

**Economics
'A' level****Introduction**

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

The Specification (or Syllabus)

This course has been designed to give you a full and thorough preparation for the AS level or A-level Economics 2140 specification, set by the Assessment and Qualifications Alliance (AQA).

The **Subject Code** for entry to the AS only award is **1141**.

The **Subject Code** for entry to the A2 (A level) award is **2141**.

There is no coursework for either the AS or A2 Economics examination.

Private Candidates

The AQA specification is open to private candidates. Private candidates should contact AQA for a copy of *Information for Private Candidates*.



Oxford Open Learning

The Arrangement of Lessons

Chapter and page references are to Maunder (3rd ed.) (see below).

Part 1: AS Level

Lesson	Subject	Chap.	Pages
	Module One: Markets and Market Failure		
1	The Basic Economic Problems	1	3-19
2	The Demand and Supply Curves	3	42-52
	Tutor-marked Assignment A		
3	Elasticity	5	75-95
4	Price Determination	4	59-74
	TMA B		
5	Production and Efficiency	20, 21, 22	343-59, 360-77, 378-95
6	Market Failure	7	121-37
7	Government Intervention	7, 9	121-37, 159-80
	TMA C: Progress Test One		
	Module Two: The National Economy		
8	The Measurement of Macroeconomic Performance	1, 13	15-17, 241-58
9	How the Macroeconomy works	14, 15, 16	259-66, 267-80, 281-96
	TMA D		
10	Inflation and Interest Rates	8, 25, 27	138-9, 150, 440-3, 471-85
11	Unemployment	8, 12	141-6, 219-40
	TMA E		
12	The Balance of Payments	6, 30	95-103, 107-20, 517-29
13	Macroeconomic Policy	17, 28	298-304, 486-97
14	Recent Changes in the UK Economy	-	-
	TMA F: Progress Test Two		

Part 2: A2 Level

	Module Three: Business Economics and The Distribution of Income		
15	The Firm	20	344-55
16	Imperfect Competition and Oligopoly	22, 23	378-89, 396-418
17	Mergers and Competition Policy	22, 26	391-5, 452-62
18	Nationalisation and Privatisation	26	462-70
	TMA G		
19	The Labour Market	24, 25	419-37, 442-4
20	Poverty and Inequality	12	227-240
	TMA H: Progress Test Three		
21	Environmental Economics	10	181-98
	The European Union		
22	The Formation and Opportunities of the Single Market	9, 26	167, 169, 458
23	Economic Aspects – the Euro and Regional Problems	6, 9, 26	103, 161, 170-1, 458, 460
24	Expansion and Reforms	18, 29	315, 503, 505-8, 513
25	The EU in a Global Context	-	-
	TMA I: Progress Test Four		
	Module Four: The National and International Economy		
26	Economic Growth: Developing Economies and Globalisation	30, 31	515-30, 531-47
27	National Income	13	241-58
28	Inflation and Unemployment	8, 17, 27	141-53, 303-4, 481-2
	TMA J		
29	International Trade	6, 29	96-118, 511-4
	TMA K: Progress Test Five		

Textbook

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

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

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

Supplementary Reading

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

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

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

You will find most of the topics covered in these books. Use the Table of Contents and the Index to find the required reading. In fact, you will find that it is essential to use the index even if you are using one of the two main recommended texts. For example, if you want to find out about the idea of *price system*, you will find that Maunder's index lists these as:

price system 22, 59-74
decision-making 60
definition 22
distribution 68-70
efficiency 66-7, 70
evaluating 70-2
growth 70
individual freedom 70
market economics 60-1

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

AQA also produces a reading list. One recent list is given below.

General Texts

All textbooks will cover the basic theory needed for this topic.

Title	Author	Publisher	ISBN
<i>Investigating Economics</i>	Davies B. etc.	Macmillan	978-0333638088
<i>Core Economics</i>	EBEA	Heinemann	978-0435331016
<i>Applied Economics: An Introductory Course</i>	Griffiths and Wall	Longman (7th edition)	978-0582306028

Here are some interesting but more specialised texts:

<i>Environmental Economics</i>	Hodge I	Macmillan	978-0333577714
<i>The Economics of Social Problems</i>	Le Grand J. & Robinson R	Macmillan (3rd edition)	978-0333552582

Journals

The following have had relevant articles in the past.

Economic Affairs - Published quarterly by Blackwell Publishers.

The Economic Review - Published quarterly by Philip Allan Publishers.

Fiscal Studies - Published quarterly by the Institute of Fiscal Studies.(0171 636 3784)

Teaching Business and Economics - Published by the Economics and Business Education Association, 1A Keymer Road, Hassocks, West Sussex, BN6 8AD (01273 846033).

The Economist - Published weekly by The Economist Newspaper Ltd.

General Information

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

Examination papers are increasingly integrating the theoretical and applied parts of economics, so it is essential for you to keep abreast of current developments. So, as far as possible, read a quality daily

or Sunday newspaper, and/or a financial journal such as *The Economist*.

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

Mathematical Background Required

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

Using the Course Materials

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

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

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

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

Because the course is designed to complement the accompanying textbook, there are some likely topics that are passed over fairly

quickly in the course. This is because they are already more than adequately covered in the textbook. Conversely, this course goes into greater detail on some topics which are considered lightly in the textbook.

The 'AS' level and 'A' level System

The Advanced Subsidiary (AS) Level

Advanced Subsidiary (AS) courses may be used in one of two ways:

- As a final qualification, allowing candidates to broaden their studies and to defer questions about specialism;
- As the first half (50%) of an Advanced Level qualification, which must be completed before an Advanced Level award can be made.

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

The Advanced Level (AS + A2)

The Advanced Level examination is in two parts:

Advanced Subsidiary (AS) - 50% of the total award;
A second examination, called A2 - 50% of the total award

Most Advanced Subsidiary and Advanced level courses are modular. The AS level normally comprises two teaching and learning modules and the A2 comprises a further two teaching and learning modules. These modules generally match the Units of Assessment (or Exam Papers).

Examination Flexibility

'A' levels allow for considerable flexibility in the taking of exams. The two most popular options are:

- AS is completed at the end of one year and A2 at the end of the second year;
- AS and A2 are completed at the end of the same year.

Both of these options are open to students following this course as it is divided into two halves and follows the same modular sequence as the specification.

Grading and Shelf-Life

The AS qualification will be **graded** on a five-point scale: A, B, C, D and E. The full A Level qualification will be graded on a six-point scale: A*, A, B, C, D and E. To be awarded an A* candidates will need to achieve a grade A on the full A Level qualification and an A* on the aggregate of the A2 units.

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

Unit results remain available to count towards certification, whether or not they have already been used, as long as the specification is still valid. Candidates may re-sit a unit any number of times within the **shelf-life** of the specification.

The Examination Structure

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

This course is designed to match the requirements of the AQA 1141 (AS) and 2141 ('A' level A2) specifications. The exam consists of four written papers (called units), two at each level.

AS Examination

**Unit 1 – Unit Code: ECON1 Economics: Markets and
Market Failure**

50% of AS, 25% of A Level 1 hour 15 minutes examination
75 marks (100 UMS)

Section A: 25 compulsory objective test items (25 marks)

Section B: Two optional data response questions are set; candidates answer one. (50 marks)

Unit 2 – ECON2 Economics: The National Economy

50% of AS, 25% of A Level 1 hour 15 minutes examination

75 marks (100 UMS)

Section A: 25 compulsory objective test items (25 marks)

Section B: Two optional data response questions are set; candidates answer one. (50 marks)

A2 Examination

Unit 3 – Unit Code: ECON3 Business Economics and the Distribution of Income

25% of A Level 2 hour examination
80 marks (100 UMS)

Section A: Two optional data response questions are set; candidates answer one. (40 marks)

One question will always relate to the global context and the other to the European Union context.

Section B: Three optional essay questions are set; candidates answer one. (40 marks)

Unit 4 – ECON4 The National and International Economy

25% of A Level 2 hour examination
80 marks (100 UMS)

Section A: Two optional data response questions are set; candidates answer one. (40 marks)

One question will always relate to the global context and the other to the European Union context.

Section B: Three optional essay questions are set; candidates answer one. (40 marks)

NB For Units 3 and 4, it is assumed that you will tackle the EU question (Q.04) rather than the one on the global context (Q.01).

For both Unit 3 and Unit 4, Questions 01 and 04 will be data comparison/identification questions. Candidates could also be asked to carry out a simple calculation based upon the data presented in the extracts.

For instance, for ECON3, candidates could be asked to perform a simple calculation such as working out fixed and variable costs, marginal, average and total costs, or short-run and long-run costs. For ECON4, candidates could be asked to perform a simple calculation such as calculating a percentage unemployment rate.

Use of Electronic Calculators in the Examination

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

Shelf-life of this specification

This 'A' level specification is examined for the last time in June 2016. Exams in later years (June 2017 onwards) will be based on a new specification. So we advise you to take *all* your exams, AS and A2, by June 2016. If you delay beyond that date, you may find that some of your work is wasted and that a new set of learning materials is required. If in doubt, keep an eye on the AQA website for news of the new specification.

AQA Aims

The aims of this course are the same as the aims listed in the AQA specification. Please refer to the AQA website for full details. The stated aims for this subject are for the student 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 acquire 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 an ability to think as an economist
- develop skills, qualities and attitudes which will equip them for the challenges, opportunities and responsibilities of adult and working life.

Techniques of Testing

The tests within the course consist of a mixture of data-response, objective test and essay questions. In the exam, the AS section (the first two modules or units) will be examined by objective test and data-response questions, while the A2 section (modules 3-4) is examined by data-response and essay questions. However the AS section of the *course* also contains essay questions as practice and

for assessment, while the A2 section continues to set objective test questions to make sure candidates are keeping up with the basics of the theory.

Objective-Test Questions

There are three basic types:

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

1. Simple Completion Items

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

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

Which of the following *automatically* increases with inflation?

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

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

2. Multiple Completion Items

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

- A** when all three options are correct
- B** when options 1 and 2 are correct
- C** when options 2 and 3 are correct
- D** when option 1 only is correct
- E** when option 3 only is correct.

Here is an example, using the above grid:

The following are forms of INDIRECT tax:

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

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

3. The Double Statement Item

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

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

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

Here is an example:

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

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

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

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

Data Response Questions

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

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

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

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

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

Keeping Up to Date with a Scrapbook

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

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

Studying the Syllabus

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

The syllabus can be purchased from

AQA Publications
Unit 2, Wheel Forge Way,
Trafford Park

Manchester
M17 1EH

(tel: 0870-410-1036)

or downloaded from:

<http://www.aqa.org.uk/qual/gce/pdf/AQA-2140-W-SP-10.PDF>

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

Using the Internet

All students would benefit from access to the Internet. You will find a wealth of information on all the topics in your course. As well as the AQA website (www.aqa.org.uk), you should get into the habit of checking the Oxford Open Learning site (www.ool.co.uk) where you may find news, additional resources and interactive features as time goes by. If you have not already done so, you may register for your free copy of *How to Study at Home*, our 200-page guide to home learning, or enrol on further courses. Put it on your Favourites list now!

Good luck!

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