

Subject	Year	Term
Economics (micro)	Year 12	Spring 2
Topic		
4.1.2 - Individual economic decision making		
Content (Intent)		
Prior Learning <ul style="list-style-type: none"> • Section 4.1.1, 4.1.3, 4.1.8 (parts 1 and 2) • The following topics are particularly helpful: How markets function, market failure, traditional economic policies 		
<p>This section of the syllabus is split into 4 topics (4.1.2.1 to 4.1.2.4)</p>		
4.1.2.1. Consumer behaviour <ul style="list-style-type: none"> • Rational economic decision making and economic incentives. • Utility theory: total and marginal utility, and the hypothesis of diminishing marginal utility. • Utility maximisation. • The importance of the margin when making choices 		
4.1.2.2. Imperfect information <ul style="list-style-type: none"> • The importance of information for decision making. • The significance of asymmetric information 		
4.1.2.3. Aspects of behavioural economic theory <ul style="list-style-type: none"> • Bounded rationality and bounded self-control. • Biases in decision making - rules of thumb, anchoring, availability and social norms. • The importance of altruism and perceptions of fairness 		
4.1.2.4. Behavioural economics and economic policy <ul style="list-style-type: none"> • Choice architecture and framing. • Nudges. • Default choices, restricted choice and mandated choice. 		
Future Learning: <p>This section of the syllabus outlines how individuals may not be rational. It increases the understanding of the determinants of demand. It provides further insights to policy making, and supports a more nuanced approach to recommending and evaluating policies in future sections.</p>		
How will knowledge and skills be taught? (Implementation)	How will your understanding be assessed & recorded (Impact)	
This topic will involve, but not be limited to: <ul style="list-style-type: none"> - Teacher led lesson content - Independent learning tasks - Group discussion/debates and questioning - Using economic terminology - Reference to economic examples throughout 	<ul style="list-style-type: none"> - Past Paper responses and essays. Marked and feedback given. - Verbal responses. Individual and class feedback given. 	
How can parents help at home? <ul style="list-style-type: none"> • Discussing ideas and content at home & linking it to real world situations that they are aware of. • Watch the news and/or read a good quality newspaper • Watch any topical films or documentaries that link to economics e.g. Panorama and Dispatches. • Support us with our department's high expectations of spelling, grammar, punctuation, and minimum standards. 		

Helpful further reading/discussion

Reading

- Nudge – Thaler & Sunstein
- Drive – Daniel Pink
- Search ‘Nudge’ on BBC sounds for a range of documentaries on behavioural economics
- Economics A level textbooks
- Tutor 2u website and YouTube channel
- www.econplusdal.com
- <https://www.tutor2u.net>
- BBC website for current economics articles
- Exam board subject website
<https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136>
- CIA website for international economic data
<https://www.cia.gov/the-world-factbook/>

Vocabulary Key Words

- Rationality
- Rational economic decision making
- Economic incentives
- Utility theory
- Total utility
- Marginal utility
- The hypothesis of diminishing marginal utility
- Utility maximisation.
- The margin
- Asymmetric information
- Bounded rationality
- Bounded self-control
- Biases
- Rules of thumb
- Anchoring
- Availability
- Social norms
- Altruism
- Fairness
- Nudges
- Framing
- Choice architecture
- Default choice
- Restricted choice
- Mandated choice

Careers Links

This section helps students understand the importance of fully understanding costs and benefits when making employment decisions that maximise an individual's economic benefits.

In general, A level economics develops skills and knowledge that help in a wide range of careers. An understanding of how changes in economic variables impacts the economic environment that firms operate in is useful for careers in a wide range of industries. Data handling and interpretation skills, along with the ability to construct alternative arguments to a problem before drawing conclusions are valued in many careers.