

# A Level Economics in Year 12

## Course Content

A-Level Economic in Year 12 will focus on the following components.

- Component 1: Individuals, Firms, Markets and Market Failure
- Component 2: The National and International Economy

### **Component 1: Individuals, Firms, Markets and Market Failure**

This section of the specification is primarily about microeconomics.

Students will be required to acquire knowledge and understanding of a selection of microeconomic models and to apply these to current problems and issues. Microeconomic models such as demand and supply, perfect competition, monopoly, the operation of the price mechanism and the causes of market failure are central to this part of the specification. Students will need to demonstrate a realistic understanding of the decisions made by firms and how their behaviour can be affected by the structure and characteristics of the industry in which they operate. Other key models relate to the operation of labour markets, wage determination and causes of inequalities in the distribution of income and wealth.

Students will be expected to understand that traditional economic theory generally assumes that economic agents act rationally but they should also be introduced to models that recognise that consumer and firms' behaviour is often governed by more complex influences.

During their course of study, students should be provided with opportunities to use economic models to explore current economic behaviour. They should be able to apply their knowledge and skills to a wide variety of situations and to different markets and examples of market failure, including environmental and labour market failures. They should appreciate and be able to assess the impact that developments in the European Union and in the global economy have upon microeconomic behaviour and performance.

#### ***Topics to be covered:***

- 1 Economic methodology and the economic problem
- 2 Individual economic decision making
- 3 Price determination in a competitive market
- 4 Production, costs and revenue
- 5 Perfect competition, imperfectly competitive markets and monopoly
- 6 The labour market
- 7 The distribution of income and wealth: poverty and inequality
- 8 The market mechanism, market failure and government intervention in markets

### **Component 2: The National and International Economy**

This section of the specification is primarily about macroeconomics. However, students should understand that microeconomic principles underpin the behaviour of the macroeconomy. Understanding some aspects of macroeconomic behaviour requires that students have a firm grasp of related microeconomic principles, for example, understanding of price elasticity of demand is essential when analysing the impact of changes in the exchange rate on an economy.

Students should have a good knowledge of developments in the UK economy and government policies over the past fifteen years. They should also be aware of developments in the world economy, including the European Union, and how these have affected the UK. They are not required to have specific knowledge of economic developments in any individual country, other than the UK, but if this is needed, relevant data will be presented to students.

Students should recognise that there are a number of models demonstrating how the macroeconomy works and should appreciate that different economic models provide insights into different aspects of the behaviour of the macroeconomy. When using these models students should be critically aware of the assumptions upon which they are based and their limitations when they are used to make sense of real world phenomena. Furthermore, they should be prepared to propose, analyse and evaluate possible solutions to macroeconomic problems. They will be required to assess the impact and effectiveness of current government policies to deal with these problems, as well as considering alternative policies and approaches.

***Topics to be Covered:***

- 9 The measurement of macroeconomic performance
- 10 How the macroeconomy works : the circular flow of income, AD/AS analysis, and related concepts
- 11 Economic performance
- 12 Financial markets and monetary policy
- 13 Fiscal policy and supply-side policies
- 14 The international economy

**Application of Knowledge**

Throughout the course, students will be expected to develop their own knowledge of the UK economy and several comparator economies, keeping records of socioeconomic events as they occur and tying these into the theoretical aspects of class lessons. It is, therefore, essential, that students maintain a keen interest in the day-to-day operation of the UK and global economies. Uses of standard sources, such as the BBC, broadsheet newspapers and journals/magazines such as the economist is essential to achieving the highest grades in economics.

**Year 12 Internal UCAS Exam Week**

Students will sit two papers:

Component 1: Individuals, Firms and Market Failure (2 hrs)

Component 2: National and International Economy (2 hrs)

**Specification and Examination Board:**

Economics: 7135/7136

Examination Board: AQA

<http://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136>