

Year  
**12**

# Economics - A Level

## ANALYSING



### Critical or logical thinking

Students should be able to examine real world examples of economic problems.

### Economic methodology and the economic problem

Studying positive and normative economic statements and the economic problem.

*Specialisation in the division of labour and the alternative views of consumer behaviour*



Parents should stress the importance of following economics in the news and should encourage their children to keep an active interest in current affairs and discuss key issues such as Brexit.

Use equations to calculate elasticities and be able to manipulate these. To be able to calculate the multiplier and manipulate relevant equations is an important real world skill



### Price determination in a competitive market

- Demand and supply
- Price determination
- Price mechanism
- Consumer and producer surplus
- Price, income and cross elasticities of demand
- Subsidies
- Indirect taxes

### Production, costs and revenue

Studying business objectives and the costs, economies and dis-economies of scale involved. Research into normal profits, supernormal profits and losses.

Students should be able to describe production and the production process and be independent in their decision making.



## REALISING

The ability to develop business ideas with a degree of realism

Students should appreciate that the short-run average cost curve is likely to be U-shaped, but a formal link with the law of diminishing returns is not expected.

## META-THINKING

The ability to use a wide range of approaches to apply knowledge in this area to other areas in order to consolidate learning



### Competitive and concentrated markets

Studying business objectives, in terms of: Efficiency, perfect competition, monopolistic competition, Oligopoly, Monopoly and contestability. This topic allows students to understand economic markets in a real world context - which is essential in developing the skills of an economist.

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# Economics - A Level

## The market mechanism, market failure and government intervention in markets

- Free market economies
- Monopoly and Government intervention
- Mixed economy and command economy
- The impact of Government intervention



### LINKING



Seeing alternative perspectives to the role of an economy.

Students should be able to provide examples to inform their discussion of each of the causes of market failure. They should be able to discuss the role of the free market which is an essential skill for the examination.

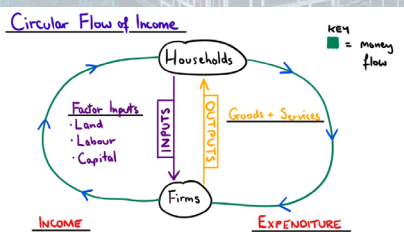


## The measurement of macroeconomic performance

Studying National income Injections and withdrawals. The equilibrium level of real national output.

Students learn about the circular flow of income to give some basic knowledge of how the macroeconomy works.

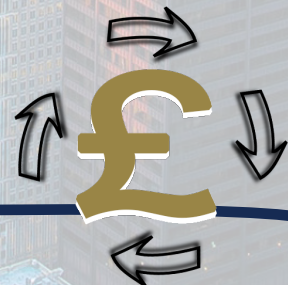
*The purpose of macro economics is to develop a critical approach to economic models of enquiry, recognising the limitations of economic models*



The ability to use a wide range of economic approaches to apply knowledge in this area to other areas in order to consolidate learning.

## How the macroeconomy works: the circular flow of income, aggregate demand/aggregate supply analysis, and related concepts

Expands on the concept of equilibrium learned earlier, and introduces the concept of the multiplier, which builds on an understanding of the role of UK Government spending.



The ability to develop economic ideas with a degree of realism.

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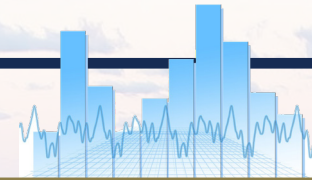
## Economic performance

Understanding that governments may also have other objectives of macroeconomic policy, such as balancing the budget and achieving an equitable distribution of income.





# Economics - A Level



## Macroeconomic policy

Students should understand how the MPC of the Bank of England uses changes in bank rate to try to achieve the objectives for monetary policy, including the government's target rate of inflation.



With the impact of COVID there is a greater need for students to understand Government macro economic policy.



Students should be able to provide a coherent view of modern monetary policy.

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## Economic methodology and the economic problem

Understanding how thinking as an economist may differ from other forms of scientific enquiry. How people's views concerning the best option are influenced by the positive consequences of different decisions and by moral and political judgements.

## ANALYSING



By analysing, students should be able to provide a coherent combination of micro-economic and macro-economic content, drawing on local, national and global contexts.



Parents should encourage students to watch analytical TV programmes such as Newsnight. To build application analysis, students should also regularly read a quality newspaper.

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# Economics - A Level



## Individual economic decision making

Develop an understanding that behavioural economists question the assumption of traditional economic theory that individuals are rational decision makers who endeavour to maximise their utility.



Students should be able to question the assumption that the demand curve is downward sloping.



Students should appreciate that the hypothesis of diminishing marginal utility supports a downward sloping demand curve.



## Price determination in a competitive market

Gaining an awareness of the various factors which affect the behaviour and performance of firms in a variety of real-world markets. Leading to an understanding of price determination, which is essential for a discussion of applications.

## Production, costs and revenue

Students should be able to calculate different costs from given data. They should also be able to draw and interpret cost curves

*Numerical ability is part of the key skills of an economist.*



It is important that students can link these economic concepts to the real economy.

## ANALYSING

The ability to be numerate is an essential part of this area of the course.



## Perfect competition, imperfectly competitive markets and monopoly.

Understanding that perfect competition, in both product and labour markets, provides a yardstick for judging the extent to which real world markets perform efficiently or inefficiently, and the extent to which a misallocation of resources occurs.





# Economics - A Level

## META-THINKING



Students should be able to critically judge the assumptions of the perfectly competitive market



## The labour market

Studying the demand and supply for labour. Wage determination in competitive and non-competitive markets.



## The distribution of income and wealth: poverty and inequality

Evaluating the various approaches to redistributing income and wealth and alleviating poverty, recognising the moral and political perspectives.

*Students should understand that excessive inequality is both a cause and consequence of market failure.*

Students should look at methods of creating inclusive economic policies to deal with a range of issues



## The market mechanism, market failure and government intervention in markets.

Students should be able to assess the view that the price mechanism is an impersonal method of allocating resources.

This topic gives students an understanding of contexts where the market mechanism does not always produce the best solutions and why not.

This follows the neoclassical analysis of markets.

## The measurement of macroeconomic performance

Recognising and understanding that governments may also have other objectives of macroeconomic policy, such as balancing the budget and achieving an equitable distribution of income. An important element in this topic is the potential for conflicting results from policy, and an evaluation of the steps taken to attempt to correct these conflicts.



By linking numerical concepts students should be able to measure changes in the UK.



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# Economics - A Level



## How the macroeconomy works

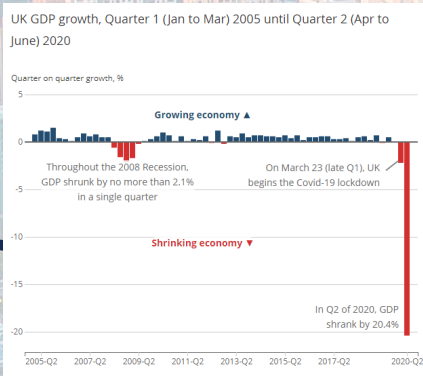
Understanding the circular flow of income, aggregate demand and supply analysis and related concepts. Re-visiting the concept of economic growth involving the business cycle.

## ANALYSING



Students should be able to examine real world of how changes in the circular flow would impact on growth.

The circular flow model needs to be mastered in order to understand the notion of national income.



## Economic performance

- Measures of economic performance
- Possible macroeconomic objectives
- Inflation employment
- Unemployment economic growth
- Causes of growth output gaps
- Balance of payments



## REALISING

### Automaticity

Students should be able to use their existing knowledge to analyse economic performance.



## Financial markets and monetary policy

Understanding the ways in which firms raise finance, including: issuing shares and corporate bonds and borrowing from a bank.

*Students should know the terms coupon and maturity in relation to government bonds and be able to calculate the yield on a government bond.*

Students should be able to link changes in the financial world to developments in monetary policy.



After the financial crash of 2007-2008 the AQA have introduced a section on the financial system. An understanding of this is critical to build a knowledge of and evaluation of modern monetary policy.



# Economics - A Level



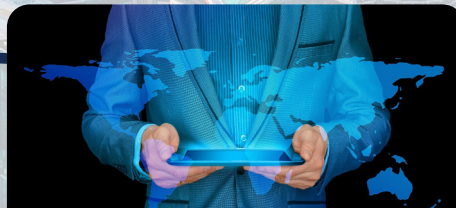
## Fiscal policy and supply-side policies

Discussing the issue of the budget balance and evaluating the possible economic consequences of a government running a budget deficit or budget surplus. Students should also be able to assess the impact of measures used to rebalance the budget.

The rapidly changing fiscal landscape makes it ever more important that students keep up to date with changes in Government policies.



Students may wish to create their own version of the budget in order to develop their understanding.



## The international economy

Students will develop their understanding of the meaning of globalisation and then go on to explore ways in which firms expand into new markets and move to new locations for production, alongside looking at the issues relating to global trade and growth, and the trade policies that shape the global economy.

Student should be able to view economic problems and concepts on a global scale.



## A Level assessments:

Students are assessed with 3 exams, all taken at the end of Year 13. Each exam is 2 hours in duration and worth 33.33% of your final A Level grade.

1. Markets and market failure
2. National and international economy
3. Economic principles and issues

