

## **GCE Economics**

OCR Advanced Subsidiary GCE in Economics H061

OCR Advanced GCE in Economics H461

version 4– September 2013  
**specification**

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Vertical black lines indicate a significant change to the previous printed version.

# 1 About these Qualifications

This booklet contains OCR's Advanced Subsidiary GCE and Advanced GCE specifications in Economics for teaching from September 2013.

These specifications:

- provide a coherent combination of microeconomic and macroeconomic content, drawing on local, national and international contexts;
- foster an appreciation of economic concepts and theories in a range of contexts and their value and limitations in explaining real-world phenomena.

They require candidates to:

- develop an understanding of economic concepts and theories through a critical consideration of current economic issues, problems and institutions that affect everyday life;
- select, interpret and use appropriate data from a range of sources;
- analyse, explain and evaluate the strengths and weaknesses of the market economy and the role of government within it;
- develop a critical approach to economic models and methods of enquiry;
- study economic choices and markets;
- study the national and international economy.

## 1.1 The Two-Unit AS

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The Advanced Subsidiary GCE is both a 'stand-alone' qualification and the first half of the corresponding Advanced GCE. The AS GCE is assessed at a standard appropriate for candidates who have completed the first year of study (both in terms of teaching time and content) of the corresponding two-year Advanced GCE course, ie between GCSE and Advanced GCE.

The AS GCE is made up of **two** mandatory units, which are externally assessed, and form 50% of the corresponding **four**-unit Advanced GCE.

These two AS units are: AS F581: *Markets in Action* and AS F582: *The National and International Economy*.

At AS, candidates are required to:

- understand simple microeconomic and macroeconomic market models with a limited number of variables; use the models to explore current economic behaviour; make causal connections and develop an understanding of how the models shed light on the economy as a whole;
- be aware of the assumptions of the basic model of supply and demand; explain the way it works in both words and diagrams; use the model to describe, analyse and predict economic behaviour;
- develop an understanding of the range of ways in which markets may fail; understand the implications of market failure for individuals, firms and the government;
- use the basic AS/AD model and data to understand why supply-side and/or demand-side policies may be seen as appropriate ways of managing an economy; predict the possible impact of such policies and recognise the assumptions involved; argue for different policy approaches and identify criteria for success.

## 1.2 The Four-Unit Advanced GCE

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The Advanced GCE is made up of **two** mandatory units at AS and **two** further units at A2. These A2 units are also externally assessed.

Candidates choose **one** of **two** options for A2 Unit 3 – either A2 F583: *Economics of Work and Leisure* or A2 F584: *Transport Economics*, together with A2 F585: *The Global Economy*.

In addition to the requirements of the AS, at Advanced GCE candidates are required to:

- use and evaluate increasingly complex models involving more variables;
- apply models to a wider range of contexts;
- develop the ability to apply and evaluate economic models as represented in written, numerical and graphical forms;
- interpret and evaluate different types of data from multiple sources;
- be able to propose possible solutions to problems;
- understand the relationships and linkages that underpin macroeconomic models;
- be able to predict the possible impact of policy changes on local, national and international economies;
- be able to evaluate the effectiveness of government policies across a range of contexts.

## 1.3 Qualification Titles and Levels

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These qualifications are shown on a certificate as:

- OCR Advanced Subsidiary GCE in Economics.
- OCR Advanced GCE in Economics.

Both qualifications are Level 3 in the National Qualification Framework (NQF).

## 1.4 Aims

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The aims of these specifications are to encourage candidates 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 develop the ability to think as an economist;
- develop skills, qualities and attitudes that will equip them for the challenges, opportunities and responsibilities of adult and working life.

## 1.5 Prior Learning/Attainment

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No prior knowledge of the subject is required. The specifications build on, but do not depend on, the knowledge, understanding and skills specified for GCSE Economics. It is recommended that candidates have attained communication and literacy skills at a level equivalent to GCSE Grade C in English; and numeracy skills at a level equivalent to GCSE Grade C in Mathematics.

# 2 Summary of Content

## 2.1 AS Units

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### Unit F581: *Markets in Action*

- The reasons for individuals, organisations, and societies having to make choices
- Competitive markets and how they work
- Market failure and government intervention

### Unit F582: *The National and International Economy*

- Aggregate demand and aggregate supply and their interaction
  - Government economic policy objectives and indicators of national economic performance
  - The application of macroeconomic policy instruments; and the international economy
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## 2.2 A2 Units

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### Unit F583: *Economics of Work and Leisure*

- Nature of work and leisure and trends in employment and earnings
- Market structures and competitive behaviour in leisure markets
- Labour demand, supply and wage determination
- Market failure and the role of the Government and unions in the labour market

### Unit F584: *Transport Economics*

- Transport, transport trends and the economy
  - Market structures and competitive behaviour in transport markets
  - Market failure and the role of intervention in transport markets
  - Transport economics and government policy
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Unit F585: *The Global Economy*

- Macroeconomic performance
  - Trade and integration
  - Development and sustainability
  - The economics of globalisation
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# 3 Unit Content

## 3.1 AS Unit F581: *Markets in Action*

*This unit provides an introduction to why economic choices have to be made, the market model, how markets can be efficient and also how they can fail.*

### The reasons for individuals, organisations and societies having to make choices

The central economic problem of scarcity, which arises from infinite wants and finite resources.

Finite economic resources/factors of production of land, labour, capital and enterprise.

How scarcity gives rise to choice, exchange and specialisation. Markets as an approach to the problem of scarcity. Concepts of opportunity cost and the production possibility curve.

Candidates should be able to:

- describe what economists mean by 'the economic problem';
- understand the different factors of production as economic resources;
- explain how specialisation can be used to address the problem of scarcity;
- understand the role of markets in allocating scarce resources;
- explain what is meant by opportunity cost;
- explain how production possibility curves can be used to show scarcity, choice, and opportunity cost.

### Competitive markets and how they work

The nature of a competitive market and its role in influencing choice and achieving an optimum allocation of scarce resources.

Demand:

- the determinants of demand in a market and the relationship between price and quantity demanded;
- the concept of consumer surplus;
- the distinction between movements along the demand curve caused by price changes and shifts in the demand curve caused by other factors.

Supply:

- determinants of supply in a market and the relationship between price and quantity supplied;
- the concept of producer surplus;
- the distinction between movements along the supply curve caused by price factors and shifts in the supply curve caused by other factors such as changes in costs of production.

Candidates should be able to:

- understand what is meant by a 'competitive market' and explain the role of a market in allocating scarce resources;
- understand what is meant by demand and consumer surplus;
- explain how demand is influenced by price and other factors such as income, the prices of other goods, and changes in tastes and fashion;
- analyse the difference between shifts in demand and a movement along a demand curve;
- explain what is meant by supply and producer surplus;
- understand the factors that will influence the supply of a particular product, including the impact of changing costs of production on supply;
- analyse the difference between shifts in supply and movements along a supply curve;
- explain what is meant by the concepts of

<p>Market equilibrium:</p> <ul style="list-style-type: none"> <li>determination of equilibrium price and quantity in a market;</li> <li>the impact of changes in demand and supply on equilibrium.</li> </ul>	<p>price, income and cross-elasticity of demand;</p>
<p>Elasticities:</p> <ul style="list-style-type: none"> <li>price, income and cross-elasticity of demand;</li> <li>definitions, simple calculations and determinants of price, income and cross-elasticity of demand, with an emphasis upon business relevance;</li> <li>definition, simple calculation, determinants, and business relevance of elasticity of supply.</li> </ul> <p>Allocative efficiency:</p> <ul style="list-style-type: none"> <li>definition of allocative efficiency, and the situations where it is achieved;</li> <li>why markets may allocate resources efficiently.</li> </ul>	<ul style="list-style-type: none"> <li>make simple calculations of price, income and cross-elasticity of demand;</li> <li>explain the concept of elasticity of supply and make simple calculations;</li> <li>discuss the business relevance of different elasticity estimates;</li> <li>explain how equilibrium price and quantity are determined;</li> <li>analyse how and why the equilibrium position changes.</li> <li>explain what allocative efficiency is and the conditions under which it is achieved;</li> <li>discuss whether competitive markets always lead to allocative efficiency.</li> </ul>

### Market failure and government intervention

The meaning and nature of market failure.

The difference between private and social costs and the difference between private and social benefits.

The causes and consequences of negative and positive externalities.

Information failure. Merit, demerit and public goods: definitions, examples and an understanding of why these constitute market failure.

The ways in which governments intervene in markets to correct market failure.

The use of state provision, indirect taxes, subsidies, regulation, pollution permits and the provision of information to correct market failure.

Candidates should be able to:

- explain what is meant by 'market failure' in terms of the inefficient use of scarce resources;
- explain what is meant by negative externalities and how they arise as a result of the divergence between private and social costs;
- explain how negative externalities lead to market failure;
- explain what is meant by positive externalities and how they arise as a result of the divergence between private and social benefits;
- explain how positive externalities lead to market failure;

Demand and supply diagrams to illustrate market failures and the impact and effectiveness of government policies to correct market failures.

- explain what is meant by information failure and analyse its implications;
- explain what is meant by merit and demerit goods;
- explain why the over-consumption of demerit goods and the under-consumption of merit goods lead to market failure;
- explain the characteristics of public goods;
- explain why the existence of public goods leads to market failure;
- explain why governments intervene to correct externalities, to influence the allocation of merit/demerit goods and to fund public goods;
- evaluate the impact of indirect taxes, subsidies, regulation, tradeable pollution permits and the provision of information as possible solutions to market failure;
- discuss the effectiveness of these policies in correcting market failure.

## 3.2 AS Unit F582: *The National and International Economy*

*This unit provides an introduction to how the level of macroeconomic activity is determined and to key macroeconomic indicators, problems and policies.*

### Aggregate demand and aggregate supply and their interaction

The components of, and influences upon, aggregate demand:

- consumer expenditure;
- investment;
- government spending;
- exports minus imports.

The factors that influence aggregate supply:

- changes in the costs of production;
- changes in the quantity and quality of resources.

The effects of changes in aggregate demand and aggregate supply on:

- output;
- price level;
- employment.

The circular flow of income, the concepts of leakages and injections, and a general awareness of the multiplier effect.

Candidates should be able to:

- define aggregate demand, describe the components of aggregate demand and explain what determines each of them;
- recognise that aggregate demand and the price level are related;
- explain why the aggregate demand curve may shift;
- define aggregate supply and explain why the aggregate supply curve may shift;
- define what is meant by equilibrium in the macro-economy, explain how it is determined and why it may change;
- understand what is meant by circular flow of income;
- show a general awareness of the multiplier effect and the concepts of leakages and injections;
- discuss how changes in aggregate demand and aggregate supply may affect output, unemployment and inflation.

### Government economic policy objectives and indicators of national economic performance

Government policy objectives for the macro-economy:

- economic growth;
- employment/unemployment;
- inflation;
- the balance of payments;
- income redistribution;
- economic stability.

The meaning and measurement of:

- economic growth
- unemployment
- inflation
- the balance of payments.

The use of data to measure economic performance, including international comparisons.

Candidates should be able to:

- define:
  - economic growth,
  - unemployment,
  - inflation,
  - the balance of payments,
  - income redistribution,
  - economic stability;
- show an awareness of trends in:
  - economic growth,
  - unemployment,
  - inflation,
  - the current account of the balance of payments;
- understand the objectives of government economic policy in terms of:
  - economic growth,
  - employment/unemployment,

<p>The causes and consequences of:</p> <ul style="list-style-type: none"> <li>• inflation;</li> <li>• unemployment;</li> <li>• a deficit or surplus on the current account of the balance of payments.</li> </ul>	<ul style="list-style-type: none"> <li>– inflation,</li> <li>– balance of payments,</li> <li>– economic stability,</li> <li>– income distribution;</li> <li>• define GDP and real GDP;</li> </ul>
<p>The costs, benefits and sustainability of economic growth.</p> <p>An understanding of how exchange rates are determined and how changes in the exchange rate influence export and import prices, aggregate demand and macroeconomic policy objectives.</p>	<ul style="list-style-type: none"> <li>• explain how economic growth, unemployment and inflation are measured in the UK;</li> <li>• discuss the difficulties of their measurement;</li> <li>• outline the structure of the current account of the balance of payments accounts of the UK economy;</li> <li>• explain the causes of: <ul style="list-style-type: none"> <li>– economic growth,</li> <li>– unemployment,</li> <li>– inflation,</li> <li>– a deficit or surplus on the current account of the balance of payments;</li> </ul> </li> <li>• discuss the consequences of: <ul style="list-style-type: none"> <li>– unemployment,</li> <li>– inflation,</li> <li>– a deficit or surplus on the current account of the balance of payments;</li> </ul> </li> <li>• discuss the costs, benefits and sustainability of economic growth;</li> <li>• outline how exchange rates are determined by the demand and supply of currencies;</li> <li>• recognise that a fall in the exchange rate will lower export prices and raise import prices and aggregate demand (and vice versa);</li> <li>• explain how changes in the exchange rate may affect the macro-economy.</li> </ul>

**The application of macroeconomic policy instruments and the international economy**

<p>The nature of policies:</p> <ul style="list-style-type: none"> <li>• fiscal;</li> <li>• monetary;</li> <li>• supply side.</li> </ul> <p>The use and effect of these policies on:</p> <ul style="list-style-type: none"> <li>• the level of employment and unemployment</li> <li>• the rate of inflation</li> <li>• economic growth</li> <li>• the current account of the balance of payments position.</li> </ul> <p>Possible conflicts between policy objectives.</p> <p>Awareness of the general nature and benefits of international trade.</p> <p>Free trade vs. protectionism.</p>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>• define policies: <ul style="list-style-type: none"> <li>– fiscal,</li> <li>– monetary,</li> <li>– supply side;</li> </ul> </li> <li>• discuss, using the AD and AS model, the ways in which fiscal, monetary and supply side policies can affect: <ul style="list-style-type: none"> <li>– unemployment,</li> <li>– inflation,</li> <li>– economic growth,</li> <li>– the current account position of the balance of payments;</li> </ul> </li> <li>• discuss how effective fiscal, monetary and supply-side policies are in achieving the government's macroeconomic objectives;</li> <li>• discuss the reasons for, and consequences</li> </ul>
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Methods of protectionism.

of, possible conflicts between policy objectives;

- show an awareness of the changes in the UK's pattern of international trade since 2000;
- explain the advantages that may be gained from international trade;
- explain tariff and non-tariff methods of protection;

### 3.3 A2 Unit F583: *Economics of Work and Leisure*

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*This unit focuses principally on the economic concepts and theories that help economists to understand and analyse labour market issues. It considers leisure industries in terms of models of market structure and the ways in which leisure needs have a bearing upon the demand and supply of labour.*

#### Nature of work and leisure and trends in employment and earnings

The structure of UK employment and earnings categorised by age, gender, ethnicity, occupation, region and sector.

Broad comparisons of the structure of earnings and employment between the UK and the rest of the EU, and with other international economies.

Unit labour cost and productivity comparisons and their implications.

The distinction between work and leisure.

Time as a constraint.

Distinguishing between different uses of leisure time and the allocation of time between these different categories of leisure.

Broad trends in leisure industries by expenditure and employment.

Market concentration.

Candidates should be able to:

- understand the structure of earnings and employment in the UK;
- describe, in general terms, the recent trends in UK employment and earnings;
- explain the above trends using the categories of age, gender, ethnicity, occupation, region and sector;
- make broad comparisons in terms of employment and earnings structures between the UK and the rest of the EU, and between the UK and other selected non-EU economies;
- explain what is meant by unit labour cost and productivity;
- discuss the implications of variations in unit labour costs and productivity;
- distinguish between work and leisure and the range of leisure activities;
- understand how to categorise leisure time into its competing uses;
- understand in broad terms the contribution of the leisure industries to an economy;
- understand and apply concentration ratios within the leisure industry.

## Market structures and competitive behaviour in leisure markets

The costs and revenues of firms: total, average and marginal concepts.

Short- and long-run distinction.

Economies of scale.

Firms' objectives:

- profit maximisation;
- alternative objectives.

The concept of an efficient market structure in terms of costs, prices, output and profit.

The models of market structure:

- monopoly;
- oligopoly;
- monopolistic competition.

The concept of contestability in markets.

Candidates should be able to:

- understand the nature of costs in the short and long run;
- understand the nature and influences on firms' revenues;
- explain what is meant by economies and diseconomies of scale and how firms might be affected by these;
- explain the models of market structure:
  - monopoly,
  - oligopoly,
  - monopolistic competition;
- evaluate the implications of different market structures for resource allocation in theory and practice;

Comparisons of outcomes in these different market structures.

Application of these models to the behaviour of firms in leisure markets, to include the markets for holidays and leisure travel, spectator sports, broadcasting and cinema admissions.

Efficiency considerations.

Importance of barriers to entry in determining the degree of competition and contestability in selected leisure markets.

Regulation and ownership in leisure markets.

- explain the characteristics of a contestable market;
- apply the outcomes of the models of market structures to the actual behaviour of firms in leisure markets;
- discuss the relationship between efficiency and market structure in leisure markets;
- analyse and comment upon the structure of leisure markets to include those for:
  - holidays and leisure travel,
  - spectator sports,
  - broadcasting,
  - cinema admissions;
- explain what is meant by regulation;
- evaluate the impact of regulation and ownership in selected leisure markets;
- discuss the objectives and behaviour of firms in leisure markets.

## Labour demand, supply and wage determination

Determination of wages and employment in terms of supply and demand for labour in a market/occupation/firm.

Labour as a derived demand:

- marginal revenue product and its determination;
- elasticity of demand for labour and its determinants.

Supply of labour in the short run:

the choice for the individual between income and leisure, including the backward-sloping supply curve.

Candidates should be able to:

- explain what is meant by the derived demand for labour in terms of marginal revenue product;
- explain the derivation of the supply curve of labour, both in the short and long run;
- discuss the usefulness of supply-side concepts, including net advantages and pecuniary and non-pecuniary benefits;
- analyse how wage rates are determined in theory in a competitive labour market;

Supply of labour in the long run:

- net advantages;
- pecuniary and non-pecuniary benefits;
- positive and negative factors.

The influence of education and training on human capital.

Transfer earnings and economic rent; elasticity of supply, and factors influencing it.

- evaluate the usefulness and relevance of the above model of wage determination within contemporary, real-world labour markets;
- understand what is meant by elasticities of demand for, and supply of, labour and explain the factors that determine both;
- define the terms transfer earnings and economic rent and explain their application to labour market situations.

### Market failure and the role of the Government and unions in the labour market

Causes and consequences of labour market failure:

- monopsony;
- union power;
- imperfect information;
- skill shortages;
- economic inactivity;
- unemployment;
- discrimination;
- segmented labour markets;
- geographical and occupational immobility of labour.

Candidates should be able to:

- understand the main causes of market failure in the labour market;
- analyse the nature of the various causes of labour market failure and explain the consequences for wage rates, labour supply and demand, and levels of employment;
- discuss the wider economic effects of labour market failures;
- describe, in general terms, the trends in trade union membership in the UK;

The changing nature and role of the trade union movement, trends in union membership, forms and outcomes of bargaining (including performance-related pay, local agreements and collective bargaining).

Methods to achieve labour market flexibility and the implications of labour market flexibility.

The meaning, measurement and causes of inequality and poverty.

Government policies towards:

- pensions;
- inequality;
- poverty;

including in each case where applicable:

- the roles and effects of taxes and benefits;
- reform of the tax and benefits system;
- the minimum wage.

Government policies to remove or reduce labour market failure.

The impacts of migration and EU directives on labour markets.

- understand the forms of bargaining in the UK and use them to evaluate theories of wage determination;
- identify different types of labour market flexibility;
- discuss the consequences of flexibility for the operation of labour markets in the UK;
- analyse why government intervenes in the labour market;
- evaluate the consequences of such intervention;
- understand the nature and causes of inequality and evaluate measures to reduce inequality in the UK;
- discuss the implications of an ageing population and government responses to this growing issue;
- discuss how the UK labour market is affected by EU directives and evaluate the effects on UK firms and workers;
- discuss the impact of migration on labour markets.

### 3.4 A2 Unit F584: *Transport Economics*

*This unit focuses on the economic principles and context underlying a range of transport problems and issues. It considers transport provision in terms of the models of market structure, especially in the context of contestability in such markets.*

#### Transport, transport trends and the economy

Definition of transport, transport modes and modal characteristics for the movement of passengers and freight.

Transport as a derived demand.

Organisation of transport in the UK.

Market concentration.

Measurement of transport demand and recent trends in the UK. Broad comparisons with trends in the rest of the EU.

Forecasting demand and the economic basis of transport forecasts.

The importance of the transport sector in the UK economy.

Candidates should be able to:

- define 'transport' in terms of transport operations and infrastructure;
- understand the advantages and disadvantages of the main modes of transport, for passengers and freight;
- apply an understanding of these characteristics to appreciate why transport is a derived demand;
- understand and apply concentration ratios within the transport industry;
- understand the structure of transport operations in the UK, in terms of private- and public-sector ownership and responsibilities;
- interpret and understand the reasons for recent trends in the demand for transport in the UK and the rest of the EU;
- apply economic principles to understand how and why transport forecasts are made and used by economists;
- discuss the problems and implications of forecasting transport trends;
- handle and interpret data on the economic importance of transport in the UK economy.

#### Market structures and competitive behaviour in transport markets

The costs and revenues of firms:

- total concept;
- average concept;
- marginal concept.

Short- and long-run distinction.

Economies of scale.

Firms' objectives:

- profit maximisation;
- alternative objectives.

Candidates should be able to:

- understand the nature of costs in the short and long run;
- understand the nature of, and influences on, firms' revenues;
- explain what is meant by economies and diseconomies of scale and how firms might be affected by these;
- explain the models of market structure:
  - monopoly,

The concept of an efficient market structure in terms of costs, prices, output and profit.

- oligopoly,
- monopolistic competition;
- evaluate the relative efficiency of these market structures in theory and practice;
- analyse the natural monopoly argument applied to transport;
- explain what is meant by contestability and the characteristics of a perfectly contestable market.

The models of market structure:

- monopoly;
- oligopoly;
- monopolistic competition.

The concept of contestability in markets.

Comparison of outcomes in these different market structures.

Application of models of market structures to transport markets.

Concentration Ratio.

Importance of barriers to entry in determining the degree of competition and contestability in selected transport markets.

Efficiency considerations.

Natural monopoly argument.

Transport markets:

- deregulation;
- franchising;
- privatisation.

- discuss the extent to which particular transport markets are contestable;
- explain what is meant by deregulation and franchising;
- evaluate the impact of deregulation in selected transport markets;
- discuss the arguments for and against the privatisation of transport services;
- evaluate the impact of privatisation on rail passenger and freight services;
- discuss the objectives and behaviour of firms in transport markets.

## Market failure and the role of intervention in transport markets

Negative externalities associated with increased transport use and how these may be expressed in monetary terms:

- pollution;
- noise;
- accidents;
- blight;
- stress;
- congestion.

Transport and the environment – the impact of an increasing use of road and air transport especially.

Role of regulation, indirect taxation and subsidies in dealing with negative externalities and the use of fuel; the hypothecation of taxation.

The nature and meaning of sustainability in transport modal comparisons and how to achieve more sustainable outcomes.

Candidates should be able to:

- describe the negative externalities associated with increased transport use;
- explain how and why economists seek to put a monetary value on these negative externalities;
- discuss the problems and implications of placing monetary values on negative externalities;
- explain the effects of the increased demand for road and air transport on the environment;
- analyse why the existence of negative externalities is a case of market failure;
- discuss the role of the following in cases of market failure:
  - regulation,
  - indirect taxation,
  - subsidies;
- understand what is meant by sustainability in

Traffic congestion as a case of market failure.  
 Costs of congestion.  
 Approaches for dealing with congestion.  
 Road pricing and congestion charging:  
 advantages and disadvantages.

- transport;
- discuss the extent to which some modes of transport are more sustainable than others;
  - explain why traffic congestion is a classic example of market failure;
  - discuss the broad approaches for dealing with congestion;

International comparisons of policies for reducing congestion in cities.

- understand what is meant by road pricing, including congestion charging;
- discuss the extent to which road pricing is an effective way of dealing with market failure associated with traffic congestion;
- discuss the impact on UK towns and cities and elsewhere in the world where road-pricing schemes have been implemented;
- discuss, using case studies of developed and emerging economies, how other countries have sought to deal with the problems of urban traffic congestion.

### Transport economics and government policy

How resources are allocated in transport.  
 Role of public and private sectors in resource allocation decisions.  
 Cost-benefit analysis – the need for a cost-benefit approach for allocating resources and its application.  
 Negative and positive externalities associated with transport use.  
 Road space as a quasi-public good and as a private good.  
 Limitations of a cost-benefit approach.  
 Changing approaches to road appraisal.  
 Comparison of cost-benefit and commercial approaches.  
 Opportunities for private-sector investment in transport.  
 Transport policy.  
 Objectives, nature and features of an integrated transport policy.  
 Current UK transport policies – a perspective on how government policy is seeking to achieve the best allocation of resources.  
 Future considerations – how to meet future demand.  
 Significance of a more sustainable transport policy.

- Candidates should be able to:
- understand the role of public and private sectors in resource allocation in transport;
  - explain what is meant by cost-benefit analysis;
  - explain why cost-benefit analysis is needed in the case of investment decisions for new road schemes;
  - discuss the limitations of the cost-benefit approach and recent modifications to the methodology;
  - discuss how the cost-benefit approach compares with private sector methods of appraisal;
  - explain what is meant by integration in transport policy;
  - discuss how transport policy seeks to deal with current transport problems and issues, such as congestion, in the UK and elsewhere;
  - discuss how transport policy can meet future needs and requirements, including recent EU policy initiatives in areas such as freight transport.

## 3.5 A2 Unit F585: *The Global Economy*

*This unit provides the conceptual framework for the understanding, analysis and evaluation of macroeconomic performance in national, regional and global contexts. It considers the causes and consequences of economic growth in: developed economies, such as the UK; regional blocs such as the EU; developing economies; and the wider global economy. It emphasises the ways in which individual economies and regional blocs are interdependent through trade, the process of economic integration and the increasing globalisation that characterises current economic activity.*

### Macroeconomic performance

The recent macroeconomic performance of the UK.

Economic growth in the short run (actual) and the long run (potential/trend); deviation from trend growth and output gaps.

Causes of economic growth:

- short-run to include:
  - changes in aggregate demand,
  - short-run aggregate supply,
  - the interaction of the multiplier and accelerator,
  - the economic cycle.
- long-run to include:
  - changes in long-run aggregate supply,
  - quantity and quality of the labour force,
  - capital stock.

Consequences of economic growth for inflation, employment, unemployment, the balance of payments and the government's fiscal position.

Policy issues – role of fiscal, monetary, supply-side policies in promoting economic stability, growth and international competitiveness; and the role of policy rules, targets and constraints, including fiscal rules, inflation targeting and policy trade-offs.

Candidates should be able to:

- show an awareness of the recent macroeconomic performance of the UK;
- distinguish between short-run and long-run economic growth;
- describe and understand the different stages of the economic cycle;
- analyse the nature and significance of output gaps;
- evaluate the causes of economic growth in the short- and long-run;
- define the national income multiplier and explain what determines its size;
- discuss the interaction of the multiplier and accelerator as determinants of the economic cycle;
- evaluate the consequences of economic growth for:
  - inflation,
  - employment,
  - unemployment,
  - the balance of payments,
  - government's fiscal position;
- understand the nature of policies to promote:
  - economic stability,
  - growth;
- evaluate the effectiveness of policies to promote:
  - economic stability,
  - growth,
  - international competitiveness;
- analyse and evaluate the significance of policy rules, targets and constraints in promoting:
  - economic stability,
  - growth,
  - international competitiveness.

## Trade and integration

Absolute and comparative advantage.

Specialisation and gains from trade.

Terms of trade.

The pattern of global trade.

Alternative exchange rate systems.

Purchasing power parity.

Exchange rate fluctuations.

Causes and consequences of balance of payments problems.

Policies to correct imbalances.

Stages of economic integration:

- free-trade areas;
- customs unions;
- single markets;
- economic unions;
- monetary unions.

Impact of economic integration:

- short-run – trade creation and trade diversion;
- long-run – dynamic effects.

Candidates should be able to:

- distinguish between absolute and comparative advantage;
- analyse the effects of international trade;
- outline the pattern of global trade;
- evaluate comparative advantage as an explanation of global trade patterns;
- define, measure and analyse the significance of the terms of trade, and changes in the terms of trade over time;
- explain how exchange rates are determined in different exchange rate systems;
- evaluate the relative merits and drawbacks of different exchange rate systems;
- explain purchasing power parity;
- evaluate the causes and consequences of exchange rate fluctuations;
- analyse the causes of imbalances on the balance of payments;
- evaluate policies to correct imbalances on the balance of payments;
- evaluate the case for and against protectionism;
- understand and explain the stages of economic integration;
- be familiar with different examples of economic integration, such as:
  - EU (European Union),
  - NAFTA (North American Free Trade Agreement),
  - ASEAN (Association of South East Asian Nations);
- evaluate the internal and external consequences of economic integration.

## Development and sustainability

Meaning and measurement of development: the relationship between growth and development, GDP per capita, HDI (Human Development Index), economies at different stages of development, common and diverse characteristics.

Policies to promote economic development; the role of the market and the state, and international trade.

The constraints on development: resource endowment, infrastructure, institutions, finance and savings, and international.

Candidates should be able to:

- distinguish between growth and development;
- explain the relationship between growth and development;
- understand the details and limitations of GDP per capita and HDI (Human Development Index) as measures of development;
- recognise the common and diverse features of developing economies as they develop;
- evaluate the effectiveness of policies to promote development;

<p>The meaning of sustainability; the social, environmental, resource and demographic impacts of growth.</p>	<ul style="list-style-type: none"> <li>• evaluate the role of international trade and economic integration in promoting development;</li> </ul>
<p>The measurement of sustainability; limitations of economic indicators such as GDP, and adjusted economic indicators such as the Index of Sustainable Economic Welfare (ISEW).</p> <p>National and regional policies and international agreements to promote sustainability.</p>	<ul style="list-style-type: none"> <li>• discuss the relative importance of the different constraints on development, both internal and external;</li> <li>• understand and explain the meaning of sustainable economic development;</li> <li>• analyse the social, environmental, resource and demographic impacts of growth at different stages of development;</li> <li>• explain the use and limitations of indicators, such as GDP and the ISEW, in measuring sustainable economic development;</li> <li>• evaluate the usefulness of indicators in policy-making contexts;</li> <li>• evaluate the usefulness of national and regional policies and international agreements in promoting sustainability.</li> </ul>
<p>The economics of globalisation</p>	
<p>The characteristics and consequences of globalisation.</p> <p>International financial flows (private, official, short-term and long-term flows).</p> <p>Nature and impact of multinational firms. Foreign Direct Investment (FDI).</p> <p>The role and impact of international financial institutions (WTO, IMF and World Bank).</p> <p>International trade negotiations and trade disputes.</p>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>• understand the different characteristics of globalisation;</li> <li>• explain the factors promoting globalisation;</li> <li>• evaluate the impact of multinational firms;</li> <li>• analyse the influences on the different flows of international finance;</li> <li>• evaluate the effects of different flows of international finance;</li> <li>• evaluate the impact of globalisation;</li> <li>• explain the roles of: <ul style="list-style-type: none"> <li>– WTO (World Trade Organisation),</li> <li>– IMF (International Monetary Fund),</li> <li>– World Bank;</li> </ul> </li> <li>• comment upon the issues surrounding current international trade negotiations and trade disputes.</li> </ul>

# 4 Schemes of Assessment

## 4.1 AS GCE Scheme of Assessment

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### AS GCE Economics (H061)

#### AS F581: *Markets in action*

50% of the total AS GCE marks  
1.5h written paper  
60 marks

Candidates are required to answer questions based on a particular theme or case study, including some short-answer and some data-interpretation questions, plus **one** question which requires an answer written in extended continuous prose.

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All questions are mandatory.

#### AS F582: *The National and International Economy*

50% of the total AS GCE marks  
1.5h written paper  
60 marks

Candidates are required to answer questions based on a particular theme or case study, including some short-answer and some data-interpretation questions, plus **one** question which requires an answer written in extended continuous prose.

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All questions are mandatory.

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## 4.2 Advanced GCE Scheme of Assessment

### Advanced GCE Economics (H461)

AS units as above, each unit being 25% of the total Advanced GCE marks, as well as

**either** A2 F583: *Economics of Work and Leisure*

25% of the total  
Advanced GCE marks  
2h written paper  
60 marks

This question paper has **two** sections:

**Section A:** Candidates are required to answer **one** mandatory data-response question.

**Section B:** Candidates are required to answer **one** structured question from a choice of **three**. Each structured question is split into **two** parts.

Candidates answer **two** questions in total.

This unit is synoptic.

**or** A2 F584: *Transport Economics*

25% of the total  
Advanced GCE marks  
2h written paper  
60 marks

This question paper has **two** sections:

**Section A:** Candidates are required to answer **one** mandatory data-response question.

**Section B:** Candidates are required to answer **one** structured question from a choice of **three**. Each structured question is split into **two** parts.

Candidates answer **two** questions in total.

This unit is synoptic.

**with** A2 F585: *The Global Economy*

25% of the total  
Advanced GCE marks  
2h written paper  
60 marks

Candidates are required to answer questions based upon pre-released stimulus material. Some questions may involve data interpretation. Most questions will require an essay-style answer of varied lengths written in continuous prose.

This unit is synoptic.

## 4.3 Unit Order

The normal order in which the unit assessments could be taken is AS Units F581 and F582 in the first year of study, leading to an AS GCE award; then A2 Units F583 or F584 and A2 Unit F585, leading to the Advanced GCE award. However, the unit assessments may be taken in any order.

Alternatively, candidates may take a valid combination of unit assessments at the end of their AS GCE or Advanced GCE course in a 'linear' fashion.

## 4.4 Unit Options (at AS/A2)

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There are no optional units in the AS GCE specification; for AS GCE Economics candidates must take AS Units F581 and F582.

There are optional units in the Advanced GCE specification: for Advanced GCE Economics candidates take AS Units F581 and F582; and **either** A2 F583 *or* A2 F584; **and** A2 F585.

## 4.5 Synoptic Assessment (A Level GCE)

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Synoptic assessment in Economics tests candidates' understanding of the connections between different elements of the subject. It relates to all of the assessment objectives. In particular, synoptic assessment tests candidates' ability to:

- understand the ways in which many economic issues, problems and institutions are interrelated;
- understand how economic concepts, theories and techniques may be relevant to a range of different contexts;
- apply such concepts, theories and techniques in the analysis of economic issues and problems and in the evaluation of arguments and evidence.

The emphasis in synoptic assessment is on candidates' ability to think as economists and to use the economist's 'tool kit' of concepts, theories and techniques effectively.

Synoptic assessment is included in all A2 units.

## 4.6 Assessment Availability

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There is one examination series each year in June.

From 2014, both AS units and A2 units will be assessed in June only.

## 4.7 Assessment Objectives

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Candidates are expected to demonstrate the following in the context of the content described:

## AO1 Demonstrate Knowledge and Understanding

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- Demonstrate knowledge and understanding of the specified content.

## AO2 Apply Knowledge and Understanding

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- Apply knowledge and understanding of the specified content to problems and issues arising from both familiar and unfamiliar situations.

## AO3 Analyse

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- Analyse economic problems and issues.

## AO4 Evaluate

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- Evaluate economic arguments and evidence, making informed judgements.

### AO weightings in AS GCE

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Unit	% of AS GCE				Total
	AO1	AO2	AO3	AO4	
AS F581: <i>Markets in Action</i>	15	15	10	10	50%
AS F582: <i>The National and International Economy</i>	15	15	10	10	50%
	30%	30%	20%	20%	100%

### AO weightings in Advanced GCE

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Unit	% of Advanced GCE				Total
	AO1	AO2	AO3	AO4	
AS F581: <i>Markets in Action</i>	7.5	7.5	5	5	25%
AS F582: <i>The National and International Economy</i>	7.5	7.5	5	5	25%
A2 F583: <i>Economics of Work and Leisure</i> or	5	5	7.5	7.5	25%
A2 F584: <i>Transport Economics</i>					
A2 F585: <i>The Global Economy</i>	5	5	7.5	7.5	25%
	25%	25%	25%	25%	100%

## 4.8 Quality of Written Communication

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*Quality of Written Communication* (QWC) is assessed in all units and credit may be restricted if communication is unclear.

Candidates need to:

- ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear;
- select and use a form and style of writing appropriate to the purpose and to the complex subject matter;
- organise information clearly and coherently, using specialist vocabulary when appropriate.

In AS Units F581 and F582, QWC is assessed integrally in the question labelled with an asterisk (\*).

In A2 Units F583 and F584, QWC is assessed integrally in the Section B question.

In A2 F585, QWC is assessed integrally in the final essay-style question.

# 5 Technical Information

## 5.1 Making Unit Entries

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Please note that centres must be registered with OCR in order to make any entries, including estimated entries. It is recommended that centres apply to OCR to become a registered centre well in advance of making their first entries. Centres must have made an entry for a unit in order for OCR to supply the appropriate forms.

**It is essential** that unit entry codes are quoted in all correspondence with OCR. See Sections 4.1 and 4.2 for these unit entry codes.

## 5.2 Making Qualification Entries

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Candidates must enter for qualification certification separately from unit assessment(s). If a certification entry is **not** made, no overall grade can be awarded.

Candidates may enter for:

- AS GCE certification (entry code H061).
- Advanced GCE certification (entry code H461).

A candidate who has completed all the units required for the qualification, and who did not request certification at the time of entry, may enter for certification either in the same examination series (within a specified period after publication of results) or in a later series.

AS GCE certification is available from June 2014.  
Advanced GCE certification is available from June 2014.

## 5.3 Grading

All GCE units are awarded a-e. The Advanced Subsidiary GCE is awarded on the scale A-E. The Advanced GCE is awarded on the scale A-E with access to an A\*. To be awarded an A\*, candidates will need to achieve a grade A on their full A level qualification and an A\* on the aggregate of their A2 units. Grades are reported on certificates. Results for candidates who fail to achieve the minimum grade (E or e) will be recorded as *unclassified* (U or u) and this is **not** certificated.

A Uniform Mark Scale (UMS) enables comparison of candidates' performance across units and across series and enables candidates' scores to be put on a common scale for aggregation purposes. The two-unit AS GCE has a total of 200 *uniform* marks and the four-unit Advanced GCE has a total of 400 *uniform* marks.

OCR converts each raw mark for each unit to a uniform mark. The maximum *uniform* mark for any unit depends on that unit's weighting in the specification. In these Economics specifications, the four units of the Advanced GCE specification have an equal 25% UMS weighting (and the two units of the AS GCE specification have an equal 50% UMS weighting) and the UMS total for each is 100. Each unit's *raw* mark grade boundary equates to the *uniform* mark boundary at the same grade. Intermediate marks are converted on a pro-rata basis.

*Uniform* marks correspond to *unit* grades as follows:

(Advanced GCE) Unit Weighting	Maximum Unit Uniform Mark	Unit Grade					u
		a	b	c	d	e	
25%	100	100–80	79–70	69–60	59–50	49–40	39–0

OCR adds together the unit *uniform* marks and compares these to pre-set boundaries (see the table below) to arrive at *qualification* grades.

Total *uniform* marks correspond to *qualification* grades.

Qualification	Qualification Grade					
	A	B	C	D	E	U
AS GCE	200–160	159–140	139–120	119–100	99–80	79–0
Advanced GCE	400–320	319–280	279–240	239–200	199–160	159–0

## 5.4 Result Enquiries and Appeals

Under certain circumstances, a centre may wish to query the grade available to one or more candidates or to submit an appeal against an outcome of such an enquiry. Enquiries about unit results must be made immediately following the series in which the relevant unit was taken.

For procedures relating to enquires on results and appeals, centres should consult the *OCR Administration Guide for General Qualifications* and the document *Enquiries about Results and Appeals: Information and Guidance for Centres* produced by the Joint Council. Copies of the most recent editions of these papers can be obtained from OCR.

## 5.5 Shelf-life of Units

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Individual unit results, prior to certification of the qualification, have a shelf-life limited only by that of the qualification.

## 5.6 Unit and Qualification Re-sits

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There is no restriction on the number of times a candidate may re-sit each unit before entering for certification for an AS GCE or Advanced GCE.

Candidates may enter for the full qualifications an unlimited number of times.

## 5.7 Guided Learning Hours

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AS GCE Economics requires **180** guided learning hours in total.

Advanced GCE Economics requires **360** guided learning hours in total.

## 5.8 Code of Practice/Subject Criteria/Common Criteria Requirements

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These specifications comply in all respects with the revised *GCSE, GCE, GNVQ and AEA Code of Practice*, as available on the QCA website; the subject criteria for GCE Economics; and *The Statutory Regulation of External Qualifications 2004*.

## 5.9 Arrangements for Candidates with Particular Requirements

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For candidates who are unable to complete the full assessment or whose performance may be adversely affected through no fault of their own, teachers should consult the *Access Arrangements and Special Consideration: Regulations and Guidance Relating to Candidates who are Eligible for Adjustments in Examinations* produced by the Joint Council. In such cases, advice should be sought from OCR as early as possible during the course.

## 5.10 Prohibited Qualifications and Classification Code

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Candidates who enter for the OCR GCE specifications may not also enter for any other GCE specification with the certification title *Economics* in the same examination series.

Every specification is assigned to 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 have only one grade (the highest) counted for the purpose of the Schools and College Achievement and Attainment Tables.

The classification code for these specifications is 4410.

# 6 Other Specification Issues

## 6.1 Overlap with other Qualifications

There is a small degree of overlap between the content of these specifications and those for Advanced GCE Applied Business.

## 6.2 Progression from these Qualifications

Throughout the course of study, candidates are encouraged to develop a critical understanding of economic concepts and theories through awareness of current economic issues and problems that affect everyday life. Candidates are encouraged to develop and apply their understanding of different aspects of economics that are of relevance in today's complex global economy. This course also has significance for fostering a better appreciation of contemporary economic issues in the UK economy.

The specifications, therefore, provide a suitable foundation for the study of economics or related courses in higher education. Equally they are suitable for candidates intending to pursue business careers or further study in business studies or social sciences, or as part of a course of general education.

## 6.3 Key Skills Mapping

These specifications provide opportunities for the development of the Key Skills of *Communication, Application of Number, Information Technology, Working with Others, Improving Own Learning and Performance* and *Problem Solving* at Levels 2 and/or 3. However, the extent to which this evidence fulfils the Key Skills criteria at these levels will be totally dependent on the style of teaching and learning adopted for each unit. The following table indicates where opportunities *may* exist for at least some coverage of the various Key Skills criteria at Levels 2 and/or 3 for each unit.

Unit	C				AoN			IT			WwO			IoLP			PS		
	.1a	.1b	.2	.3	.1	.2	.3	.1	.2	.3	.1	.2	.3	.1	.2	.3	.1	.2	.3
F581	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F582	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F583	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F584	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F585	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

## 6.4 Spiritual, Moral, Ethical, Social, Legislative, Economic and Cultural Issues

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Economic issues are clearly central to this whole subject.

In broader terms, these specifications are presented in such a way as to include, as appropriate, the spiritual, moral, ethical, social, legislative and cultural dimensions of Economics.

For example, the strengths and limitations of the market economy (Unit F581), and the quality of life and distribution of income, wealth and well-being within and between economies (Units F582 and F585), include spiritual, moral, ethical and cultural perspectives.

Legislative issues are again central to these specifications. Examples include government laws and policies to combat the effects of market failure (Unit F581), the inequitable distribution of income and wealth (Units F582, F583 and F585), and the impact of traffic congestion (Unit F584).

## 6.5 Sustainable Development, Health and Safety Considerations and European Developments

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Sustainable development, consistent with current EU agreements, is a key focus of the 'Development and Sustainability' section within Unit F585.

Within *Transport Economies* (F584), the concept of a sustainable and integrated transport policy is central.

There are further opportunities to introduce the concept of sustainability through the use of appropriate examples and case studies within both the AS Units.

European developments, consistent with current EU agreements, are supported by the following Units:

- *Economics of Work and Leisure* (F583): eg looking at trends across the EU and selected non-EU European economies in terms of employment and earnings; and discussing how the UK labour market is impacted by EU directives.
- *Transport Economies* (F584): eg making trend comparisons between the UK and other EU economies in terms of transport demand; and discussing how the UK transport industry is impacted by recent EU policy initiatives in areas such as freight transport and congestion reduction.
- *The Global Economy* (F585), Trade and Integration section: eg investigating different forms of economic integration, including the EU.

However, there are no Health and Safety considerations in these specifications.

## 6.6 Avoidance of Bias

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OCR has taken great care in the preparation of these specifications and assessment materials to avoid bias of any kind.

## 6.7 Language

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These specifications and associated assessment materials are in English only.

## 6.8 Disability Discrimination Act Information Relating to these Specifications

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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 *Access Arrangements and Special Consideration Regulations and Guidance Relating to Candidates who are Eligible for Adjustments in Examinations* produced by the Joint Council (refer to Section 5.9 of this specification).

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.

# Appendix A: Performance Descriptions

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"> <li>terminology</li> <li>institutions</li> <li>models.</li> </ul>	<p>Candidates characteristically:</p> <p>a) apply:</p> <ul style="list-style-type: none"> <li>concepts</li> <li>numerical and graphical techniques</li> <li>theories and models</li> <li>terminology</li> </ul> <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"> <li>prioritising evidence and arguments</li> <li>making judgements</li> <li>reaching and presenting conclusions.</li> </ul>
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"> <li>terminology</li> <li>institutions</li> <li>models.</li> </ul>	<p>Candidates characteristically:</p> <p>a) apply in part some of the following:</p> <ul style="list-style-type: none"> <li>concepts</li> <li>numerical and graphical techniques</li> <li>theories and models</li> <li>terminology</li> </ul> <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"> <li>offering judgements</li> <li>stating conclusions.</li> </ul>

## 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> <p>a) detailed knowledge of a range of facts and concepts</p> <p>b) clear understanding of:</p> <ul style="list-style-type: none"> <li>• terminology</li> <li>• institutions</li> <li>• models</li> </ul> <p>c) detailed knowledge and clear understanding of the interconnections between the different elements of the subject content.</p>	<p>Candidates characteristically:</p> <p>a) apply clearly and effectively:</p> <ul style="list-style-type: none"> <li>• concepts</li> <li>• numerical and graphical techniques</li> <li>• theories and models</li> <li>• terminology</li> </ul> <p>to complex 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 for complex economic problems and issues, with focus and relevance.</p>	<p>Candidates characteristically:</p> <p>a) evaluate effectively complex economic arguments:</p> <ul style="list-style-type: none"> <li>• prioritise evidence and arguments</li> <li>• make reasoned judgements</li> <li>• reach and present supported conclusions</li> <li>• make reasoned recommendations.</li> </ul>

<b>E/U boundary performance descriptions</b>	<p>Candidates characteristically demonstrate, across the AS and A2 specifications:</p> <p>a) knowledge of some facts and concepts</p> <p>b) some understanding of:</p> <ul style="list-style-type: none"> <li>• terminology</li> <li>• institutions</li> <li>• models</li> </ul> <p>c) some knowledge and understanding of the interconnections between the different elements of the subject content.</p>	<p>Candidates characteristically:</p> <p>a) apply appropriately some:</p> <ul style="list-style-type: none"> <li>• concepts</li> <li>• numerical and graphical techniques</li> <li>• theories and models</li> <li>• terminology</li> </ul> <p>to complex issues arising in a range of situations, some of which may be unfamiliar.</p>	<p>Candidates characteristically:</p> <p>a) demonstrate some evidence of selecting relevant concepts, models, theories and techniques</p> <p>b) demonstrate partial development of logical explanations for complex economic problems and issues.</p>	<p>Candidates characteristically:</p> <p>a) demonstrate some evaluative skills in relation to complex economic arguments and evidence:</p> <ul style="list-style-type: none"> <li>• make judgements</li> <li>• reach and present conclusions with some supporting evidence</li> <li>• make recommendations.</li> </ul>
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