

ECONOMICS DEPARTMENT



Welcome !!

Welcome to Economics. A few of you will have done some Economics before whilst, for the majority, this will be a new subject. Don't worry we will take things very slowly and you will soon pick up the subject knowledge. We have put together a few tasks on a range of topical issues which we hope will give you a flavour of what to expect from the course. It would probably be best to take each topic separately rather than trying to do them all at once. Best of luck!

INTRODUCTION TO ECONOMICS

What is Economics?



1m 50secs – 4m 39secs

https://www.youtube.com/watch?v=3ez10ADR_gM

Tasks

Look at the video above between the times specified and then answer the following questions:

- 1) What is Economics?
- 2) What is meant by scarcity, choice and opportunity cost?
- 3) Click on the link below which takes you to a series of videos and activities which go into more detail on the meaning of Economics

<https://www.tutor2u.net/economics/reference/head-start-economics-introduction-to-macroeconomics>

Research Task (Income Tax)

Anyone who is in work has to pay income tax. This money is used by the Government to pay for schools, hospitals etc.

Find out:

- 1) How much is the personal allowance?
- 2) What are the income tax thresholds?
- 3) Why do you think the rich pay more in income tax than the poorer members of society?
- 4) Work out how much tax would be paid by people earning the following amount of money (be careful, you only pay the higher rate of tax on every pound you earn **ABOVE** the threshold):
 - a) £15000; b) £32,500; c) £51,500; d) £75,000; e) £160,000

Income Inequality

Income inequality has become more pronounced over recent years. Have a look at the video from below and then answer the following questions:

- 1) What are the main causes of increased income inequality in the UK?
- 2) What can the Government do to try to reduce income inequality?

<https://www.tutor2u.net/economics/blog/inequality-a-great-induction-topic-for-a2-economics>

Tragedy of the Commons

- The “tragedy of the commons” is a metaphor used to illustrate the potential conflict between individual self-interests of producers and consumers and the common or public good.
- In the original version of the term, the example is used of a stock of common grazing land used by all livestock farmers in a small village. Each farmer keeps adding more livestock to graze on the Commons, because the marginal cost of doing so is zero. But because the commonly owned resource is then over-used or over-exploited, the result is a depletion of the soil and a fall in the value of the resource for all users. The resource may become irretrievably damaged. *We see this with the overfishing of the oceans and deforestation.* See the video below.
- <https://www.youtube.com/watch?v=xLx4fVsYdTI>

Possible Remedies

- Although complex to design and implement, **government can grant property rights over scarce resources** in an attempt to protect them from opportunism, misuse, and over-use. According to Ronald Coase, allocating property rights will encourage the appointed owners to protect the resource by allowing the owners to sue those who exploit the resource. When applied to resources that are under attack from pollution, extending property rights will enable the owners to sue the polluters.
- For example, the National Rivers Authority, now part of the [Environment Agency](#), was created with powers to act 'as if' it owned the UK's rivers. This allowed it to police the rivers and sue polluters and opportunists, such as poachers. Once rights are allocated it may be possible to identify those individuals, firms or organisations that abuse or misuse the environment. Supporters of the extension of property rights see it a crucial to the formation and effective operation of markets.

Tariffs in America

Donald Trump, the US President, has recently imposed tariffs on the imports from other countries.

Watch the clip below and then answer the questions:

- <https://www.youtube.com/watch?v=6d1XsGlnzZc>
- a) What is a tariff?
 - b) What effect does a tariff have on prices and demand for imports into America from abroad?
 - c) Why do you think he is using tariffs?
 - d) Why is he particularly targeting China?
 - e) How is China likely to respond?

Trump's top tariffs for 'worst offenders' take effect

