

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL A-LEVEL ECONOMICS

(9640)

Scheme of work

For teaching from September 2020 onwards

For International AS exams May/June 2021 onwards

For International A-level exams May/June 2022 onwards

This scheme of work suggests possible teaching and learning activities for each section of the specification. There are far more activities suggested than it would be possible to teach. It is intended that teachers should select activities appropriate to their students and the curriculum time available. The first two columns summarise the specification references, whilst the learning outcomes column indicates what most students should be able to achieve after the work is completed. The resources column indicates resources commonly available to schools, and other references that may be helpful. The timings and guidance are only suggestions.

INTRODUCTION

This outline scheme of work is intended to help teachers plan and implement the teaching of the Oxford AQA International AS/A-level Economics specification. The purpose of this scheme of work is to provide advice and guidance to teachers, not to prescribe and restrict their approach to the specification. This scheme has been produced by a practicing A-level Economics teacher and is intended to be helpful for teachers who are new to the specification, but there are many other ways of organising the work, and there is absolutely no requirement to use this scheme.

ASSUMED COVERAGE

This scheme assumes that the A2 content is second year of a two year A-level course, with approximately 135 taught hours per year (four and a half hours of lessons per week). Work would also need to be completed outside of lessons, although this would ultimately depend on the amount of contact time available and the extent to which assessment activities take place within lesson time.

ONE/TWO TEACHER MODEL

This scheme is set out as a potential model for one teacher, with a linear approach to the subject content over two years (sections 3.1.1 to 3.4.3.3).

With two teachers, the model could be broken down as follows, with a broadly microeconomic and macroeconomic split, according to teacher preference:

- Teacher 1: 3.1 and 3.3
- Teacher 2: 3.2 and 3.4

Both teachers should contribute to the delivery of quantitative skills, referred to in section 3.5 of the specification.

NATIONAL FOCUS

When studying the subject content, students may focus on individuals/firms/organisations and the economic environment in their own country but should be aware that there may be differences between countries and that changes in the economic environment in one country can affect economic agents in another.

QUANTITATIVE SKILLS

The quantitative skills referred to in section 3.5 of the specification can be assessed in any of the assessments. There are many opportunities to integrate these skills into teaching and learning throughout the course.

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
Unit 3.1: The operation of markets, market failure and the role of government					
3.1.1 The economic problem and methodology Total teaching time: 14 hours					
3.1.1.1 The nature and purpose of economic activity	<p>The central purpose of economic activity is the production of goods and services to satisfy needs and wants.</p> <p>The key economic decisions are: what to produce, how to produce, and who is to benefit from the goods and services produced.</p>	3 hours	<p>To understand that the central purpose of economic activity is the production of goods and services to satisfy needs and wants.</p> <p>To understand the three key economic decisions are what, how and for whom to produce goods and services.</p>	Students should understand that economic welfare is affected by how goods and services are distributed amongst individuals as well as by what and how much is produced.	<p>Economicshelp – the importance of economics in our daily lives</p> <p>bbc.co.uk – What have economists been getting wrong?</p> <p>Tutor2u – introductory concepts – the nature of Economics</p> <p>Tutor2u – study notes – the purpose of economic activity</p> <p>Tutor2u – 60 second challenge – introduction to Economics retrieval activity</p> <p>Economics and Business Education Association (EBEA) Autumn 2009. ‘Celebrations’. This document is protected by copyright, however, it is an extremely useful activity in which students consider the three key economic decisions and how society deals with scarcity. It introduces students to an even wider range of topics, such as</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
					inequalities in the distribution of income and wealth, the issue of fairness, and different economic systems among others.
3.1.1.2 Economic resources	<p>The economists' classification of economic resources into land, labour, capital and enterprise, which are the factors of production.</p> <p>Renewable and non-renewable resources</p> <p>The environment is a scarce resource.</p>	2 hours	<p>To understand the economists classification of economic resources into the factors of production</p> <p>To understand that there are renewable and non-renewable resources</p> <p>To understand that the environment is a scarce resource.</p>	Students should understand that economic activity is dependent on the natural environment and that production and consumption can affect that environment.	<p>Economicshelp – factors of production</p> <p>Tutor2u – study notes – the factors of production</p> <p>Tutor2u – study notes – non-renewable and renewable resources</p> <p>The Guardian – ‘At Davos we will tell world leaders to abandon the fossil fuel economy’</p> <p>Ted Studies – environmental studies – climate change</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.1.3 Scarcity, choice and the allocation of resources</p>	<p>The fundamental economic problem is scarcity and that it results from limited resources and unlimited wants.</p> <p>Scarcity means that choices must be made about how scarce resources are allocated between different uses.</p> <p>Choices have an opportunity cost.</p> <p>Allocation of resources in free market, mixed and centrally planned economies.</p>	<p>4 hours</p>	<p>To understand that the fundamental economic problem is scarcity, that results from limited resources and unlimited wants</p> <p>To understand that scarcity means that choices must be made about how scarce resources are allocated between competing uses.</p> <p>To understand that choices have an opportunity cost.</p> <p>To understand how resources are allocated in free, mixed and centrally planned economies.</p>	<p>Students should understand how markets and governments affect the allocation of resources.</p> <p>They should understand the advantages and disadvantages of the different types of economic system that are used to allocate resources.</p>	<p>Economics and Business Education Association (EBEA) Spring 2002. 'Survival: an introduction to Economics'. This document is protected by copyright, however, it is an extremely useful, learn-by-doing activity that students will remember throughout the course and beyond.</p> <p>EconplusDal – the basic economic problem</p> <p>Economicshelp – the basic economic problem</p> <p>bbc.co.uk – Obamacare</p> <p>Tutor2u – revision presentation – scarce resources, choice and economic systems</p> <p>Tutor2u – study notes – economic systems</p> <p>Tutor2u – study notes – opportunity cost</p> <p>Tutor2u – video – opportunity cost</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.1.4 Production possibility diagrams</p>	<p>Production possibility diagrams illustrate different features of the fundamental economic problem, including: resource allocation, opportunity cost and trade-offs, unemployment of economic resources, economic growth.</p> <p>Why all points on the boundary are productively efficient but not all points on the boundary are allocatively efficient.</p>	<p>2 hours</p>	<p>To understand that production possibility diagrams can be used to illustrate different features of the fundamental economic problem, including: resource allocation, opportunity cost and trade-offs, unemployment of economic resources and economic growth.</p> <p>To construct production possibility diagrams to illustrate different features of the fundamental economic problem.</p> <p>To understand that all points on the boundary are productively efficient, but not all points are allocatively efficient.</p>	<p>Students should be able to use production possibility diagrams to illustrate these features.</p>	<p>EconplusDal – PPFs and opportunity cost Economicshelp – PPFs</p> <p>bbc.co.uk – Developing economies warned UK could cut foreign aid</p> <p>Tutor2u – study notes – production possibility frontiers</p> <p>Tutor2u – various videos: Production possibility frontiers</p> <p>PPF and opportunity cost</p> <p>Economic growth and the PPF</p> <p>PPF outward shift theme 1 micro</p> <p>PPF inward shift theme 1 micro</p> <p>PPF and resource allocation MCQ revision question</p> <p>PPF and increasing opportunity cost MCQ revision questions</p> <p>Chains of reasoning an inward shift of the PPF</p> <p>Tutor2u – Quizlet activity – production possibility frontiers</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
					Tutor2u – revision presentation – production possibility frontiers
<p>3.1.1.5 Economic methodology</p>	<p>Economics as a social science.</p> <p>Similarities to and differences in methodology from natural and other sciences.</p> <p>Difference between positive and normative statements.</p> <p>How value judgements influence economic decision making and policy.</p> <p>People’s views concerning the best option are influenced by the positive consequences of different decisions and by moral and political judgements.</p>	<p>3 hours</p>	<p>To understand that Economics can be classed a social science.</p> <p>To understand the similarities to, and the differences in methodology from natural and other sciences.</p> <p>To understand the difference between positive and normative statements.</p> <p>To understand how value judgements influence economic decision making and policy.</p> <p>To understand that people’s views concerning the best option are influenced by the consequences of different decisions and by moral and political judgements.</p>	<p>Students should understand how thinking as an economist may differ from other forms of scientific enquiry.</p>	<p>Economicshelp – branches of economics</p> <p>EconplusDal – economic methodology</p> <p>The Economist – Economists cannot avoid making value judgements</p> <p>Tutor2u – introductory concepts – the nature of Economics</p> <p>Tutor2u – study notes – positive and normative statements</p> <p>Tutor2u – video – positive and normative statements</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.2 How markets work Total teaching time: 16 hours</p>					
<p>3.1.2.1 The demand for goods and services</p>	<p>Factors which determine the demand for a good or service. A demand curve shows the relationship between price and quantity demanded. Causes of shifts in the demand curve.</p>	<p>2 hours</p>	<p>To understand the factors which determine the demand for a good or service. To understand that the demand curve shows the relationship between price and quantity demanded. To understand causes of shifts in the demand curve.</p>	<p>Factors that influence the spending decisions of consumers should be taken to include: price, income, wealth, the price of substitutes and complementary goods, and individual preferences. Students should also appreciate that such decisions are influenced by social and emotional factors.</p>	<p>Economicshelp – demand EconplusDal – demand Tutor2u – study notes – demand Tutor2u – study notes – shifts in demand Microsoft UK warns of possible Xbox One X launch shortages Economic Review, February 2018 Volume 35 Number 3, Hodder Education: <i>Quantitative skills: Getting diagrams right</i></p>
<p>3.1.2.2 Price, income and cross elasticities</p>	<p>Meaning of price, income and cross elasticity of demand. Relationship between income elasticity of demand and normal and inferior goods. Relationship between cross</p>	<p>4 hours</p>	<p>To understand the meaning of price, income and cross elasticity of demand. To calculate price, income and cross elasticity of demand and interpret the numerical values. To understand the relationship between</p>	<p>Students should be able to calculate and interpret numerical values of these elasticities of demand.</p>	<p>Economicshelp – elasticity in economics EconplusDal – various elasticity videos such as PED The Guardian – Plastic bag sales in England down by a third in last year Tutor2u – study notes – elasticity of demand</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>elasticity of demand and substitute and complementary goods.</p> <p>Relationships between price elasticity of demand and firms' total revenue (total expenditure).</p> <p>Factors that influence these elasticities of demand.</p>		<p>income elasticity of demand and normal and inferior goods.</p> <p>To understand the relationship between cross elasticity of demand and substitute and complementary goods.</p> <p>To understand the relationships between price elasticity of demand and firm's total revenue.</p> <p>To understand the factors that influence these elasticities of demand.</p>		<p>Tutor2u – various videos – elasticity of demand Coefficients of elasticity of demand</p> <p>Calculating price elasticity of demand</p> <p>Calculating income elasticity of demand</p> <p>Calculating cross price elasticity of demand</p> <p>Tutor2u – study notes – elasticity of demand and total revenue</p> <p>Economic Review, February 2019 Volume 36 Number 3, Hodder Education: <i>Market demand, price and elasticity</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.2.3</p> <p>The supply of goods and services</p>	<p>Factors which determine the supply of a good or service.</p> <p>A supply curve shows the relationship between price and quantity supplied.</p> <p>Understand higher prices imply higher profits and that this will provide the incentive to expand production.</p> <p>Causes of shifts in the supply curve.</p>	2 hours	<p>To understand the factors which determine the supply of a good or service.</p> <p>To understand that the supply curve shows the relationship between price and quantity supplied.</p> <p>To understand that higher prices imply higher profits which provides the incentive to expand production.</p> <p>To understand causes of shifts in the supply curve.</p>		<p>Economicshelp – supply</p> <p>EconplusDal – supply</p> <p>Al Jazeera – Somalia’s post-conflict banana harvest revival</p> <p>Tutor2u – study notes – supply</p> <p>Tutor2u – study notes – shifts in supply</p>
<p>3.1.2.4</p> <p>Price elasticity of supply</p>	<p>Meaning of price elasticity of supply.</p> <p>Factors that influence price elasticity of supply.</p>	1 hour	<p>To understand the meaning of price elasticity of supply.</p> <p>To calculate price elasticity of supply and interpret the numerical values.</p> <p>To understand the factors that influence the price elasticity of supply.</p>	Students should be able to calculate and interpret numerical values of price elasticity of supply.	<p>Economicshelp – PES</p> <p>EconplusDal – PES</p> <p>bbc.co.uk – The price of Football</p> <p>Tutor2u – study notes – PES</p> <p>Tutor2u – study notes – explaining price elasticity of supply</p> <p>Tutor2u – videos – PES</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.2.5 The determination of market prices</p>	<p>How the interaction of demand and supply determines equilibrium prices in a market economy.</p> <p>Difference between equilibrium and disequilibrium.</p> <p>Why excess demand and excess supply lead to changes in price.</p> <p>Causes of fluctuations in commodity prices, including speculation.</p>	<p>3 hours</p>	<p>To understand how the interaction of demand and supply determines equilibrium prices in a market economy.</p> <p>To construct demand and supply diagrams and apply them to a variety of real-world contexts.</p> <p>To understand the difference between equilibrium and disequilibrium, and why excess demand and excess supply lead to changes in price.</p> <p>To understand the causes of fluctuations in commodity prices, including speculation</p>	<p>Students should be able to use demand and supply diagrams to help them analyse causes of changes in market prices and should understand the significance of different price elasticities of demand and supply.</p> <p>They should be able to apply their knowledge of the basic model of demand and supply to a variety of real-world markets.</p>	<p>Economics help – the determination of equilibrium market prices</p> <p>EconplusDal – Market equilibrium and disequilibrium</p> <p>Tutor2u – study notes – the market mechanism</p> <p>Tutor2u – study notes – equilibrium prices</p> <p>Tutor2u – Quizlet activity – demand and supply</p> <p>Tutor2u – 60 second challenge – demand and supply</p> <p>bbc.co.uk – why a problem of plenty is hurting India’s farmers</p> <p>Economics Today, September 2018 Volume 26 Number 1, <i>Anforme: Vanilla and the price of icecreams</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.2.6 The interrelationship between markets</p>	<p>How changes in one market are likely to affect other markets. Joint demand, composite demand, derived demand and joint supply.</p>	<p>1 hour</p>	<p>To understand how changes in one market are likely to affect other markets. To understand the terms joint demand, composite demand, derived demand and joint supply.</p>	<p>Students should, for example, be able to explore the impact of changes in demand, supply and price in one market upon other related markets, for example, the markets for substitutes and complements.</p>	<p>EconplusDal – interrelationships between markets Economicshelp – joint demand and other interrelated markets bbc.co.uk – Why are strawberries such a big hit at Wimbledon Tutor2u – various videos – interrelationships Explaining joint demand and joint supply Substitutes and complements Different types of demand Tutor2u – study notes – composite demand Tutor2u – study notes – joint supply</p>
<p>3.1.2.7 How markets and prices allocate resources</p>	<p>Rationing, incentive and signalling functions of prices in allocating resources and coordinating the decisions of buyers and sellers in a market economy. The price mechanism is the</p>	<p>3 hours</p>	<p>To understand the rationing, incentive and signalling functions of prices in allocating resources and coordinating the decisions of buyers and sellers in a market economy. To understand that the price mechanism is the</p>	<p>Students should understand how economic incentives influence what, how and for whom goods and services are produced. Students should be able to assess the view that the price mechanism is an impersonal method of allocating resources. They should also be able to</p>	<p>Economicshelp – the role of prices EconplusDal – the functions of price The Guardian - Blood money: is it wrong to pay donors? Tutor2u – study notes – the market mechanism Tutor2u – study notes – functions of</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>way in which the basic economic problem is resolved in a market economy.</p> <p>Advantages and disadvantages of the price mechanism and of extending its use into new areas of activity.</p>		<p>way in which the basic economic problem is resolved in a market economy.</p> <p>To understand the advantages and disadvantages of the price mechanism and of extending its use into new areas of study.</p>	<p>assess the view that introducing the price mechanism and markets into some fields of human activity may be undesirable and is likely to affect the nature of the activity.</p>	<p>the price mechanism explained</p> <p>Economics and Business Education Association (EBEA) Summer 2011. 'Resource allocation – the curious case of Tesco, the local pub and an invisible hand'. This document is protected by copyright, however, it is an extremely useful activity in which students consider how the market mechanism works to allocate resources. They are asked to consider initially how, say the UK, manages to feed 63 million people every day. It opens up debate about spontaneous order, whether or not markets have morals, it's possible to bring in the idea of altruism and charitable giving and doing – foodbanks for example, and whether there is or isn't the need for government intervention. This could be adapted to suit local circumstances.</p>
<p>3.1.3 An introduction to production, costs, revenue and profit</p> <p>Total teaching time: 6 hours</p>					

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.3.2 Specialisation, division of labour and exchange</p>	<p>Benefits and costs of specialisation and division of labour. Why specialisation requires an efficient means of exchanging goods and services, including the use of money as a medium of exchange.</p>	<p>2 hours</p>	<p>To understand the benefits and costs of specialisation and the division of labour. To understand why specialisation requires an efficient means of exchanging goods and services, including the use of money as a medium of exchange.</p>		<p>Economicshelp – specialisation and the division of labour Tutor2u – study notes – specialisation Tutor2u – topics – medium of exchange Consider creating a production line for the manufacture of, for example, paper lanterns in the classroom to illustrate the benefits and drawbacks of the division of labour. Each student should make their own in timed conditions; students then consider how many tasks paper lantern manufacture might be divided into; (use Adam Smith’s findings from the pin factory as a guide); each task is allocated to a student; and they set to work on the production line.</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.3.1 Production and productivity</p>	<p>Production converts inputs, such as raw materials, capital and labour, into final output.</p> <p>Importance of the natural environment in sustaining economic activity.</p> <p>Meaning of productivity, including labour productivity.</p>	<p>1 hour</p>	<p>To understand that production converts inputs, such as raw materials, capital and labour, into final output.</p> <p>To understand the importance of the natural environment in sustaining economic activity.</p> <p>To understand the meaning of productivity and labour productivity.</p>	<p>Students should appreciate relationships between production and the natural environment. The environment provides inputs into the productive process and can be damaged by productive activity.</p>	<p>Tutor2u – video – the difference between production and productivity</p> <p>Economicshelp – productivity OECD Data – GDP per hour worked</p> <p>Tutor2u – revision presentation – productivity/production and the costs of supply</p>
<p>3.1.3.3 Costs of production</p>	<p>Difference between the short run and the long run.</p> <p>Difference between fixed and variable costs.</p> <p>Difference between average and total costs.</p>	<p>1 hour</p>	<p>To understand the difference between the short run and the long run.</p> <p>To understand the difference between fixed and variable costs, and the difference between average and total costs.</p> <p>To calculate average and total costs.</p>	<p>Students should be able to calculate average and total costs.</p> <p>Students should appreciate that the short-run average cost curve is likely to be U-shaped but a formal link with the law of diminishing returns is not expected. This is included in Unit 3.</p> <p>They should understand that the shape of the long-run average cost curve is determined by economies and diseconomies of scale.</p>	<p>Economicshelp – costs of production</p> <p>Tutor2n – video – short run and long run</p> <p>Tutor2u – study notes – explaining fixed and variable costs of production</p> <p>Tutor2u – study notes – LRAC</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
3.1.3.5 Average revenue, total revenue and profit	<p>Difference between average and total revenue.</p> <p>The average revenue curve is the firm's demand curve.</p> <p>Profit is the difference between total revenue and total costs.</p>	1 hour	<p>To understand the difference between average and total revenue.</p> <p>To understand that the average revenue curve is the firm's demand curve.</p> <p>To calculate average revenue, total revenue and profit.</p> <p>To understand that profit is the difference between total revenue and total costs.</p>	Students should be able to calculate average revenue, total revenue and profit.	<p>Tutor2u – revision activity – revenue and costs</p> <p>Tutor2u – study notes – profit (A-level also)</p>
3.1.3.4 Economies and diseconomies of scale	<p>Difference between internal and external economies of scale.</p> <p>Reasons for diseconomies of scale.</p> <p>Relationship between economies of scale, diseconomies of scale and the shape of the long-run average cost curve.</p>	1 hour	<p>To understand the difference between internal and external economies of scale.</p> <p>To understand the reasons for diseconomies of scale.</p> <p>To understand the relationship between economies of scale, diseconomies of scale and the shape of the long-run average cost curve.</p>	Students should be able to categorise and give examples of both internal and external economies of scale.	<p>Tutor2u – study notes – economies of scale</p> <p>Tutor2u – economies of scale 2019 update</p> <p>Tutor2u – video – explaining internal and external economies of scale</p> <p>Tutor2u – video – economies of scale - evaluating benefits and costs</p> <p>Economicshelp – economies of scale</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
					Economicshelp – diseconomies of scale Tutor2u – study notes – diseconomies of scale
3.1.4 Competitive and concentrated markets Total teaching time: 7 hours					
3.1.4.1 Market structures	There is a range of market structures and they affect the behaviour of firms. Factors including the number of firms, the degree of product differentiation and ease of entry are used to distinguish between different market structures.	1 hour	To understand there is a range of market structures and they affect the behaviour of firms. To understand that various factors including the number of firms, the degree of product differentiation and ease of entry are used to distinguish between different market structures.	Students are not required to draw or use the traditional 'theory of the firm' diagrams.	Economicshelp – market structures Tutor2u – study notes – market structures

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
3.1.4.2 The objectives of firms	Profit is an important objective of most firms. Firms may also have other objectives including survival, growth and increasing their market share.	1 hour	To understand that profit is an important objective of most firms. To understand that firms may also have other objectives including survival, growth and increasing their market share.	Students should be aware that firms may have a variety of objectives but a detailed knowledge of these objectives is not required. However, students should appreciate that the objectives of a firm will affect its behaviour.	Economicshelp – business objectives bbc.co.uk – Apple profits his by slowing iPhone sales Tutor2u – study notes – business objectives
3.1.4.3 Competitive markets	Main characteristics of a perfectly competitive market. In such markets the price is determined by the interaction of demand and supply. Why profits are likely to be lower in a competitive market than in a market which is dominated by a few large firms.	2 hours	To understand the main characteristics of a perfectly competitive market. To understand that in such markets the price is determined by the interaction of demand and supply. To understand why profits are likely to be lower in a competitive market than in a market which is dominated by a few large firms.	An understanding of the formal model of perfect competition and the associated diagrams is not required. Students should understand factors that affect the competitiveness of a market, including the number of firms and barriers to entry.	Economicshelp – competitive markets bbc.co.uk – Using a cheap smartphone to catch fish Tutor2u – study notes – perfect competition

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.4.4 Monopoly and monopoly power</p>	<p>Difference between pure monopoly and monopoly power. Monopoly power is influenced by various factors including as barriers to entry, the number of competitors, advertising and the degree of product differentiation. Concentration ratios and how to calculate a concentration ratio. The basic model of monopoly suggests that higher prices and profits and inefficiency may result in a misallocation of resources compared to the outcome in a competitive market. Potential benefits from monopoly, including economies of scale and possibly more invention and innovation.</p>	<p>2 hours</p>	<p>To understand the difference between pure monopoly and monopoly power. To understand that monopoly power is influenced by various factors including as barriers to entry, the number of competitors, advertising and the degree of product differentiation. To understand concentration ratios and how to calculate a concentration ratio. To understand the basic model of monopoly suggests that higher prices and profits and inefficiency may result in a misallocation of resources compared to the outcome in a competitive market. To understand the potential benefits from monopoly, including economies of scale and possibly more invention and innovation.</p>	<p>Students should appreciate that there are few examples of pure monopoly but many firms have monopoly power. A formal diagrammatic analysis of monopoly is not required but students should be able to use a demand curve to illustrate that if a monopolist raises the market price above the competitive level, output will fall. They should also be able to use a long-run average cost curve to illustrate the benefits from economies of scale that may result from monopoly. Students should appreciate the various factors which affect the behaviour and performance of firms in a variety of real-world markets.</p>	<p>Economicshelp – monopoly The Guardian – Big tech has too much monopoly power Tutor2u – videos – monopoly: Evaluating monopoly as micro Concentration ration as micro</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.4.5 The competitive market process</p>	<p>Firms do not just compete on price but competition will, for example, also lead firms to strive to improve products, reduce costs and improve the quality of the service provided.</p>	<p>1 hour</p>	<p>To understand that firms do not just compete on price but competition will, for example, also lead firms to strive to improve products, reduce costs and improve the quality of the service provided.</p>	<p>Students should recognise that many large firms compete vigorously with each other, benefiting consumers, but that monopoly power may lead to a misallocation of resources and consumers being exploited.</p>	<p>Economicshelp – how firms compete</p> <p>Students should take the opportunity to observe and research the behaviour of a variety of firms in the real world to build up a portfolio of real-world examples.</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.5 Market failure and government intervention in markets</p> <p>Total teaching time: 26 hours</p>					
<p>3.1.5.1 The meaning of market failure</p>	<p>Market failure occurs whenever a market leads to a misallocation of resources.</p> <p>Meaning of a misallocation of resources.</p> <p>How public goods, positive and negative externalities, merit and demerit goods, monopoly and other market imperfections, and inequalities in the distribution of income and wealth can lead to market failure.</p>	<p>1 hour</p>	<p>To understand that market failure occurs whenever a market leads to a misallocation of resources.</p> <p>To understand the meaning of a misallocation of resources.</p> <p>To understand how public goods, positive and negative externalities, merit and demerit goods, monopoly and other market imperfections, and inequalities in the distribution of income and wealth can lead to market failure.</p>	<p>Students should be able to provide examples of each of these causes of market failure.</p>	<p>EconplusDal – market failure</p> <p>Tutor2u – study notes – introduction to market failure</p> <p>Tutor2u – study notes – partial and complete market failure</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.5.2 Private goods, public goods, and quasi-public goods</p>	<p>Pure public goods are non-rival and non-excludable and recognition of the significance of these characteristics.</p> <p>Difference between a public good and a private good.</p> <p>Circumstances when a public good may take on some of the characteristics of a private good and become a quasi-public good.</p> <p>Significance of technological change, eg television broadcasting is now excludable.</p> <p>Free-rider problem.</p> <p>Tragedy of the commons.</p>	<p>3 hours</p>	<p>To understand that pure public goods are non-rival and non-excludable and recognition of the significance of these characteristics.</p> <p>To understand the difference between a public good and a private good.</p> <p>To understand the circumstances when a public good may take on some of the characteristics of a private good and become a quasi-public good.</p> <p>To understand the significance of technological change, eg television broadcasting is now excludable.</p> <p>To understand the free-rider problem.</p> <p>To understand the tragedy of the commons.</p>	<p>Students should understand the relevance of the ‘tragedy of the commons’ for environmental market failures. They should also understand the criticisms of the theory.</p>	<p>EconplusDal – public goods</p> <p>Economicshelp – the freerider problem</p> <p>The Guardian – BBC admits iPlayer has lost streaming fight with Netflix</p> <p>Tutor2u – study notes – public goods and market failure</p> <p>Tutor2u – study notes – public goods</p> <p>Tutor2u – study notes – the free-rider problem</p> <p>Video – tragedy of the commons</p> <p>Tutor2u – study notes – tragedy of the commons</p> <p>Economics Today, November 2018 Volume 26 Number 2, Anforme: Water mess</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.5.3 Positive and negative externalities in consumption and production</p>	<p>Externalities exist when there is a divergence between private and social costs and benefits.</p> <p>Why negative externalities are likely to result in overproduction and that positive externalities are likely to result in underproduction.</p> <p>Why the absence of property rights may result in externalities and hence market failure.</p>	<p>4 hours</p>	<p>To understand that externalities exist when there is a divergence between private and social costs and benefits.</p> <p>To understand why negative externalities are likely to result in overproduction and that positive externalities are likely to result in underproduction.</p> <p>To understand why the absence of property rights may result in externalities and hence market failure.</p> <p>To use demand and supply diagrams to illustrate the misallocation of resources resulting from externalities in consumption and production.</p>	<p>Students should be able to illustrate the misallocation of resources resulting from externalities in consumption and production, using demand and supply diagrams.</p> <p>Students are not required to use MSC/MSB diagrams.</p>	<p>AQA Teacher Guide – Externalities</p> <p>Economicshelp – externalities</p> <p>EconplusDal – various videos such as negative externalities in production</p> <p>bbc.co.uk – Delhi air pollution killing our children</p> <p>Tutor2u – study notes – positive consumption externalities</p> <p>Tutor2u – study notes/ collections – negative externalities</p> <p>Tutor2u – study notes – positive externalities</p> <p>Economics Today, September 2018 Volume 26 Number 1, Anforme: Is it worth spending millions of pounds on trying for success at the Winter Olympics?</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.5.4 Merit and demerit goods</p>	<p>The classification of merit and demerit goods depends upon a value judgement.</p> <p>Such products may be subject to positive and negative externalities in consumption.</p> <p>How under provision of merit goods and overprovision of demerit goods may also result from imperfect information.</p>	<p>3 hours</p>	<p>To understand the classification of merit and demerit goods depends upon a value judgement.</p> <p>To understand that such products may be subject to positive and negative externalities in consumption.</p> <p>To understand how under provision of merit goods and overprovision of demerit goods may also result from imperfect information.</p> <p>To use demand and supply diagrams to illustrate the misallocation of resources resulting from the consumption of merit and demerit goods.</p>	<p>Students should be able to illustrate the misallocation of resources resulting from the consumption of merit and demerit goods using demand and supply diagrams.</p> <p>Students are not required to use MSC/MSB diagrams.</p> <p>Students should understand that not all products that result in positive or negative externalities in consumption are either merit or demerit goods.</p>	<p>EconplusDal – merit and demerit goods</p> <p>Economicshelp – merit and demerit goods</p> <p>bbc.co.uk – E-cigarettes: how safe are they?</p> <p>Economic Review, February 2018 Volume 35 Number 3, Hodder Education: <i>Education</i></p> <p>Tutor2u – study notes – demerit goods</p> <p>Tutor2u – study notes – merit goods</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.5.5 Market imperfections</p>	<p>Why imperfect and asymmetric information can lead to market failure.</p> <p>Why the existence of monopoly and monopoly power can lead to market failure.</p> <p>Why the immobility of factors of production can lead to market failure.</p> <p>Why price instability may be a source of market failure.</p>	<p>2 hours</p>	<p>To understand why imperfect and asymmetric information can lead to market failure.</p> <p>To understand why the existence of monopoly and monopoly power can lead to market failure.</p> <p>To understand why the immobility of factors of production can lead to market failure.</p> <p>To understand why price instability may be a source of market failure.</p>	<p>Students should understand that economic agents may not have access to the same information and that this may contribute to markets operating inefficiently.</p>	<p>EconplusDal – market failure</p> <p>The Economist – Can you buy a good second hand car – the juicy market for lemons</p> <p>bbc.co.uk – How the scramble for sand is destroying the Mekong</p> <p>Tutor2u – collections – information failure</p> <p>Tutor2u – study notes – monopoly and monopoly power</p> <p>Tutor2u – study notes – factor immobility</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.5.6 An inequitable distribution of income and wealth</p>	<p>Difference between income and wealth.</p> <p>Distinction between equality and equity.</p> <p>In the absence of government intervention, the market mechanism is likely to result in a very unequal and inequitable distribution of income and wealth.</p> <p>In a market economy, an individual's ability to consume goods and services depends upon their income and wealth, and an inequitable distribution of income and wealth leads to a misallocation of resources and market failure.</p>	<p>2 hours</p>	<p>To understand the difference between income and wealth.</p> <p>To understand the distinction between equality and equity.</p> <p>To understand that in the absence of government intervention, the market mechanism is likely to result in a very unequal and inequitable distribution of income and wealth.</p> <p>To understand that in a market economy, an individual's ability to consume goods and services depends upon their income and wealth, and an inequitable distribution of income and wealth leads to a misallocation of resources and market failure.</p>	<p>Students should understand that economic welfare is affected by the distribution of income and wealth.</p> <p>Students should understand that the degree of inequality can be measured but that whether or not a given distribution of income is equitable (fair and just) involves a value judgement.</p>	<p>EconplusDal – inequalities in the distribution of income and wealth</p> <p>Economicshelp – inequality</p> <p>telegraph.co.uk – Where children sleep</p> <p>Tutor2u – study notes – distribution of income and wealth</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.5.7 Government intervention in markets</p>	<p>The existence of market failure, in its various forms, provides an argument for government intervention in markets.</p> <p>Governments influence the allocation of resources in a variety of ways, including through public expenditure, taxation and regulations.</p> <p>Governments have a range of objectives and these aims affect how they intervene in a mixed economy to influence the allocation of resources.</p> <p>Use of indirect taxation, subsidies, price controls, buffer stocks, pollution</p>	<p>10 hours</p>	<p>To understand the existence of market failure, in its various forms, provides an argument for government intervention in markets.</p> <p>To understand that governments influence the allocation of resources in a variety of ways, including through public expenditure, taxation and regulations.</p> <p>To understand that governments have a range of objectives and these aims affect how they intervene in a mixed economy to influence the allocation of resources.</p> <p>To understand the use of indirect taxation, subsidies, price controls, buffer stocks, pollution permits, extension of property rights, state provision and regulation to correct market failure.</p>	<p>Students should be able to assess the role of the government and markets in a variety of situations.</p> <p>Students should be able to analyse the effects of government intervention in markets on consumers, producers and other economic agents.</p> <p>Students should understand that progressive taxes and government spending can be used to reduce inequality.</p> <p>Students should be able to evaluate the case for and against government intervention in markets and to assess the relative merits of different methods of intervention.</p>	<p>Tutor2u – study notes – intervention to address environmental market failure</p> <p>Tutor2u – study notes – indirect taxation</p> <p>bbc.co.uk – COP 25: longest climate talks end with compromise deal</p> <p>Economics Today, September 2018 Volume 26 Number 1, Anforme: Should there be a charge for disposable coffee cups?</p> <p>Economic Review, September 2018 Volume 36 Number 1, Hodder Education: <i>Plastic pollution and the economics of the bag tax</i></p> <p>Economics Today, November 2018 Volume 26 Number 2, Anforme: Tourists: to tax or not to tax?</p> <p>Tutor2u – study notes – subsidies</p> <p>Economics Today, September 2018 Volume 26 Number 1, Anforme: Are museums a thing of the past?</p> <p>Tutor2u – study notes – buffer</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	permits, extension of property rights, state provision and regulation to correct market failure.				<p>stocks</p> <p>Tutor2u - study notes – maximum price</p> <p>Tutor2u - study notes – minimum price</p> <p>Tutor2u – study notes – regulation</p> <p>Tutor2u – study notes – cap and trade</p> <p>Tutor2u – study notes – property rights</p> <p>Tutor2u – study notes – state provision – eg water nationalisation</p> <p>Economic Review, November 2018 Volume 36 Number 2, Hodder Education: <i>How should we fund the NHS?</i></p> <p>Tutor2u – study notes – environmental failure – solutions</p> <p>EconplusDal – various intervention videos – such a indirect taxation and market failure</p> <p>Economicshelp – government intervention</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.1.5.8 Government failure</p>	<p>Government failure occurs when government intervention in the economy leads to a worse allocation of resources and a fall in economic welfare.</p> <p>Inadequate information, inappropriate or conflicting objectives, administrative costs and corruption are possible sources of government failure.</p> <p>Government intervention can lead to unintended consequences.</p>	<p>1 hour</p>	<p>To understand that government failure occurs when government intervention in the economy leads to a worse allocation of resources and a fall in economic welfare.</p> <p>To understand that inadequate information, inappropriate or conflicting objectives, administrative costs and corruption are possible sources of government failure.</p> <p>To understand that government intervention can lead to unintended consequences.</p>	<p>Students should understand that government involvement in an economy can improve economic welfare but they should also understand that government intervention may lead to a reduction in economic welfare.</p>	<p>Economicshelp – government failure</p> <p>bbc.co.uk – BP: Plastic ban could have unintended consequences</p> <p>EconplusDal – government failure</p> <p>Tutor2u – collections – government failure</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
Unit 3.2: The national economy in a global environment					
3.2.1 The measurement of macroeconomic performance Total teaching time 7 hours					
3.2.1.1 The objectives of government economic policy	<p>Main objectives of government macroeconomic policy: economic growth, price stability, minimising unemployment and a stable balance of payments on current account.</p> <p>The possibility of conflicts arising when attempting to achieve these objectives.</p> <p>The importance attached to different objectives will affect the policies adopted by the government.</p>	3 hours	<p>To understand the main objectives of government macroeconomic policy: economic growth, price stability, minimising unemployment and a stable balance of payments on current account.</p> <p>To understand the possibility of conflicts arising when attempting to achieve these objectives.</p> <p>To understand the importance attached to different objectives will affect the policies adopted by the government.</p>	<p>Students should recognise that governments may also have other economic policy objectives, including balancing the budget, achieving an equitable distribution of income and wealth, and protecting the environment.</p> <p>They should be aware that the importance attached to the different objectives changes over time and is affected by political and social factors.</p>	<p>Consider this as a general introduction to the national economy in a global context. It provides an excellent opportunity for students to carry out research into the current macroeconomic situation, they could compare data from previous years and identify trends.</p> <p>EconplusDal – macroeconomic objectives</p> <p>bbc.co.uk – World Bank warns on global growth</p> <p>Tutor2u – activity – ‘Prime Minister for the Day’</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.1.2 Macroeconomic indicators</p>	<p>Data which is commonly used to measure the performance of an economy, including: real GDP, real GDP per capita, Gini coefficient, consumer price index, measures of unemployment, productivity and the balance of payments on current account.</p> <p>How index numbers are calculated, including the base year and weights.</p>	<p>4 hours</p>	<p>To understand data which is commonly used to measure the performance of an economy, including: real GDP, real GDP per capita, Gini coefficient, consumer price index, measures of unemployment, productivity and the balance of payments on current account.</p> <p>To understand how index numbers are calculated, including the base year and weights.</p> <p>To understand the difference between real and nominal data and the significance of the distinction.</p>	<p>Students should understand the difference between real and nominal data and the significance of this distinction.</p> <p>They should understand how index numbers are used to measure changes in the price level and other economic variables.</p>	<p>This can be linked to the research in specification reference 3.2.1.1, and can be taken further by researching the economic performance of different countries. Students can identify trends, and compare/contrast macroeconomic performance.</p> <p>EconplusDal – macroeconomic indicators</p> <p>Tutor2u – study notes – measuring macroeconomic performance – indicators</p> <p>Tutor2u – study notes – index numbers</p>
<p>3.2.2 How the macroeconomy works Total teaching time: 18 hours</p>					

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.2.1 The circular flow of income</p>	<p>What national income measures.</p> <p>Difference between nominal (money) and real income.</p> <p>Real national income as an indicator of economic performance.</p> <p>The circular flow of income model, the equation $\text{income} = \text{output} = \text{expenditure}$ and the concepts of equilibrium and full employment income.</p> <p>Difference between injections and withdrawals into the circular flow of income.</p> <p>Effects of changes in injections and withdrawals on national income.</p>	<p>3 hours</p>	<p>To understand what national income measures.</p> <p>To understand the difference between nominal (money) and real income.</p> <p>To understand that real national income as an indicator of economic performance.</p> <p>To understand the circular flow of income model, the equation $\text{income} = \text{output} = \text{expenditure}$ and the concepts of equilibrium and full employment income.</p> <p>To understand the difference between injections and withdrawals into the circular flow of income, and the effects of changes in injections and withdrawals on national income.</p>	<p>Students are not expected to have a detailed knowledge of the construction of national income accounts.</p> <p>Students should appreciate that although national income is an important indicator of macroeconomic performance, there are many other factors that influence economic well-being.</p>	<p>AQA teaching guide – podcast – How the macroeconomy works</p> <p>Economicshelp – the circular flow of income</p> <p>Tutor2u – study notes – real and nominal national income</p> <p>Tutor2u – study notes – the circular flow of income</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.2.2 Aggregate demand and aggregate supply analysis</p>	<p>Changes in the price level are represented by movements along the aggregate demand (AD) and aggregate supply (AS) curves.</p> <p>Factors that shift the AD curve and the short-run aggregate supply (SRAS) curve.</p> <p>Factors which affect long-run aggregate supply</p> <p>Underlying economic growth is represented by a rightward shift in the long-run aggregate supply (LRAS) curve.</p> <p>Use AD/AS diagrams to illustrate macroeconomic equilibrium.</p> <p>Effects of demand-side and supply-side shocks on the macroeconomy.</p>	<p>4 hours</p>	<p>To understand that changes in the price level are represented by movements along the aggregate demand (AD) and aggregate supply (AS) curves.</p> <p>To understand the factors that shift the AD curve and the short-run aggregate supply (SRAS) curve.</p> <p>To understand the factors which affect long-run aggregate supply</p> <p>To understand that the underlying economic growth is represented by a rightward shift in the long-run aggregate supply (LRAS) curve.</p> <p>To use AD/AS diagrams to illustrate macroeconomic equilibrium, changes in the price level, demand-deficient (cyclical) unemployment and economic growth.</p> <p>To understand the effects of demand-side and</p>	<p>Students should be able to use AD and AS analysis to help them explain macroeconomic problems and issues. For example, they should be able to use AD and AS diagrams to illustrate changes in the price level, demand-deficient (cyclical) unemployment and economic growth.</p> <p>Students should also understand how global economic events affect the domestic economy.</p>	<p>Economicshelp – aggregate demand</p> <p>Economicshelp – aggregate supply</p> <p>Tutor2u – collections – aggregate demand</p> <p>Tutor2u – collections – aggregate supply</p> <p>Tutor2u – study notes – demand and supply-side shocks</p> <p>Economics Today, September 2018 Volume 26 Number 1, Anforme: What determines the short-run aggregate supply and aggregate demand?</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
			supply-side shocks on the macroeconomy.		
<p>3.2.2.3 Determinants of aggregate demand</p>	<p>Meaning of aggregate demand (AD). Components of AD. Determinants of consumption, investment, government spending, exports and imports. Determinants of savings. Marginal propensities to consume, save, tax and import. Difference between saving and investment. Basic accelerator process.</p>	6 hours	<p>To understand the meaning of aggregate demand (AD). To understand the components of AD. To understand the determinants of consumption, investment, government spending, exports and imports. To understand the determinants of savings. To understand the marginal propensities to consume, save, tax and import. To understand the difference between saving and investment. To understand the basic accelerator process.</p>	<p>Students will not be required to undertake calculations to illustrate the accelerator process. Students should understand how changes in net exports affect AD and how global events affect economic performance.</p>	<p>Economicshelp – aggregate demand Tutor2u – collections – aggregate demand Tutor2u – collections – aggregate supply</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
3.2.2.4 Aggregate demand and the level of economic activity	<p>Role of AD in influencing the level of economic activity.</p> <p>Multiplier process, why an initial change in expenditure may lead to a larger change in local or national income.</p>	2 hours	<p>To understand the role of AD in influencing the level of economic activity.</p> <p>To understand the multiplier process, why an initial change in expenditure may lead to a larger change in local or national income.</p> <p>To calculate the value of the multiplier.</p>	Students should be able to calculate the value of the multiplier.	<p>Economicshelp – aggregate demand</p> <p>Tutor2u – collections – the multiplier</p>
3.2.2.5 Determinants of short-run aggregate supply	<p>The price level and production costs are the main determinants of short-run aggregate supply.</p> <p>Changes in costs, including: money wage rates, raw material prices, indirect taxes and productivity, will shift the SRAS curve.</p>	1 hour	<p>To understand the price level and production costs are the main determinants of short-run aggregate supply.</p> <p>To understand that changes in costs, including: money wage rates, raw material prices, indirect taxes and productivity, will shift the SRAS curve.</p>	Students should be able to distinguish between causes of movements along and shifts in the SRAS curve.	<p>EconplusDal – LRAS and SRAS</p> <p>Economicshelp – SRAS/LRAS</p> <p>Tutor2u – collections – aggregate supply</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.2.6 Determinants of long-run aggregate supply</p>	<p>Fundamental determinants of long-run aggregate supply including the capital stock, technology, working population, productivity, attitudes, enterprise, factor mobility, and economic incentives.</p> <p>The position of the vertical LRAS curve represents the normal capacity level of output of the economy.</p>	<p>2 hours</p>	<p>To understand that the fundamental determinants of long-run aggregate supply including the capital stock, technology, working population, productivity, attitudes, enterprise, factor mobility, and economic incentives.</p> <p>To understand that the position of the vertical LRAS curve represents the normal capacity level of output of the economy.</p>	<p>It is assumed that the LRAS curve is vertical. However, students should understand the Keynesian view that an economy can get stuck producing well below its normal capacity level of output for many years.</p>	<p>Economicshelp – LRAS</p> <p>EconplusDal – LRAS and SRAS</p> <p>Tutor2u – collections – aggregate supply</p>
<p>3.2.3 Economic performance Total teaching time: 23 hours</p>					
<p>3.2.3.1 Economic growth and the economic cycle</p>	<p>Difference between short-run and long-run growth.</p> <p>Various demand-side and supply-side determinants of short-run growth of real national income and the long-run</p>	<p>5 hours</p>	<p>To understand the difference between short-run and long-run growth.</p> <p>To understand the various demand-side and supply-side determinants of short-run growth of real national income and the long-run trend rate of economic</p>	<p>Students should be able to use a production possibility curve and AD/AS diagrams to illustrate the distinction between short-run and long-run economic growth.</p> <p>Students should understand that long-run economic growth occurs when the productive</p>	<p>Economicshelp – economic growth</p> <p>Tutor2u – topics – economic growth</p> <p>Tutor2u – topics – economic cycle</p> <p>Tutor2u – topics – output gaps</p> <p>Tutor2u – study notes – demand and supply-side shocks</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>trend rate of economic growth.</p> <p>The concept of the economic cycle and the use of a range of economic indicators, including real GDP, the rate of inflation, unemployment and investment, to identify the various phases of the economic cycle.</p> <p>Difference between positive and negative output gaps.</p> <p>How demand-side and supply-side shocks, in the national and global economy, affect domestic economic activity.</p>		<p>growth.</p> <p>To understand the concept of the economic cycle and the use of a range of economic indicators, including real GDP, the rate of inflation, unemployment and investment, to identify the various phases of the economic cycle.</p> <p>To understand the difference between positive and negative output gaps.</p> <p>To understand how demand-side and supply-side shocks, in the national and global economy, affect domestic economic activity.</p>	<p>capacity of the economy is increasing and is a term used to refer to the trend rate of growth of real national output in an economy over time.</p> <p>Students should understand that a positive output gap occurs when real GDP is above the productive potential of the economy, and a negative output gap occurs when real GDP is below the economy's productive potential.</p>	<p>bbc.co.uk – China economy: growth rate misses expectations</p> <p>The Guardian – economic impact of Australia's wildfires</p> <p>Al Jazeera – Uncertainty and lower growth expected in MENA region: IMF</p> <p>Consider reviewing the official statistics for the economy, such as the Office for National Statistics in the UK, the recognised national statistical institute of the UK</p> <p>Economics Today, September 2018 Volume 26 Number 1, Anforme: The story of economic growth.</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.3.2 Employment and unemployment</p>	<p>Measuring of unemployment, including the International Labour Organisation (ILO) measure.</p> <p>Cyclical, structural, frictional and seasonal unemployment.</p> <p>Distinction between unemployment and underemployment</p> <p>How employment, unemployment and underemployment may be determined by both demand-side and supply-side factors.</p> <p>Global influences upon employment and unemployment.</p>	<p>5 hours</p>	<p>To understand how unemployment is measured, including the International Labour Organisation (ILO) measure.</p> <p>To understand the terms cyclical, structural, frictional and seasonal unemployment.</p> <p>To understand the distinction between unemployment and underemployment, and how employment, unemployment and underemployment may be determined by both demand-side and supply-side factors.</p> <p>To understand the global influences upon employment and unemployment.</p>	<p>Students should understand that unemployment has a variety of causes and the appropriate policies to reduce unemployment depend on the cause.</p> <p>They should understand that a negative output gap is linked to cyclical unemployment and that supply-side causes of unemployment affect the normal capacity level of output and the position of the LRAS curve.</p>	<p>Economicshelp – unemployment</p> <p>EconplusDal – unemployment</p> <p>statista.com – the 20 countries with the highest unemployment rates 2017</p> <p>Tutor2u – topics – unemployment</p> <p>Consider reviewing the official statistics for the economy, such as the Office for National Statistics in the UK, the recognised national statistical institute of the UK</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.3.3 Inflation and deflation</p>	<p>Inflation, deflation and disinflation.</p> <p>Demand-pull and cost-push influences on the price level.</p> <p>How external events may affect domestic inflation, for example, changes in world commodity prices.</p> <p>How changes in the exchange rate affect inflation.</p>	<p>5 hours</p>	<p>To understand inflation, deflation and disinflation.</p> <p>To understand demand-pull and cost-push influences on the price level.</p> <p>To understand how external events may affect domestic inflation, for example, changes in world commodity prices.</p> <p>To understand how changes in the exchange rate affect inflation.</p>	<p>Students should understand that deflation exists when the price level is falling whereas disinflation is when the rate of inflation is falling.</p> <p>Students should understand that excessive growth in the money supply will increase aggregate demand and cause inflation.</p> <p>Students should appreciate that deflationary policies are policies to reduce aggregate demand and do not necessarily result in deflation.</p>	<p>Economicshelp – inflation</p> <p>EconplusDal – inflation</p> <p>bbc.co.uk – can Venezuela halt hyperinflation</p> <p>Tutor2u – collections – inflation</p> <p>Tutor2u – collections – deflation</p> <p>Economic Review, April 2018 Volume 35 Number 4, Hodder Education: Quantitative skills: <i>Inflation</i>.</p> <p>Consider reviewing the official statistics for the economy, such as the Office for National Statistics in the UK, the recognised national statistical institute of the UK.</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.3.4 The balance of payments on current account</p>	<p>Importance of international trade for an economy</p> <p>The balance of payments is a record of a country's financial transactions with the rest of the world</p> <p>The current account comprises trade in goods, trade in services, primary income and secondary income.</p> <p>Meaning of a deficit and a surplus on current account.</p> <p>Factors that influence a country's current account balance including productivity, inflation, the exchange rate, and economic activity at home and abroad.</p>	<p>5 hours</p>	<p>To understand the importance of international trade for an economy</p> <p>To understand the balance of payments is a record of a country's financial transactions with the rest of the world</p> <p>To understand the current account comprises trade in goods, trade in services, primary income and secondary income.</p> <p>To understand the meaning of a deficit and a surplus on current account.</p> <p>To understand the factors that influence a country's current account balance including productivity, inflation, the exchange rate, and economic activity at home and abroad.</p>	<p>Students should be aware that the current account is only one part of the balance of payments. Other parts of the balance of payments account are included in Unit 4.</p>	<p>Tutor2u – collections – balance of payments</p> <p>Al Jazeera – As trade tensions thaw, China reports drop in imports and exports</p> <p>Consider reviewing a news site for up to date information such as the BBC's 'Global Trade' page</p> <p>Consider reviewing the official statistics for the economy, such as the Office for National Statistics in the UK, the recognised national statistical institute of the UK.</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.3.5 Possible conflicts between macroeconomic policy objectives</p>	<p>How economic growth may affect the environment, the distribution of income, unemployment and the budget balance.</p> <p>How negative and positive output gaps relate to unemployment and inflationary pressures.</p> <p>How economic policies may be used to try to reconcile possible policy conflicts both in the short run and the long run.</p>	<p>3 hours</p>	<p>To understand how economic growth may affect the environment, the distribution of income, unemployment and the budget balance.</p> <p>To understand how negative and positive output gaps relate to unemployment and inflationary pressures.</p> <p>To understand how economic policies may be used to try to reconcile possible policy conflicts both in the short run and the long run.</p>	<p>Students should be able to use macroeconomic models, including the AD/AS model, to analyse the causes of possible conflicts between policy objectives in the short run and long run.</p>	<p>Economicshelp – Macroeconomic objectives and conflicts</p> <p>Tutor2n – study notes – policy conflicts</p> <p>Economic Review, September 2018 Volume 36 Number 1, Hodder Education: <i>Macroeconomic trade-offs</i></p>
<p>3.2.4 Macroeconomic policy Total teaching time: 18 hours</p>					

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.4.1 Monetary policy</p>	<p>Monetary policy involves the central bank acting to influence interest rates, the supply of money and credit, and the exchange rate.</p> <p>Objectives and targets of monetary policy</p> <p>Use of interest rates to control inflation and affect economic activity.</p> <p>How changes in the exchange rate affect aggregate demand and the various macroeconomic policy objectives.</p> <p>Other instruments of monetary policy, including quantitative easing.</p>	<p>6 hours</p>	<p>To understand that monetary policy involves the central bank acting to influence interest rates, the supply of money and credit, and the exchange rate.</p> <p>To understand the objectives and targets of monetary policy</p> <p>To understand the use of interest rates to control inflation and affect economic activity.</p> <p>To understand how changes in the exchange rate affect aggregate demand and the various macroeconomic policy objectives.</p> <p>To understand other instruments of monetary policy, including quantitative easing.</p>	<p>For this unit, students do not need to know how interest rates and the exchange rate are determined but they do need to know how changes in interest rates and the exchange rate affect macroeconomic performance.</p> <p>Students should recognise that the prime objective of monetary policy is usually to control inflation, but it may also have subsidiary objectives, including to moderate fluctuations in economic activity.</p> <p>Students should understand that quantitative easing is when the central bank makes large-scale purchases of government bonds and that this can help to increase aggregate demand by increasing the money supply and reducing interest rates.</p>	<p>Tutor2u – topics - monetary policy</p> <p>EconplusDal – monetary policy</p> <p>Economicshelp – monetary policy</p> <p>The Economist – Helicopter money</p> <p>Economic Review, November 2018 Volume 36 Number 2, Hodder Education: <i>Banks and interest rates</i></p> <p>In the UK, the website of the Central Bank, the Bank of England, is an excellent resource. Consider reviewing the website of the central bank</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.2.4.2 Fiscal policy</p>	<p>Fiscal policy involves the manipulation of government spending, taxation and the budget balance.</p> <p>Fiscal policy can have both macroeconomic and microeconomic functions.</p> <p>How fiscal policy can be used to influence aggregate demand.</p> <p>How fiscal policy can be used to influence aggregate supply.</p> <p>How government spending and taxation can affect the allocation of resources and the pattern of economic activity.</p> <p>Direct and indirect taxes.</p> <p>Progressive, proportional and</p>	<p>6 hours</p>	<p>To understand that fiscal policy involves the manipulation of government spending, taxation and the budget balance.</p> <p>To understand that fiscal policy can have both macroeconomic and microeconomic functions.</p> <p>To understand how fiscal policy can be used to influence aggregate demand.</p> <p>To understand how fiscal policy can be used to influence aggregate supply.</p> <p>To understand how government spending and taxation can affect the allocation of resources and the pattern of economic activity.</p> <p>To understand what is meant by direct and indirect taxes.</p> <p>To understand what is meant by progressive,</p>	<p>Students should appreciate that governments may deliberately run budget deficits and surpluses to try to influence aggregate demand.</p> <p>Students should understand how government spending and taxation can be used to try to achieve economic objectives, including an equitable distribution of income, protection of the environment, low unemployment and stable economic growth.</p>	<p>Tutor2u – topics – fiscal policy</p> <p>Economicshelp – fiscal policy</p> <p>OECD Data – general government spending</p> <p>Economic Review, February 2018 Volume 35 Number 3, Hodder Education: <i>Increasing the top rate of income tax</i></p> <p>Economic Review, February 2019 Volume 36 Number 3, Hodder Education: <i>The national debt</i></p> <p>Consider reviewing the official statistics for the economy, such as the HM Treasury 2018 Budget document in the UK</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>regressive taxes.</p> <p>The relationship between the budget balance and the national debt.</p> <p>Cyclical and structural influences on the budget balance.</p>		<p>proportional and regressive taxes.</p> <p>To understand the relationship between the budget balance and the national debt.</p> <p>To understand cyclical and structural influences on the budget balance.</p>		
<p>3.2.4.3 Supply-side policy</p>	<p>Difference between supply-side policies and supply-side improvements in the economy.</p> <p>How supply-side policies can help to achieve supply-side improvements in the economy.</p> <p>How supply-side policies, including tax changes designed to change incentives, may increase the potential output of the economy and increase the underlying trend rate</p>	<p>6 hours</p>	<p>To understand the difference between supply-side policies and supply-side improvements in the economy.</p> <p>To understand how supply-side policies can help to achieve supply-side improvements in the economy.</p> <p>To understand how supply-side policies, including tax changes designed to change incentives, may increase the potential output of the economy and increase the underlying trend rate of economic growth.</p>	<p>Students should recognise that supply-side improvements in an economy often originate in the private sector, independently of government, including through invention, innovation, training, investment and increases in productivity.</p>	<p>Tutor2u – topics – supply-side policies</p> <p>Economicshelp – supply-side policies</p> <p>Economic Review, February 2019 Volume 36 Number 3, Hodder Education: <i>The role of corporation tax</i></p> <p>Economic Review, February 2018 Volume 35 Number 3, Hodder Education: <i>The Northern Powerhouse</i></p> <p>Economic Review, April 2019 Volume 36 Number 4, Hodder Education: <i>The importance of human capital</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>of economic growth.</p> <p>How supply-side policies can affect unemployment, inflation and the balance of payments on current account.</p> <p>Supply-side policies including government spending on education and training, investment in infrastructure, welfare reforms, deregulation and industrial policy.</p>		<p>To understand how supply-side policies can affect unemployment, inflation and the balance of payments on current account.</p> <p>To understand various supply-side policies including government spending on education and training, investment in infrastructure, welfare reforms, deregulation and industrial policy.</p>		<p>Allow students to research current supply-side policy. In the UK, supply-side policies are initiated by central and local government.</p> <p>For example, to some extent there is de-centralisation of government policy. Are there similar initiatives to these? Both help to provide valuable real-world contexts to support theoretical analysis:</p> <p>The Northern Powerhouse initiative is designed to boost the economy in the north of England</p> <p>The Chorley (a small market town) council website provides support for enterprise</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
Unit 3.3: The economics of business behaviour and the distribution of income					
3.3.1 The objectives of individuals and firms					
Total teaching time: 12 hours					
3.3.1.1 The individual as a rational economic decision maker	Utility theory: total and marginal utility, the hypothesis of diminishing marginal utility and utility maximisation. Importance of information for decision making. Significance of asymmetric information.	2 hours	To understand utility theory: total and marginal utility, the hypothesis of diminishing marginal utility and utility maximisation. To understand the importance of information for decision making and the significance of asymmetric information.	Students should appreciate that the hypothesis of diminishing marginal utility supports a downward sloping demand curve but they are not expected to understand the principle of equi-marginal utility or to use this principle to explain why there is likely to be an inverse relationship between price and quantity demanded. Students should recognise that imperfect information makes it difficult for economic agents to make rational decisions and is a potential source of market failure.	AQA teaching guide – individual economic decision making Tutor2u – collections – utility theory Tutor2u – student videos – information failures
3.3.1.2 Behavioural influences on individual economic	Bounded rationality and bounded self-control. Biases in decision making:	3 hours	To understand what is meant by bounded rationality and bounded self-control. To understand various	Students should appreciate that behavioural economists question the assumption of traditional economic theory that individuals are rational decision	Our teaching guide – individual economic decision making Economicshelp – behavioural economics glossary

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
decision making	<p>computational problems, inertia, rules of thumb, anchoring and social norms.</p> <p>The importance of altruism and perceptions of fairness.</p>		<p>biases in decision making: computational problems, inertia, rules of thumb, anchoring and social norms.</p> <p>To understand the importance of altruism and perceptions of fairness.</p>	<p>makers who aim to maximise their utility. They should understand some of the reasons why an individual's economic decisions may be biased.</p> <p>They should appreciate how an understanding of the behavioural influences on individual decision making may affect the actions of firms and governments, including the use of nudges.</p>	<p>Tutor2u – topics – behavioural economics</p> <p>There is an enormous range of videos on the subject of behavioural economics, such as this 'Ted Talk' by Dan Ariely, author of 'Predictably Irrational'</p> <p>Economic Review, November 2018 Volume 36 Number 2, Hodder Education: <i>A nudge in the right direction</i></p> <p>Economic Review, September 2018 Volume 36 Number 1, Hodder Education: <i>Behavioural Economics: Nudges</i></p> <p>Economics Today, November 2018 Volume 26 Number 2, <i>Anforme: Should behavioural economics influence government policy?</i></p> <p>Economic Review, February 2019 Volume 36 Number 3, Hodder Education: <i>Rules of thumb – are they good for you?</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.1.3 The objectives of firms</p>	<p>The models that comprise the traditional theory of the firm are based upon the assumption that firms aim to maximise profits.</p> <p>A profit maximising firm will produce in the short run if it can cover its variable costs but will only produce in the long run if it can make normal profit.</p> <p>The reasons for, and the consequences of, a divorce of ownership from control.</p> <p>Firms may have a variety of other possible objectives.</p> <p>The satisficing principle.</p> <p>Government ownership and/or control of a firm may affect its objectives.</p>	<p>5 hours</p>	<p>To understand the models that comprise the traditional theory of the firm are based upon the assumption that firms aim to maximise profits.</p> <p>To understand that a profit maximising firm will produce in the short run if it can cover its variable costs but will only produce in the long run if it can make normal profit.</p> <p>To understand the reasons for, and the consequences of, a divorce of ownership from control.</p> <p>To understand that firms may have a variety of other possible objectives.</p> <p>To understand the satisficing principle.</p> <p>To understand that government ownership and/or control of a firm may affect its objectives.</p>	<p>Students should recognise that firms have a range of possible objectives including survival, growth, quality, maximising their sales revenue and increasing their market share.</p> <p>Students should be able to discuss how the divorce of ownership from control may affect the objectives of firms. They should understand that the objectives of a firm may affect price, output and other aspects of conduct and performance.</p>	<p>Economicshelp – firms’ objectives</p> <p>Tutor2u – collections – business objectives</p> <p>Allow students to carry out research on a variety of firms, to establish their objectives, and whether or not there is evidence of adverse consequences following the divorce of ownership and control. They could present their findings to the rest of the class.</p> <p>Additionally, take opportunities to observe firms’ behaviour in the domestic/global economy, and note how their objectives change over time.</p> <p>These activities can help to provide crucial real-world contexts to support students’ theoretical analysis</p> <p>CBS News – Shareholders fight back</p> <p>Economics Today, November 2018 Volume 26 Number 2, Anforme: <i>Are Netflix’s business objectives consistent with profit maximisation?</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
3.3.1.4 The growth of firms	How and why firms grow. Difference between internal (or organic) growth and external growth (mergers and takeovers). Different types of integration (vertical, horizontal and conglomerate).	2 hours	To understand how and why firms grow. To understand the difference between internal (or organic) growth and external growth (mergers and takeovers). To understand different types of integration (vertical, horizontal and conglomerate).	Students should understand the benefits and costs of different types of integration.	Economicshelp – the growth of firms ft.com – Fiat Chrysler and Peugeot agree to merge in giant auto deal Tutor2u – collections – business growth
3.3.2 Costs, revenue and profits Total teaching time: 12 hours					
3.3.2.1 The law of diminishing returns and returns to scale	Difference between marginal, average and total returns. Law of diminishing returns. Returns to scale. Difference between increasing, constant and decreasing returns to scale.	3 hours	To understand the difference between marginal, average and total returns. To understand the law of diminishing returns. To understand returns to scale. To understand the difference between increasing, constant and decreasing returns to scale.	Students should appreciate that both the law of diminishing returns and returns to scale explain relationships between inputs and output. They should also understand that these relationships have implications for costs of production and the shape of a firm's cost curves.	EconplusDal – the law of diminishing returns Tutor2u – topics – diminishing returns Tutor2u – study notes – returns to scale

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.2.2 Short-run cost curves</p>	<p>Marginal, average and total costs.</p> <p>Reasons for the shape of the marginal, average and total cost curves.</p> <p>How factor prices and productivity affect firms' costs of production and their choice of factor inputs.</p>	2 hours	<p>To understand what is meant by marginal, average and total costs.</p> <p>To calculate marginal, average and total costs.</p> <p>To draw and interpret short-run cost curves.</p> <p>To understand the reasons for the shape of the marginal, average and total cost curves.</p> <p>To understand how factor prices and productivity affect firms' costs of production and their choice of factor inputs.</p>	<p>Students should be able to calculate marginal, average and total costs.</p> <p>They should be able to draw and interpret short-run cost curves.</p>	<p>EconplusDal – short-run costs curves</p> <p>Tutor2u – collections – business costs</p>
<p>3.3.2.3 Long-run cost curves</p>	<p>Relationship between the short-run and long-run average cost curves.</p> <p>The L-shaped long-run average cost curve.</p> <p>Minimum efficient scale of production.</p>	2 hours	<p>To understand the relationship between the short-run and long-run average cost curves.</p> <p>To understand the L-shaped long-run average cost curve.</p> <p>To understand what is meant by minimum efficient scale of production, and</p>	<p>Students should understand the significance of the minimum efficient scale for the structure of an industry and barriers to entry.</p>	<p>EconplusDal – long-run costs</p> <p>Tutor2u – collections – business costs</p> <p>Tutor2u – study notes – minimum efficient scale</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
			understand its significance for the structure of an industry and barriers to entry.		
3.3.2.4 Marginal, average and total revenue curves	<p>Marginal, average and total revenue.</p> <p>The relationship between average and marginal revenue.</p> <p>The relationship between marginal revenue, total revenue and price elasticity of demand.</p>	2 hours	<p>To understand what is meant by marginal, average and total revenue.</p> <p>To calculate marginal, average and total revenue.</p> <p>To understand the relationship between average and marginal revenue.</p> <p>To draw and interpret revenue curves.</p> <p>To understand the relationship between marginal revenue, total revenue and price elasticity of demand.</p>	<p>Students should be able to calculate marginal, average and total revenue.</p> <p>They should be able to draw and interpret revenue curves.</p>	<p>EconplusDal – revenue curves</p> <p>Tutor2u – presentation – business revenues</p>
3.3.2.5 Profit	<p>Difference between normal and abnormal (supernormal) profit.</p> <p>The role of profit in a market economy</p>	1 hour	<p>To understand the difference between normal and abnormal (supernormal) profit.</p> <p>To understand the role of profit in a market economy</p>	<p>Students should understand why normal profit varies from one industry to another.</p>	<p>Economicshelp – the role of profit</p> <p>Tutor2u – study notes – profit</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.2.6 Technological change</p>	<p>Difference between invention and innovation.</p> <p>Technological change can affect methods of production, productivity, efficiency and firms' costs of production.</p> <p>Technological change can lead to the development of new products, the development of new markets and may destroy existing markets.</p> <p>Technological change can influence the structure of markets.</p> <p>Patents and intellectual property rights.</p> <p>Role of governments in generating technological change.</p>	<p>2 hours</p>	<p>To understand the difference between invention and innovation.</p> <p>To understand that technological change can affect methods of production, productivity, efficiency and firms' costs of production.</p> <p>To understand that technological change can lead to the development of new products, the development of new markets and may destroy existing markets.</p> <p>To understand how the process of creative destruction is linked to technological change.</p> <p>To understand that technological change can influence the structure of markets.</p> <p>To understand what is meant by patents and intellectual property rights and understand the arguments for and against</p>	<p>Students should understand how the process of creative destruction is linked to technological change.</p> <p>Students should understand the arguments for and against protecting intellectual property rights through a system of patents.</p> <p>Students should understand that invention, innovation and technological change can be generated in both the public and private sectors of an economy.</p>	<p>Economicshelp – creative destruction</p> <p>bbc.co.uk – AI 'outperforms' doctors diagnosing breast cancer</p> <p>Tutor2u – collections – innovation</p> <p>Tutor2u – presentation – creative destruction</p> <p>telegraph.co.uk – driverless air taxis will be here before driverless cars, says Uber Air partner</p> <p>The Economist – Print me a Stradivarius</p> <p>Economic Review, April 2018 Volume 35 Number 4, Hodder Education: <i>The Economics of a Robot Workforce</i></p> <p>Economics Today, November 2018 Volume 26 Number 2, Anforme: <i>Disruptive technologies: the economics of online retailing.</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
			<p>protecting intellectual property rights through a system of patents.</p> <p>To understand the role of governments in generating technological change.</p>		
<p>3.3.3 Perfect competition, imperfectly competitive markets and monopoly</p> <p>Total teaching time: 22 hours</p>					
<p>3.3.3.1</p> <p>Market structures</p>	<p>The spectrum of competition ranging from perfect competition at one end of the spectrum to pure monopoly at the other.</p> <p>Factors including the number of firms, the degree of product differentiation and ease of entry are used to distinguish between different market structures.</p>	1 hour	<p>To understand the spectrum of competition ranging from perfect competition at one end of the spectrum to pure monopoly at the other.</p> <p>To understand that factors including the number of firms, the degree of product differentiation and ease of entry are used to distinguish between different market structures.</p>		<p>Economicshelp – market structure</p> <p>Tutor2u – study notes – market structures</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.3.2 Perfect competition</p>	<p>Main characteristics of a perfectly competitive market.</p> <p>Formal diagrammatic analysis of the perfectly competitive model in the short and long run.</p> <p>Firms operating in perfectly competitive markets are price takers.</p> <p>The proposition that, given certain assumptions, including the absence of externalities, perfect competition will result in an efficient allocation of resources.</p>	<p>2 hours</p>	<p>To understand the main characteristics of a perfectly competitive market.</p> <p>To understand and complete formal diagrammatic analysis of the perfectly competitive model in the short and long run.</p> <p>To understand that firms operating in perfectly competitive markets are price takers.</p> <p>To understand the proposition that, given certain assumptions, including the absence of externalities, perfect competition will result in an efficient allocation of resources.</p>	<p>Students should be aware that perfect competition, in both product and labour markets, may provide a yardstick for judging the extent to which real world markets perform efficiently, and the extent to which a misallocation of resources occurs.</p> <p>Students should also be able to assess critically the proposition that perfectly competitive markets lead to an efficient allocation of resources.</p>	<p>EconplusDal – perfect competition</p> <p>Economics Malaysia blogspot – The fresh fish market</p> <p>Tutor2u – collections – perfect competition</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.3.3 Monopolistic competition</p>	<p>The main characteristics of monopolistically competitive markets.</p> <p>The formal diagrammatic analysis of the monopolistically competitive model in the short and long run.</p> <p>Non-price competition in monopolistically competitive markets.</p>	1 hour	<p>To understand the main characteristics of monopolistically competitive markets.</p> <p>To understand and complete formal diagrammatic analysis of the monopolistically competitive model in the short and long run.</p> <p>To understand what is meant by non-price competition in monopolistically competitive markets, and its significance in those markets.</p>	<p>Students should appreciate that non-price competition is a means by which firms strengthen their monopoly power but may also enhance the competitiveness of markets and benefit consumers.</p>	<p>Economicshelp – monopolistic competition</p> <p>Tutor2u – collections – monopolistic competition</p> <p>Economic Review, November 2018 Volume 36 Number 2, Hodder Education: <i>Monopolistic Competition</i></p>
<p>3.3.3.4 Oligopoly</p>	<p>Main characteristics of oligopolistic markets.</p> <p>Oligopolistic markets can be very different including in relation to the number of firms, the degree of product differentiation and ease of entry.</p>	5 hours	<p>To understand the main characteristics of oligopolistic markets.</p> <p>To understand that oligopolistic markets can be very different including in relation to the number of firms, the degree of product differentiation and ease of entry.</p> <p>To understand the factors</p>	<p>Students should be aware various factors which affect the behaviour and performance of firms in a variety of real-world markets, including barriers to entry, the degree of concentration and product differentiation.</p> <p>Students should understand that the kinked demand curve model illustrates the interdependence between firms</p>	<p>Economicshelp – oligopoly</p> <p>EconplusDal – oligopoly</p> <p>The Guardian – the view on treating ebola: science is the start</p> <p>bbc.co.uk – Labour on collision course with big pharma over drugs</p> <p>The Guardian – Qatar pulls out of OPEC to focus on gas production</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>Factors which influence the conduct and performance of firms in oligopolistic industries.</p> <p>Collusive and competitive oligopoly.</p> <p>Tacit and overt collusion, and cartels.</p> <p>Kinked demand curve model.</p> <p>Reasons for and types of non-price competition, including branding and advertising.</p> <p>Pricing behaviour, including price leadership, price agreements, predatory pricing, limit pricing and price wars.</p> <p>Importance of spending on research and development in</p>		<p>which influence the conduct and performance of firms in oligopolistic industries.</p> <p>To understand collusive and competitive oligopoly.</p> <p>To understand tacit and overt collusion, and cartels.</p> <p>To understand the kinked demand curve model.</p> <p>To understand the reasons for and types of non-price competition, including branding and advertising.</p> <p>To understand pricing behaviour, including price leadership, price agreements, predatory pricing, limit pricing and price wars.</p> <p>To understand the importance of spending on research and development in oligopolistic markets.</p> <p>To understand strategic and innocent barriers to entry.</p>	<p>and that it offers insights into a limited number of features of some oligopolistic markets.</p> <p>Students should recognise that collusion may allow oligopolists to act as a monopolist and maximise their joint profits.</p>	<p>Tutor2u – collections – oligopoly</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>oligopolistic markets.</p> <p>Strategic and innocent barriers to entry.</p> <p>Significance of interdependence and uncertainty in oligopoly.</p> <p>Objectives affect behaviour and the performance of firms in oligopolistic markets.</p> <p>Advantages and disadvantages of oligopoly.</p>		<p>To understand the significance of interdependence and uncertainty in oligopoly.</p> <p>To understand how objectives affect behaviour and the performance of firms in oligopolistic markets.</p> <p>To understand the advantages and disadvantages of oligopoly.</p>		
<p>3.3.3.5 Monopoly and monopoly power</p>	<p>Formal diagrammatic analysis of the monopoly model.</p> <p>Natural monopolies</p> <p>Monopoly power is influenced by factors including barriers to entry, the number of competitors, advertising and the degree of product</p>	<p>2 hours</p>	<p>To understand and complete formal diagrammatic analysis of the monopoly model.</p> <p>To understand natural monopolies</p> <p>To understand that monopoly power is influenced by factors including barriers to entry, the number of competitors, advertising and the degree</p>	<p>Students should appreciate that firms operating in monopolistically competitive and oligopolistic markets are price makers and have varying degrees of monopoly power.</p>	<p>Economicshelp – monopoly</p> <p>bbc.co.uk – are Google Amazon and others getting too big?</p> <p>Tutor2u – collections – monopoly</p> <p>Tutor2u – reference – natural monopoly</p> <p>Economic Review, April 2018 Volume 35 Number 4, Hodder Education: <i>The Economics of</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>differentiation.</p> <p>Advantages and disadvantages of monopoly.</p>		<p>of product differentiation.</p> <p>To understand the advantages and disadvantages of monopoly.</p>		<p><i>Patents</i></p> <p>Economic Review, April 2018 Volume 35 Number 4, Hodder Education: <i>Profits, patents and pharmaceuticals</i></p> <p>Economic Review, November 2018 Volume 36 Number 2, Hodder Education: <i>Natural monopoly – is the idea still relevant?</i></p>
<p>3.3.3.6</p> <p>Price discrimination</p>	<p>Third-degree price discrimination</p> <p>Conditions necessary for price discrimination.</p> <p>Advantages and disadvantages of price discrimination.</p>	2 hours	<p>To understand third-degree price discrimination.</p> <p>To complete diagrammatic analysis of price discrimination.</p> <p>To understand the conditions necessary for price discrimination.</p> <p>To understand the advantages and disadvantages of price discrimination.</p>	<p>Students should be aware of real-world examples of third-degree price discrimination and be able to assess its impact on producers and consumers.</p> <p>A diagrammatic analysis of price discrimination is expected.</p>	<p>EconplusDal – price discrimination</p> <p>Economicshelp – price discrimination</p> <p>Tutor2u – collections – price discrimination</p> <p>Economic Review, November 2018 Volume 36 Number 2, Hodder Education: <i>Price discrimination</i></p> <p>Economic Review, February 2019 Volume 36 Number 3, Hodder Education: <i>Ticketing tactics</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.3.7 Contestable markets</p>	<p>Significance of market contestability for the performance of an industry.</p> <p>Sunk costs and hit-and-run competition.</p>	<p>1 hour</p>	<p>To understand the significance of market contestability for the performance of an industry.</p> <p>To understand sunk costs and hit-and-run competition.</p>		<p>Economicshelp – contestable markets</p> <p>Tutor2u – topics – contestable markets</p>
<p>3.3.3.8 The dynamics of competition and competitive market processes</p>	<p>Short-run and long-run benefits which may result from competition.</p> <p>Firms do not just compete on the basis of price, competition will, for example, lead firms to strive to improve products, reduce costs and improve the quality of the service provided.</p> <p>The process of creative destruction.</p>	<p>1 hour</p>	<p>To understand the short-run and long-run benefits which may result from competition.</p> <p>To understand that firms do not just compete on the basis of price, that competition will, for example, lead firms to strive to improve products, reduce costs and improve the quality of the service provided.</p> <p>To understand the process of creative destruction.</p>	<p>Students should understand that if firms have monopoly power and are making large profits, over time there will be an incentive for new firms to enter the market and to innovate to overcome the existing barriers to entry.</p> <p>Students should understand that this process of creative destruction is a fundamental feature of the way in which competition operates in a market economy.</p>	<p>Tutor2u – topics - competition</p> <p>Economicshelp – how firms compete</p> <p>Students should be encouraged to observe firms’ behaviour in the domestic/global economy, to provide real-world contexts and examples to support their theoretical analysis</p> <p>Tutor2u – presentation – creative destruction</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.3.9 Static efficiency, dynamic efficiency and resource allocation</p>	<p>Difference between static and dynamic efficiency.</p> <p>Conditions required for productive efficiency (minimising average total costs) and allocative efficiency (price = marginal cost).</p> <p>X-inefficiency.</p> <p>Dynamic efficiency is influenced by research and development, investment in human and nonhuman capital, and technological change.</p>	1 hour	<p>To understand the difference between static and dynamic efficiency.</p> <p>To understand the conditions required for productive efficiency (minimising average total costs) and allocative efficiency (price = marginal cost).</p> <p>To understand X-inefficiency.</p> <p>To understand that dynamic efficiency is influenced by research and development, investment in human and nonhuman capital, and technological change.</p>	<p>Students should be able to apply efficiency concepts when comparing the performance of firms in markets with different structures.</p> <p>They should understand how conduct and performance indicators can be used to compare market structures.</p>	<p>Economicshelp – dynamic efficiency</p> <p>Economicshelp – static efficiency</p> <p>Tutor2u – collections – economic efficiency</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
3.3.3.10 Consumer and producer surplus	<p>Consumer and producer surplus and the concept of a deadweight loss.</p> <p>Application to, for example, the welfare effects of price discrimination, monopoly and tariffs.</p>	1 hour	<p>To understand consumer and producer surplus and the concept of a deadweight loss.</p> <p>To complete diagrammatic analysis of consumer and producer surplus.</p> <p>To apply consumer and producer surplus to, for example, the welfare effects of price discrimination, monopoly and tariffs.</p>	Diagrammatic analysis is expected.	<p>Tutor2u – collections – consumer and producer surplus</p> <p>Economicshelp – consumer and producer surplus</p> <p>Economic Review, September 2018 Volume 36 Number 1, Hodder Education: quantitative skills: <i>Understanding consumer and producer surplus</i></p>
3.3.3.11 Competition policy	<p>Prevention of dominant firms abusing their monopoly power.</p> <p>Regulation of mergers and takeovers.</p> <p>Policies to control restrictive practices and protect consumers.</p> <p>Measures to promote competition and reduce entry barriers.</p>	2 hours	<p>To understand that this is intended to prevent dominant firms from abusing their monopoly power.</p> <p>To understand that mergers and takeovers are regulated.</p> <p>To understand various policies to control restrictive practices and protect consumers.</p> <p>To understand various measures to promote competition and reduce</p>	Students should understand the arguments in favour of competition policies, and the limitations and costs of such policies.	<p>EconplusDal – competition policy</p> <p>The Guardian – monopolies cost Americans \$300 a month</p> <p>Tutor2u – collections – competition policy</p> <p>The above resources reference UK competition policy, however, students should have an awareness of policies in their own country to provide real-world context.</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	Price and profit controls.		entry barriers. To understand price and profit controls.		
3.3.3.12 Public ownership, privatisation, regulation and deregulation of markets	Case for and against the public ownership of firms and industries. Case for and against the privatisation of state-owned enterprises. Arguments for and against the regulation and deregulation of markets. Regulatory capture.	3 hours	To understand the case for and against the public ownership of firms and industries. To understand the case for and against privatisation of state-owned enterprises. To understand the arguments for and against the regulation and deregulation of markets. To understand what is meant by regulatory capture.		EconplusDal – nationalisation EconplusDal – privatization bbc.co.uk – Saudi Aramco raises \$25.6bn in world’s biggest share sale Tutor2u – collections – privatization and nationalization Economic Review, February 2019 Volume 36 Number 3, Hodder Education: <i>Nationalisation or privatisation?</i> Tutor2u – collections – industry regulation Tutor2u – topics – deregulation

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.4 The labour market Total teaching time: 12 hours</p>					
<p>3.3.4.1 The demand for labour, marginal productivity theory</p>	<p>Demand for a factor is derived from the demand for the product. Marginal productivity theory of the demand for labour. The demand curve for labour shows the relationship between the wage rate and number of workers firms wish to employ. Causes of shifts in the demand curve for labour. Determinants of the elasticity of demand for labour.</p>	<p>3 hours</p>	<p>To understand that demand for a factor is derived from the demand for the product. To understand the marginal productivity theory of the demand for labour. To understand the demand curve for labour shows the relationship between the wage rate and number of workers firms wish to employ. To understand causes of shifts in the demand curve for labour. To understand the determinants of the elasticity of demand for labour.</p>		<p>Economicshelp – the labour market Our Teaching Guide – podcast – the Labour Market Tutor2u – collections labour demand</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.4.2</p> <p>The supply of labour to different labour markets</p>	<p>Supply of labour to a particular occupation is influenced by monetary and non-monetary considerations.</p> <p>The supply curve for labour shows the relationship between the wage rate and number of workers willing to work in an occupation.</p> <p>Causes of shifts in the market supply curve for labour.</p>	2 hours	<p>To understand the supply of labour to a particular occupation is influenced by monetary and non-monetary considerations.</p> <p>To understand the supply curve for labour shows the relationship between the wage rate and number of workers willing to work in an occupation.</p> <p>To understand causes of shifts in the market supply curve for labour.</p>	Students are not expected to understand the determinants of an individual's supply of labour or the backward-bending supply curve.	<p>EconplusDal – labour supply</p> <p>telegraph.co.uk – patients left waiting for a checkup as number of new dentists falls by a fifth</p> <p>Tutor2u – collections – labour supply</p>
<p>3.3.4.3</p> <p>The determination of relative wage rates and levels of employment in perfectly competitive labour markets</p>	<p>Wage determination in a perfectly competitive labour market.</p> <p>Role of market forces in determining relative wage rates.</p>	1 hour	<p>To understand wage determination in a perfectly competitive labour market.</p> <p>To understand the role of market forces in determining relative wage rates.</p>	Students should appreciate that all real-world labour markets are imperfectly competitive to a greater or lesser extent.	<p>EconplusDal – wage determination</p> <p>Tutor2u – collections – wage determination</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.4.4</p> <p>The determination of relative wage rates and levels of employment in imperfectly competitive labour markets</p>	<p>How various factors including monopsony power, trade unions and imperfect information contribute to imperfections in a labour market.</p> <p>Determination of wages and employment where there is a monopsonist.</p> <p>Factors that affect the ability of trade unions to influence wages and levels of employment.</p> <p>How wages and employment are likely to be affected by the introduction of a trade union into a previously perfectly competitive labour market and into a monopsony labour market.</p>	<p>3 hours</p>	<p>To understand how various factors including monopsony power, trade unions and imperfect information contribute to imperfections in a labour market.</p> <p>To understand the determination of wages and employment where there is a monopsonist.</p> <p>To understand the factors that affect the ability of trade unions to influence wages and levels of employment.</p> <p>To understand how wages and employment are likely to be affected by the introduction of a trade union into a previously perfectly competitive labour market and into a monopsony labour market.</p> <p>To construct relevant diagrams.</p>	<p>Use of relevant diagrams is expected.</p>	<p>Economicshelp – imperfectly competitive labour markets</p> <p>The Guardian – French strikes: talks begin to end month-long stoppages</p> <p>Tutor2u – collections – monopsony power</p> <p>Tutor2u – collections – trade unions</p> <p>Economics Today, November 2018 Volume 26 Number 2, Anforme: Because they're worth it: teachers should earn more than bankers.</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
3.3.4.5 Discrimination in the labour market	Conditions necessary for wage discrimination. Impact of gender, ethnicity and other forms of discrimination on wages, levels and types of employment.	2 hours	To understand the conditions necessary for wage discrimination. To understand the impact of gender, ethnicity and other forms of discrimination on wages, levels and types of employment. To assess the advantages and disadvantages of wage discrimination for workers, employers and the economy as a whole.	Real-world examples should be used to illustrate wage discrimination. Students should be able to assess the advantages and disadvantages of wage discrimination for workers, employers and the economy as a whole.	Tutor2u – topics – labour market failure Skynews – Oscars: Top nominations overwhelmingly white and male Economics Today, September 2018 Volume 26 Number 1, Anforme: How do gender differences affect the labour market? BBC – the gender paygap
3.3.4.6 Minimum wage laws	Effects of minimum wage controls on labour markets. Advantages and disadvantages of a national minimum wage.	1 hour	To understand the effects of minimum wage controls on labour markets. To understand the advantages and disadvantages of a national minimum wage.		EconplusDal – Minimum wage World population review – minimum wage by country Tutor2u – collections – minimum and living wage

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.5 Poverty and inequality Total teaching time: 7 hours</p>					
<p>3.3.5.1 The distribution of income and wealth within an economy</p>	<p>Factors that affect the distribution of income.</p> <p>Factors that affect the distribution of wealth.</p> <p>Lorenz curve and Gini coefficients.</p> <p>Relative and absolute poverty.</p> <p>Causes and effects of poverty.</p> <p>Likely benefits and costs of more equal and more unequal distributions of income and wealth.</p>	<p>5 hours</p>	<p>To understand the factors that affect the distribution of income.</p> <p>To understand the factors that affect the distribution of wealth.</p> <p>To understand and interpret the Lorenz curve and Gini coefficients.</p> <p>To understand what is meant by relative and absolute poverty.</p> <p>To understand the causes and effects of poverty.</p> <p>To understand the likely benefits and costs of more equal and more unequal distributions of income and wealth.</p>	<p>Students will be expected to interpret measures of inequality including the Gini coefficient but they will not be expected to calculate the Gini coefficient.</p> <p>Students should understand that excessive inequality is both a cause and consequence of market failure. They should also appreciate that value judgements will influence people's views of what constitutes an equitable distribution of income and wealth and that these views will influence policy prescriptions.</p>	<p>EconplusDal – inequalities in the distribution of income and wealth</p> <p>The Guardian – Bill Gates says global poverty is reducing: he couldn't be more wrong</p> <p>Worldometers info – current world population</p> <p>Tutor2u – collections – poverty and inequality</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.3.5.2 Government policies to alleviate poverty and to influence the distribution of income and wealth</p>	<p>Policies that can be used to influence the distribution of income and wealth and to alleviate poverty. Consequences of such policies.</p>	<p>2 hours</p>	<p>To understand the policies that can be used to influence the distribution of income and wealth and to alleviate poverty.</p>	<p>Students should be able to evaluate the various approaches to redistributing income and wealth and alleviating poverty, recognising the moral and political perspectives.</p>	<p>EconplusDal – policies to influence the distribution of income and wealth Tutor2u – essay plan – fiscal policy and equality Tutor2u – collections – poverty and inequality Economic Review, April 2018 Volume 35 Number 4, Hodder <i>Education: What is redistribution?</i> Economic Review, April 2019 Volume 36 Number 4, Hodder <i>Education: Universal basic income – inevitability or unrealistic idea?</i></p>
<p>Unit 3.4: Economic development and the global environment</p>					
<p>3.4.1 Globalisation and trade Total teaching time: 14 hours</p>					

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
3.4.1.1 Globalisation	<p>Main characteristics of globalisation.</p> <p>Causes of globalisation.</p> <p>Consequences of globalisation for less economically developed (LEDCs) and for more economically developed countries (MEDCs).</p> <p>Globalisation and the natural environment.</p> <p>Role of transnational corporations (TNCs) in a globalised world economy</p>	4 hours	<p>To understand the main characteristics of globalisation.</p> <p>To understand the causes of globalisation.</p> <p>To understand the consequences of globalisation for less economically developed (LEDCs) and for more economically developed countries (MEDCs).</p> <p>To understand the relationship between Globalisation and the natural environment.</p> <p>To understand the role of transnational corporations (TNCs) in a globalised world economy</p>	Students should be able to assess costs and benefits resulting from the growth of TNCs, including political influence and the use of transfer pricing.	<p>Our Teaching Guide – podcast – the International Economy</p> <p>Al Jazeera – India, RCEP and the future of economic globalization</p> <p>Tutor2u – topics – globalization</p> <p>EconplusDal – flashcards - globalisation</p> <p>There is a huge range of videos and other resources available on the internet on the subject of globalisation. Consider allowing students to create a montage of photographs depicting globalisation and ask them to present the implications of the photographs to the rest of the class. Such visualisation helps to consolidate the teaching and learning.</p>
3.4.1.2 Trade	<p>Model of comparative advantage.</p> <p>Difference between absolute and comparative advantage.</p>	10 hours	<p>To understand the model of comparative advantage.</p> <p>To use a simple numerical example to illustrate the principle of comparative advantage and the associated benefits of</p>	<p>Students should be able to use a simple numerical example to illustrate the principle of comparative advantage and the associated benefits of trade.</p> <p>They should also understand the arguments in favour of</p>	<p>PAJ Holden – absolute and comparative advantage</p> <p>Tutor2u – collections – trade and protectionism</p> <p>Economicshelp – comparative advantage</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>Causes of comparative advantage and why comparative advantage changes over time.</p> <p>The model shows that specialisation and trade can increase total output.</p> <p>Other economic benefits of trade, including economies of scale and increased competition.</p> <p>Costs of international trade.</p> <p>Protectionist policies, including tariffs, quotas and export subsidies.</p> <p>Reasons for and consequences of countries adopting protectionist policies.</p> <p>Changing pattern of world trade.</p>		<p>trade.</p> <p>To understand the difference between absolute and comparative advantage.</p> <p>To understand the causes of comparative advantage and why comparative advantage changes over time.</p> <p>To understand the model shows that specialisation and trade can increase total output.</p> <p>To understand other economic benefits of trade, including economies of scale and increased competition.</p> <p>To understand the costs of international trade.</p> <p>To understand protectionist policies, including tariffs, quotas and export subsidies.</p> <p>To use diagrams to illustrate the effects of imposing restrictions on</p>	<p>protectionism.</p> <p>Students should be able to use diagrams to illustrate the effects of imposing restrictions on trade.</p> <p>Students should understand the significance of the terms of trade in the model of comparative advantage. They should also understand how they are measured and be able to calculate the terms of trade from indices of export and import prices.</p>	<p>Economicshelp – protectionism</p> <p>bbc.co.uk – a quick guide to the US China trade war</p> <p>Tutor2u – collections – WTO</p> <p>Consider playing a trading game to provide an application for the model of comparative advantage, such as the stars and triangles game.</p> <p>World Trade Organisation</p> <p>Economic Review, September 2018 Volume 36 Number 1, Hodder Education: <i>Free Trade or Protectionism</i></p> <p>Economics Today, November 2018 Volume 26 Number 2, <i>Anforme: Will the trade dispute between the US and China lead to a global recession?</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>Terms of trade.</p> <p>Causes and effects of changes in a country's terms of trade.</p> <p>Trading blocs: free trade area, customs union, common market and monetary union.</p> <p>Role of the World Trade Organisation (WTO).</p>		<p>trade.</p> <p>To understand the reasons for and consequences of countries adopting protectionist policies.</p> <p>To understand the changing pattern of world trade.</p> <p>To understand the terms of trade.</p> <p>To understand how the terms of trade are measured and be able to calculate them from indices of export and import prices.</p> <p>To understand the causes and effects of changes in a country's terms of trade.</p> <p>To understand trading blocs: free trade area, customs union, common market and monetary union.</p> <p>To understand the role of the World Trade Organisation (WTO).</p>		

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.4.2 The balance of payments, exchange rates and financial markets</p> <p>Total teaching time: 20 hours</p>					
<p>3.4.2.1</p> <p>The balance of payments</p>	<p>The current, capital and financial accounts on the balance of payments.</p> <p>Deficits and surpluses and their significance.</p> <p>Foreign direct investment (FDI) and portfolio investment.</p> <p>Consequences of investment flows between countries.</p> <p>Policies that might be used to deal with balance of payments problems.</p> <p>Expenditure-switching and expenditure-reducing policies.</p> <p>Effects policies used to correct a deficit or surplus may have on other policy</p>	<p>5 hours</p>	<p>To understand the current, capital and financial accounts on the balance of payments.</p> <p>To understand deficits and surpluses and their significance.</p> <p>To understand what is meant by foreign direct investment (FDI) and portfolio investment.</p> <p>To understand the consequences of investment flows between countries.</p> <p>To understand policies that might be used to deal with balance of payments problems.</p> <p>To understand expenditure-switching and expenditure-reducing policies.</p> <p>To understand the effects policies used to correct a</p>	<p>A detailed knowledge of the structure of the capital and financial accounts is not required.</p> <p>Students should understand the significance of elasticities of demand and supply in determining the effectiveness of policies used to correct a balance of payments deficit or surplus. A formal understanding of the Marshall-Lerner condition is not required.</p>	<p>Economicshelp – Balance of payments</p> <p>Tutor2u – collections – balance of payments</p> <p>Consider reviewing the official statistics for the economy, such as the Office for National Statistics in the UK, the recognised national statistical institute of the UK</p> <p>Statista.com – the 20 countries with the highest trade surplus</p> <p>Economic Review, April 2018 Volume 35 Number 4, Hodder Education: <i>Writing an economics essay – ‘To what extent do you agree that a persistent trade deficit is more damaging to an economy’s macroeconomic performance than a persistent budget deficit?’</i></p> <p>Economic Review, April 2019 Volume 36 Number 4, Hodder Education: <i>Trade and the balance of payments</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	objectives.		deficit or surplus may have on other policy objectives.		
3.4.2.2 Exchange rates	<p>Determination of exchange rates in a freely floating exchange rate system.</p> <p>Causes of changes in the exchange rate, including speculation and herding behaviour.</p> <p>Government intervention to influence the exchange rate.</p> <p>Advantages and disadvantages of free floating, managed and fixed exchange rate systems.</p> <p>How changes in the exchange rate affect individuals, firms and economic performance.</p> <p>Role of the</p>	5 hours	<p>To understand the determination of exchange rates in a freely floating exchange rate system.</p> <p>To understand the causes of changes in the exchange rate, including speculation and herding behaviour.</p> <p>To understand government intervention to influence the exchange rate.</p> <p>To understand the advantages and disadvantages of free floating, managed and fixed exchange rate systems.</p> <p>To understand how changes in the exchange rate affect individuals, firms and economic performance.</p> <p>To understand the role of the International Monetary Fund (IMF).</p>	<p>Students should understand why the price elasticities of demand for exports and imports are important when assessing the effects of changes in the exchange rate.</p> <p>They should understand the difference between the terms revaluation, devaluation, appreciation and depreciation of the exchange rate.</p>	<p>Economicshelp – Exchange rates</p> <p>EconplusDal – fixed exchange rates</p> <p>exchangerates.org.uk - compare live foreign currencies</p> <p>Tutor2u – collections – exchange rates</p> <p>The IMF</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	International Monetary Fund (IMF).				
<p>3.4.2.3 Financial markets</p>	<p>Characteristics and functions of money. Money, capital, and foreign exchange markets. Spot and forward markets in currencies and commodities. Role of financial markets in facilitating saving, lending, the exchange of goods and services, and insurance. Difference between debt and equity. Difference between commercial and investment banks. Why a bank might fail, including the risks involved in lending long term and borrowing short</p>	10 hours	<p>To understand the characteristics and functions of money. To understand money, capital, and foreign exchange markets. To understand spot and forward markets in currencies and commodities. To understand the role of financial markets in facilitating saving, lending, the exchange of goods and services, and insurance. To understand the difference between debt and equity. To understand the difference between commercial and investment banks. To understand why a bank might fail, including the risks involved in lending</p>	<p>Students should be aware of the differences between a commercial bank and an investment bank but they do not need a detailed knowledge of the activities and functions of an investment bank. They should also be aware that many banks are engaged in both investment banking and commercial banking activities and that this may increase systemic risk. Students should be aware that there are other institutions that operate in financial markets, for example, pension funds and insurance companies. Students should understand that speculation in financial markets can be stabilising or destabilising and that 'herding behaviour' can lead to large fluctuations in asset prices. Students should understand how a central bank can use</p>	<p>Our Teaching Guide – Financial Markets and Monetary Policy Our Teaching Guide – podcast – Financial Markets and Monetary Policy Tutor2u – collections – financial markets Tutor2u – collections – commercial banks Tutor2u – webinar recordings – teaching financial markets EconplusDal – Financial markets Economic Review, February 2018 Volume 35 Number 3, Hodder <i>Education: The South Sea Bubble</i> Economic Review, November 2018 Volume 36 Number 2, Hodder <i>Education: Banks and interest rates</i> Economic Review, April 2019 Volume 36 Number 4, Hodder</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>term.</p> <p>Functions of a central bank, including lender of last resort.</p> <p>Moral hazard, asymmetric information and market bubbles.</p> <p>Regulation of financial markets.</p> <p>Shadow banking market.</p> <p>Systemic risk and the impact of problems in domestic and global financial markets on the real economy.</p>		<p>long term and borrowing short term.</p> <p>To understand the functions of a central bank, including lender of last resort.</p> <p>To understand moral hazard, asymmetric information and market bubbles.</p> <p>To understand and have an awareness of current regulation of financial markets.</p> <p>To understand the shadow banking market.</p> <p>To understand what is meant by systemic risk and the impact of problems in domestic and global financial markets on the real economy.</p>	<p>required reserve ratios to influence the stability of banks.</p>	<p><i>Education: Bitcoin: can it be used as money?</i></p> <p>There is an enormous range of resources, such as books and videos, available on the subject of financial markets, in particular relating to the global financial crisis and its causes and aftermath.</p>

3.4.3 Economic growth and development

Total teaching time: 36 hours

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.4.3.1 Measuring economic growth, development and living standards</p>	<p>Difference between economic growth and development.</p> <p>General characteristics of MEDCs, emerging economies and LEDCs.</p> <p>Changes in real national income as the main measure of economic growth.</p> <p>Human Development Index (HDI), Inequality adjusted IHD (IHDI) and the Multidimensional Poverty Index (MPI) as indicators of economic development.</p> <p>Other indicators of development, including infant mortality rates, literacy rates and measures of inequality</p> <p>Economic</p>	<p>12 hours</p>	<p>To understand the difference between economic growth and development.</p> <p>To understand the general characteristics of MEDCs, emerging economies and LEDCs.</p> <p>To understand that changes in real national income are seen as the main measure of economic growth.</p> <p>To understand that the Human Development Index (HDI), Inequality adjusted IHD (IHDI) and the Multidimensional Poverty Index (MPI) are used as indicators of economic development.</p> <p>To understand other indicators of development, including infant mortality rates, literacy rates and measures of inequality</p> <p>To understand that economic development is</p>	<p>Students do not need a detailed knowledge of the measurement of national income, but they should know the difference between GDP, GNI and NNI.</p> <p>Students should be aware of the limitations of the different indicators of growth, development and living standards.</p>	<p>Tutor2u – collections – economic development</p> <p>Tutor2u – collections – human development</p> <p>Mr Miles Harris – characteristics of LEDCs and MEDCs</p> <p>Tutor2u – student videos – growth and development – country profiles</p> <p>Economicshelp – economic development</p> <p>EconplusDal – economic development playlist</p> <p>UN Development Programme – HDI</p> <p>UN Development Programme – MPI</p> <p>Economic Review, November 2018 Volume 36 Number 2, Hodder Education: <i>Economics in the real world: The Big Mac Index and the Exchange Rate.</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>development is sustainable, improving the well-being of current and future generations.</p> <p>Measuring changes in living standards over time and comparing living standards between countries at a point in time.</p> <p>Use of PPP exchange rates when making international comparisons of living standards</p> <p>Strengths and weaknesses of real GDP per head as an indicator of living standards within and between countries.</p> <p>Environmental and social limits to economic growth and development.</p>		<p>sustainable, improving the well-being of current and future generations.</p> <p>To be able to measure changes in living standards over time and compare living standards between countries at a point in time.</p> <p>To understand the use of PPP exchange rates when making international comparisons of living standards</p> <p>To understand the strengths and weaknesses of real GDP per head as an indicator of living standards within and between countries.</p> <p>To understand the environmental and social limits to economic growth and development.</p>		

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
<p>3.4.3.2 Factors that affect economic development</p>	<p>Stock of physical capital, including infrastructure. Flow of saving and investment.</p> <p>Harrod-Domar model.</p> <p>Access to financial services.</p> <p>The natural environment including climate and access to raw materials.</p> <p>Demographic factors.</p> <p>Education, skills and investment in human capital.</p> <p>Health care and access to services to meet basic needs, eg clean water and housing.</p> <p>Inequalities in income, wealth and opportunity.</p> <p>Inequality and environmental</p>	<p>12 hours</p>	<p>To understand the factors that affect economic development such as the stock of physical capital, including infrastructure, and the flow of saving and investment.</p> <p>To understand the principles of the Harrod-Domar model and have an appreciation of its limitations.</p> <p>To understand that access to financial services affects economic development.</p> <p>To understand how the natural environment including climate and access to raw materials affects economic development.</p> <p>To understand that demographic factors, and education, skills and investment in human capital affect economic development.</p> <p>To understand that the quality of health care and</p>	<p>Students should recognise that understanding the content of the AS Modules 1 and 2 is essential when analysing factors that affect economic development and policies to promote development.</p> <p>Students should understand that there is a variety of social and economic factors that affect the development of an economy, and that they are often interrelated.</p> <p>Students should understand the principles of the Harrod-Domar model but they are not required to know the mathematical derivation of the growth rate. They should appreciate the limitations of the model.</p> <p>Students should understand arguments for and against governments running budget deficits and the possible consequences of rising public sector debt in MEDCs and LEDCs.</p>	<p>Tutor2u – collections – economic development</p> <p>Tutor2u – collections – human development</p> <p>Economicshelp – Harrod Domar Model</p> <p>Tutor2u – topics – primary product dependency</p> <p>Economicdiscussion.net – Prebisch-Singer hypothesis</p> <p>Tutor2u – study notes – Prebisch-Singer hypothesis</p> <p>Economic Review, April 2019 Volume 36 Number 4, Hodder <i>Education: What is corruption?</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>Kuznets curves and associated critiques.</p> <p>Primary product dependency and fluctuations in commodity prices.</p> <p>Prebisch-Singer hypothesis and associated critiques.</p> <p>Importance of foreign trade.</p> <p>Public and private sector debt.</p> <p>Industrialisation and urbanization</p> <p>Rule of law, property rights, good governance, corruption, political instability, war and conflict.</p>		<p>access to services to meet basic needs, eg clean water and housing affect economic development.</p> <p>To understand how inequalities in income, wealth and opportunity affect economic development.</p> <p>To understand the inequality and environmental Kuznets curves and their associated critiques.</p> <p>To understand how primary product dependency and fluctuations in commodity prices affect economic development.</p> <p>To understand the Prebisch-Singer hypothesis and its associated critiques.</p> <p>To understand the importance of foreign trade.</p> <p>To understand how public and private sector debt</p>		

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
			<p>affect economic development.</p> <p>To understand the role of industrialisation and urbanization</p> <p>To understand how the rule of law, property rights, good governance, corruption, political instability, war and conflict affect economic development.</p>		
<p>3.4.3.3 Policies to promote development</p>	<p>Demand-side and supply-side policies.</p> <p>Difference between market-based and interventionist strategies.</p> <p>Market-based strategies include: trade liberalisation, privatisation, deregulation, encouraging FDI, low taxes and minimising state involvement in the economy, floating exchange rates.</p>	<p>12 hours</p>	<p>To understand how demand-side and supply-side policies affect economic development.</p> <p>To understand the difference between market-based and interventionist strategies.</p> <p>To understand that market-based strategies include: trade liberalisation, privatisation, deregulation, encouraging FDI, low taxes and minimising state involvement in the economy, floating</p>	<p>Students should recognise that economists have different views concerning the best way of promoting the development. Some advocate market-based strategies and others an interventionist approach. They should also understand that the distinction between market-based and interventionist strategies is not always clear cut and that they can complement each other.</p>	<p>Economicshelp – policies to promote development</p> <p>EconplusDal – policies to promote economic development – playlist</p> <p>The IMF</p> <p>Tutor2u – collections – economic development</p> <p>Tutor2u – collections – human development</p> <p>Tutor2u – collections – FDI</p> <p>Tutor2u – reference – buffer stocks</p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	<p>Interventionist strategies include: protectionism, state ownership, industrial strategies, government spending on infrastructure, education and health care, managed exchange rates.</p> <p>Advantages and disadvantages of FDI.</p> <p>Use of buffer stocks to stabilise commodity prices.</p> <p>Microfinance and fair trade schemes.</p> <p>Types of foreign aid, including debt relief, and the role of foreign aid in helping development.</p> <p>Role of remittances.</p> <p>Promotion of tourism.</p> <p>Role of the World Bank, IMF and NGOs in promoting</p>		<p>exchange rates.</p> <p>To understand that interventionist strategies include: protectionism, state ownership, industrial strategies, government spending on infrastructure, education and health care, managed exchange rates.</p> <p>To understand the advantages and disadvantages of FDI.</p> <p>To understand the use of buffer stocks to stabilise commodity prices.</p> <p>To understand the role of microfinance and fair trade schemes.</p> <p>To understand types of foreign aid, including debt relief, and the role of foreign aid in helping development.</p> <p>To understand the role of remittances.</p> <p>To understand how the promotion of tourism can promote development.</p>		<p>Tutor2u – reference – microfinance</p> <p>Tutor2u – reference – overseas aid</p> <p>Tutor2u – reference – tourism and economic development</p> <p>Tutor2u – study notes – World Bank</p> <p>Tutor2u – reference – IMF</p> <p>Economic Review, September 2018 Volume 36 Number 1, Hodder <i>Education: The economic development of sub-Saharan Africa</i></p>

SPECIFICATION REFERENCE	SUMMARY OF SPECIFICATION CONTENT	TIMING	LEARNING OUTCOMES	GUIDANCE	RESOURCE
	development.		To understand the role of the World Bank, IMF and NGOs in promoting development.		



OXFORD INTERNATIONAL AQA EXAMINATIONS
LINACRE HOUSE, JORDAN HILL, OXFORD, OX2 8TA
UNITED KINGDOM

enquiries@oxfordaqaexams.org.uk
oxfordaqaexams.org.uk