

**GCE Subject Level  
Conditions and  
Requirements for  
Economics**

April 2014

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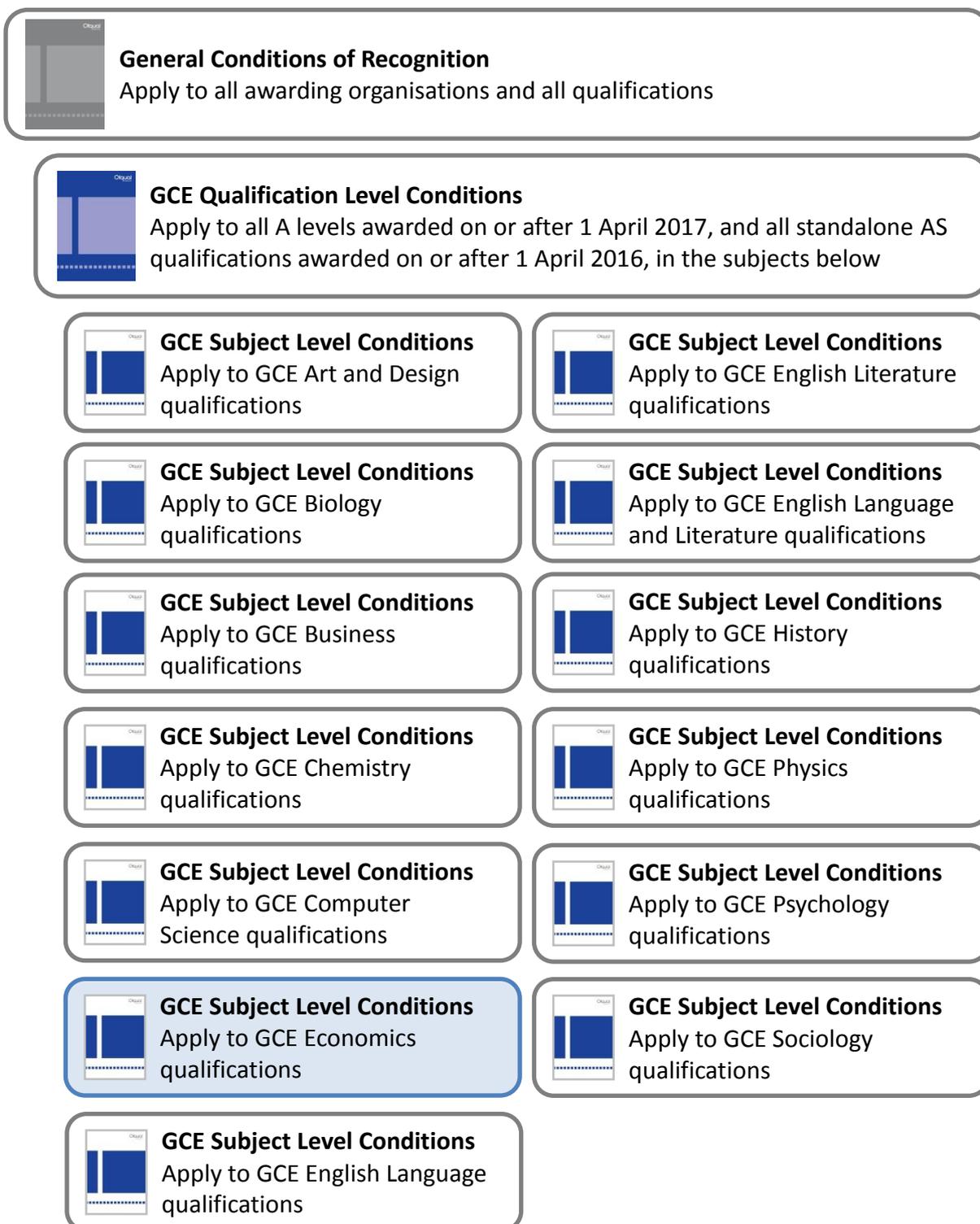
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# Introduction

## About this document

1. This document (highlighted in the figure below) is part of a suite of documents which sets out the regulatory requirements for awarding organisations offering GCE qualifications.



2. We have developed all our requirements for GCE qualifications with the intention that AS and A level qualifications should fulfil the purposes set out in the table below:

A levels	AS qualifications
<ul style="list-style-type: none"> <li>□ define and assess achievement of the knowledge, skills and understanding which will be needed by students planning to progress to undergraduate study at a UK higher education establishment, particularly (although not only) in the same subject area;</li> <li>□ set out a robust and internationally comparable post-16 academic course of study to develop that knowledge, skills and understanding;</li> <li>□ permit UK universities to accurately identify the level of attainment of students;</li> <li>□ provide a basis for school and college accountability measures at age 18; and</li> <li>□ provide a benchmark of academic ability for employers.</li> </ul>	<ul style="list-style-type: none"> <li>□ provide evidence of students' achievements in a robust and internationally comparable post-16 course of study that is a sub-set of A level content;</li> <li>□ enable students to broaden the range of subjects they study.</li> </ul>

## Requirements set out in this document

3. This document sets out the GCE Subject Level Conditions for Economics. These conditions will come into effect at 12.01am on Wednesday 9 April 2014 for the following qualifications:
- all GCE A levels in Economics awarded on or after 1 April 2017; and
  - all standalone GCE AS qualifications in Economics awarded on or after 1 April 2016.

4. It also sets out the assessment objectives for GCE Economics. Awarding organisations must comply with these assessment objectives under Condition GCE(Economics)1.2.
5. Appendix 1 reproduces the subject content requirements for Economics, as published by the Department for Education. Awarding organisations must comply with these requirements under Condition GCE(Economics)1.1.
6. With respect to the qualifications listed in paragraph 3, awarding organisations must also comply with:
  - our *General Conditions of Recognition*,<sup>1</sup> which apply to all awarding organisations and qualifications; and
  - our *GCE Qualification Level Conditions*;<sup>2</sup> and
  - all relevant Regulatory Documents.
7. With respect to all other GCE qualifications in Economics, awarding organisations must continue to comply with the General Conditions of Recognition, the *General Conditions of Recognition in respect of GCE Qualifications*,<sup>3</sup> and the relevant Regulatory Documents.<sup>4</sup>

## Summary of requirements

Subject Level Conditions	
GCE(Economics)1	<a href="#">Compliance with content requirements</a>

Assessment objectives
<a href="#">Assessment objectives – GCE AS and A level qualifications in Economics</a>

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<sup>1</sup> [www.ofqual.gov.uk/documents/general-conditions-of-recognition](http://www.ofqual.gov.uk/documents/general-conditions-of-recognition)

<sup>2</sup> [www.ofqual.gov.uk/documents/gce-qualification-level-conditions](http://www.ofqual.gov.uk/documents/gce-qualification-level-conditions)

<sup>3</sup> [www.ofqual.gov.uk/documents/general-conditions-of-recognition-in-respect-of-gce-qualifications](http://www.ofqual.gov.uk/documents/general-conditions-of-recognition-in-respect-of-gce-qualifications)

<sup>4</sup> [www.ofqual.gov.uk/documents/list-of-additional-regulatory-documents](http://www.ofqual.gov.uk/documents/list-of-additional-regulatory-documents)

**Appendix 1 – Subject content (published by Department for Education)**

[GCE AS and A level Subject Content for Economics](#)

# Subject Level Conditions

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## **GCE Subject Level Conditions for Economics**

### **Condition GCE(Economics)1**

### **Compliance with content requirements**

- GCE(Economics)1.1 In respect of each GCE Qualification in Economics which it makes available, or proposes to make available, an awarding organisation must –
- (a) comply with the requirements relating to that qualification set out in the document published by the Secretary of State entitled 'GCE AS and A level subject content for economics', DFE-00360-2014,
  - (b) have regard to any recommendations or guidelines relating to that qualification set out in that document, and
  - (c) interpret that document in accordance with any requirements, and having regard to any guidance, which may be published by Ofqual and revised from time to time.
- GCE(Economics)1.2 In respect of each GCE Qualification in Economics which it makes available, or proposes to make available, an awarding organisation must comply with any requirements, and have regard to any guidance, relating to the objectives to be met by any assessment for that qualification which may be published by Ofqual and revised from time to time.

# Assessment objectives

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## Assessment objectives – GCE AS and A level qualifications in Economics

Condition GCE(Economics)1.2 allows us to specify requirements relating to the objectives to be met by any assessment for GCE qualifications in Economics.

The assessment objectives set out below constitute requirements for the purposes of Condition GCE(Economics)1.2. Awarding organisations must comply with these requirements in relation to all GCE AS and A level qualifications in Economics they make available.

		<i>A level</i>	<i>AS</i>
<b>AO1</b>	Demonstrate knowledge of terms/concepts and theories/models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues	20-30%	25-35%
<b>AO2</b>	Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues	20-30%	25-35%
<b>AO3</b>	Analyse issues within economics, showing an understanding of their impact on economic agents	20-30%	15-25%
<b>AO4</b>	Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues	20-30%	15-25%

The ability to use mathematical skills at a level appropriate for GCE A level Economics must be tested across the assessment objectives. The weighting of mathematical skills within this subject must be at least 15 per cent for AS qualifications and 20 per cent for A level qualifications.

# Subject content (published by Department for Education)

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

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

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

## 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.

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