

**A-Level Overview Year 2: Economics**

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| Term | Mr Maxwell | Key Skills / PSAs / Deadlines |
| 1 | **(7136/1) – Economic methodology and the economic problem**   * **4.1.5.3 Perfect competition:** Characteristics of a perfectly competitive market; formal diagrammatic analysis of the model in the short and long-run; assumptions of model. * **4.1.5.6 Monopoly Power**: Formal diagrammatic analysis of the model; barriers to entry; advantages and disadvantages of monopoly. * **4.1.5.4 Monopolistic competition**: Formal diagrammatic analysis of the model in the short and long-run; characteristics of the model; importance of non-price competition. * **4.1.5.5 Oligopoly**: Formal diagrammatic analysis of the kinked demand curve model; Game Theory; characteristics of markets; concentration ratios; co-operation and collusion; cartels and cartel like behaviour. * **4.1.5.8 Contestability and non-contestable markets**: significance of contestability on the performance of a market; sunk costs; hit and run competition. * **4.1.8.7 Competition Policy:** The various bodies involved in competition policy including E.U bodies; policies and actions taken; evaluation of policies. * **4.1.8.8. Public ownership, privatisation, regulation and deregulation of markets:** Arguments for and against nationalisation, privatisation, regulation, deregulation; regulatory capture. | Read Chapter 3  Notes: characteristics; assumptions and diagrammatic representation of each model.  Key skills: Application to key UK industries; effective diagrammatic analysis; being able to assess degree of market failure; evaluation of actual and suggested policies.  Data response and essay (15 and 25 mark) A2 questions from past papers |

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| 2 | * **4.1.5.7 Price discrimination:** The various degrees of price discrimination; conditions necessary for each; advantages and disadvantages to firms and consumers. * **4.1.6 Labour markets**: Wage determination using demand and supply analysis; factors/determinants of demand and supply of labour; MRP theory; wage elasticity of demand and supply of labour; monetary and non-monetary rewards; backward sloping supply curve. * **4.1.6.3 Perfectly competitive labour markets**: Formal diagrammatic analysis of the model; role of market forces in wage determination; limitations to the model. * **4.1.6.4 Imperfectly competitive labour markets:** Monopsony and the impact on wages and employment; Trade Unions; imperfect information; national minimum wage; wage discrimination. * **4.1.8 Market failure and government intervention**: A revisit to key market failures from AS – externalities, merit and de-merit goods, public goods; interventions and possible government failures * 4.1.7 Poverty and inequality: A more detailed look into differences in income and wealth; factors that influence inequality; equality and equity; benefits and costs of more equal and more unequal distributions; absolute and relative poverty; causes and effects of poverty; policies that influence inequality and poverty. * **4.1.2 Individual economic decision making:** rational decision making; utility theory; importance of the margin; **behavioural economic theory** – bounded rationality, bounded self-control, altruism, biases; choice architecture – Nudges, framing, default choices, restricted choices, mandated choices. | Read Chapter 4  Key skills: Application to the real UK economy and key industries; effective diagrammatic analysis; being able to assess degree of market failure; evaluation of actual and suggested policies such as the living wage.  Key skills: application to key UK industries – energy, transport, health, education; more advanced diagrammatic analysis; evaluation of actual and suggested policies including government failure.  Key skills: interpretation of real world data; ability to link inequality to other market failures e.g. exclusion from the housing market; evaluation of actual and suggested policies.  Use of real world examples to give us insight to possible future policies. |

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| 3 | **Mock paper at the start of January**  **Unit 2 - The national and international economy The national and international economy (7136/2)**   * **4.2.6.5 Economic growth and the economic cycle:** Demand and supply-side causes;trend growth; output gaps; causes of booms and recessions; costs and benefits of growth; impact on individuals, economy and the environment; weaknesses of national income data; measuring living standards; inequality and policies to address; * **4.2.3.2. Employment and Unemployment:** different types/causes of unemployment; measuring unemployment; concepts of voluntary and involuntary unemployment; concept of natural rate of unemployment and factors that determine it; consequences of unemployment. * **4.2.3.4 Possible conflicts between macroeconomic objectives:** short and long-run Phillips curves and associated analysis; policies to reconcile objectives. | **Past or specimen paper under exam conditions – 2 hours**  Read textbook chapters 5 and 8  Key skills: Effective AD/AS analysis; application to current and recent UK performance; being able to interpret and evaluate macroeconomic measurements re growth, living standards and inequality (HDI, Gini Coefficient).  Key skills: Using both AD/AS and the Phillips curve diagrams effectively; describing and interpreting data; analysis and evaluation of policies; recent and current UK performance.  Data response and essay (15 and 25 mark) A2 questions from past papers |
| 4 | * **4.2.3.3 Inflation and deflation:** concepts of inflation, deflation and disinflation; quantity theory of money * **4.2.4 Financial markets and monetary policy:** money supply, functions of money, interest rates and bond markets; how banks create credit; different types of banks; role and operation of the MPC; regulation of the financial system. * **4.2.5.1 Fiscal policy:** different forms of taxation and spending; principles of taxation; role and merit of key taxes; cyclical mature of the budget**;** national debt and how it is funded; discretionary fiscal policy * **4.2.5.2 Supply-side policies:** A detailed look into the operation of key supply-side policies. | Read textbook chapter 9 and 10  Key skills: Using demand and supply analysis to explain changes in bond prices, interest rates, and exchange rates; ability to clearly explain the transmission mechanism and quantitative easing; being able to critically evaluate current and recent monetary policy.  Data response and essay questions from past papers |
| 5 | **4.2.6 The international economy**   * **4.2.6.2 Trade:** model of comparative advantage; protectionist policies; customs unions and free trade area; E.U; Single European Market (SEM); W.T.O * **4.2.6.1 Globalisation:** Causes; characteristics; role of MNCs; impact on developed and less developed economies. * **4.2.6.3 The balance of payments:** The Current and Capital accounts; UK performance re trade; policies to improve our trade balance; exchange rates and systems. * **4.2.6.4 Exchange rates:** the workings of the FOREX market; advantages and disadvantages of fixed and floating exchange rate systems; arguments for and against joining the euro. * **4.2.6.5 Economic growth and development:** Uses of National Income Data; measuring living standards; inequality and policies to address; differences between growth and development; factors affecting development; barriers to development; policies to encourage; role of aid; role of trade. * **Revision** | Read chapter 10  Key skills: Effective AD/AS analysis; application to current and recent UK performance; being able to interpret and evaluate macroeconomic measurements re growth, living standards and inequality (HDI, Gini Coefficient).  Full mock paper |
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