



GCE AS and A level subject content for economics

Introduction

1. AS and A level subject content sets out the knowledge, understanding and skills common to all AS and A level specifications in economics.

Aims and objectives

2. AS and A level specifications in economics must encourage students to:
- develop an interest in and enthusiasm for the subject
 - appreciate the contribution of economics to the understanding of the wider economic and social environment
 - develop an understanding of a range of concepts and an ability to use those concepts in a variety of different contexts
 - use an enquiring, critical and thoughtful approach to the study of economics and develop an ability to think as an economist
 - understand that economic behaviour can be studied from a range of perspectives
 - develop analytical and quantitative skills, together with qualities and attitudes which will equip them for the challenges, opportunities and responsibilities of adult and working life

Subject content

3. Previous study of economics should not be a requirement.
4. A level specifications must extend beyond AS in terms of breadth and depth of knowledge and understanding. They will involve application to a wider range of contexts and further develop higher-level skills.

Knowledge, understanding and skills

5. Specifications in economics must:
- provide a coherent combination of micro-economic and macro-economic content, drawing on local, national and global contexts
 - foster the appreciation of economic concepts and theories in a range of contexts and develop a critical consideration of their value and limitations in explaining real-world phenomena

6. Specifications must require students to:

- develop an understanding of economic concepts and theories through a critical consideration of current economic issues, problems and institutions that affect everyday life
- develop analytical and quantitative skills in selecting, interpreting and using appropriate data from a range of sources, including those indicated in the Annex
- explain, analyse and evaluate the strengths and weaknesses of the market economy and the role of government within it
- develop a critical approach to economic models of enquiry, recognising the limitations of economic models

7. Students must be required to:

- understand micro-economic and macro-economic market models; use the models to explore current economic behaviour; make causal connections; and develop an understanding of how the models shed light on the economy as a whole
- be aware of the assumptions of the model of supply and demand; explain the way it works using a range of techniques; and use the model to describe, predict and analyse economic behaviour
- develop an understanding of the benefits of markets and the reasons why they may fail; understand the implications of market failure for individuals, firms and government, and recognise the possibility of government failure
- use the aggregate demand/aggregate supply (AD/AS) model and data to understand why supply-side and/or demand-side policies may be seen as appropriate ways of managing an economy
- consider the possible impact of macro-economic policies; recognise the issues government faces in managing the macro-economy; argue for different approaches; and identify criteria for success and evaluate effectiveness
- develop the ability to apply and evaluate economic models as represented in written, numerical and graphical forms; interpret and evaluate different types of data from multiple sources; and propose and justify possible responses to economic issues

8. In addition, A level specifications must require students to:

- develop an understanding of the role and impact of the financial sector
- recognise the assumptions, relationships and linkages of the possible impacts of macro-economic policies
- apply and evaluate economic concepts, theories, methods and models to a wider range of contexts

9. Specifications must require students to study:

The areas of study/amplification below constitute 60% of the A level specifications.

The amplification in bold, at an appropriate level, constitutes 60% of the AS level specifications.

Economic choices and markets

The emphasis must be on the market model of resource allocation. Students must be required to understand the economic behaviour of consumers, producers and governments in competitive and non-competitive markets. The impact of social, institutional, technological and environmental change, and globalisation on present and future economic behaviour must be considered.

Area of study	Amplification
Scarcity and choice	<ul style="list-style-type: none"> • The basic economic problem • The margin • Opportunity cost • Specialisation and trade
How competitive markets work	<ul style="list-style-type: none"> • Allocation of resources • The objectives of economic agents • Supply and demand • Elasticity • Productive and allocative efficiency • The interaction of markets
Competition and market power	<ul style="list-style-type: none"> • Business objectives • Market structures and their implications for the way resources are allocated • Interdependence of firms
Labour market	<ul style="list-style-type: none"> • Wage determination • Labour market issues • Government intervention
Market failure and government intervention	<ul style="list-style-type: none"> • Externalities • Market power • Information asymmetries

Area of study	Amplification
	<ul style="list-style-type: none"> • Alternative methods of government intervention • Government failure

The national and global economy

The emphasis must be on the use of economic models to develop a critical understanding of macro-economic and global issues. Students must develop an awareness of the historical context of economic ideas and theories. Students must be required to understand government objectives and policies as they relate to stability and growth in local, national and global terms. AS and A level specifications must use recent data (awarding organisations must define what they mean by 'recent data' in their AS and A level specifications).

Area of study	Amplification
The determination of output, employment and prices.	<ul style="list-style-type: none"> • Circular flow of income, expenditure and output • Aggregate demand and aggregate supply
Financial sector	<ul style="list-style-type: none"> • The role of the financial sector and its impact on the real economy • Financial regulation • Role of central banks
Economic policy objectives and indicators of macro-economic performance	<ul style="list-style-type: none"> • For example, economic growth, employment, inflation, the balance of payments, income distribution and welfare • Potential policy conflicts and trade-offs
The global context	<ul style="list-style-type: none"> • International trade • Globalisation • Trade policies and negotiations • Exchange-rate changes
The application of policy instruments	<ul style="list-style-type: none"> • The nature and impact of fiscal, monetary, exchange-rate and supply-side policies

Annex: quantitative skills in economics

In order to develop their skills, knowledge and understanding in economics, students need to have acquired competence in the quantitative skills that are relevant to the subject content and which are applied in the context of an economics A level, including:

- **calculate, use and understand ratios and fractions**
- **calculate, use and understand percentages and percentage changes**
- **understand and use the terms mean, median** and relevant quantiles
- **construct and interpret a range of standard graphical forms**
- calculate **and interpret index numbers**
- calculate cost, revenue and profit (marginal, average, totals)
- make calculations to convert from money to real terms
- **make calculations of elasticity and interpret the result**
- **interpret, apply and analyse information in written, graphical and numerical forms**

Quantitative skills not in bold do not form part of the AS core content requirement; however, an awarding organisation may include them in their AS specifications.

The assessment of quantitative skills will include at least Level 2 mathematical skills as a minimum of 15% of the overall AS marks and a minimum of 20% of the overall A level marks.

These quantitative skills may be assessed across the assessment objectives.