



Course Outline

A Level Economics

Year 13

Inspiring excellence, empowering global minds

Syllabus overview Aims.

The aims describe the purposes of a course based on this syllabus.

The aims are to enable students to:

- know and understand the terminology, concepts, theories and principles of economics
- express ideas in writing and using statistics and diagrams, or other methods, where appropriate
- develop the habit of using works of reference as sources of information specific to economics
- read critically to gain information about the changes in the wider economic and social environment
- appreciate the methods of study that economists use, and the most effective ways economic information may be analysed, correlated, discussed, evaluated and presented
- develop an interest in and enthusiasm for economics that could lead to further study

Learning Outcomes Overview

A level Economics syllabus:

1. The price system and the microeconomy
2. Government microeconomic intervention
3. The macroeconomy
4. Government macroeconomic intervention
5. International economic issues

Ongoing Objectives

At the A Level in Economics, the curriculum delves into a profound and intensive examination of economic principles. This educational program is meticulously crafted to endow students with a deep comprehension of the intricacies of economics, including cutting-edge economic terminologies. Students are equipped with the advanced vocabulary and high-order analytical tools necessary to not only grasp intricate economic mechanisms but also to critically evaluate and make well-informed decisions in the ever-evolving economic landscape. This A Level Economics course aims to provide students with the skills and knowledge to navigate the complex world of economics with confidence and precision.

Unit Overview

Term 1

Section 7 :-The price system and the microeconomy (A level Level)Approximate length: 6 weeks

Students will explore the motivation and behavior of individual consumers and firms within markets, aiming to attain a more comprehensive insight into market dynamics and the pricing mechanism. They will critically assess market efficiency and the behavior of market participants, as well as examine potential market failures resulting from their actions. The course will cover the analysis and evaluation of both perfectly competitive and imperfect market structures. This study will be grounded in key economic concepts, including scarcity and choice, the margin and decision-making, equilibrium and disequilibrium, efficiency and inefficiency, and the role of time.

Specific National Curriculum Objectives Covered:

7.1 Utility

7.1.1 definition and calculation of total utility and marginal utility

7.1.2 diminishing marginal utility

7.1.3 equi-marginal principle

7.1.4 derivation of an individual demand curve

7.1.5 limitations of marginal utility theory and its assumptions of rational behaviour

7.2 Indifference curves and budget lines

7.2.1 meaning of an indifference curve and a budget line

7.2.2 causes of a shift in the budget line

7.2.3 income, substitution and price effects for normal, inferior and Giffen goods

7.2.4 limitations of the model of indifference curves

7.3 Efficiency and market failure

7.3.1 definitions of productive efficiency and allocative efficiency

7.3.2 conditions for productive efficiency and allocative efficiency

7.3.3 Pareto optimality

7.3.4 definition of dynamic efficiency

7.3.5 definition of market failure

7.3.6 reasons for market failure

7.4 Private costs and benefits, externalities and social costs and benefits

7.4.1 definition and calculation of social costs (SC) as the sum of private costs (PC) and external costs (EC), including marginal social costs (MSC), marginal private costs (MPC) and marginal external costs (MEC)

7.4.2 definition and calculation of social benefits (SB) as the sum of private benefits (PB) and external benefits

(EB), including marginal social benefits (MSB), marginal private benefits (MPB) and marginal external benefits (MEB)

7.4.3 definition of positive externality and negative externality

7.4.4 positive and negative externalities of both consumption and production

7.4.5 deadweight welfare losses arising from positive and negative externalities

7.4.6 asymmetric information and moral hazard

7.4.7 use of costs and benefits in analysing decisions (knowledge of net present value is not required)

7.5 Types of cost, revenue and profit, short-run and long-run production

7.5.1 short-run production function:

- fixed and variable factors of production
- definition and calculation of total product, average product and marginal product
- law of diminishing returns (law of variable proportions)

7.5.2 short-run cost function:

- definition and calculation of fixed costs (FC) and variable costs (VC)
- definition and calculation of total, average and marginal costs (TC, AC, MC), including average total cost (ATC), total and average fixed costs (TFC, AFC) and total and average variable costs (TVC, AVC)
- explanation of shape of short-run average cost and marginal cost curves

7.5.3 long-run production function:

- no fixed factors of production
- returns to scale

7.5.4 long-run cost function:

- explanation of shape of long-run average cost curve
- concept of minimum efficient scale

7.5.5 relationship between economies of scale and decreasing average costs

7.5.6 internal and external economies of scale

7.5.7 internal and external diseconomies of scale

7.5.8 definition and calculation of revenue: total, average and marginal revenue (TR, AR, MR)

7.5.9 definition of normal, subnormal and supernormal profit

7.5.10 calculation of supernormal and subnormal profit

7.6 Different market structures

7.6.1 perfect competition and imperfect competition: monopoly, monopolistic competition, oligopoly, natural monopoly

7.6.2 structure of the listed markets as explained by number of buyers and sellers, product differentiation, degree of freedom of entry and availability of information

7.6.3 barriers to entry and exit:

- legal barriers
- market barriers
- cost barriers
- physical barriers

7.6.4 performance of firms in different market structures:

- revenues and revenue curves
- output in the short run and the long run
- profits in the short run and the long run
- shutdown price in the short run and the long run
- derivation of a firm's supply curve in a perfectly competitive market
- efficiency and X-inefficiency in the short run and the long run
- contestable markets: features and implications
- price competition and non-price competition
- collusion and the Prisoner's Dilemma in oligopolistic markets, including a two-player pay-off matrix

7.6.5 definition and calculation of the concentration ratio

7.7 Growth and survival of firms

7.7.1 reasons for different sizes of firms

7.7.2 internal growth of firms: organic growth and diversification

7.7.3 external growth of firms - integration (mergers and takeovers):

- methods of integration: - horizontal - vertical (forwards and backwards) - conglomerate

- reasons for integration
- consequences of integration

7.7.4 cartels:

- conditions for an effective cartel
- consequences of a cartel

7.7.5 principal-agent problem arising from differing objectives of shareholders/owners and managers

7.8 Differing objectives and policies of firms

7.8.1 traditional profit-maximising objective of firms

7.8.2 an understanding of other objectives of firms:

- survival • profit satisficing
- sales maximization
- revenue maximisation

7.8.3 price discrimination - first, second and third degree:

- conditions for effective price discrimination
- consequences of price discrimination

7.8.4 other pricing policies:

- limit pricing
- predatory pricing
- price leadership

7.8.5 relationship between price elasticity of demand and a firm's revenue:

- in a normal downward sloping demand curve
- in a kinked demand curve

Section 8: - The price system and the microeconomy (A level Level) Approximate length: 3 weeks

Candidates will evaluate the various policy options available to government to tackle different forms of market failure, considering the advantages and disadvantages of the policies and how they improve the efficiency of resource allocation. They will also consider government failure and its causes and implications for economic efficiency. Candidates will develop a deeper understanding of income and wealth distribution by exploring equality, equity and efficiency and aspects of poverty. This will lead candidates to examine the operation of labour markets under both perfectly competitive and

imperfect conditions and how government intervention can affect labour markets. The key concepts that underpin much of this work are: the margin and decision-making; equilibrium and disequilibrium; efficiency and inefficiency; time; the role of government and the issues of equality and equity

Specific National Curriculum Objectives Covered:

8.1 Government policies to achieve efficient resource allocation and correct market failure continued

8.1.2 government failure in microeconomic intervention:

- definition of government failure • causes & consequences of government failure

8.2 Equity and redistribution of income and wealth

8.2.1 & 8.2.2 -difference between equity and equality , efficiency

8.2.3 distinction between absolute poverty and relative poverty

8.2.4 & 8.2.5 the poverty trap & policies towards equity and equality, for example:

- negative income tax
- universal benefits and means-tested benefits • universal basic income

8.3 Labour market forces and government intervention

8.3.1 demand for labour as a derived demand

8.3.2 factors affecting demand for labour in a firm or an occupation

8.3.3 causes of shifts in and movement along the demand curve for labour in a firm or an occupation

8.3.4 marginal revenue product (MRP) theory:

- definition and calculation of marginal revenue product
- derivation of an individual firm's demand for labour using marginal revenue product

8.3.5 factors affecting the supply of labour to a firm or to an occupation: • wage and non-wage factors

8.3.6 causes of shifts in and movement along the supply curve of labour to a firm or an occupation

8.3.7 wage determination in perfect markets:

- equilibrium wage rate and employment in a labour market

8.3.8 wage determination in imperfect markets:

- influence of trade unions on wage determination and employment in a labour market
- influence of government on wage determination and employment in a labour market using a national minimum wage

- influence of monopsony employers on wage determination and employment in a labour market

8.3.9 determination of wage differentials by labour market forces

8.3.10 transfer earnings and economic rent:

- definition of transfer earnings
- definition of economic rent
- factors affecting transfer earnings and economic rent in an occupation

Section 9: - The macroeconomy (A Level) Approximate length: 2 weeks

Candidates will develop a more detailed appreciation of the workings of the macroeconomy by studying the determinants of Aggregate Demand, the multiplier process and the role of money and banking. The cyclical nature of economic performance will be examined along with its implications for the main macroeconomic performance indicators: economic growth, low unemployment, price stability and balance of payments stability. Consideration will also be given to the sustainability and inclusivity of economic growth. Key concepts that are fundamental to these issues are: the margin and decision-making; time; equilibrium and disequilibrium; progress and development.

Specific National Curriculum Objectives Covered:

9.1 The circular flow of income

9.1.1 the multiplier process:

- definition of the multiplier
- formulae for and calculation of multiplier in a closed and open economy, with and without a government sector
- calculation of:
 - average and marginal propensities to save (aps and mps)(apc and mpc) (apm and mpm) (art and mrt)
- national income determination using AD and income approach with the multiplier process
- calculation of effect of changing AD on national income using the multiplier

9.1.2 components of Aggregate Demand (AD) and their determinants:

- consumption function: autonomous and induced consumer expenditure
- savings function: autonomous and induced savings
- autonomous and induced investment; the accelerator
- government spending
- net exports (exports minus imports)

9.1.3 full employment level of national income and equilibrium level of national income:

- inflationary and deflationary gaps

9.2 Economic growth and sustainability

9.2.1 actual growth versus potential growth in national output

9.2.2 positive and negative output gaps

9.2.3 business (trade) cycle:

- phases of the cycle
- causes of the cycle
- role of automatic stabilizers

9.2.4 policies to promote economic growth and their effectiveness

9.2.5 inclusive economic growth:

- definition of inclusive economic growth
- impact of economic growth on equity and equality
- policies to promote inclusive growth

9.2.6 sustainable economic growth:

- definition of sustainable economic growth
- using and conserving resources
- impact of economic growth on the environment and climate change
- policies to mitigate the impact of economic growth on the environment and climate change

9.3 Employment/unemployment

9.3.1 definition of full employment

9.3.2 equilibrium and disequilibrium unemployment (including hysteresis)

9.3.3 voluntary and involuntary unemployment

9.3.4 natural rate of unemployment:

- definition
- determinant
- policy implications

9.3.5 patterns and trends in (un)employment

9.3.6 mobility of labour:

- forms of labour mobility: geographical and occupational
- factors affecting labour mobility

9.3.7 policies to reduce unemployment and their effectiveness

9.4 Money and banking

9.4.1 definition, functions and characteristics of money

9.4.2 definition of money supply

9.4.3 quantity theory of money ($MV = PT$)

9.4.4 functions of commercial banks:

- providing deposit accounts (demand deposit account, savings account)
- lending money (overdrafts, loans)
- holding or providing cash, securities, loans, deposits, equity • reserve ratio and capital ratio
- objectives of commercial banks: liquidity, security, profitability

9.4.5 causes of changes in the money supply in an open economy:

- commercial banks as sources of credit creation and the bank credit multiplier
- role of a central bank
- government deficit financing
- quantitative easing
- changes in the balance of payments

9.4.6 policies to reduce inflation and their effectiveness

9.4.7 demand for money: liquidity preference theory

9.4.8 interest rate determination: loanable funds theory and Keynesian theory

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Section 10: - Government macroeconomic intervention (A Level) Approximate length: 4weeks

Candidates will develop their understanding of macroeconomic intervention by considering the challenges encountered by a government when trying to manage the macroeconomy to achieve its

chosen macroeconomic objectives. Important trade-offs like the Phillips curve will be analysed along with other policy conflicts, and candidates will evaluate the effectiveness of different macroeconomic policies with regard to different macroeconomic objectives. The possibility of macroeconomic government failure will also be considered. These issues encompass the key concepts: scarcity and choice; the margin and decision-making; equilibrium and disequilibrium; efficiency and inefficiency; time; progress and development.

Specific National Curriculum Objectives Covered:

10.1 Government macroeconomic policy objectives

10.1.1 objectives in terms of inflation, balance of payments, unemployment, growth, development, sustainability

and redistribution of income and wealth

10.2 Links between macroeconomic problems and their interrelatedness

10.2.1 relationship between the internal value of money and the external value of money

10.2.2 relationship between the balance of payments and inflation

10.2.3 relationship between growth and inflation

10.2.4 relationship between growth and the balance of payments

10.2.5 relationship between inflation and unemployment:

- traditional Phillips curve
- expectations-augmented Phillips curve (short- and long-run Phillips curve)

10.3 Effectiveness of policy options to meet all macroeconomic objectives

10.3.1 effectiveness of different policies in relation to different macroeconomic objectives:

- fiscal policy including Laffer curve analysis
- monetary policy
- supply-side policy including market-based and interventionist policies
- exchange rate policy • international trade policy

10.3.2 problems and conflicts arising from the outcome of these policies

10.3.3 existence of government failure in macroeconomic policies

Section 11: International economic issues- (A Level) Approximate length: 4 weeks

Candidates will explore the international aspects of an economy further by considering the balance of payments in full and the strengths and weaknesses of using fixed and managed exchange rate systems. The process of economic development, the characteristics of countries at different levels/stages of development and the relationships between high-income and low-income countries

will be investigated. Major issues examined include the appraisal of living standards, the role of international aid, the influence of multinational companies, the burden of external debt on many low-income countries and the process of globalisation. The key concepts most relevant to this work are: progress and development; scarcity and choice; time.

Specific National Curriculum Objectives Covered:

11.1 Policies to correct disequilibrium in the balance of payments

11.1.1 components of the balance of payments accounts: current account, financial account and capital account

11.1.2 effect of fiscal, monetary, supply-side, protectionist and exchange rate policies on the balance of payments

11.1.3 difference between expenditure-switching and expenditure-reducing policies

11.2 Exchange rates

11.2.1 measurement of exchange rates:

• distinction between nominal and real exchange rates • trade-weighted exchange rates

11.2.2 determination of exchange rates under fixed and managed systems

11.2.3 distinction between revaluation and devaluation of a fixed exchange rate

11.2.4 changes in the exchange rate under different exchange rate systems

11.2.5 the effects of changing exchange rates on the external economy using Marshall-Lerner and J curve analysis

11.3 Economic development

11.3.1 classification of economies in terms of their level of development

11.3.2 classification of economies in terms of their level of national income

11.3.3 indicators of living standards and economic development:

• monetary indicators including real per capita national income statistics (GDP, GNI, NNI) and purchasing power parity

• issues of comparison using monetary indicators • non-monetary indicators • composite indicators:

- Human Development Index (HDI) - Measure of Economic Welfare (MEW)

- Multidimensional Poverty Index (MPI) • the Kuznets curve

11.3.4 comparison of economic growth rates and living standards:

• over time • between countries

11.4 Characteristics of countries at different levels of development

11.4.1 population growth and structure:

- measurement and causes of changes in birth rate, death rate, infant mortality and net migration
- optimum population • level of urbanisation

11.4.2 income distribution:

- calculation of Gini coefficient and Lorenz curve analysis

11.4.3 economic structure:

- employment composition: primary, secondary and tertiary sectors
- pattern of trade at different levels of development

11.5 Relationship between countries at different levels of development

11.5.1 international aid:

- forms of aid • reasons for giving aid • effects of aid • importance of aid

11.5.2 trade and investment

11.5.3 role of multinational companies (MNCs):

- definition of MNC • activities of MNCs • consequences of MNCs

11.5.4 Foreign Direct Investment (FDI):

- definition of FDI • consequences of FDI

11.5.5 external debt: • causes of debt • consequences of debt

11.5.6 role of the International Monetary Fund (IMF)

11.5.7 role of the World Bank

11.6 Globalisation

11.6.1 meaning of globalisation and its causes and consequences

11.6.2 distinction between a free trade area, a customs union, a monetary union and full economic union

11.6.3 trade creation and trade diversion

Assessment

Formative:

In A Level Economics education, my primary focus remains on students. My priority is to consistently offer constructive feedback and guidance, helping students effectively apply their knowledge in

examination scenarios. I provide both written and verbal feedback to assist students in aligning with the standards expected in A Level Economics exam. Additionally, I foster a culture of peer feedback, which not only enhances students' analytical abilities but also promotes self-assessment.

I firmly believe in empowering students to actively shape their own learning journey. They take part in evaluating both the theoretical and practical aspects of the subject. To track their progress, I utilize past paper mark schemes and exam specifications as benchmarks.

Incorporating technology in economics education, akin to the feedback mechanisms seen in sports, enables immediate assessment for students. In conjunction with formal assessments, I place great emphasis on providing ongoing formative feedback as an integral part of my approach, facilitating continuous improvement for students. This method ensures a profound comprehension of A Level Economics and actively contributes to students' academic growth and success.

Summative assessments in economics typically occur at the end of each chapter or unit due to the subject's nature. In A Level Economics, students are evaluated through two distinct paper types: a structured paper (60 marks) and multiple-choice questions (30 marks). These assessments encompass activities from various categories outlined in the syllabus guidelines.

During Term 1, the department conducts internal assessments, which include a test administered throughout the term and a mock examination held in November/December to gauge students' progress.

In Term 2, progress is monitored through class tests, ensuring students' comprehension and retention of key economic concepts. This approach helps in tracking their development and readiness for the A Level Economics examination.