

## Economics @ Appleton - Personal Learning Checklist (PLC)

### Theme 1: Introduction to marks and market failure

When you are revising use your workbooks, plus any class notes and any revision guides/ videos to support you together with this PLC to ensure you have covered everything you need for the exam / this topic.

Key Idea	Initial assessment of my confidence/ understanding of this topic (RAG).	I have read revision guides / PowerPoint s/viewed videos for this section.	I have written notes.	I have made mind maps / flash cards and tested myself (Seneca)	Assessment of my confidence/ understanding of this topic after completing (RAG).
<b>1.1 Nature of Economics</b>					
<b>1.1.1 Economics as a social science</b>					
I can explain: the process of developing models in economics, including the need to make assumptions					
I can explain the ceteris paribus assumption in building models					
I can justify the inability in economics to make scientific experiments					
<b>1.1.2 Positive and normative economic statements</b>					
I can make the distinction between positive and normative economic statements and apply this to given case studies					
I can identify the role of value judgements in influencing economic decision making and policy					
<b>1.1.3 The economic problem</b>					
I can explain the problem of scarcity – including where there are unlimited wants and finite resources					
I can make the distinction between renewable and non-renewable resources					
I can explain importance of opportunity costs to economic agents (consumers, producers and government)					
<b>1.1.4 Production possibility frontiers</b>					

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<p>I can apply the use of production possibility frontiers to depict:</p> <ul style="list-style-type: none"> <li>the maximum productive potential of an economy</li> <li>opportunity cost (through marginal analysis)</li> <li>economic growth or decline</li> <li>efficient or inefficient allocation of resources</li> <li>possible and unobtainable production</li> </ul>					
I can make the distinction between movements along and shifts in production possibility curves, considering the possible causes for such changes					
I can define with examples capital and consumer goods					
<b>1.1.5 Specialisation and the division of labour</b>					
I can define and analysis Specialisation and the division of labour: with reference to Adam Smith					
I can explain the advantages and disadvantages of specialisation and the division of labour in organising production					
I can explain he advantages and disadvantages of specialising in the production of goods and services to trade					
I can explain and justify the functions of money (as a medium of exchange, a measure of value, a store of value, a method of deferred payment)					
<b>1.1.6 Free market economies, mixed economy and command economy.</b>					
I can make the distinction between free market, mixed and command					

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economies: with reference to Adam Smith, Friedrich Hayek and Karl Marx					
I can analysis free market economies and a command economy					
I can explain the role of the state in a mixed economy					
<b>1.2 How markets work</b>					
<b>1.2.1 Rational decision making</b>					
I can explain the underlying assumptions of rational economic decision making including: <ul style="list-style-type: none"> <li>• consumers aim to maximise utility</li> <li>• firms aim to maximise profits</li> </ul>					
<b>1.2.2 Demand</b>					
I can make the distinction between movements along a demand curve and shifts of a demand curve					
I can explain the factors that may cause a shift in the demand curve (the conditions of demand)					
I can explain the concept of diminishing marginal utility and how this influences the shape of the demand curve					
<b>1.2.3 Price, income and cross elasticities of demand</b>					
I can define price, income and cross elasticities of demand					
I can use formulae to calculate price, income and cross elasticities of demand					
I can Interpret numerical values of					

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<ul style="list-style-type: none"> <li>price elasticity of demand: unitary elastic, perfectly and relatively elastic, and perfectly and relatively inelastic</li> <li>income elasticity of demand: inferior, normal and luxury goods; relatively elastic and relatively inelastic</li> <li>cross elasticity of demand: substitutes, complementary and unrelated goods</li> </ul>					
I can explain factors influencing elasticities of demand					
I can explain the significance of elasticities of demand to firms and government in terms of: <ul style="list-style-type: none"> <li>changes in real income</li> <li>changes in the prices of substitute and complementary goods</li> </ul>					
I can explain the relationship between price elasticity of demand and total revenue (including calculation)					
<b>1.2.4 Supply</b>					
I can make a distinction between movements along a supply curve and shifts of a supply curve					
I can explain factors that may cause a shift in the supply curve (the conditions of supply)					
<b>1.2.5 Elasticity of supply</b>					
I understand why price elasticity of supply is used					
I can use formula to calculate price elasticity of supply					
I can Interpret numerical values of price elasticity of supply: perfectly and relatively elastic, and perfectly and relatively inelastic					
I can identify factors that influence price elasticity of supply					

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I can distinguish between short run and long run in economics and its significance for elasticity of supply					
<b>1.2.6 Price determination</b>					
I can identify the equilibrium price and quantity and how they are determined					
I can draw supply and demand diagrams to depict excess supply and excess demand					
I can explain the operation of market forces to eliminate excess demand and excess supply					
I can draw supply and demand diagrams to show how shifts in demand and supply curves cause the equilibrium price and quantity to change in real-world situations					
I can Highlight how equilibrium price and quantity changes will depend upon: <ul style="list-style-type: none"> <li>• how much a demand or supply curve shifts in a given situation</li> </ul>					
<b>1.2.7 Price mechanism</b>					
I can explain functions of the price mechanism to allocate resources: <ul style="list-style-type: none"> <li>• rationing</li> <li>• incentive</li> <li>• signalling</li> </ul>					
I can apply the price mechanism in the context of different types of markets, including local, national and global markets					
<b>1.2.8 Consumer and producer surplus</b>					
I can identify between consumer and producer surplus					
I can use supply and demand diagrams to illustrate consumer and producer surplus					

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I can explain how changes in supply and demand might affect consumer and producer surplus					
<b>1.2.9 Indirect taxes and subsidies</b>					
<p>I can analysis Supply and demand diagrams, elasticities, and:</p> <ul style="list-style-type: none"> <li>the impact of indirect taxes on consumers, producers and government</li> <li>the incidence of indirect taxes on consumers and producers</li> <li>the area that represents the producer subsidy and consumer subsidy</li> <li>impact of subsidies on consumers, producers and government</li> </ul>					
<b>1.3 Market failure</b>					
<b>1.3.1 Types of market failure</b>					
I have an understanding of market failure and what is meanas					
<p>I can explain types of market failure (quick introduction):</p> <ul style="list-style-type: none"> <li>externalities</li> <li>under-provision of public goods</li> </ul> <p>information gaps</p>					
<b>1.3.2 Externalities</b>					
I can make a distinction between private costs, external costs and social costs					
I can explain private benefits, external benefits and social benefits					
I can use a diagram to illustrate:					

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<ul style="list-style-type: none"> <li>the external costs of production using marginal analysis</li> <li>the distinction between market equilibrium and social optimum position</li> <li>identification of welfare loss area</li> </ul>					
<p>I can use a diagram to illustrate: the external benefits of consumption using marginal analysis</p> <ul style="list-style-type: none"> <li>the distinction between market equilibrium and social optimum position</li> <li>identification of welfare gain area</li> </ul> <p>The impact on economic agents of externalities and government intervention in various markets.</p>					
<b>1.3.3 Public goods</b>					
I can make a distinction between public and private goods using the concepts of non-rivalry and non-excludability					
I can explain why public goods may not be provided by the private sector: the free rider problem					
<b>1.3.4 Information gaps</b>					
I can make a distinction between symmetric and asymmetric information					
I can explain how imperfect market information may lead to a misallocation of resources					
<b><u>1.4 Government intervention</u></b>					
<b>1.4.1 Government intervention in markets</b>					
I can explain the purpose of intervention with reference to market failure and using diagrams in various contexts:					

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<ul style="list-style-type: none"> <li>indirect taxation (ad valorem and specific)</li> <li>subsidies</li> <li>maximum and minimum prices</li> </ul>					
<p>I can identify other methods of government intervention:</p> <ul style="list-style-type: none"> <li>trade pollution permits</li> <li>state provision of public goods</li> <li>provision of information</li> <li>regulation</li> </ul>					
<p><b>1.4.2 Government failure</b></p> <p>I have an understanding of government failure as intervention that results in a net welfare loss</p>					
<p>I can explain the main causes of government failure:</p> <ul style="list-style-type: none"> <li>distortion of price signals</li> <li>unintended consequences</li> <li>excessive administrative costs</li> <li>information gaps</li> </ul>					
<p>I can use examples of Government failure in various markets</p>					

Targets / Next Steps: