New Economics A Levels - The Implications For Teaching

This piece is intended to support the article by Chandra Devi Gunasekaran from the previous issue of 'Teaching Business and Economics'. It discusses some of the implications for schemes of work and some specific teaching and learning ideas for some of the AS topics new to the 2015 specification.

Linear vs co-teaching

The planning of new A level courses began when Mr. Gove, the then Secretary for Education, decided to reduce the significance of AS courses. Making them into a separate option, rather than an elemental part of the A level course, creates a choice that opens up possibilities of a linear approach to some or all of the teaching.

Your centre's policy on AS examinations will have a major impact on the design of your scheme of work. You may have chosen a co teaching SOW if your centre's policy is to enter candidates for the AS examination at the end of Year 12, so that both AS and A level candidates are following the same scheme of work. Alternatively, if your centre has dispensed with AS examinations entirely, you may wish to go for a linear scheme of work, which allows for more flexibility in delivery. Table 1 below illustrates the various options:

There may be certain pedagogical advantages with a linear scheme of work. Here are two examples from the Edexcel Economics A course:

- You may choose to teach the labour market immediately after the demand and supply content, as an application of demand and supply theory.
- Similarly, it could be worth teaching the functions of money, which appear in the AS specification, in Year 13, alongside the major part of the financial market material that is not part of the AS course.

With any of the courses, if you are following a linear scheme of work, given that all candidates will be sitting the examinations at the end of Year 13, the topics can be taught in any sequence, so long as you believe, or have evidence, that there is a pedagogical advantage in doing so. However, a possible disadvantage of grouping topics in this way might be to slow down the process by which students learn to answer examination questions in a synoptic way.

New content

The criteria, which were set out to guide all the awarding bodies in constructing the specifications, contain some new content. The criteria state that 'Learners must develop an awareness of the historical context of economic ideas and theories'. The other significant change in the criteria involves the addition of the financial sector, its impact on the real economy, financial regulation and the role of central banks.

Besides these content requirements, the criteria contain other adjustments; in particular they require students to 'develop the ability to apply and evaluate economic models as represented in written, numerical and graphic forms, and to develop quantitative skills. In addition, the awarding bodies have introduced an element of behavioural economics. Details of all items referred to appear in the Appendix.

Historical contexts

One important element of the historical context of economic theories is the Great Depression. Students should be aware of the

Table 1: Possible Approaches to Schemes of Work

Co-teaching	Linear
Micro then Macro (suitable for 1 teacher)	Micro then Macro (as for co-teaching)
Micro and Macro simultaneously (suitable for two teachers)	Micro and Macro simultaneously (as for co- teaching)
	Micro and Macro – flexible delivery. Different to co-teaching as it builds links between topics for pedagogical advantage

Classical and Keynesian policy responses to the Depression. They should be able to analyse and evaluate the strengths and weaknesses of both laissez faire and demand management policies during a time of economic recession or depression. They should also be able to apply AD/AS analysis to these issues.

As far as lesson and resource ideas are concerned, the infamous 'Fear the Boom and Bust' Keynes vs. Hayek rap anthem may serve as a light-hearted starter. Students could do research and do mini-presentations, perhaps in pairs or threes, on key topic areas. The key topics could be divided as follows:

1. Why did governments seek to balance budgets 1929-32? (Classical fiscal)
2. The moral hazard problem
3. What did the UK and US do to government spending and interest rates after 1932? ('Keynesian' policy - public works, expansionary monetary policy)
4. For gifted and talented students, the Liquidity Trap

For teacher and student background reading, the new edition of *Economics* (2015) by Sloman, J (2015) has a good summary on pp 470-2; for G&T, perhaps use of 472-476 may also be appropriate. The seminal work on the Wall Street Crash, of course, is Galbraith's *The Great Crash* 1929, Chapter 10 of which provides a superb summary of the causes and policy response to the Depression. However, this may only be accessible to teachers and the most gifted of students.

A more traditional approach might involve adapting some of these resources for classroom use; for example, to divide the material into UK/US case studies, or present as a teacher led power point, incorporating AD/AS diagrams.

Students could build up a data bank on the Great Depression. The Bank of England's website, Public Spending UK's website and the ONS have historical data on UK interest rates, public spending and inflation respectively.

One assessment for learning idea involves use of mini whiteboards or a 'Play Your Cards Right' activity. The teacher states policies, such as Smoot Hawley Tariff Act or the rise in interest rates in 1931. Students have to draw or select the correct diagram. Alternatively, the teacher shows a diagram and students have to provide examples of which policies would have led to the shift in the diagram.

The extra content that students should know on this topic is fairly minimal. The idea is that students can apply their knowledge of AD/AS analysis and macroeconomic policies to a case study of the Great Depression. That said, the more familiar students can become with this case, the stronger their position will be if there is stimulus material on the Depression to respond to under timed pressure in the examination.

However, I wouldn't recommend devoting more than one week's teaching to this topic. If even this appears long, don't forget that this topic provides a means of applying and revising core material, such as AD/AS analysis and fiscal and monetary policy.

The financial sector – quantitative easing

The article in 'Teaching Business and Economics, Spring 2015' covered this topic very well; only brief treatment is given here. There are two excellent videos explaining the topic. The Stephanie Flanders clip is particularly concise and lucid and omits any discussion of the role of bond yields. The Bank of England's video is longer and more complicated and does include the role of bond yields: there may be scope for differentiation here, or you may wish to omit bond yields altogether, as there is little, if any, chance that the students will be asked for this in the exam.

Concept mapping may be useful for input content or assessment for learning. Students are given cards on which parts of the transmission mechanism are written, such as "BOE purchases government bonds", "Bond sellers deposit money into commercial bank accounts" and "Commercial banks lend out more money to households". The students have to sequence the cards so that they make economic sense. Students could take a photo of the completed diagram and print in their notes for the next lesson.

Quantitative skills

20% of the assessment will assess quantitative skills. However, many teachers already get their students to learn most of the skills required. From the specimen papers, it would appear that many of these skills will be tested in the short answer questions. However, past examiners' reports show that they are also keen for students to calculate percentage changes and PEDs from information given in the data response section.

Ironically, the changes to the A level that appear to have been made to make Economics a little more robust and scientific are juxtaposed to the recent changes demanded by undergraduate students. That said, the quantitative skills required are fairly basic and should be eminently achievable for students serious about succeeding in an Economics A level. As ever, it is the application of these basic skills and knowledge rather than the difficulty of the material that is important. Constant practice of numerical questions, constant exposure to graphs and tables with opportunities to interpret them and a requirement of students to learn and apply the correct terminology will be essential.

Behavioural Economics

Another article in the current issue explores this topic in depth but teachers may find these additional ideas useful. There are two excellent classroom games, 'Ultimatum' and 'Dictator' that, if played by students, would get them to question the principles of rationality and maximisation.

There are also some excellent questions in Daniel Kahneman's "Thinking – Fast and Slow" – particularly in Chapters 25 and 26, which illustrate the ideas of risk aversion and loss aversion, both of which contradict the idea that individuals are rational utility maximisers.

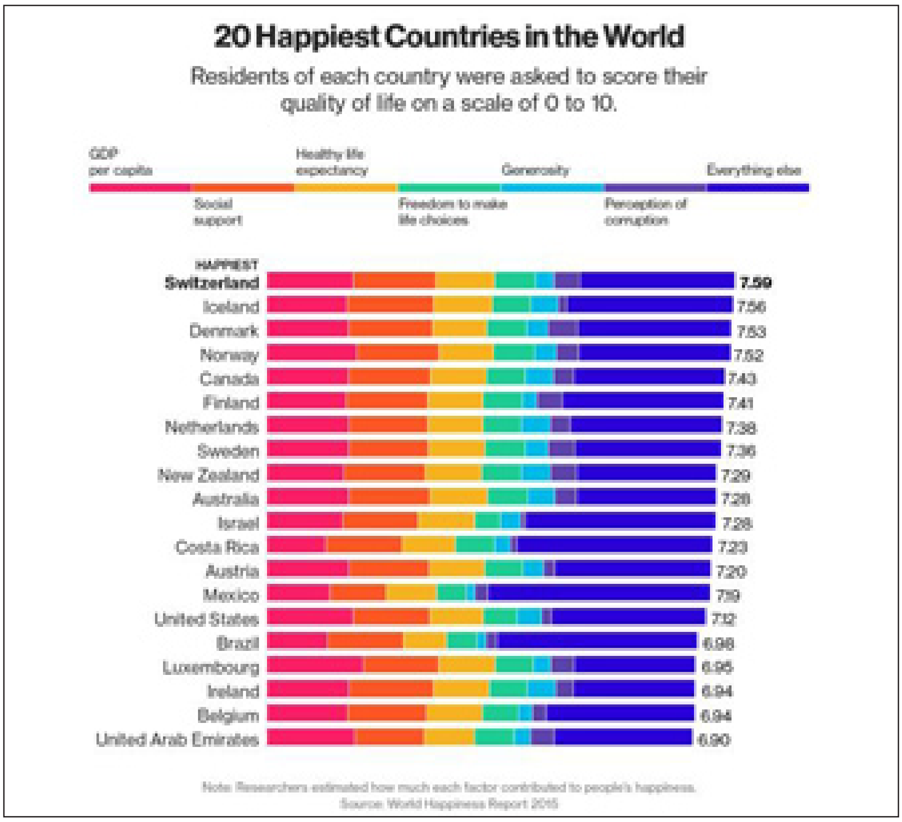
Students are required to have knowledge of national well-being and the relationship between real income and subjective happiness. In terms of teacher background reading, there are a number of good, short sections in recent bestsellers on this topic. Chapter 4 of the Skidelskys' "How Much Is Enough?" charts the history of happiness economics, as well as providing a staunch critique of the measurement of happiness. Chapter 12 of Tim Harford's "The Undercover Economist Strikes Back" explores similar territory. Pages 231-235 of Ha Joon Chang's "Economics: The User's Guide" provide a very short summary of the topic, notable for its use of the example from the film 'The Matrix' of the problem that the principle of false consciousness poses for happiness: a nice example for the sci-fi nerds in your Year 12 groups. For colleagues with more time on their hands, the seminal work is Richard Layard's "Happiness".

The topic is well covered in the new edition of Peter Smith's textbook and there is useful case study material, as well as teaching and learning advice, on the awarding bodies' websites. For UK national well-being, students should be able to state and explain examples of the measures used by the ONS to calculate UK national well-being. This includes objective measures, such as real median household income and the unemployment rate, as well as subjective measures, which include the proportion of people that rated their levels of satisfaction as very high or very low.

Students could research the data on UK national well-being on the ONS website, which comprises 10 domains and 38 measures of well-being. Students could prepare a presentation or write a short piece explaining and evaluating the reasons for the inclusion of the measures in one or more of the domains. Or they could explore the interactive wheel on the ONS website that describes what has happened to the level of national well-being over the last year.

The relationship between real income and subjective happiness could be covered by introducing the Easterlin paradox. This is the idea that levels of national happiness level off once annual per capita incomes rise above around $15, 000, both when looking across time in one country and across a number of countries at a point in time.

Students could study the Easterlin paradox data on a scatterplot and



The happiness index

discuss the reasons for the pattern in the data. Or, as suggested on Edexcel's website, they could come up with a list of policies to increase national well-being. It would be particularly interesting if these policies conflict with the idea of raising GDP. Some of the policies mentioned in the Skidelsky book, such as a consumption tax to reduce the pressure to consume, or restrictions on persuasive advertising, could be argued to do exactly that.

Evaluation points could include the idea that if a substantial proportion of the population already report their happiness as "very high", then the relationship is bound to level off even if that proportion rises to 100%, due to the way the two variables are measured. There is also the issue of whether people are qualified or can be trusted to measure their own happiness. Finally, international comparisons of happiness are problematic due to cultural differences: the 'have a great day' attitude of the American contrasts with the stiff upper lip of the Englishman and the stoic Russian. The three individuals surveyed may not truly know how happy they are, their answers coloured by the history, culture and attitudes of the society in which they live.

Conclusion

As with any new specification, the requirements of students and the relative emphasis placed by the exam board on different topics will become even clearer with the release of more stimulus material and, as time goes on, exam papers. The above ideas and resource links detailed below are just suggestions and hopefully will stimulate discussion of new and improved ideas for teaching the new material.

Finally, I am very grateful to Nick Maloney of Wallington County Grammar School for his help and suggestions for this article.

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*Appendix: Links to ideas for teaching and learning

The Great Depression

Keynes vs. Hayek rap (watch it on your own first): https://www.youtube.com/watch?v=d0nERTFo-Sk

Economics, John Sloman, 2015, FT Prentice Hall

The Great Crash 1929, J.K.Galbraith, 1954, Penguin

Good short summary of causes of the Depression and policy response at http://econ.economicshelp.org/2008/10/causes-of-great-depression.html

For moral hazard, see http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/11148323/Why-bank-deposit-insurance-leads-to-more-financial-crises.html

Quantitative Easing

Stephanie Flanders video: http://www.bbc.co.uk/news/business-15492115

Bank of England video: http://www.bankofengland.co.uk/monetarypolicy/Pages/qe/default.aspx

Rationality and Behavioural Economics

The Ultimatum Game:

http://www.fte.org/teacher-resources/lesson-plans/is-capitalism-good-for-the-poor/the-ultimatum-game/

The Dictator game

Economics, Peter Smith, 2015, Philip Allan Updates

Thinking – Fast and Slow, Daniel Kahneman, 2012, Penguin

How Much Is Enough, Robert and Edward Skidelsky, 2013, Penguin

Economics: The User's Guide, Ha Joon Chang, 2014, Pelican

Happiness, lessons from a new science, 2nd edition, Richard Layard, 2011, Penguin