

**Economics
A-level****Introduction**

Welcome to your A-level Economics course. This Introduction should provide you with all the information you need to make a successful start to your studies.

The Specification (or Syllabus)

This course has been designed to give you a full and thorough preparation for the AS level or A-level Economics specifications, set by the Assessment and Qualifications Alliance (AQA).

The **Subject Code** for entry to the AS only award is **7135**.

The **Subject Code** for entry to the A-level award is **7136**.

There is no coursework for either the AS or A-level Economics examination.

Private Candidates

The AQA specifications are open to private candidates. Private candidates should contact AQA for a copy of '*Information for Private Candidates*'.



Oxford Open Learning

The Arrangement of Lessons

Chapter and page references for the AS level are to Ray Powell & James Powell: *AQA A-level Economics, Book 1* (see below).

Part 1: AS Level

| Lesson | Subject | Chap. | Pages |
|--------|--|-------|------------------|
| | Module One: The Operation of Markets and Market Failure | | |
| 1 | Economic Methodology | 1 | 2-20 |
| 2 | The Demand and Supply Curves | 2 | 21-32 |
| | Tutor-marked Assignment A | | |
| 3 | Elasticity | 2 | 33-37 |
| 4 | Determination of Equilibrium Market Prices | 2 | 38-54 |
| | TMA B | | |
| 5 | Production, Costs and Revenue | 3 | 55-73 |
| 6 | Market Failure | 4, 5 | 74-96, 97-116 |
| 7 | Government Intervention | 5 | 116-130 |
| | TMA C: Progress Test One | | |
| | Module Two: The National Economy in a Global Context | | |
| 8 | The Measurement of Macro-economic Performance | 6 | 139-159 |
| 9 | How the Macro-economy works | 7 | 160-187 |
| | TMA D | | |
| 10 | Inflation and Interest Rates | 8 | 188-198, 208-216 |
| 11 | Employment and Unemployment | 8 | 199-207 |
| | TMA E | | |
| 12 | The Balance of Payments | 8 | 217-234 |
| 13 | Macroeconomic Policy | 9 | 235-272 |
| 14 | Recent Changes in the UK Economy | – | – |
| | TMA F: Progress Test Two | | |
| | TMA G (Practice Exam Paper) | | |

2nd Year Course (A-level)

Chapter and page references for the 2nd Year (A-level) course are to *AQA A-level Economics Book 2* by Ray Powell & James Powell (Hodder Ed, ISBN-13: 978-1471829840)

| Lesson | Subject | Chap. |
|--------|--|-------------------------|
| | Module Three: Individuals, Firms, Markets and Market Failure (Part 2) | |
| 15 | Individual Consumer Behaviour and Utility Theory | 1.1 – 1.2 |
| 16 | Behavioural Economics | 1.3 – 1.4 |
| 17 | The Firm | 2, 3.1-3.3 |
| 18 | Imperfect Competition and Oligopoly | 3.4 – 3.10 |
| 19 | Mergers and Competition Policy | 6.4, 6.7 |
| 20 | Nationalisation and Privatisation | 6.5 – 6.6 |
| | TMA H | |
| 21 | The Labour Market | 4 |
| 22 | Poverty and Inequality | 5 |
| 23 | Market Failure | 6.1 – 6.3 |
| | TMA I: Progress Test Three | |
| | Module Four: The National and International Economy | |
| 24 | Economic Growth: Developing Economies and Globalisation | 10.1 |
| 25 | National Income | 9.1 – 9.3 |
| 26 | Inflation and Unemployment | 7.4 |
| 27 | The Financial Markets | 8.1 – 8.2 |
| 28 | Government Strategies | 8.3 – 8.4, 9.1 – 9.2 |
| | TMA J | |
| 29 | International Trade | 10.2 – 10.5 |
| 30 | The European Union: The Formation and Opportunities of the Single Market | - |
| 31 | Economic Aspects of the EU | - |
| 32 | Expansion and Reforms | - |
| 33 | The EU in a Global Context | - |
| | TMA K: Progress Test Four | |
| | TMA L-N Practice Examinations | |

Textbooks

The course has been prepared in conjunction with the following textbooks:

AS (1st Year) Course: Ray Powell & James Powell: *AQA A-level Economics, Book 1* (Hodder Education; ISBN-13: 978-1471829789)

2nd Year Course: Ray Powell & James Powell: *AQA A-level Economics, Book 2* (Hodder Education; ISBN-13: 978-1471829840)

One easy way of acquiring accompanying textbooks is through the Oxford Open Learning website (www.ool.co.uk). *Economics Explained* is a detailed text with superb diagrams. Most topics are accompanied by case studies so the applied economics is integrated into the theory. This is very useful for the data response type questions.

Supplementary Reading

The more you read around the subject the better, so you could also look for the following books in libraries:

Maunder, Myers, Wall, Miller: *Economics Explained*
Collins Educational (revised 3rd ed. ISBN: 978-0003277586)

Alain Anderton: *Economics*
Causeway (ISBN: 978-1902796925) and/or

Begg, Fisher & Dornbush: *Economics*
McGraw-Hill (ISBN: 978-0077107758)

You will find most of the topics covered in these books. Use the Table of Contents and the Index to find the required reading. In fact, you will find that it is essential to use the index even if you are using the recommended text.

If you are aiming – as you should be – for a clear understanding of economics, you should not be content with your main course textbooks. Try to obtain from your local library a few of the books recommended in the supplementary reading lists at the end of this Introduction. The most valuable books have an asterisk next to them.

AQA also sometimes produces a reading list. See what is available on the AQA site.

Journals and Websites

This is a rapidly changing area but the following have had relevant articles in the past.

Economic Affairs - Published quarterly by Blackwell Publishers.

The Economic Review - Published quarterly by Philip Allan Publishers.

Fiscal Studies - Published quarterly by the Institute of Fiscal Studies

The Economist - Published weekly by The Economist Newspaper Ltd.

The resources that are available via the internet are changing all the time and there are links within the lessons themselves to various useful webpages. We can recommend the tutor2u website for its excellent set of resources for this subject. You can find it via this link:

www.tutor2u.co.uk/0005ec

General Information

Economics is a dynamic subject, with considerable relevance to current controversy. Your studies are designed to cover the basic theory required for examinations at this level, together with up-to-date data required to relate your theory to real life.

Examination papers are increasingly integrating the theoretical and applied parts of economics, so it is essential for you to keep abreast of current developments. So, as far as possible, read a quality daily or Sunday newspaper, and/or a financial journal such as *The Economist*.

You may find it helpful to keep a notebook with extracts of useful articles and information from your reading.

Mathematical Background Required

Knowledge of mathematics up to GCSE level standard is not required for this course. Students are, however, required in the course to make simple calculations, understand percentages and fractions, and have the ability to construct a graph from simple statistics. The use of algebraic formulae is kept to the minimum.

Using the Course Materials

There are six tutor-marked assignments, four progress tests and three practice exams located at strategic points in the course. Taken together, these are the thirteen pieces of work which you are expected to send to your tutor for marking. Suggested answers will be sent to you when your work has been marked. Bear in mind that at A-level, simple description will not gain many marks. **Analysis**, i.e. clear logical explanation, is the key to success. You must read as widely as possible and try to consider different or conflicting views.

The **tutor-marked assignments** (or TMAs) occur after every three lessons or so. These test your understanding of topics in that particular lesson. If the lesson does *not* include a TMA, there will be a **self-assessment test** (SAT) instead. This takes the same form but you are expected to mark this yourself. Suggested answers to the SATs are to be found at the end of each module. Even though you are marking the work yourself, you are expected to approach the test with the same seriousness and to produce a detailed, formal answer.

Progress Tests are more substantial than most of the TMAs and these test your understanding of the last four or five lessons. Progress Tests include different sections for the multiple choice, data response, and essay-type questions you are likely to face in your examination. If possible, the Progress Tests should be attempted under examination conditions without reference to the rest of the course or textbooks.

There are also '**activities**' in most of the lessons. These are 'ruled off' from the rest of the lesson and you should stop your reading in order to tackle the specified task at this point. Answers may be found at the end of the lesson.

Because the course is designed to complement the accompanying textbook, there are some likely topics that are passed over fairly quickly in the course. This is because they are already more than adequately covered in the textbook. Conversely, this course goes into greater detail on some topics which are considered lightly in the textbook.

The 'AS' level and 'A' level System

The Advanced Subsidiary (AS) Level (1 year course)

Advanced Subsidiary (AS) courses have been redefined as follows:

- As a final qualification, allowing candidates to broaden their studies and to defer questions about specialism;
- As roughly half of the total A-level studies

The AS no longer constitutes the first half of an Advanced Level qualification and no marks may be carried forward to that qualification. So, if you are expecting to complete the full A-level, there is no obligation to attempt the AS examinations at the halfway point.

The AS is designed to provide an appropriate assessment of knowledge, understanding and skills expected of candidates who have completed the first half of a full Advanced Level Qualification.

All topics and study required for AS level are also required for the full A-level, although not necessarily on the same examination paper.

The Advanced Level (2 year course)

The Advanced Level (or A-level) consists of three written exam papers, all of which must be tackled at the same exam sitting, i.e. it is no longer possible to carry forward the marks from one paper to a later sitting.

There is no coursework.

Students following this course have the option to take either the AS or the full A-level examination. Studies for the AS are confined to the first half of the course.

Grading

The AS qualification will be graded on a five-point scale: A, B, C, D and E.

The full A Level qualification will be graded on a six-point scale: A*, A, B, C, D and E.

For AS and A Level, candidates who fail to reach the minimum standard for grade E will be recorded as U (unclassified) and will not receive a qualification certificate. Individual assessment unit results will be certificated.

The AQA Examination Structure

This information is correct at the time of publication but may be subject to change. Prior to the examination, students should contact the exam board for the latest information.

This course is designed to match the requirements of the AQA 7135 (AS) and 7136 ('A' level) specifications.

AS level Subject Content

The operation of markets and market failure

1. Economic methodology and the economic problem
2. Price determination in a competitive market
3. Production, costs and revenue
4. Competitive and concentrated markets
5. The market mechanism, market failure and government intervention in markets

The national economy in a global context

6. The measurement of macroeconomic performance
7. How the macroeconomy works: the circular flow of income, AD/AS analysis, and related concepts
8. Economic performance
9. Macroeconomic policy

AS Examination (AQA specification 7135)

Paper 1: The operation of markets and market failure

Content 1 – 5 above written exam: 1 hour 30 minutes
70 marks 50% of AS

Section A: 20 multiple choice questions worth 20 marks

Section B: data response questions requiring written answers, choice of one from two contexts worth 50 marks

Paper 2: The national economy in a global context

Content 6 – 9 above written exam: 1 hour 30 minutes
70 marks 50% of AS

Section A: 20 multiple choice questions worth 20 marks

Section B: data response questions requiring written answers, choice of one from two contexts worth 50 marks

A-level Subject content

The AQA A-level specification is divided into the following subject areas:

Individuals, firms, markets and market failure

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

The national and international economy

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

A-level Examination (AQA specification 7136)

Paper 1: Markets and market failure

| | |
|---------------------|-----------------------|
| Content 1 – 8 above | written exam: 2 hours |
| 80 marks | 33.3% of A-level |

Section A: data response questions requiring written answers, choice of one from two contexts worth 40 marks

Section B: essay questions requiring written answers, choice of one from three worth 40 marks

Paper 2: National and international economy

| | |
|----------------------|----------------------|
| Content 9 – 14 above | written exam 2 hours |
| 80 marks | 33.3% of A-level |

Section A: data response questions requiring written answers, choice of one from two contexts worth 40 marks

Section B: essay questions requiring written answers, choice of one from three worth 40 marks

Paper 3: Economic principles and issues

All content 1 – 14 above
80 marks

written exam: 2 hours
33.3% of A-level

Section A: multiple choice questions worth 30 marks

Section B: case study questions requiring written answers, worth 50 marks

Use of Electronic Calculators in the Examination

Electronic calculators are permitted by AQA but you should check the syllabus if you are in any doubt about the kind of calculator that you can use.

Shelf-life of this specification

This 'A' level specification was examined for the first time in June 2017 while the first AS exam papers were in June 2016. The end-date of this specification is not currently known.

AQA Aims and Assessment Objectives

The aims of this course are the same as the aims listed in the AQA specification and listed below. Please refer to the AQA website for full details. The stated aims for this subject are for the student to:

Aims

- 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.

Assessment Objectives

Assessment objectives (AOs) are set by Ofqual and are the same across all AS and A-level Economics specifications and all exam boards.

The exams will measure how students have achieved the following assessment objectives:

- AO1:** 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.
- AO2:** Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues.
- AO3:** Analyse issues within economics, showing an understanding of their impact on economic agents.
- AO4:** Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues.

Weighting of assessment objectives for AS level Economics

| Assessment Objectives (AOs) | Component weightings (approx. %) | | Overall weighting (approx. %) |
|---------------------------------|----------------------------------|-------------|-------------------------------|
| | Component 1 | Component 2 | |
| AO1 | 14-16 | 14-16 | 29-31 |
| AO2 | 15-17 | 15-17 | 31-33 |
| AO3 | 10-12 | 10-12 | 21-23 |
| AO4 | 7-9 | 7-9 | 15-17 |
| Overall weighting of components | 50 | 50 | 100 |

Weighting of assessment objectives for A-level Economics

| Assessment Objectives (AOs) | Component weightings (approx. %) | | | Overall weighting (approx. %) |
|-----------------------------|----------------------------------|-------------|-------------|-------------------------------|
| | Component 1 | Component 2 | Component 3 | |
| AO1 | 5-8 | 5-8 | 7-10 | 20-23 |
| AO2 | 7-10 | 7-12 | 9-12 | 26-29 |
| AO3 | 9-11 | 9-11 | 6-9 | 26-29 |
| AO4 | 7-10 | 7-10 | 5-8 | 22-25 |
| Overall weighting | 33.33 | 33.33 | 33.33 | 100 |

Techniques of Testing

The tests within the course consist of a mixture of data-response, objective test and essay questions. In the exam, the AS section (the first two modules or units) will be examined by objective test and data-response questions, while the 2nd Year section (modules 3-4) is examined by data-response and essay questions. However the AS section of the *course* also contains essay questions as practice and for assessment, while the 2nd Year section continues to set objective test questions to make sure candidates are keeping up with the basics of the theory.

Objective-Test Questions

There are three basic types:

1. Simple Completion Items.
2. Multiple Completion Items.
3. Double Statement Items.

1. Simple Completion Items

These consist of two parts, a **stem** which contains the idea or question followed by 4 or 5 possible responses/answers. You select the **most** correct response. If you cannot answer the question from the information in the stem, try to eliminate as many of the responses as possible and then think which one of those remaining is most correct.

In the actual exam you would normally mark an answer sheet, invariably with a H.B. pencil, by a variety of means. Below is an easy example:

Which of the following *automatically* increases with inflation?

- A** Pocket money
- B** Student grants
- C** Index of Prices
- D** Old-Age Pensions
- E** Interest Rates

The answer is **C** – all the others may rise but they do not do so automatically.

2. Multiple Completion Items

In this type the stem or question is followed by three possible responses/answers. Some or all of these *may* be correct. You must decide which of the responses is/are correct and then choose:

- A** when all three options are correct
- B** when options 1 and 2 are correct
- C** when options 2 and 3 are correct

- D** when option 1 only is correct
- E** when option 3 only is correct.

Here is an example, using the above grid:

The following are forms of INDIRECT tax:

1. V.A.T.
2. import tariffs.
3. poll tax.

The answer is **B** as responses 1 and 2 are correct.

3. The Double Statement Item

Most candidates find these the most difficult. Each of the questions consists of a statement in the left-hand column followed by a statement in the right-hand column. It explores your ability to associate ideas and determine the truth or otherwise of the ideas and of the link between them.

You therefore have to decide whether one or both statement is/are true and *if both true* whether the 2nd statement is a correct explanation of the first statement. Then you select a letter according to the following code:

- A** if both statements are true and the second statement is a correct explanation of, or reason for, the first statement
- B** if both statements are true but the second statement is NOT a correct explanation of, or reason for, the first statement
- C** if the first statement is true but the second statement is false
- D** if the first statement is false but the second statement is true
- E** if both the first and second statements are false.

Here is an example:

Savings and investments can only be made equal through government intervention.

Savings and investment can be undertaken by different persons and therefore, are not planned to balance.

The answer is **D**, since the first statement is false but the second statement is true.

You do not need to study any new material to do well in objective tests but you do need to cover the whole of the syllabus.

Data Response Questions

You are expected to show you understand the elements of economic analysis which are included in the syllabus and apply such knowledge to a simple problem. You are expected to understand the structure of the main economic institutions of the U.K. and the problems of the economy with the government's reaction to them.

Candidates are required to evaluate and interpret given data. Only relatively simple techniques of analysis are required but the use of diagrams is required as well as are very simple mathematical techniques.

You will frequently find that part of the question requires you to summarise material contained in a table of statistics or a passage, and this relatively straightforward task should give you the confidence to tackle the remaining parts of the question.

Do remember these answers require you to give examples from the data or passage.

The A-level syllabus is divided into four modules; the OOL course follows these closely, so you can refer to the 'arrangement of lessons' table above (p. 3) for the module titles. It is important to bear in mind that economics is not a subject which divides easily into separate modules. Most of the topics which are placed for convenience in a specific section of the syllabus or course are actually linked to most of the other topics throughout your studies. It would be better to think of economics as a kind of jigsaw with lots of interlocking pieces and the complete picture will only emerge when the end of the course has been reached.

Keeping Up to Date with a Scrapbook

It has already been noted that it is vital to keep up-to-date with the latest economic events. If you can illustrate your essays with examples drawn from topical current events, it will show your teacher or examiner that you are relating the theories you study to the world in which you live and you should gain extra marks.

A scrapbook of cuttings from newspapers and magazines can be a great help in this respect. You may not know when a particular news item is going to come in handy but save it all the same. A number of the 'Activities' contained in this course require you to look out for particular kinds of cuttings but it should really be a continuous process and the sooner you start the better.

Studying the Syllabus

You should be sure to acquire your own copy of the syllabus, either via the AQA Publications Dept or from the website www.aqa.org.uk.

The syllabus can be purchased from

AQA Publications
Unit 2, Wheel Forge Way,
Trafford Park
Manchester
M17 1EH (tel: 0870-410-1036)

or downloaded from www.ool.co.uk/0014ea.

We advise that you obtain a copy of the syllabus so that you can assess which topics you have covered in the most detail and which ones you will feel happiest about in the exam. AQA can also provide advice booklets on your course, including 'Supplementary Guidance for Private Candidates'. As you approach the examination, it will also be helpful to purchase and tackle past papers from AQA.

Using the Internet

All students would benefit from access to the Internet. You will find a wealth of information on all the topics in your course. As well as the AQA website (www.aqa.org.uk) and the tutor2u site, you should get into the habit of checking the Oxford Open Learning site (www.ool.co.uk) where you may find news, additional resources and interactive features as time goes by.

Good luck!

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