

Contents

**WJEC AS GCE in Economics
WJEC A Level GCE in Economics**

2009 & 2010

**First AS Award - Summer 2009
First A level Award - Summer 2010**



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GCE Economics

Subject/Option Entry Codes	
AS "Cash in" entry A Level "Cash in" entry	2131 3131
EC1 : An Introduction to Microeconomics and Macroeconomics	1131
EC2 : Microeconomic and Macroeconomic Theory and Policy	1132
EC3 : Competitive Behaviour, Macroeconomics and Globalisation (I)	1133
EC4 : Competitive Behaviour, Macroeconomics and Globalisation (II)	1134

When making entries, the following option codes should be entered after the four digit unit or cash-in code to indicate English medium or Welsh medium entries:

English medium 01
Welsh medium W1

Availability of Assessment Units				
Unit	January 2009	June 2009	January 2010 & each subsequent year	June 2010 & each subsequent year
EC1		✓	✓	✓
EC2		✓	✓	✓
EC3				✓
EC4				✓

Qualification Accreditation Numbers

Advanced Subsidiary: 500/2778/5
Advanced: 500/2477/2

SUMMARY OF ASSESSMENT

This specification has four external assessment units.

Marks are given as raw and uniform marks (UMS).

Weightings noted below are expressed in terms of the full A level qualification.

ECONOMICS

AS (2 units)

EC1 20% 1 hour Written Paper 50 marks (80 UMS)
Compulsory short-answer questions to assess all of the AS content.
EC2 30% 2 hours Written Paper 80 marks (120 UMS)
One compulsory data response question (40 marks) and two, two-part essays (20 marks each) to assess all of the AS content. One of the essays from a choice of three will assess essentially microeconomics and one essay from a choice of three will assess essentially macroeconomics.

A level (the above plus a further two Units)

EC3 25% 1 hour and 45 minutes Written Paper 60 marks (100 UMS)
Compulsory short-answer questions (40 marks) and one synoptic essay (20 marks) from a choice of three to assess all of the A level content.
EC4 25% 2 hours Written Paper 60 marks (100 UMS)
One data response question from a choice of two (40 marks) and one synoptic essay (20 marks) from a choice of three to assess all of the A level content.

ECONOMICS

1 INTRODUCTION

1.1 Criteria for AS and A Level GCE

This specification has been designed to meet the general criteria for GCE AS and A level (A) and the subject criteria for AS/A Economics as issued by the regulators [July 2006]. The qualifications will comply with the grading, awarding and certification requirements of the Code of Practice for 'general' qualifications (including GCE).

The AS qualification will be reported on a five-grade scale of A, B, C, D, E. The A level qualification will be reported on a six-grade scale of A*, A, B, C, D, E. The award of A* at A level will provide recognition of the additional demands presented by the A2 units in term of 'stretch and challenge' and 'synoptic' requirements. Candidates who fail to reach the minimum standard for grade E are recorded as U (unclassified), and do not receive a certificate. The level of demand of the AS examination is that expected of candidates half way through a full A level course.

The AS assessment units will have equal weighting with the second half of the qualification (A2). The AS and A2 will be aggregated to produce the A level award. AS consists of two units, referred to in this specification as EC1 Markets and Society and EC2 Macroeconomic Theory and Policy. A2 also consists of two assessment units and these are referred to as EC3 Competition and Competitive Behaviour and EC4 Macroeconomic Issues and The Global Economy.

Assessment units may be retaken prior to certification for the AS or A level qualifications, in which case the better result will be used for the qualification award. Individual assessment unit results, prior to certification for a qualification, have a shelf-life limited only by the shelf-life of the specification.

The specification and assessment materials are available in English and Welsh.

1.2 Prior learning

The specification is equally accessible to all, irrespective of age, gender and ethnic or religious background. The specification is not age-specific and provides opportunities for life-long learning.

The specification builds on the knowledge, understanding and skills established in GCSE Economics, but it is not a requirement that candidates should have previously gained a qualification in this subject.

1.3 Progression

The four part structure of this specification (2 units for AS - and an additional 2 for the full A level) allows for both staged and end-of-course assessment and thus allows candidates to defer decisions about progression from AS to the full A level qualification.

This specification provides a suitable foundation for the study of Economics or a related area through a range of higher education courses, e.g. Economics Degrees and Business Management Degrees; progression to the next level of vocational qualifications, e.g. the BTEC Higher National; or direct entry into employment. In addition, the specification provides a coherent, satisfying and worthwhile course of study for candidates who do not progress to further study in this subject.

1.4 Rationale

This Economics specification provides students with a coherent combination of micro and macro content and a range of methods of enquiry. It allows students to critically explore a range of economic issues and draw on data from local, national and international sources.

This specification enables candidates to exhibit essential skills developed through Economics, i.e. their ability to analyse, apply and reason in different situations using appropriate techniques, language and vocabulary. The specification draws together different elements of the subject and contributes to the provision of Economics at a national level.

Candidates will have the opportunity to:

- develop an understanding of economic concepts and theories through a critical consideration of current economic issues, problems and institutions that affect every day life;
- apply economic concepts and theories using a range of contexts and to appreciate their value and limitations in explaining real-world phenomena;
- appreciate the importance and complexity of contemporary economic issues in the local, national and global economy.

The broad objectives, therefore, are to provide candidates with the knowledge and skills which will stimulate an interest in the subject and facilitate a critical appreciation of issues arising from the subject.

1.5 The Wider Curriculum

The specification by its nature requires candidates to consider moral, ethical, social, cultural and contemporary issues. There are many such instances where all these elements are inextricably linked, e.g. in Markets and Society candidates will consider market failure and provision of health care, i.e. private sector provision versus public sector provision. In Macroeconomic Issues and the Global Economy candidates will consider how economic development and decision-making relate to moral, ethical, social, cultural and contemporary issues.

In addition, there are opportunities to consider legislative issues, such as the impact of the minimum wage and taxation policy on various stakeholders including consumers, businesses and government. These issues occur in Unit 1 Markets and Society, specifically the sections entitled: Why and How Governments Intervene in Markets and The Effects of Government Intervention.

The specification promotes an understanding of sustainable development, economic aspects of environmental issues and the European Union. Explicit references to these areas are found in Unit 1 Markets and Society (government's intervention in markets) and in Unit 4 Macroeconomic Issues/Global economy (sustainability of economic growth and international economic institutions).

1.6 Prohibited combinations and overlap

Every specification is assigned a national classification code indicating the subject area to which it belongs. Centres should be aware that candidates who enter for more than one GCE qualification with the same classification code will only have one grade (the highest) counted for the purpose of the School and College Performance Tables. The classification code for this specification is 4410.

There are no prohibited combinations. This specification, however, has some overlap with Business Studies. The following areas of subject content are common to both Economics and Business Studies: the basic economic problem - scarcity, choice and opportunity cost; determination of demand and supply, equilibrium price, price and income elasticity; elementary treatment of different types of market (imperfect competition); the effects of micro and macro factors on economic and business activity.

1.7 Equality and Fair Assessment

AS/A levels often require assessment of a broad range of competences. This is because they are general qualifications and, as such, prepare candidates for a wide range of occupations and higher level courses.

The revised AS/A level qualification and subject criteria were reviewed to identify whether any of the competences required by the subject presented a potential barrier to any disabled candidates. If this was the case, the situation was reviewed again to ensure that such competences were included only where essential to the subject. The findings of this process were discussed with disability groups and with disabled people.

Reasonable adjustments are made for disabled candidates in order to enable them to access the assessments. For this reason, very few candidates will have a complete barrier to any part of the assessment. Information on reasonable adjustments is found in the Joint Council for Qualifications document *Regulations and Guidance Relating to Candidates who are eligible for Adjustments in Examinations*. This document is available on the JCQ website (www.jcq.org.uk).

Candidates who are still unable to access a significant part of the assessment, even after exploring all possibilities through reasonable adjustments, may still be able to receive an award. They would be given a grade on the parts of the assessment they have taken and there would be an indication on their certificate that not all of the competences have been addressed. This will be kept under review and may be amended in future.

2

AIMS

The aims set out below describe the educational purposes of following a course in Economics and are also consistent with the requirements of the Subject Criteria for GCE Economics AS and A level GCE. The aims are not listed in order of priority. The aims apply to both the AS and A level specifications.

This specification in AS and A level Economics aims to:

- develop an interest in and enthusiasm for the study of the subject;
- appreciate the contribution of economics to the understanding of the wider economic and social environment;
- develop an understanding of a range of concepts and an ability to use these concepts in a variety of different contexts;
- use an enquiring, critical and thoughtful approach to the study of economics and an ability to think as an economist;
- develop skills, qualities and attitudes which will equip candidates for the challenges, opportunities and responsibilities of adult and working life.

3**ASSESSMENT OBJECTIVES**

Candidates must meet the following assessment objectives in the context of the content detailed in Section 4 of the specification:

- AO1** Demonstrate knowledge and understanding of the specified content.
- AO2** Apply knowledge and understanding of the specified content to problems and issues arising from both familiar and unfamiliar situations.
- AO3** Analyse economic problems and issues.
- AO4** Evaluate economic arguments and evidence, making informed judgements.

Weightings

Assessment objective weightings are shown below as % of the full A level, with AS weightings in brackets.

Unit	Unit Weighting %	AO1%	AO2%	AO3%	AO4%
EC1	20 (40)	6 (12)	6 (12)	4 (8)	4 (8)
EC2	30 (60)	9 (18)	9 (18)	6 (12)	6 (12)
EC3	25	5	5	7.5	7.5
EC4	25	5	5	7.5	7.5
Total	100 (100)	25	25	25	25

4 SPECIFICATION CONTENT

AS

The AS specification is based upon the principle of creating an introductory broad, but basic, understanding of how markets and the economy work, e.g. it introduces candidates to the basic concepts of supply and demand in both individual markets (microeconomics) and in the whole economy (macroeconomics). Candidates will be required to use basic models to develop a critical understanding of economic issues and explore current economic behaviour, drawing upon data from local, national and international sources.

The AS content is divided essentially into microeconomics (Markets and Society) and macroeconomics (Macroeconomics Theory and Policy)

1. Markets and Society

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
A The basic economic problem		
Scarcity, choice, opportunity cost	<ul style="list-style-type: none"> define and illustrate these concepts for both society and individuals. 	<ul style="list-style-type: none"> the purpose is to show that all economies have to decide what, how and for whom to produce.
Production possibility curves	<ul style="list-style-type: none"> use production possibility curves to depict choice, opportunity cost and economic growth. 	<ul style="list-style-type: none"> candidates should be able to understand movements along and shifts in PPCs. candidates will be expected to know why the PPC is drawn concave to the origin and why a straight line PPC is an indication of perfect factor substitutability/homogeneous resources. the treatment of economic growth should be elementary at this stage, e.g. a basic definition and knowledge of the factors which may shift the PPC to the right or to the left. relate economic growth to outward or skewed shifts in an economy's production possibility curve.
Specialisation, division of labour and exchange	<ul style="list-style-type: none"> understand the benefits of specialisation. 	<ul style="list-style-type: none"> candidates should understand the meaning of productivity and how it may be increased by the use of specialisation and other factors.

Topic	Candidates should be able to	Additional guidance notes
B Supply, demand and markets		
Factors influencing demand and supply in product and labour markets	<ul style="list-style-type: none"> • define a market. • explain the objectives of economic agents. • identify the main influences on demand and supply in product markets. • identify the main influences on demand and supply in labour markets. 	<ul style="list-style-type: none"> • candidates should be aware that a market is made up of buyers and sellers. • firms seek to maximise profits and consumers seek to maximise satisfaction/utility. • the derivation of demand curves using marginal utility theory and/or indifference curves is not required. • candidates should understand why demand curves will usually slope downward from left to right. • candidates should understand why supply curves will normally slope upward from left to right, e.g. producers will be able to make higher profits at higher prices and that higher levels of output mean increased marginal costs in the short run (diminishing returns). (Candidates should have an awareness of marginal cost.) • detailed knowledge of short run and long run costs is not required. • knowledge of marginal revenue product theory is not required, but candidates should understand that the demand for labour is derived from the contribution that labour makes to the profit of the firm. • supply of labour should be treated simply: more labour will generally be offered at higher wage rates. Workers, as agents, seek to maximise earnings.

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
The determination of equilibrium price and output in a freely competitive market	<ul style="list-style-type: none"> illustrate equilibrium price and output situations in product and labour markets. explain effects on price and output of shifts in demand and supply curves. 	<ul style="list-style-type: none"> treatment here should not deal with reasons for wage differentials or economic rent or transfer earnings. candidates should be able to understand the reasons for movements along and shifts of demand and supply curves.
Consumer and producer surplus	<ul style="list-style-type: none"> define, explain and illustrate consumer surplus and producer surplus. 	<ul style="list-style-type: none"> candidates should be aware that consumer surplus and producer surplus are jointly maximised at the free market equilibrium. candidates should be able to calculate the value of consumer surplus, e.g. calculating the area of a triangle from the figures given on a diagram.
Price, income and cross elasticities of demand, price elasticity of supply	<ul style="list-style-type: none"> explain the terms price, income and cross elasticities of demand and price elasticity of supply. explain the factors that influence elasticities of demand and supply. explain the relationship between price elasticity of demand and total revenue. apply measures of elasticity to market situations. 	<ul style="list-style-type: none"> candidates should be able to define, calculate and interpret numerical values of elasticity. candidates should be aware of the factors, such as the short run and the long run, which influence price, income and cross elasticities of demand and the price elasticity of supply. candidates should understand that price elasticity of demand varies along a straight line downward sloping demand curve. explain why a knowledge of price elasticity of demand is important to decision making in firms and government.

Topic	Candidates should be able to	Additional guidance notes
C Resource allocation and market failure		
How resources are allocated in a free market economy	<ul style="list-style-type: none"> • candidates should be aware of the role of profit and the function of prices in allocating resources to different uses. • understand that changes in one market affect other markets. 	<ul style="list-style-type: none"> • candidates are not expected to appreciate the difference between an accountant's and an economist's view of profit. • markets for substitutes and complements. Links to product and factor markets.
Why markets sometimes fail	<ul style="list-style-type: none"> • define market failure and have a basic understanding of efficiency i.e. the maximisation of consumer/producer surplus at the free market equilibrium output. • understand that market power and externalities are examples of market failure. • appreciate the reasons for, and consequences of, each source of market failure for individuals, firms and governments. 	<ul style="list-style-type: none"> • candidates should be able to distinguish between public goods, private goods, merit goods and demerit goods. • an understanding of the effects of information asymmetries, information gaps and an absence of property rights is required. • a diagrammatic approach to these examples of market failure is not required
Why and how governments intervene in markets	<ul style="list-style-type: none"> • explain why and how governments intervene in markets, for instance, to correct market failure and reduce income inequality. 	<ul style="list-style-type: none"> • governments may intervene by using policies such as: taxation, (specific and ad valorem taxes), subsidies, tradeable pollution permits, state provision and regulation, minimum and maximum prices. Simple demand and supply diagrams should be used.
The effects of government intervention	<ul style="list-style-type: none"> • explain that in certain cases government intervention can create distortions in markets, e.g. in agriculture (the EU system of price and income support), housing and labour markets. 	<ul style="list-style-type: none"> • candidates should be aware of the possible effects of the statutory National Minimum Wage on a labour market. • candidates should understand the concept of government failure.

2. Macroeconomic Theory and Policy

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
A		
National Income and Expenditure		
Circular flow of income model	<ul style="list-style-type: none"> outline the basic circular flow model. identify measures of national income (GDP, GNP). 	<ul style="list-style-type: none"> candidates should have a basic understanding of output, income and expenditure flows. candidates should understand the difference between GDP and GNP and the notion that income, expenditure and output should be equal. detailed knowledge of national income accounts is not required.
Components of aggregate demand	<ul style="list-style-type: none"> define the components of aggregate demand: consumption, investment, government spending and net exports (exports minus imports). explain the factors which affect the levels of consumption and investment in the economy. 	<ul style="list-style-type: none"> candidates should be able to define and explain injections into and withdrawals from the circular flow of income. explain the importance of factors such as income and profit, wealth, interest rates, expectations and taxation. knowledge of the Keynesian theory of the consumption function, the marginal efficiency of capital and the accelerator effect are not required.

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
B The determination of output, employment and prices.		
Aggregate demand (AD)	<ul style="list-style-type: none"> define aggregate demand (AD) and explain the shape of the AD curve. explain the factors which may shift the position of the AD curve. 	<ul style="list-style-type: none"> explain why the AD curve slopes down from left to right. e.g. changes in consumption, investment, interest rates and taxation.
Aggregate supply (AS)	<ul style="list-style-type: none"> define aggregate supply (AS) and explain the shape of the Keynesian long run AS curve. explain the factors which will cause a shift in the long run AS curve. 	<ul style="list-style-type: none"> candidates should appreciate that as full employment is approached the AS curve becomes steeper, becoming vertical at full employment. influences may include quantity, quality and mobility of factors of production, the state of technology and the effect of taxation on the supply side. understanding of the short-run AS curve is not required.
The determination of output and the price level	<ul style="list-style-type: none"> illustrate and explain how AS and AD interact to determine the level of output, employment and prices in the long run. apply the AS/AD model to macroeconomic issues such as inflation, unemployment and economic growth. 	<ul style="list-style-type: none"> a diagrammatic approach is required. an elementary treatment only of unemployment, inflation and economic growth is required at this stage: the focus should be on how changes in AD and AS affect these.

Topic	Candidates should be able to	Additional guidance notes
C Macroeconomic Policy		
Government policy objectives	<ul style="list-style-type: none"> explain the main macroeconomic objectives and possible conflicts between policy objectives. 	<ul style="list-style-type: none"> why governments have attempted to achieve low inflation, low levels of unemployment, sustainable economic growth and equilibrium in the current account of the Balance of Payments.
Fiscal policy	<ul style="list-style-type: none"> define fiscal policy and explain the main categories and components of government spending and taxation. explain how fiscal policy can affect levels of output, employment and the price level. 	<ul style="list-style-type: none"> candidates should understand the difference between: capital and current expenditure, direct and indirect taxation. how changes in government spending and taxation affect AD and/or AS. candidates should be able to explain the Laffer curve.
Monetary policy	<ul style="list-style-type: none"> define monetary policy. appreciate the role of the Bank of England and the Monetary Policy Committee in determining the rate of interest, the value of the pound and the supply of money. explain how monetary policy affects output, employment and the price level, using AS/AD analysis. 	<ul style="list-style-type: none"> detailed knowledge of the financial and money markets is not required. detailed knowledge of the determinants of the money supply and measures of the money supply is not required. candidates should appreciate the importance of an independent central bank being given a symmetrical inflation target and control of the base interest rate. <p>They should also be aware of the main considerations taken into account when setting the base rate, including long run trends in the rates of growth, short run aggregate demand and output gaps.</p> <ul style="list-style-type: none"> knowledge of liquidity preference theory is not required.

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
D The pattern of Trade and Exchange Rates		
Exchange rate policy	<ul style="list-style-type: none"> explain how exchange rates are determined. explain how changes in interest rates affect the exchange rate. explain how changes in exchange rates may affect prices of imports and exports. explain why governments may have an exchange rate policy and how changes in the exchange rate may affect the U.K. economy. 	<ul style="list-style-type: none"> simple explanation using a demand and supply diagram. candidates should be aware of how a change in interest rates shifts the supply and demand curves for sterling. A diagrammatic approach is required here. understand the effects of exchange rate changes on firms, workers and consumers. how changes in exchange rates may affect the Government's main macroeconomic objectives.
Supply side policies	<ul style="list-style-type: none"> define supply side policies and identify with examples how supply side policies may increase the efficiency and flexibility of product and factor markets. 	<ul style="list-style-type: none"> candidates should be aware that supply side policies may work through the markets for capital, land and enterprise as well as through the labour market, e.g. effect on the supply of enterprise of tax changes.
Comparing policy instruments	<ul style="list-style-type: none"> consider the appropriateness of supply side and/or demand side policies in the management of the economy. 	<ul style="list-style-type: none"> candidates should be aware of the effects of supply side and demand side policies on output and employment, the price level and income distribution.
The pattern of international trade	<ul style="list-style-type: none"> explain the benefits of free trade. describe the main forms of protection: tariffs, quotas and other barriers. explain why protectionism exists. 	<ul style="list-style-type: none"> theoretical knowledge of comparative advantage is not required at this stage the effect of a tariff should be shown diagrammatically. institutional knowledge of the single market and the WTO are not required.

A Level Assessment Units

Units 3 and 4 make up the A2 specification. The full A level must comprise the first half (AS) and the second half (A2) of the A level qualification. At A level candidates will be expected to use more complex micro and macro models applied to a wider range of local, national and international contexts. Candidates will be required to develop a critical approach to the evaluation of economic models and current economic policies. In the synoptic essay questions in EC3 and EC4 candidates will be expected to draw upon different elements of the Specification content and evaluate alternative arguments and theories.

The A2 content is divided essentially into microeconomics (Competition and Competitive Behaviour) and macroeconomics (Macroeconomic Issues and the Global Economy).

3. Competition and Competitive Behaviour

	<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
A	Business objectives	<ul style="list-style-type: none"> explain how firms may have different objectives such as maximisation of profit, revenue or market share, survival, social and community objectives. 	<ul style="list-style-type: none"> explain that firms may 'satisfice' by pursuing more than one objective.
B	Costs, revenues and profits	<ul style="list-style-type: none"> explain and illustrate the law of diminishing returns. distinguish between fixed and variable costs and be able to distinguish between the short run and the long run. define and calculate total, average and marginal values for revenue and costs. explain and illustrate internal and external economies and diseconomies of scale; be able to distinguish the short run from the long run. define normal and abnormal profits; explain the concept of profit maximisation (using marginal revenue and marginal cost). 	<ul style="list-style-type: none"> numerical and diagrammatic understanding is required. appropriate diagrams should be used to illustrate all concepts relating to costs, revenue and profits. The difference between the short run and long run is required. understand how and why firms might grow. Types of integration/mergers should be covered.

Topic	Candidates should be able to	Additional guidance notes
C Evaluation of market systems	<ul style="list-style-type: none"> • explain and illustrate the concepts of productive and allocative efficiency; an understanding of Pareto efficiency is required. • explain and illustrate the causes of market systems working inefficiently. • explain how the external effects of production and consumption, uncertainty, the lack of public goods and the existence of monopoly will all operate to reduce efficiency. 	<ul style="list-style-type: none"> • candidates should be able to illustrate these concepts diagrammatically. • explain using appropriate diagrams the effects of external costs and benefits on the socially efficient level of output.
D Market structures <ul style="list-style-type: none"> • Perfect Competition • Monopoly 	<ul style="list-style-type: none"> • define perfect competition and explain the importance of the underpinning assumptions, e.g. contestability. • explain and illustrate with diagrams the short-run and long-run equilibrium price and output for the firm and the industry. • explain and evaluate the efficiency of perfectly competitive markets. • define monopoly and explain the conditions necessary for the emergence of monopoly power. • compare the short run and long run equilibrium positions with those in perfect competition. • evaluate the potential costs and benefits of monopoly, e.g., price discrimination, lack of contestability, efficiency against the benefits of economies of scale and natural monopoly. 	<ul style="list-style-type: none"> • explain that the structure of a market depends on the number of firms (organisations) and their ability to enter and exit markets freely. • evaluation should concentrate on allocative and productive efficiency. • explain the significance of freedom of entry into and exit of firms from markets. • use of concentration ratios to measure the extent of monopoly power is required.

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
<ul style="list-style-type: none"> • Monopolistic competition 	<ul style="list-style-type: none"> • define monopolistic competition and contrast the underpinning assumptions with those of perfect competition. • compare, using diagrams, the short-run and long-run equilibrium positions with those in perfect competition. • explain and evaluate the efficiency of monopolistically competitive markets. 	<ul style="list-style-type: none"> • candidates should understand the importance of differentiated products and advertising in monopolistic competition. • evaluation should concentrate on allocative and productive efficiency.
<ul style="list-style-type: none"> • Oligopoly 	<ul style="list-style-type: none"> • explain the main features of oligopolistic markets and the concept of interdependence. • explain and use the kinked demand curve. 	<ul style="list-style-type: none"> • explain that oligopolistic markets consist of a small number of producers whose individual decisions on price, output and other competitive activities may have immediate effects upon competitors. • explain that oligopolistic markets may be characterised by non-price competition, price leadership, cartels and price wars. • an awareness of game theory could be used to illustrate the above situations. • knowledge of the discontinuous marginal revenue curve is required.

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
E Competition policy	<ul style="list-style-type: none"> • Explain and evaluate the features of current UK and EU government competition policy and its impact on prices, employment, output and market structure. • explain and evaluate the way in which privatisation may increase competition. 	<ul style="list-style-type: none"> • Explain the reasons why governments may be concerned with competition, monopolies and mergers in industry, and the form which competition policy takes in the UK and the EU. • A basic knowledge of current UK and EU legislation and institutional arrangements is required. • explain the different forms of privatisation, e.g. denationalisation, deregulation, contracting-out (compulsory competitive tendering). • explain and evaluate the effects of privatisation on competition, efficiency, consumer choice and prices. • understand the effects of regulation on the privatised utilities (e.g. the water, gas, electricity and telecommunications industries).

4. Macroeconomic Issues and The Global Economy

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
A	Unemployment	
	<ul style="list-style-type: none"> • define unemployment and explain its measurement; • identify the causes and characteristics of unemployment; • explain the economic, social and political costs of unemployment; • alternative approaches to the reduction of unemployment. 	<ul style="list-style-type: none"> • candidates should be able to explain the problems associated with its measurement. • candidates should understand the distinction between voluntary and involuntary unemployment. • aggregate demand (a basic understanding of the multiplier process is required but candidates will not be tested on the calculation). Supply side policies.
B	Inflation	
	<ul style="list-style-type: none"> • define inflation and explain how it is measured; • explain the meaning and significance of weighted indices of prices; • explain the economic, social and political costs of inflation; • causes of inflation. • alternative approaches to the control of inflation; • explain the theories of the trade-offs between inflation and unemployment. 	<ul style="list-style-type: none"> • be able to distinguish between the different measures of inflation such as RPI, RPIX and the CPI. • calculation of weighted price indices is required. • demand-pull, quantity theory and cost push approaches. • may include use of taxes, government spending, interest rates and the money supply. • The relationship should be illustrated using Phillips curve analysis and/or Aggregate Supply/Aggregate Demand curves. • understanding of the short-run AS curve is required.

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
C Economic growth	<ul style="list-style-type: none"> • define and explain the measurement of economic growth and trade cycles; • relate economic growth to outward, or skewed shifts in an economy's production possibility curve. • identify factors which may lead to economic growth; • explain the possible costs, benefits and sustainability of economic growth; • evaluate how recent trends in growth in the UK have been affected by government economic policy. 	<ul style="list-style-type: none"> • understand that economic growth represents an increase in the productive capacity of the economy rather than short-term changes in the level of national income (recession, recovery and boom). • understand the importance of technological change, investment, the quantity and quality of factors of production and the possible effect of changes in taxation on the supply side of the economy. • candidates should have an understanding of sustainable development. • understand major differences in economic policy over the last twenty years.

<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
D Theory of trade	<ul style="list-style-type: none"> • explain with arithmetic illustration the concepts of comparative and absolute advantage and their limitations; • explain and numerically illustrate the terms of trade. • candidates should understand the impact of globalisation on the UK economy. 	<ul style="list-style-type: none"> • a two country, two product model is required using a numerical and graphical approach. • understand the potential implications of changes to the terms of trade upon a country's current account. • understand the interdependence of economies.
E Balance of Payments accounts	<ul style="list-style-type: none"> • explain the basic structure and purpose of the Balance of Payments current account. • explain the possible consequences of current account deficits and surpluses. • explain possible policies to reduce current account deficits and surpluses. 	<ul style="list-style-type: none"> • candidates will not be expected to understand in detail the financial and capital sections of the balance of payments. • understand the importance of exchange rate changes, protectionist measures and other Government policies.
F International economic institutions	<ul style="list-style-type: none"> • explain the potential advantages and disadvantages of Economic and Monetary Union (EMU) and the importance of the European Union (EU). • explain the basic purposes of the World Trade Organisation (WTO). 	<ul style="list-style-type: none"> • understand that membership of the EMU means fixed exchange rates, free capital movements and a common monetary policy and the implications of this for national economic policy and the protection of UK interests. • understand the importance of the convergence criteria for entry into EMU regarding public sector debt, interest rates and inflation. • understand the economic implications of the enlargement of the European Union (EU) with regard to the EU budget, the labour market and competition. • understand the constraints that WTO regulation may place upon Government policies.

	<i>Topic</i>	<i>Candidates should be able to</i>	<i>Additional guidance notes</i>
G	Economic Development	<ul style="list-style-type: none"> • explain the way in which economies may be classified as least developed, developing and developed. • explain how the industrial structure of a developing country may differ from that of a more economically developed country (MEDC). • explain why developing countries may have difficulty in developing industry and competing with developed countries (MEDCs). • explain how the trade policies of the MEDCs and negotiations between MEDCs and developing countries have been barriers to development. • explain and analyse ways in which developing countries may overcome the difficulties they face. 	<ul style="list-style-type: none"> • understand the basic terminology used to describe different types of developing economy, e.g. newly industrialising countries (NICs). • be aware of possible indicators of development, e.g. GDP/GNP per head, (including the impact of PPP) car ownership, education and health provision, Human Development Index (HDI). • understand that there may be a shift in output and employment from primary to secondary and from secondary to tertiary during the development process. • understand that there may be great variations between developing countries in income and industrial development. • describe the relevance of barriers to development such as lack of capital, low levels of education, dependence upon imported technology and expertise, trade deficits and high debt repayments. • understand how protectionism has acted as a barrier to development. • analyse possible approaches to development, e.g. Government intervention, free market approach, foreign aid, development of strategic industries, import substitution, foreign direct investment. Assistance from international institutions: e.g. IMF and the World Bank. • understand that different approaches may have different levels of effectiveness to development.

5 SCHEME OF ASSESSMENT

AS and A level qualifications are available to candidates following this specification.

AS

The AS is the first half of an A level course. It will contribute 50% of the total A level marks. Candidates must complete the following **two units** in order to gain an AS qualification.

			Weighting Within AS	Weighting Within A Level
EC1	An Introduction to Microeconomics and Macroeconomics	Paper 1	40%	20%
EC2	Microeconomic and Macroeconomic Theory and Policy	Paper 2	60%	30%

EC1: Written Paper 1 - 50 marks

Compulsory short-answer questions **to assess all of the AS subject content**. Duration 1 hour.

EC2: Written Paper 2 - 80 marks

One compulsory data response question and two, two-part essay questions **to assess all of the AS subject content**. Duration 2 hours.

- In Section A candidates will answer one compulsory data response question. (40 marks)
- In Section B candidates will answer one essentially microeconomics question from a choice of three. (20 marks)
- In Section C candidates will answer one essentially macroeconomics question from a choice of three. (20 marks)

A Level

The A level specification consists of two parts: Part 1 (AS) and Part 2 (A2).

Part 1 (AS) may be taken separately and added to A2 at a further examination sitting to achieve an A level qualification, or alternatively, both the AS and A2 may be taken at the same sitting.

Candidates must complete the AS units outlined above plus a further two units to complete A level Economics. The A2 units will contribute 50% of the total A level marks.

			Weighting Within AS	Weighting Within A Level
EC3*	Competitive Behaviour, Macroeconomics and Globalisation (I)	Paper 3	-	25%
EC4*	Competitive Behaviour, Macroeconomics and Globalisation (II)	Paper 4	-	25%

*Includes synoptic assessment

EC3: Written Paper 3 - 60 marks

Compulsory short-answer questions (40 marks) and one synoptic essay question (20 marks) from a choice of three **to assess all of the A level subject content**. Duration 1 hour and 45 minutes.

EC4: Written Paper 4 - 60 marks

One data response question from a choice of two (40 marks) and one synoptic essay question (20 marks) from a choice of three **to assess all of the A level subject content**. Duration 2 hours.

Synoptic Assessment

Synoptic assessment, testing candidates' understanding of the connections between the different elements of the subject and their holistic understanding of the subject, is a requirement of all A level specifications. In the context of Economics this means:

Requiring candidates to make and use connections within and between different areas of subject content at AS and A2, by:

- applying knowledge and understanding of more than one area of the subject content to a particular situation or context;
- analysing and synthesising Economics problems and using key principles, concepts and theories;
- integrating and evaluating knowledge and evidence to draw valid, logical conclusions.

Quality of Written Communication

Candidates will be required to demonstrate their competence in written communication in all assessment units where they are required to produce extended written material. In this specification the quality of written communication will be assessed in the essay questions in EC2 and in the Synoptic essays in EC3 and EC4. Mark schemes for these units include the following specific criteria for the assessment of written communication:

- legibility of text; accuracy of spelling, punctuation and grammar; clarity of meaning;
- selection of a form and style of writing appropriate to purpose and to complexity of subject matter;
- organisation of information clearly and coherently; use of specialist vocabulary where appropriate.

All assessment objectives subsume the use of written communication. Use of appropriate language, punctuation and grammar is expected as the means by which ideas can be expressed and logical argument shown in answers to questions. Mark schemes, therefore, will, where appropriate, be constructed to allow for the presentation of coherent accounts, cogent argument, appropriate format and use of Economics terminology.

Availability of Units

Availability of Assessment Units				
Unit	January 2009	June 2009	January 2010 & each subsequent year	June 2010 & each subsequent year
EC1		✓	✓	✓
EC2		✓	✓	✓
EC3				✓
EC4				✓

Awarding, Reporting and Re-sitting

The overall grades for the GCE AS qualification will be recorded as a grade on a scale from A to E. The overall grades for the GCE A level qualification will be recorded on a grade scale from A* to E. Results not attaining the minimum standard for the award of a grade will be reported as U (Unclassified). Individual unit results and the overall subject award will be expressed as a uniform mark on a scale common to all GCE qualifications (see table below). The grade equivalence will be reported as a lower case letter ((a) to (e)) on results slips, but not on certificates:

	Max. UM	A	B	C	D	E
Unit 1 (weighting 20%)	80	64	56	48	40	32
Unit 2 (weighting 30%)	120	96	84	72	60	48
Unit 3 (weighting 25%)	100	80	70	60	50	40
Unit 4 (weighting 25%)	100	80	70	60	50	40
AS Qualification	200	160	140	120	100	80
A Qualification	400	320	280	240	200	160

At A level, Grade A* will be awarded to candidates who have achieved a Grade A in the overall A level qualification and 90% of the total uniform marks for the A2 units.

Candidates may re-sit units prior to certification for the qualification, with the best of the results achieved contributing to the qualification. Individual unit results, prior to certification of the qualification, have a shelf-life limited only by the shelf-life of the specification.

6

KEY SKILLS

Key Skills are integral to the study of AS/A level Economics and may be assessed through the course content and the related scheme of assessment as defined in the specification. The following key skills can be developed through this specification at level 3:

- Communication
- Application of Number
- Problem Solving
- Information and Communication Technology
- Working with Others
- Improving Own Learning and Performance

Mapping of opportunities for the development of these skills against the Key Skills evidence requirement is provided in 'Exemplification of Key Skills for Economics' available on WJEC website.

7 PERFORMANCE DESCRIPTIONS

Introduction

Performance descriptions have been created for all GCE subjects. They describe the learning outcomes and levels of attainment likely to be demonstrated by a representative candidate performing at the A/B and E/U boundaries for AS and A2.

In practice most candidates will show uneven profiles across the attainments listed, with strengths in some areas compensating in the award process for weaknesses or omissions elsewhere. Performance descriptions illustrate expectations at the A/B and E/U boundaries of the AS and A2 as a whole; they have not been written at unit level.

Grade A/B and E/U boundaries should be set using professional judgement. The judgement should reflect the quality of candidates' work, informed by the available technical and statistical evidence. Performance descriptions are designed to assist examiners in exercising their professional judgement. They should be interpreted and applied in the context of individual specifications and their associated units. However, performance descriptions are not designed to define the content of specifications and units.

The requirement for all AS and A level specifications to assess candidates' quality of written communication will be met through one or more of the assessment objectives.

The performance descriptions have been produced by the regulatory authorities in collaboration with the awarding bodies.

AS performance descriptions for economics

	Assessment objective 1	Assessment objective 2	Assessment objective 3	Assessment objective 4
Assessment objectives	Demonstrate knowledge and understanding of the specified content.	Apply knowledge and understanding of the specified content to problems and issues arising from both familiar and unfamiliar situations.	Analyse economic problems and issues.	Evaluate economic arguments and evidence, making informed judgements.
A/B boundary performance descriptions	<p>Candidates characteristically:</p> <p>a) demonstrate detailed knowledge of a range of facts and concepts included in the AS specification</p> <p>b) demonstrate clear understanding of:</p> <ul style="list-style-type: none"> • terminology • institutions • models. 	<p>Candidates characteristically:</p> <p>a) apply:</p> <ul style="list-style-type: none"> • concepts • numerical and graphical techniques • theories and models • terminology <p>to issues arising in familiar and unfamiliar situations.</p>	<p>Candidates characteristically:</p> <p>a) select relevant concepts, models, theories and techniques</p> <p>b) demonstrate, for the most part, development of logical explanations of economic problems and issues with focus and relevance.</p>	<p>Candidates characteristically:</p> <p>a) evaluate straightforward economic arguments and evidence by:</p> <ul style="list-style-type: none"> • prioritising evidence and arguments • making judgements • reaching and presenting conclusions.
E/U boundary performance descriptions	<p>Candidates characteristically:</p> <p>a) demonstrate knowledge of some facts and concepts included in the AS specification</p> <p>b) demonstrate some understanding of:</p> <ul style="list-style-type: none"> • terminology • institutions • models. 	<p>Candidates characteristically:</p> <p>a) apply in part some of the following:</p> <ul style="list-style-type: none"> • concepts • numerical and graphical techniques • theories and models • terminology <p>to issues arising in familiar situations.</p>	<p>Candidates characteristically:</p> <p>a) demonstrate some evidence of selecting relevant concepts, models, theories and techniques</p> <p>b) demonstrate partial explanations of economic problems and issues.</p>	<p>Candidates characteristically:</p> <p>a) evaluate straightforward economic arguments and evidence at a simple level, for example by:</p> <ul style="list-style-type: none"> • offering judgements • stating conclusions.

A2 performance descriptions for economics

	Assessment objective 1	Assessment objective 2	Assessment objective 3	Assessment objective 4
Assessment objectives	Demonstrate knowledge and understanding of the specified content.	Apply knowledge and understanding of the specified content to problems and issues arising from both familiar and unfamiliar situations.	Analyse economic problems and issues.	Evaluate economic arguments and evidence, making informed judgements.
A/B boundary performance descriptions	<p>Candidates characteristically demonstrate, across the AS and A2 specifications:</p> <ol style="list-style-type: none"> detailed knowledge of a range of facts and concepts clear understanding of: <ul style="list-style-type: none"> terminology institutions models detailed knowledge and clear understanding of the interconnections between the different elements of the subject content. 	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> apply clearly and effectively: <ul style="list-style-type: none"> concepts numerical and graphical techniques theories and models terminology to complex issues arising in familiar and unfamiliar situations. 	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> select relevant concepts, models, theories and techniques demonstrate, for the most part, development of logical explanations for complex economic problems and issues, with focus and relevance. 	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> evaluate effectively complex economic arguments: <ul style="list-style-type: none"> • prioritise evidence and arguments • make reasoned judgements • reach and present supported conclusions • make reasoned recommendations.
E/U boundary performance descriptions	<p>Candidates characteristically demonstrate, across the AS and A2 specifications:</p> <ol style="list-style-type: none"> knowledge of some facts and concepts some understanding of: <ul style="list-style-type: none"> terminology institutions models some knowledge and understanding of the interconnections between the different elements of the subject content. 	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> apply appropriately some: <ul style="list-style-type: none"> concepts numerical and graphical techniques theories and models terminology to complex issues arising in a range of situations, some of which may be unfamiliar. 	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> demonstrate some evidence of selecting relevant concepts, models, theories and techniques demonstrate partial development of logical explanations for complex economic problems and issues. 	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> demonstrate some evaluative skills in relation to complex economic arguments and evidence: <ul style="list-style-type: none"> • make judgements • reach and present conclusions with some supporting evidence • make recommendations.