



2015 specification  
first exams in 2017

# Starters and Plenaries

for A Level Edexcel Economics B

Theme 4: Making Markets Work

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# Teacher's Introduction

This resource is an activities-only resource that has been designed to support the learning and teaching of A Level Edexcel Economics B Theme 4: Making markets work. These useful activities will help either to switch pupils into learning mode at the beginning of the session or to wind down and take learning right up to the end of the lesson. Students will build on their understanding of key terms while developing new knowledge that is integral to the specification.

There are 28 activities in this resource, which closely follow the specification order, and can be conducted as individual, group or full-class activities. Teacher's notes, plus an activity-by-activity plan, are provided at the beginning of the resource to give guidance on how to teach the content. Some of this guidance includes additional activities.




The starters and plenaries included are designed to help teachers prevent any breaks in students' learning by encouraging them to recap previously studied topics or begin to learn new ones. Each activity sheet should take between 10 and 20 minutes to complete. Answers are included for students and/or teachers to use in marking.

Non-write on activity sheets are found in the Appendix at the end of the resource. These are designed to be reusable to save photocopying costs. Note Activity 13 teacher's sheet is included in the non-write-on section on to ensure continuity of numbering when photocopying.




It is hoped that this resource, as well as offering support for teaching the essential elements of the Edexcel B specification, will help students build on any knowledge they already have.

*November 2024*

## Activity-by-activity Plan

Spec Area	Topic	Activity Description	Notes				Extra Resources	Suggested Use
4.1 Competition and market power	Market structures	Activity 1 – Fill in the table task	Can be done individually or in pairs.	✓	✓			Starter or plenary
		Activity 2 – Drawing and labelling the diagrams task	Individual activity.	✓				Plenary
	Contestability	Activity 3 – Hangman task followed by a question	Task 1 should be done in pairs.	✓	✓			Starter or plenary
			Task 2 should be done individually.					
	Oligopoly	Activity 4 – Calculation task followed by prisoner's dilemma discussion task	Task 1 may be done individually. Task 2 should be done in small groups. Split the class into small groups and give them the prisoner's dilemma scenario and see what conclusion each group reaches at.	✓		✓		Starter or plenary
	Monopoly	Activity 5 – Short questions	Tasks may be done individually or in pairs.	✓	✓			Starter or plenary
	Costs and revenue	Activity 6 – Match-up task	Individual activity.	✓				Starter
	Revenue	Activity 7 – Short questions/tasks	Individual activity.	✓				Plenary
	Costs	Activity 8 – Noughts and crosses	For task 1, split the class into two groups to play a game of noughts and crosses on the white board. One by one choose an individual from each group to ask a question. The groups will only get to put a nought or a cross if the chosen person from their group has answered correctly. Note the answers are all in the tables (see bold terms) but have been converted into questions so they can readily be asked of students.			✓		Plenary
4.2 Market power and market failure	Monopoly and monopsony	Activity 9 – Fill in the table task followed by short question	Tasks may be done individually or in pairs.	✓	✓			Starter or plenary
	Legislation	Activity 10 – Competition between teams of students	When students have completed the table, put them into groups in order to choose an effect for each legislation type. Groups then work together to test one another on how much they know about each legislation type.	✓		✓		Plenary

Spec Area	Topic	Activity Description	Notes				Extra Resources	Suggested Use
4.3 Market failure across the economy	Market Failure	Activity 11 – Writing down definitions	Pair work where students work individually and then mark each other's papers	✓	✓			Starter or plenary
		Activity 12 – Illustrating information on a diagram (storyboard)	Class activity. The teacher should correct students' answers as they go.			✓	You will need scissors	Plenary
		Activity 13 – Completing the tree diagram task followed by a question	Individual task.	✓				Plenary
	Externalities	Activity 14 – Match the scenario to the externality	Individual or pair work.	✓	✓			Starter or plenary
4.4 Macroeconomic policies on firms and individuals	Aggregate demand (AD) (i)	Activity 15– brief questions	Individual activity.	✓				Plenary
	Aggregate demand (AD) (ii)	Activity 16 – some questions followed by a research task	Individual activity.	✓				Starter or plenary
	Aggregate supply (AS)	Activity 17 – distinguishing between SRAS and LRAS task followed by graphical illustrations task	Can be done individually or in pairs.	✓	✓			Plenary
	Aggregate demand and aggregate supply	Activity 18 – questions based on a short data piece followed by prediction task	Individual work.	✓				Plenary
	Fiscal policy (i)	Activity 19 – fill in the chart/table task followed by a graphical illustration task	Individual work.	✓				Plenary
	Fiscal policy (ii)	Activity 20 – fill in the blanks task	Individual or pair work.	✓	✓			Plenary
	Fiscal policy (iii)	Activity 21 – discussion questions	Split class into small groups.			✓		Plenary
	Monetary policy	Activity 22 – match the keywords followed by two short questions.	Individual or pair work.	✓	✓			Starter or plenary
	Supply-side policies	Activity 23 – Short question followed by a few rounds of Pictionary	Individual and group work Split the class into two big groups	✓		✓	You will need a board for students to draw on	Starter or plenary

Spec Area	Topic	Activity Description	Notes				Extra Resources	Suggested Use
4.5 Risk and the financial sector	The difference between risk and uncertainty	Activity 24 – Mind map then definition	Individual or pair work.	✓	✓			Starter or plenary
	Role of financial markets	Activity 25 – quick questions.	Individual activity.	✓				Plenary
	Market failure in the financial sector	Activity 26 – fill in the chart activity.	Individual activity.	✓				Plenary
	Role of central banks	Activity 27 – research task followed by short questions.	Can be done in pairs or individually.	✓	✓		Students will need access to computers and the Internet.	Starter or plenary
	Global financial crisis	Activity 28 – Explain the causes of the global financial crisis	Can be done in pairs or individually.	✓	✓			Starter or plenary



## Activity 1 – Market structures

1. Fill in the table below:					
Market structures	Number/size of firms	Type of products	Level of barriers to entry/exit	Price taker/ maker	Additional information
Perfect competition					
Monopolistic competition					
Oligopoly					
Monopoly					
Monopsony					

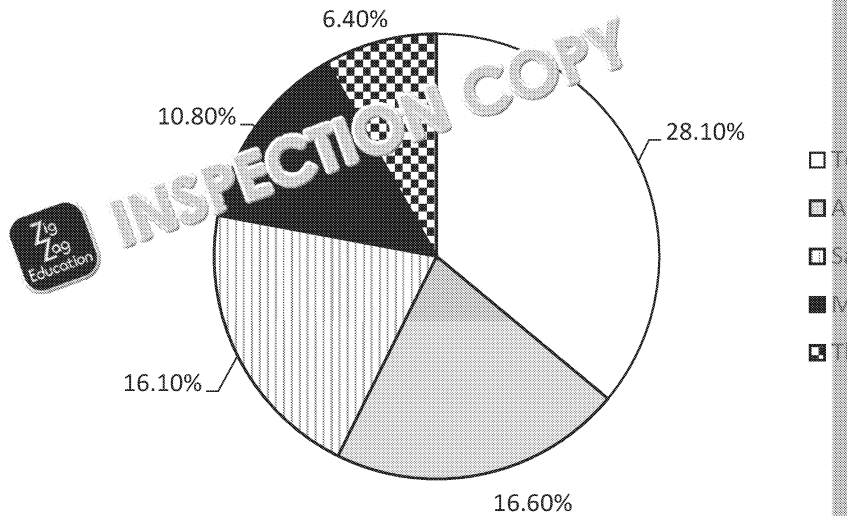
examples

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## Activity 4 – Oligopoly

1. Calculate the four-firm concentration ratio using the following information



Blank space for student work.

2. (a) This is a Prisoner's dilemma scenario. Discuss, in your groups, what you would choose and why.

		Prisoner A	
		Stay silent	Confess
Prisoner B	Stay silent	Both serve one year in jail	Prisoner A serves 10 years in jail Prisoner B serves 0 years in jail
	Confess	Prisoner A serves 0 years in jail Prisoner B serves 10 years in jail	Both serve 5 years in jail

- (b) In your groups, work out how the prisoner's dilemma is related to oligopoly.

Blank space for student work.

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## Activity 5 – Monopoly

1. What are the three basic conditions for third degree price discrimination?


1. ....
2. ....
3. ....

2. Draw and label the diagram for third degree price discrimination in the space below.



Hi  
th  
th

3. What are the costs and benefits of price discrimination for firms and consumers?

	Advantages of price discrimination	Disadvantages
 <b>Firms</b>		
<b>Consumers</b> 		

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# Answers

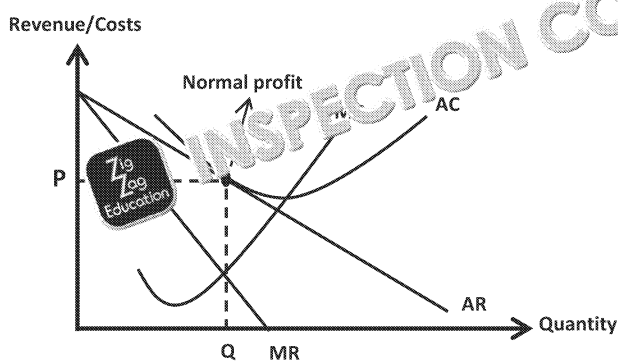
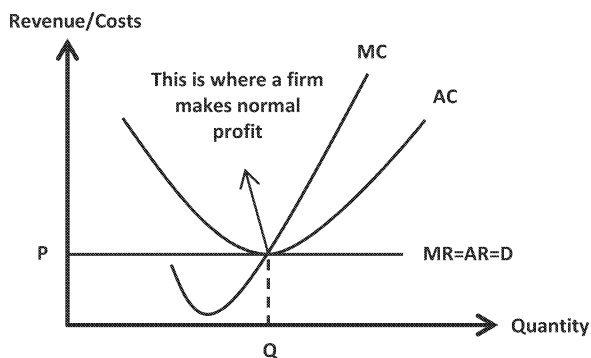
## Activity 1 – Market structures (i)

1.

Market structures	Number/size of firms	Type of product	Level of barriers to entry/exit	Price taker/maker	Access to information
<b>Perfect competition</b>	Large number of small firms	Homogeneous	Zero	Price taker	Perfect information
<b>Monopolistic competition</b>	Large number of small firms	Similar	Low	Price maker (limited influence)	Imperfect information
<b>Oligopoly</b>	Small number of large firms	Product differentiation	High	Price maker (firms interdependent)	Imperfect information
<b>Monopoly</b>	One firm	Unique product	High	Price maker	Imperfect information
<b>Monopsony</b>	One supplier	Unique product	High	Price maker	Imperfect information

## Activity 2 – Market structures (ii)

1.



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### Activity 3 – Contestability

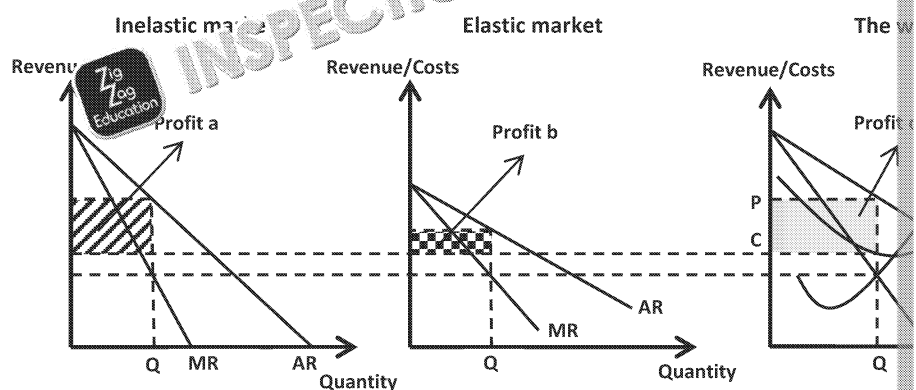
- Some examples include:
  - High sunk costs, such as advertising costs
  - Copyrights
  - Pricing strategies
  - Economies of scale
- This means that if firms begin to make supernormal profits, new firms are encouraged. However, as supply in the market will increase, the price will fall. Once this happens, the new firms will exit the market due to low barriers to entry (or incumbents will begin to act like a perfectly competitive firm and their profits will fall). Therefore, firms will stop producing at their average costs ( $P=AC$ ).

### Activity 4 – Oligopoly

- 71.6%
- (b) It helps understand why firms collude on prices. Setting prices independently of each other. Working interdependently ensures all firms benefit.

### Activity 5 – Monopoly

- The firm should have enough power to price discriminate. This is only possible with a monopoly.
  - The firm should be able to differentiate between different markets (i.e. market segmentation) based on the different elasticities of demand for each group.
  - Consumers should not be able to sell the product to one another (i.e. prevent resale).



	Advantages of price discrimination	Disadvantages of price discrimination
Firms	<ul style="list-style-type: none"> <li>Higher profits</li> <li>Higher dividends for shareholders</li> <li>Higher salaries for workers, potentially improving their productivity</li> </ul>	<ul style="list-style-type: none"> <li>Costs of differentiating products, research, printing, etc.</li> </ul>
Consumers	<ul style="list-style-type: none"> <li>Some groups benefit from lower prices</li> </ul>	<ul style="list-style-type: none"> <li>Some groups pay higher prices</li> <li>Loss of consumer surplus</li> <li>Regressive effect on lower income groups</li> <li>Allocative inefficiency</li> <li>Welfare loss</li> </ul>

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## **Preview of Answers Ends Here**

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## Activity 22 – Monetary policy

1. Match the keywords to their definitions:

Keywords	Definitions
1. Monetary policy	a) A planned target for the inflation rate that is announced to the public
2. Expansionary monetary policy	b) The central bank buys assets from the public and creates new money in order to inject it into the economy
3. Contractionary monetary policy	c) The amount of money there is in the economy
4. Interest rate	d) About controlling the money supply primarily to control price volatility
5. Money supply	e) Decreasing the money supply.
6. Quantitative easing (QE)	f) The price of one currency in terms of another
7. Exchange rate	g) Increasing the money supply.
8. Inflation targeting	h) The cost of borrowing or the reward for saving

2. Explain **two** ways how inflation targeting can affect the behaviour of economic agents.
3. Which one of the following is an example of monetary policy?
- A) increasing the interest rate from 2% to 3%
  - B) increasing VAT from 27% to 30%
  - C) increasing spending on infrastructure
  - D) changing the exchange rate regime from floating to fixed

## Activity 23 – Supply-side policies

1. Explain **two** advantages and **two** disadvantages of supply-side policies.
2. Play a game of Pictionary (where one person from a group draws a decision and the others try to guess within two minutes). On each turn, draw pictures to represent the decision.

Groups should take turns and a different person from each group should draw. Whichever team gets the most correct answers within the allotted time or the most correct answers (say, five) wins. The person drawing must themselves not talk or write down for the teacher to see and then begin drawing.

Remember no talking and no writing words while drawing.



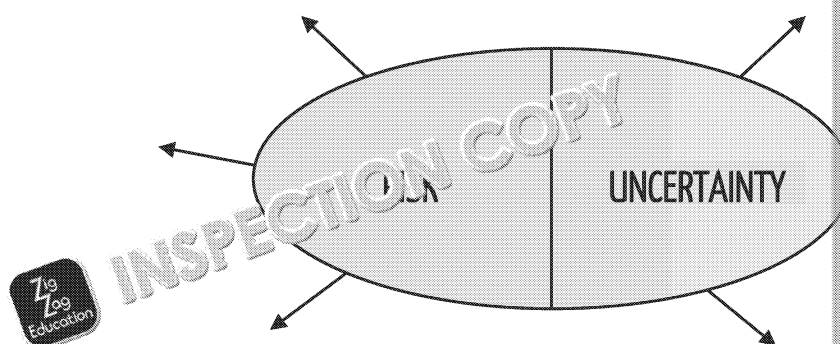
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## Activity 24 – The difference between risk and uncertainty

- Copy and complete the following mind map with examples of business risk and uncertainty.



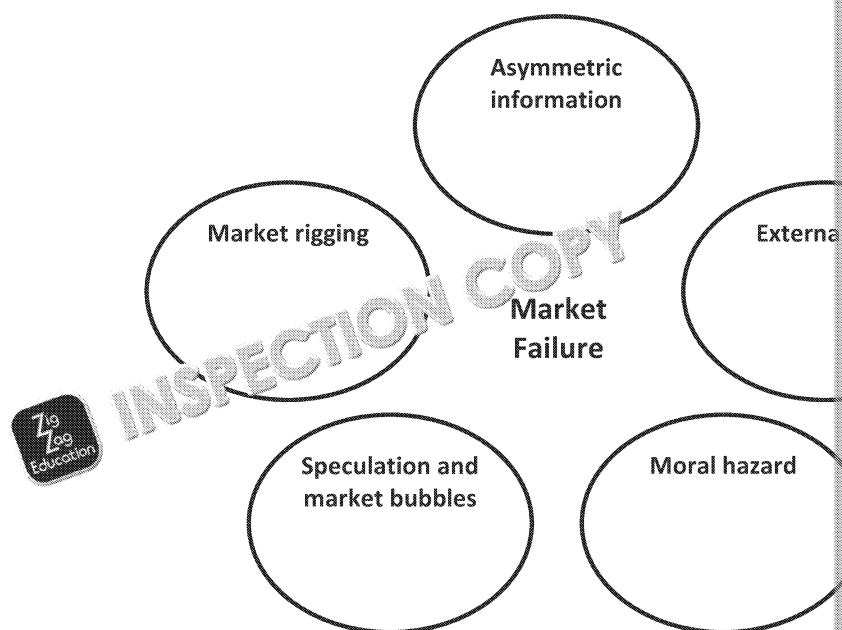
- Using fewer than 10 words, explain the difference between risk and uncertainty to get your explanation as short as possible.

## Activity 25 – Role of financial markets

- What is meant by the financial market?
  - Unscramble the following words:
    - Emyno kmtrea
    - Lptiaca rkamte
    - Gnfreoi hgcneeax aekmtr
  - Briefly explain the role of the financial market.

## Activity 26 – Market failure in the financial market

- Copy and complete the chart below by adding explanations on how the following factors lead to market failure:



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