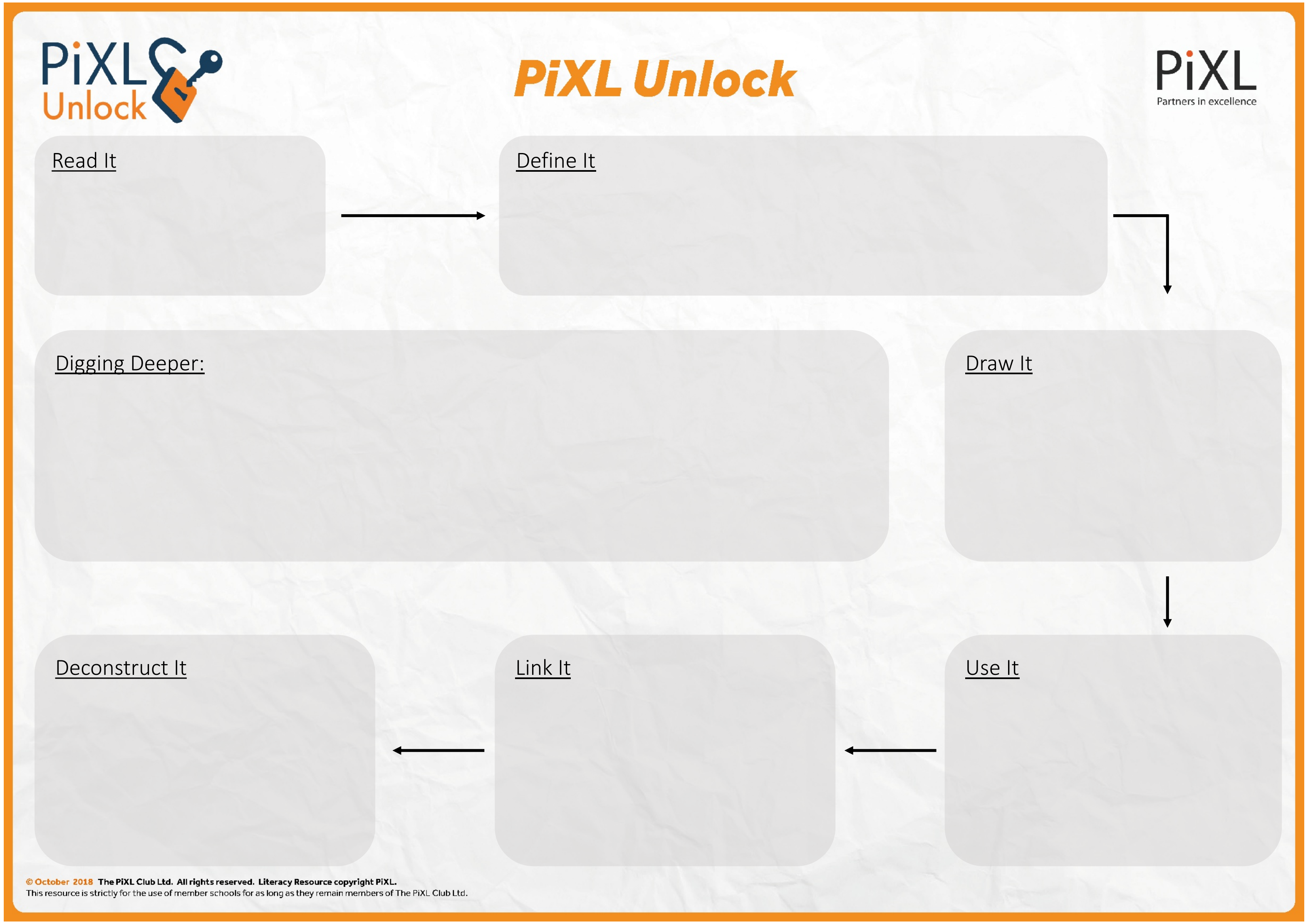
A Global Perspective Keywords and Definitions

Word	Definition
globalisation	Globalisation is the process of deeper economic integration between countries and regions of the world.
trade	Trade is the exchange of goods and services between buyers and sellers.
trade liberalisation	Trade liberalisation is the removal or reduction in trade barriers between nations.
emerging markets	Emerging markets are lower-income nations which are becoming more economically developed as a result of rapid growth and industrialisation.
absolute advantage	Absolute advantage is the ability of a country to produce more of a good than its competitors using the same amount of resources.
comparative advantage	Comparative advantage is the situation when a country can produce a good at a lower opportunity cost than a trading partner.
terms of trade	Terms of trade is the ratio showing the relationship between a country's export prices and import prices.
tariff	A tariff is a tax placed by the government on imports.
quota	A quota is a limit set by government on the volume or value of a specific good that can be imported into a country.

trade blocs	The term trade blocs refers to a group of countries in specific regions that manage and promote trade activities.
free trade agreement	A free trade agreement is made between a group of countries to remove trade barriers between them but also keep their own trade deals with countries outside of the agreement.
customs union	A customs union is where countries agree to free trade between each other and put up the same barriers and agreements with external countries.
single market	A single market is also known as a common market. It is where a group of countries allows free trade and free movement of factors of production, while putting up the same barriers with external countries.
monetary union	A monetary union is where two or more countries share a single currency (and therefore monetary policy).
financial account	The financial account is the part of the balance of payments comprising foreign investments, flows of hot money, reserve assets, financial derivatives and portfolio investments.
foreign direct investment	Foreign direct investment is the purchase of capital or equity in a different country to where the purchaser is based.
fixed exchange rate	A fixed exchange rate is a system used by a government or central bank to achieve a specific desired rate of conversion of its currency into another.
floating exchange rate	A floating exchange rate is a system where the forces of supply and demand for a country's currency dictate its price relative to another currency.
depreciation	Depreciation is a fall in the value of an asset due to excess supply or lack of demand (usually in relation to a currency).
currency revaluation	Currency revaluation is a specific intervention in the currency market by a government to increase that country's exchange rate.
currency appreciation	Currency appreciation is a market-led increase in the exchange rate which increases the value of one currency against another.
currency devaluation	Currency devaluation is a reduction in the exchange rate which is deliberately engineered by government.
speculation	Speculation is a trading strategy with high risks and rewards which looks to capitalise on price movements in volatile markets.
Marshall-Lerner condition	The Marshall-Lerner condition is the theory that a currency depreciation will only have a positive impact on net exports if the sum of the price elasticity of demand of exports and imports is greater than one.
J-curve	The J-curve is the theory that the expected improvement in net trade will only occur later, after an initial deterioration in its value.
absolute poverty	Absolute poverty is a condition where income is below the level required to provide the basic essentials of life.
relative poverty	Relative poverty is a level of household income below a certain threshold, as measured by the standards enjoyed by the rest of the population.
income inequality	Income inequality is the degree to which incomes are distributed in an uneven way across society.
Lorenz curve	The Lorenz curve shows the spread of national income or wealth across all citizens of a country shown in graphical form.
Gini coefficient	The Gini coefficient is a measure of income inequality across populations.
economic development	Economic development is the process of improving living standards in a country, including incomes, health and educational outcomes.

Human Development Index	The Human Development Index is a composite index measuring living standards using income, health and education.
commodity	A commodity is an undifferentiated product for which the price is established by supply and demand.
primary product dependency	Primary product dependency is a situation where a country relies solely on exporting commodities for export earnings.
capital flight	Capital flight is the rapid and largely one-way movement of cash and assets from a country.
savings gap	The term savings gap refers to the shortfall between the cash households are willing to save and that needed by firms in order to undertake investment projects.
Harrod-Domar model	The Harrod-Domar model is a model suggesting that growth is determined by the ratio of savings to the productivity of capital investment.
microfinance	Microfinance is a provision of small-scale banking services provided to low-income households in order to facilitate their economic development.
joint venture	A joint venture is a business arrangement where two or more companies pool resources in order to undertake a specific project.
fairtrade schemes	A fairtrade scheme is a market-based system of branding goods where farmers in developing countries are paid a potentially higher income for their produce.
equity markets	The equity market is the trading platform where the ownership of companies' stocks and shares are bought and sold.
buffer-stock scheme	A buffer-stock scheme is a method of storing commodities for later sale or purchase in order to stabilise prices.
external shock	An external shock is an unpredictable event outside the control of government which affects demand or supply into the economy.
moral hazard	The term moral hazard is the concept that agents alter their behaviours when other parties bear the risk.
progressive tax	Progressive tax is a tax system where the rate of tax charged increases as the level of taxed income rises.
regressive tax	Regressive tax is a tax system which takes a higher percentage of total income from those on lower incomes.
crowding out	Crowding out is where increased government spending reduces spending by the private sector.
Laffer curve	The Laffer curve shows the relationship between tax rates and tax revenue which suggests there is an optimal tax rate to maximise tax revenue.
automatic stabilisers	Automatic stabilisers are mechanisms which occur independent of government and serve to smooth out economic variables.
transfer pricing	Transfer pricing is a system of setting prices for the exchange of goods between different subsidiary parts of an organisation.

II. The PiXL Unlock Template



III. Summer Reading list

- Freakonomics (Levitt and Dubner)
- The Lexus and The Olive Tree – A Study of Globalisation (Friedman)
- Grave New World – The End of Globalisation. (King)
- Hard Times (Clark and Heath)
- Winner Takes All (Moyo)
- The Ascent of Money (Ferguson)
- The Price of Inequality and The Great Divide (Stiglitz)
- End This Depression Now (Krugman)
- How the West Was Lost (Mayo)
- 22 Things They Didn't tell You About Capitalism (Chang)
- The Undercover Economist (Harford)
- The End of Poverty (Sachs)
- What Money Can't Buy; The Moral Limits of the Market. (Sandel)
- The Very Short Introduction to Marx is a good study

look at the ideas of current leading thinkers in economics such as:

- Amartya Sen (his theories on foreign aid creating dependency) and of presenters such as Robert Peston (see his book WTF) and Stephanie Flanders

IV. Links to TED Talks/Articles/Documentaries/Books/Journals

'In-the-news' Reading List

The UK government has already imposed a sugar tax on drinks, now it's looking to widen the tax to encompass foods too.

Sugar tax on foods –

- https://www.bbc.co.uk/news/health-48499195
- https://www.thetimes.co.uk/article/chocolate-tax-is-next-unless-industry-cuts-sugar-r25sq73zd
- https://www.telegraph.co.uk/news/2019/01/02/pudding-tax-menu-treats-get-sweeter-despite-targets-cutting/
- https://www.economicshelp.org/blog/14884/economics/sugar-tax-debate/

An economics theory 'Modern Monetary Theory' is in the headlines as a few high profile names come out in favour of the thinking including US democrat Alexandria Ocasio-Cortez.

Modern Monetary Theory –

- https://www.businessinsider.com/modern-monetary-theory-mmt-explained-aoc-2019-3?r=US&IR=T
- https://blogs.deloitte.co.uk/mondaybriefing/2019/06/modern-monetary-theory-or-alchemy.html

The HS2 argument rages on as building work begins on Britain's fastest, most expensive railway.

HS2 –

- https://www.bbc.co.uk/news/business-48377230
- https://www.independent.co.uk/news/uk/home-news/hs2-logistics-financial-benefit-controversy-a8937936.html
- https://www.theguardian.com/uk-news/2019/mar/19/axe-hs2-north-midlands-london-new-economics-foundation

Trump is already in a trade war with China, now he has set his sights on Mexico.

Trump Trade War –

- https://www.bbc.co.uk/news/business-48290733
- https://www.forbes.com/sites/kenrapoza/2019/06/07/tariffs-101-understanding-trumps-trade-war/#16f000725f20
- https://www.bbc.co.uk/news/business-45899310
- https://www.vox.com/policy-and-politics/2019/6/5/18651145/trump-mexico-tariffs-cost-meaning-how-tariffs-work
- https://www.youtube.com/watch?time_continue=1473&v=4_xQ5JisFuo (documentary)

UK productivity has still barely recovered since the financial crisis but what is productivity and why is it so important?
Productivity in the UK –

- https://www.bbc.co.uk/news/business-47826195
- https://www.ft.com/content/6ada0002-9a57-11e8-9702-5946bae86e6d
- https://www.mckinsey.com/featured-insights/regions-in-focus/solving-the-united-kingdoms-productivity-puzzle-in-a-digital-age
- https://www.niesr.ac.uk/blog/what-holding-back-uk-productivity-lessons-decades-measurement

As the minimum wage has increased yet again and Jeremy Corbyn calls for a £10 minimum wage for everyone, what are the costs and benefits of increasing the minimum wage?
Minimum wage –

- https://www.bbc.co.uk/news/business-47699571
- https://www.economicshelp.org/blog/430/labour-markets/minimum-wage-for-16-18-year-olds/

UK austerity was implemented in 2010 following the financial crisis and arguably still continues to this day. What is austerity and why is it needed?

- https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06167
- https://www.ft.com/content/fc22a2fe-45a0-11e9-a965-23d669740bfb
- https://www.nytimes.com/2019/02/24/world/europe/britain-austerity-may-budget.html
- https://blogs.lse.ac.uk/politicsandpolicy/economic-storytelling-about-debt/
- https://www.ippr.org/blog/austerity-there-is-an-alternative-and-the-uk-can-afford-to-deliver-it
- https://fullfact.org/economy/guide-economy-debt/

Jeremy Corbyn is calling for key sectors including water, energy and gas to be nationalised, will it improve these markets?

- https://www.economicshelp.org/macroeconomics/privatisation/nationalisation/
- https://www.tutor2u.net/economics/reference/economics-of-rail-nationalisation
- https://www.bbc.co.uk/news/uk-politics-39886998
- https://www.theguardian.com/business/2019/may/15/corbyn-to-reveal-labour-plans-to-nationalise-uks-energy-network
- https://www.ft.com/content/7db291fe-7665-11e9-bbad-7c18c0ea0201
- https://uk.reuters.com/article/uk-britain-eu-labour-privatisation-analy/corbyn-proof-british-water-power-firms-take-nationalisation-precautions-idUKKCN1S50BZ

Interesting Economics Documentaries

Who was Karl Marx?

His teachings continue to inspire, challenge and scandalize people throughout the world. Two hundred years after his birth, the documentary "Who Was Karl Marx?" examines the life of this infamous German philosopher, and explores why his controversial theories continue to resonate to this day.

https://www.youtube.com/watch?v=9FaOKNpAiIM

The Money Deluge

Interest rates in Europe have consistently fallen for much of the past decade. Today, the rate is virtually nonexistent. As a result, many citizens have decided to keep their cash, gold and other valuables in safety deposit boxes. Yet, there appears to be a seemingly endless stream of cheap money flooding into the financial system, which only succeeds in propping up the wealthy while responsible investors are left out in the cold. "The Money Deluge" examines this complex financial reality that could lead to another volcanic global crisis.

https://www.youtube.com/watch?v=t6m49vNjEGs

How do you determine the true value of a product or service? Is it solely based on the profit motive, or should its impact on the global good also play a major role in the equation? The feature-length documentary Real Value profiles business leaders who have seen their profits rise after taking measures to enhance their standards of sustainability.

https://www.youtube.com/watch?v=ez3CWXQrgVo

How the Economic Machine Works

The economy operates like a very simple apparatus. But most of the people can't fathom it - or they don't assent on how it really functions- and this has produced a lot of unnecessary economic agony.

https://www.youtube.com/watch?v=PHe0bXAIuk0

The Tax Free Tour

Where do multinationals pay taxes and how much? Gaining insight from international tax experts, the documentary takes a look at tax havens, the people who live there and the routes along which tax is avoided globally.

https://www.youtube.com/watch?v=d4o13isDdfY

V. Knowledge Organiser Template

VI. Thinking Hard Revisit Template

PiXL Revisit: Reduce to 6 points

Unit / Topic:

R
E
D
U
C
E

Information

Reduce to 6 points

1.
2.
3.
4.
5.

Reduce to 3 key points

A.

B.

P
R
I
O
R
I
T
I
S
E

Information

Prioritise (most important)

1.
2.
3.
4.
5.

WHY?

VII. A Model of the Thinking Hard Revisit document

PiXL Revisit: Reduce to 6 points

Unit / Topic: Modern Monetary Theory (MMT)

R E D U C E

Information

MMT states that governments should print money to pay for government spending i.e. public services, debt interest etc. This will enable governments to keep taxes low while increasing government spending. Proponents say this won't cause inflation as long as economy as spare capacity e.g. Japan has debt of 240% of GDP yet has deflation of 0.3% also QE saw trillions printed with no inflation. Weimar Germany and Zimbabwe only had hyperinflation because of low capacity.

Reduce to 6 points

1. Government prints money to spend
2. Doesn't cause inflation as long as there is spare capacity
3. Government provides jobs using printed money until full employment is reached
4. Could cause crowding out
5. Highly inflationary unlike QE because money won't be directly withdrawn eventually
6. Cause weakening of the currency

Reduce to 3 key points

A. Government prints money to spend

B. Highly inflationary according to most economists

C. MMT proponents argue it isn't inflationary

P R I O R I T I S E

Information

Runaway inflation is the most important point, if investors think the central bank will continually print money for the government, investors will consider it worthless and sell the currency, this would cause the currency to collapse and inflation to rise as imports become very expensive. Governments will only create jobs up to full employment as anything after that would just cause inflation.

Prioritise (most important)

1. Government prints money to spend
2. Highly inflationary
3. Doesn't cause inflation
4. Weakens the currency
5. Government provides jobs with printed money
6. Could cause crowding out

WHY?

The main reason MMT hasn't been tried is because of the fear of hyperinflation yet there are two complete opposite sides to the argument. If MMT worked then it would see the end of austerity while taxes are kept low.

VIII. Cornell Notes Template

Name	Date
Topic	Subject

Main Ideas	Notes

Summary

IX. A Model of the Cornell Notes document

Name- Jane Bloggs	Date- 17.06.19
Topic- Minimum Wage	Subject- Economics

Main Ideas:

The minimum wage is used by the government to force firms to pay a minimum wage to low paid employees to ensure these employees have enough money to get by.

U18s - £4.20/hour

18-20 - £5.90/hour

21-24 - £7.38/hour

25+ - £7.83/hour

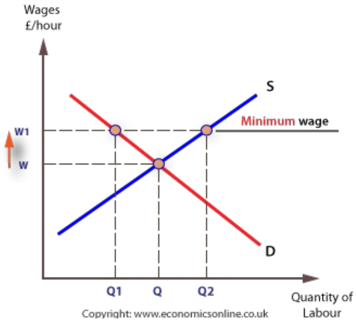
There is no minimum wage for under 16s

In the UK, there is also a national living wage, which isn't legally enforceable but represents a wage that allows the worker to live a more comfortable life.

Firms may opt to pay the National Living Wage in order to better the company's image.

Notes:

As seen in the diagram, a minimum wage is used to cause an expansion in the supply of labour. It increases the wage from W to W1, which increases the quantity supply of labour from Q to Q2 but decreases the quantity demanded for labour from Q to Q1. Q1-Q2 is real-wage (classical) unemployment.



Advantages of Minimum Wage:

- Increases the incentive for people to join the labour force and apply for jobs (increases workforce so closer to whole economy operating on PPF)
- Increases the income of the lowest paid in the economy which reduces inequality and poverty

Disadvantages of Minimum Wage:

- Can cause unemployment in competitive markets where firms are forced to lay off workers to save costs and retain competitive price
- Can lead to higher prices if firms pass on wage increases
- Regional imbalances in wages reduce the effectiveness
- The differences in minimum wage for different ages may encourage firms to give longer hours to younger workers since it is cheaper

Summary

The advantages of the minimum wage, such as reduction in inequality, line up with more left wing ideologies, which explains why Jeremy Corbyn wants to increase the minimum wage for under 18s to £10 an hour.

Although the minimum wage has advantages, there are also considerable costs to implementing a high minimum wage including higher unemployment, creation of black markets (firms pay in cash) and higher prices.

Joe Bloggs	12/06/2019
Productivity	Economics

Definitions Labour productivity Capital productivity Productivity	Productivity is a measure of the efficiency of a factor of production. Labour productivity is a measure of output per worker or per hour worked. Capital productivity is a measure of output per unit of capital. The total factor productivity is the average productivity of all factors, measured as the total output divided by the total amount of input.
Explained	Production occurs from the use of the four factors of production (Capital, Land, Labour and Enterprise) are combined to provide a product. An increase in production must come from one of two sources, either an increase in quantity of factors or by an increase in productivity. Labour productivity is affected by a number of factors such as education level, technological assistance and division of labour.
How can it be improved?	The first and most obvious way to improve productivity is through the division of labour. Division of labour entails breaking up the production of a good or service into small tasks that can be given to a single worker or team of workers, which allows them to specialise. This task specialisation means that these workers become more productive at their tasks and make less mistakes and therefore the whole process becomes far more effective. Additional, businesses can invest in things such as training and technology to make their workers more effective and the government can increase the quality of education people receive.
Evaluation	However, people can become inefficient through division of labour if they become bored of their task and almost all new technology creates a temporary drop in productivity while employees become accustomed to it. The UK has a low level of workforce productivity compared to other developed nations.

Productivity is a measure of the effectiveness of turning factors of production into goods and services. Productivity is affected by a number of factors that are both in the company's control (such as technology utilization and level of on the job training) and that are not (such as societal scale cultural concepts of work and the quality of education in the country).