GCE

Rewarding Learning

CCEA GCE Specification in

Economics

For first teaching from September 2016
For first award of AS level in Summer 2017
For first award of A level in Summer 2018
Subject Code: 4410

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Quantitative Skills in Economics

Subject Code	4410
QAN AS Level	601/8376/7
QAN A Level	601/8377/9

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1 Introduction

This specification sets out the content and assessment details for our Advanced Subsidiary (AS) and Advanced GCE courses in Economics. First teaching is from September 2016.

Students can take:

- the AS course as a final qualification; or
- the AS units plus the A2 units for a full GCE A level qualification.

We assess the AS units at a standard appropriate for students who have completed the first part of the full course. A2 units have an element of synoptic assessment (to assess students' understanding of the subject as a whole), as well as more emphasis on assessment objectives that reflect higher order thinking skills.

The full Advanced GCE award is based on students' marks from the AS (40 percent) and the A2 (60 percent). The guided learning hours for this specification, as for all GCEs, are:

- 180 hours for the Advanced Subsidiary level award; and
- 360 hours for the Advanced level award.

We will make the first AS awards for the specification in 2017 and the first A level awards in 2018. The specification builds on the broad objectives of the Northern Ireland Curriculum.

If there are any major changes to this specification, we will notify centres in writing. The online version of the specification will always be the most up to date; to view and download this please go to www.ccea.org.uk

1.1 Aims

This specification aims to encourage students to:

- develop an interest in and enthusiasm for economics;
- appreciate how the subject contributes to the understanding of the wider economic and social environment;
- develop an understanding of a range of economic concepts and an ability to use those concepts in a variety of different contexts;
- adopt a critical approach to studying economics and develop an ability to think as an economist;
- understand that economic behaviour can be studied from a range of perspectives; and
- develop analytical and quantitative skills, together with qualities and attitudes that will equip them for the challenges, opportunities and responsibilities of adult and working life.

1.2 Key features

The following are important features of this specification.

- It includes four externally assessed units.
- It allows students to develop their subject knowledge, understanding and skills.
- Assessment at A2 includes more demanding analytical and evaluative tasks, more extended writing, and synoptic assessment that encourages students to develop their understanding of the subject as a whole.
- It can give students a sound basis for progression to higher education.
- A range of support is available, including specimen assessment materials, exemplar schemes of work and teacher guidance.

1.3 Prior attainment

Students do not need to have reached a particular level of attainment before beginning to study this specification. However, the specification builds on the knowledge, understanding and skills developed in GCSE Economics.

1.4 Classification codes and subject combinations

Every specification has a national classification code that indicates its subject area. The classification code for this qualification is 4410.

Please note that if a student takes two qualifications with the same classification code, universities and colleges that they apply to may take the view that they have achieved only one of the two GCEs. The same may occur with any two GCE qualifications that have a significant overlap in content, even if the classification codes are different. Because of this, students who have any doubts about their subject combinations should check with the universities and colleges that they would like to attend before beginning their studies.

2 Specification at a Glance

The table below summarises the structure of the AS and A level courses:

Content	Assessment	Weightings
AS 1: **Markets and Market Failure**	Written examination 1 hour 30 mins In Section A, students complete four short answer questions. In Section B, students answer one case study question broken down into a number of parts. In Section C, students answer one extended open response question from a choice of two.	50% of AS 20% of A level
AS 2: **Managing the National Economy**	Written examination 1 hour 30 mins In Section A, students complete six short answer questions. In Section B, students answer one case study question broken down into a number of parts. In Section C, students answer one extended open response question from a choice of two.	50% of AS 20% of A level
A2 1: **Business Economics**	Written examination 2 hours In Section A, students complete three short answer questions. In Section B, students answer one case study question broken down into a number of parts. In Section C, students answer one open response question from a choice of two.	30% of A level

Content	Assessment	Weightings
A2 2: Managing the Economy in a Global World	Written examination 2 hours In Section A, students complete four short answer questions. In Section B, students answer one case study question broken down into a number of parts. In Section C, students answer one extended open response question from a choice of two.	30% of A level

3 Subject Content

We have divided this course into four units: two units at AS level and two units at A2. This section sets out the content and learning outcomes for each unit.

3.1 Unit AS 1: Markets and Market Failure

In this unit, students consider how markets work. They examine how market forces of demand and supply interact to allocate resources in local, national and international markets. Students also apply demand and supply analysis to factor markets, particularly the labour market.

While investigating how markets work, students also examine market failure. They look at the nature, causes and consequences of different forms of market failure. They evaluate possible methods of government intervention to remedy market failures.

Assessment for this unit consists of a written examination that involves short answer questions, a case study question and an open response question.

Content	Learning Outcomes
Key economic concepts	Students should be able to: • understand the economic resources of land, labour, capital and enterprise; • understand the difference between normative and positive economics; • understand the objectives of different economic agents in an economy; • understand the difference between capital and consumption goods; and • understand the difference and interrelationships between product and factor markets.

Content	Learning Outcomes
The basic economic problem of scarcity and choice	Students should be able to: • understand the basic economic problem of what to produce, how to produce and for whom to produce, including: – the significance of the concepts of scarcity, choice and opportunity cost for individuals and society; – movements along and shifts in a production possibility frontier (PPF); – using a PPF to illustrate choice, opportunity cost, an efficient and inefficient allocation of resources and economic growth; – explaining why an economy might operate within the PPF; – the advantages and disadvantages of specialisation and the division of labour; and – analysing and evaluating the advantages and disadvantages of the free market, planned economy and mixed economy in relation to the allocation of resources;
Demand and supply in product markets	• analyse the factors influencing demand and supply; • understand the difference between a movement along and a shift in demand and supply curves; • understand why a demand curve usually slopes downwards; • show a basic understanding of the law of diminishing marginal utility; • understand why a supply curve usually slopes upwards; • use marginal costs to explain the shape of a supply curve; • define, explain and illustrate consumer and producer surplus; and • understand why consumers may not act rationally. (An understanding of the equimarginal condition or indifference curves is **not** required.)

Content	Learning Outcomes
Markets and equilibrium	Students should be able to: • analyse how demand and supply determine equilibrium price and quantity in competitive product markets; • analyse the effects of shifts in demand and supply on the equilibrium price and quantity; • analyse the role of profit and the function of price as a signal, incentive and rationing device in allocating resources; • understand how markets are interrelated, including the interrelationship of product and factor markets; • understand that the interaction of markets should include joint supply, joint demand, composite demand and derived demand; • explain how market forces may maximise community surplus; • understand that community surplus equals consumer surplus plus producer surplus and that maximising community surplus is allocatively efficient; • apply demand and supply analysis to various real world markets, including housing, energy and commodities; • use demand and supply analysis to consider the impact and incidence of indirect taxes and subsidies on consumers, producers and the government;
Elasticity of demand and supply	• understand the meaning and significance of the price elasticity of demand, cross price elasticity of demand, income elasticity of demand and price elasticity of supply; • define, calculate and interpret numerical values of elasticity; and • analyse the factors that influence the values of the elasticities of demand and supply.

Content	Learning Outcomes
Elasticity of demand and supply (cont.)	Students should be able to: • calculate the effect of price changes on total revenue (total expenditure) using price elasticity of demand; • understand the meaning and significance of normal, inferior, luxury and necessity products, substitutes and complements; • evaluate the usefulness of the concepts of price, income and cross price elasticity of demand and price elasticity of supply for firms and the government making decisions;
Factor markets: labour	• understand how wages are determined in competitive markets, by analysing: – the main influences on demand and supply in competitive labour markets; – the determinants of the elasticity of demand and supply in competitive labour markets; and – the causes and implications of wage differentials; and • understand how product and factor markets are interrelated, focusing on the labour market, by: – analysing and evaluating labour market issues, including factors affecting flexibility in the labour market such as trade unions and the welfare system, migration and the effect of the national minimum wage; – defining, explaining and illustrating economic rent and transfer earnings; – applying an understanding of transfer earnings and economic rent to factor markets; and – evaluating the effects of government intervention in the labour market. (An understanding of marginal revenue productivity (MRP) theory is **not** required.)

Content	Learning Outcomes
Market failures and imperfections	Students should be able to: • understand the possible distinction between market equilibrium and the socially optimum position; • analyse and evaluate the causes and consequences (for economic agents) of market failures and imperfections, including: – positive and negative consumption and production externalities; – market power; – public goods; – merit goods and demerit goods; – information failures; and – inequality in income and wealth distribution; • use a diagrammatic analysis to assess the impact externalities have on community surplus, identifying and explaining welfare loss; • explain merit goods and demerit goods; • understand information gaps and information asymmetry; • understand the features of public goods (non-excludability, non-diminishability/non-rivalry) and the free rider problem; and • understand the difference between absolute and relative poverty.

Content	Learning Outcomes
Government intervention in markets	Students should be able to: • analyse why governments intervene in markets; • analyse and evaluate alternative forms of government intervention to solve market failures, including: – government provision; – regulation; – taxation; – subsidies; – providing information; – tradeable pollution permits; and – minimum and maximum prices; and • analyse the causes and effects of government failure, including administrative costs, unintended consequences and information gaps.

3.2 Unit AS 2: Managing the National Economy

Students use the basic aggregate demand–aggregate supply model to analyse changes in the economy. They examine the use of demand-side and supply-side policies as a means of achieving macroeconomic objectives. They assess the likely impact and effectiveness of different government policies. Students evaluate different approaches that policymakers may use to address macroeconomic issues. They learn about key changes in the UK economy and government policy since 1990.

Assessment for this unit consists of a written examination that involves short answer questions, a case study question and an open response question.

Content	Learning Outcomes
The circular flow of income	Students should be able to: • understand the circular flow of income model; • understand injections and withdrawals in an open economy with government; • understand how changes in injections and withdrawals affect the circular flow and equilibrium;
Measuring national income	• understand that income, expenditure and output should be equal; • understand the limitations of Gross Domestic Product (GDP) as a measure of welfare; • understand differences between GDP and Gross National Product (GNP), including real and nominal values and total and per capita values;
Aggregate demand	• understand the components of aggregate demand: consumption, investment, government expenditure and international trade through net exports (X - M); • analyse the shape of the aggregate demand schedule; • understand the difference between movements along and shifts in aggregate demand; and • analyse factors influencing aggregate demand.

Content	Learning Outcomes
Aggregate demand (cont.)	Students should be able to: • understand different forms of investment, including gross, net and fixed capital; (Knowledge of the Keynesian theory of the consumption function, the marginal efficiency of capital and the accelerator effect is **not** required.)
Aggregate supply	• analyse factors influencing aggregate supply; • understand the difference between movements along and shifts in aggregate supply; • understand why the short-run aggregate supply curve is assumed to slope upwards from left to right; • analyse the factors that affect the relationship between the short-run and long-run aggregate supply; • analyse factors influencing long-run aggregate supply; • analyse the different views of Keynesians and neoclassical economists of long-run aggregate supply and the implications for government policy;
Macroeconomic equilibrium	• analyse how aggregate demand and aggregate supply interact to determine macroeconomic equilibrium; • apply aggregate demand–aggregate supply (AD–AS) analysis to macroeconomic issues such as unemployment, growth and inflation;
Macroeconomic objectives	• understand why the government sets macroeconomic objectives relating to inflation, unemployment, balance of payments and economic growth; • understand why the government sets other objectives such as environmental or income and wealth distribution; • understand the Lorenz curve and be able to interpret the Gini coefficient; and • analyse and evaluate possible government policy conflicts and trade-offs in achieving macroeconomic objectives.

Content	Learning Outcomes
Inflation **Unemployment**	Students should be able to: • define inflation and deflation; • understand how the rate of inflation is measured in the UK, including the Consumer Prices Index (CPI) and the Retail Prices Index (RPI); • analyse and evaluate the causes, costs and consequences of inflation and deflation; • understand the causes of demand-pull and cost-push inflation; • analyse and evaluate the impact of government policies on inflation and deflation, using AD–AS analysis; • calculate and interpret index numbers in relation to inflation and other areas; • calculate retail price indices and understand the significance of weights; • understand how unemployment is measured in the UK; • compare claimant-count and International Labour Organisation measures of unemployment; • understand the difference between unemployment and economic inactivity; • analyse and evaluate the causes of unemployment and of economic inactivity; • understand the difference between voluntary and involuntary unemployment and between seasonal, frictional, structural and cyclical unemployment; • analyse and evaluate the costs and consequences of unemployment and economic inactivity; and • analyse and evaluate the impact of government policies on unemployment and economic inactivity and of government intervention in the labour market, using AD–AS analysis.

Content	Learning Outcomes
Economic growth	Students should be able to: • illustrate actual and potential growth diagrammatically using a PPF; • explain how to measure economic growth; • understand the characteristics and stages of economic cycles such as booms and slumps; • understand the meaning and significance of sustainable economic growth; • understand the meaning and significance of output gaps; • analyse and evaluate the causes of economic growth; • analyse and evaluate the benefits and costs of economic growth; • analyse and evaluate government policies to promote economic growth using AD–AS analysis;
Fiscal policy	• understand the nature of fiscal policy; • illustrate the effect of fiscal policies using AD–AS analysis; • understand the main categories and components of government spending and taxation; • understand the difference between direct and indirect tax; and • analyse and evaluate the impact of fiscal policy on levels of output, employment, the price level and economic agents through both demand-side and supply-side policies.

Content	Learning Outcomes
Monetary policy	Students should be able to: • understand the nature of monetary policy, focusing on the use of interest rates; • illustrate the effect of monetary policy using AD–AS analysis; • analyse and evaluate the impact of monetary policy on levels of output, employment, the price level and economic agents;
Supply-side policies	• understand the nature of supply-side policies, including: – tax cuts; – deregulation; – incentives to promote competition and innovation; – reforming the labour market; – improving the skills and quality of the labour force; and – improving the infrastructure; • analyse and evaluate the factors influencing labour productivity and its significance; • illustrate the effect of supply-side policies using AD–AS analysis; • analyse and evaluate the impact of supply-side policies on the levels of output, employment, the price level and economic agents;
Exchange rates	• understand the meaning of exchange rates; • illustrate the effect of exchange rate changes on the economy using AD–AS analysis; • analyse the effects of maintaining exchange rates artificially above or below the market clearing rate; • analyse how and why a government might have an exchange rate policy; and • analyse and evaluate the possible impact of exchange rate changes on levels of output, employment, the price level and economic agents.

3.3 Unit A2 1: Business Economics

In this unit, students examine how the number and size of businesses and the level of contestability affect the nature of competition between firms. Students consider how firms grow by examining organic growth, mergers and takeovers.

Students examine the rational assumption that firms are profit maximisers and consider alternative business objectives. They analyse revenues, costs and profits in different market structures. They also analyse and evaluate firms' pricing and output decisions in different contexts and understand the role of competition in business decision-making. They analyse and evaluate the effect different market structures have on efficiency.

Students learn about and understand the economic behaviour in competitive and non-competitive markets. They become aware of how social, institutional, technological and environmental change can affect present and future economic behaviour.

A2 units build on the understanding developed at AS level.

Assessment for this unit consists of a written examination that involves short answer questions, a case study and an open response question.

Content	Learning Outcomes
Short run versus long run	Students should be able to: • explain the distinction between the short run and long run; • explain and illustrate the law of diminishing marginal returns to a variable factor; • explain the distinction between fixed, variable and total costs of production; • analyse and calculate total, average and marginal costs; • analyse and calculate total, average and marginal revenue; • analyse the condition at the margin for profit maximisation (marginal revenue = marginal cost); • analyse and illustrate shutdown and breakeven points; and • understand the relationship between short-run and long-run average cost curves.

Content	Learning Outcomes
Short run versus long run (cont.)	Students should be able to: • understand the causes and significance of internal economies and diseconomies of scale, and external economies and diseconomies of scale; • understand allocative, productive and dynamic efficiency and X inefficiency; • illustrate understanding of all cost and revenue curves; • understand normal and supernormal profits; • explain the significance of the Minimum Efficient Scale (MES);
Business objectives	• understand why businesses might want to maximise profits; • analyse and illustrate other business objectives such as maximising sales revenue, growth, managerial utility, satisficing and environmental targets; • understand the significance of divorcing ownership from control and the principal–agent problem; • analyse how stakeholders may affect firms' objectives; • understand the distinction between public and private sector organisations and the possible difference in their objectives;
Business growth	• understand how and why businesses might grow; • understand the distinction between organic growth and growth by merger or acquisition; • analyse and evaluate the motives for horizontal, vertical and conglomerate integration; and • analyse and evaluate business motives for growth.

Content	Learning Outcomes
Measuring markets	Students should be able to: • understand, measure and interpret market size, market share and market growth data; • understand, measure and interpret the 'n firm' concentration ratio; • understand the difficulties in measuring market share accurately; • measure and understand the difference between sales value and sales volume;
Analysing market structures	• understand the features and assumptions of different market structures, including perfect competition, monopoly, monopolistic competition, oligopoly and contestable markets; • analyse and illustrate the short-run and long-run equilibrium price and output in different market structures and understand their effect on different economic agents; • analyse and evaluate the efficiency achieved in different market structures; • understand the possible impact of market structure on innovation; • analyse and evaluate the usefulness of each model of market structure as an explanation of behaviour of business in the real world;
Perfect competition	• analyse and illustrate the short-run and long-run equilibrium price and output for the firm and the industry; and • analyse how a perfectly competitive market moves from the short run to the long run.

Content	Learning Outcomes
Monopoly	Students should be able to: • analyse the types and significance of barriers to entry; • analyse and evaluate the potential costs and benefits of monopoly for different economic agents; • analyse the conditions necessary for price discrimination and analyse and evaluate the consequences of price discrimination for different economic agents; • understand the meaning and significance of a natural monopoly; • understand the significance of creative destruction;
Monopolistic competition	• analyse and illustrate the short-run and long-run equilibrium price and output for the firm; • analyse how a monopolistically competitive market moves from the short run to the long run;
Oligopoly	• understand the main features of oligopolistic markets and the concept of interdependence of firms; • understand the reasons for collusive and non-collusive behaviour in oligopoly; • understand that oligopolistic markets may be characterised by price and non-price competition, price leadership, collusion and price wars; • understand that non-price competition includes product differentiation; • analyse the kinked demand curve model of oligopoly; • analyse methods of non-price competition; • use simple game theory, including a basic pay-off matrix, to evaluate interdependent behaviour in oligopolistic markets; and • analyse and evaluate the potential costs and benefits of oligopoly.

Content	Learning Outcomes
Contestable markets **Competition policy**	Students should be able to: • understand the meaning and significance of contestable markets; • analyse how the relative ease of access to a market may change the behaviour of firms in it; • understand the key features of current government competition policy; • evaluate methods of government intervention such as: – breaking up monopolistic businesses; – restricting mergers and acquisitions; – regulation; – price controls; – taxation; – subsidies; – nationalisation; and – banning unfair trading practices; • understand the role and purpose of regulators (understanding of the working of these organisations is **not** required); • evaluate the effectiveness of different methods of government intervention on competition, including their impact on prices, employment, output and economic welfare; • demonstrate an awareness of UK and EU competition policy (detailed understanding of these policies is **not** required); and • evaluate the effects of nationalisation and privatisation.

3.4 Unit A2 2: Managing the Economy in a Global World

This unit gives students the opportunity to understand the significance of globalisation, international trade, the balance of payments and exchange rates. Students analyse public finance, macroeconomic policies and the role of the financial sector in a global context. They examine factors influencing the growth and development of developing countries. They also develop an understanding of trends in the global economy since 1990.

A2 units build on the understanding developed at AS level.

Assessment for this unit consists of a written examination that involves short answer questions, a case study and an open response question.

Content	Learning Outcomes
Trade and globalisation	Students should be able to: • explain and mathematically illustrate the concepts of comparative and absolute advantage; • evaluate the usefulness of the concept of comparative advantage; • analyse and evaluate the benefits and costs of free trade for different economic agents and in relation to macroeconomic objectives such as employment, inflation, economic growth and the balance of payments; • understand the role of the World Trade Organisation (WTO) in relation to trade liberalisation; • analyse and evaluate the causes of increased globalisation and the impact on economic agents and macroeconomic objectives; • analyse and evaluate the main forms of protectionism, including tariffs, quotas, subsidies, regulations and exchange rate manipulation; • analyse and evaluate the benefits and costs of protectionism in relation to economic agents and macroeconomic objectives; and • understand the nature and analyse the significance of trade policies and negotiations and trading blocs.

Content	Learning Outcomes
Trade and globalisation (cont.)	Students should be able to: • understand the meaning and significance of Foreign Direct Investment (FDI);
Economic development	• understand the meaning and features of economic development; • understand the difficulties of measuring economic development; • analyse and evaluate the usefulness of national income statistics in comparing living standards and economic development over time and between countries; • understand and interpret the Human Development Index (HDI); • analyse and evaluate the benefits and costs of economic growth in Less Developed Countries (LDCs); • analyse and evaluate ways and the value of promoting growth in LDCs, including aid and the roles of the World Bank and the International Monetary Fund (IMF);
Balance of payments	• explain the basic structure and purpose of the balance of payments; • analyse and evaluate the possible consequences of current account deficits and surpluses for economic agents and macroeconomic objectives; • analyse and evaluate government policies to reduce current account deficits and surpluses; and • analyse and evaluate expenditure-switching and expenditure-reducing policies.

Content	Learning Outcomes
Exchange rates	Students should be able to: • explain how foreign exchange markets operate; • explain and evaluate fixed and floating exchange rates; • analyse the Marshall–Lerner condition and the J-curve effect; • calculate and interpret a basic trade weighted exchange rate index; • understand purchasing power parity (PPP); • analyse and evaluate the effect of exchange rate changes on the balance of payments; • analyse the influences on demand and supply in foreign currency exchange markets; • analyse and evaluate how monetary policy might influence the exchange rate; • analyse and evaluate the value and effectiveness of exchange rate policies in relation to macroeconomic objectives such as employment, growth, inflation and balance of payments;
European Union (EU)	• analyse and evaluate the advantages and disadvantages of membership of the EU for member states and prospective members; • evaluate the effect of the expansion or contraction of the EU on the UK economy as well as the effects of any changes in its structure that may occur; and • analyse and evaluate the potential advantages and disadvantages of the Eurozone for member states and prospective members.

Content	Learning Outcomes
Monetary policy and the financial sector	Students should be able to: • analyse and evaluate the role of central banks, including the Bank of England (BoE) and European Central Bank (ECB), and their impact on the banking sector and money supply; • analyse the factors that influence the setting of the base rate; • analyse and evaluate the effect of changes in the money supply and monetary policy in a global economy, including the effect on inflation, output, unemployment and the balance of payments; • understand the Fisher equation of exchange and the quantity theory of money; • analyse and evaluate the need for regulation of the financial sector; • analyse and evaluate difficulties regulating the domestic financial system and controlling the money supply in a global economy; • analyse and evaluate the impact and effectiveness of monetary policy in relation to the macroeconomic objectives and the impact on economic agents; • understand the role of the financial sector and its impact on the real economy; • understand the issue of moral hazard in relation to the financial sector; and • analyse and evaluate quantitative easing and other methods of expanding or contracting the money supply.

Content	Learning Outcomes
Fiscal policy	Students should be able to: • understand the difference between a fiscal deficit and the national debt; • analyse factors that influence the size of fiscal deficits; • analyse and evaluate how governments finance deficits (including government bonds) and the possible implications of this; • understand that deficits may result from either discretionary government policy or automatic government policy; • analyse and evaluate the benefits and costs of a fiscal deficit and the national debt; • analyse and evaluate the impact and effectiveness of fiscal policy in relation to the macroeconomic objectives and the impact on economic agents;
Macroeconomic policies and objectives in a global economy	• analyse the relative performance of different economies and the possible reasons for differences in performance; • analyse and evaluate the impact of global events on prices, output, employment, the balance of payments and on different economic agents; • analyse and evaluate the use and impact of macroeconomic policies to respond to external demand and supply shocks to the global and domestic economy; • analyse and evaluate problems and constraints facing policymakers when applying policies to achieve macroeconomic objectives; • demonstrate awareness of the key changes in the priority of macroeconomic government objectives over time; and • analyse and evaluate the effectiveness of different government policies relative to each other in relation to macroeconomic objectives.

4 Scheme of Assessment

4.1 Assessment opportunities

Each unit is available for assessment in summer each year. It is possible to resit individual AS and A2 assessment units once and count the better result for each unit towards an AS or A level qualification. Candidates' results for individual assessment units can count towards a qualification until we withdraw the specification.

4.2 Assessment objectives

There are four assessment objectives for this specification. Candidates must:

- demonstrate knowledge of terms or concepts and theories or models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues (AO1);
- apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues (AO2);
- analyse issues within economics, showing an understanding of their impact on economic agents (AO3);
- evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues (AO4).

4.3 Assessment objective weightings

The table below sets out the assessment objective weightings for each assessment unit and the overall A level qualification:

Percentage Assessment Objective Weightings						
	AO1	**AO2**	**AO3**	**AO4**	**AS**	**A level**
AS 1	6.0	6.0	4.0	4.0	20	20
AS 2	6.0	6.0	4.0	4.0	20	20
A2 1	6.5	6.5	8.5	8.5		30
A2 2	6.5	6.5	8.5	8.5		30
Total	**25**	**25**	**25**	**25**	**40**	**100**

4.4 Quality of written communication

In AS and A level Economics, candidates must demonstrate their quality of written communication. They 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 that suit their purpose and complex subject matter; and
- organise information clearly and coherently, using specialist vocabulary where appropriate.

Quality of written communication is assessed in responses to questions and tasks that require extended writing.

4.5 Synoptic assessment at A2

The A2 assessment units include some synoptic assessment, which encourages candidates to develop their understanding of the subject as a whole. In our GCE Economics, synoptic assessment involves:

- building on material from the AS units; and
- bringing together and making connections between areas of knowledge and skills that they have explored throughout the course.

4.6 Higher order thinking skills

The A2 assessment units provide opportunities to demonstrate higher order thinking skills by incorporating:

- more complex and more extended stimulus materials;
- more demanding evaluative tasks; and
- synoptic questions that require candidates to connect the content across the specification.

4.7 Reporting and grading

We report the results of individual assessment units on a uniform mark scale that reflects the assessment weighting of each unit.

We award AS qualifications on a five grade scale from A to E, with A being the highest. We award A level qualifications on a six grade scale from A* to E, with A* being the highest. To determine candidates' grades, we add the uniform marks obtained in individual assessment units.

To be awarded an A*, candidates need to achieve a grade A on their full A level qualification and at least 90 percent of the maximum uniform marks available for the A2 units. If candidates fail to attain a grade E, we report their results as unclassified (U).

The grades we award match the grade descriptions in Section 5 of this specification.

5 Grade Descriptions

Grade descriptions are provided to give a general indication of the standards of achievement likely to have been shown by candidates awarded particular grades. The descriptions must be interpreted in relation to the content in the specification; they are not designed to define that content. The grade awarded depends in practice upon the extent to which the candidate has met the assessment objectives overall. Shortcomings in some aspects of candidates' performance in the assessment may be balanced by better performances in others.

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

AS Grade Descriptions

Grade	Description
AS **Grade A**	For AO1, candidates characteristically: • demonstrate detailed knowledge of terms, concepts, theories and models contained in the AS units, with few significant omissions; and • demonstrate clear understanding of: – terminology; – institutions; and – models. For AO2, candidates characteristically: • demonstrate the ability to show how economic agents are affected by and respond to economic issues by applying: – concepts; – numerical and graphical techniques; – theories and models; and – terminology. For AO3, candidates characteristically: • show the impact on economic agents by: – selecting relevant concepts, models or theories; and – demonstrating development of logical explanations of economic issues in relevant contexts with focus and relevance.

Grade	Description
	For AO4, candidates characteristically: • demonstrate the ability to evaluate by: – prioritising evidence and arguments; – making reasoned judgements; and – reaching and presenting supported conclusions.
AS **Grade E**	For AO1, candidates characteristically: • demonstrate knowledge of some terms, concepts, theories and models contained in the AS units; and • demonstrate some understanding of: – terminology; – institutions; and – models. For AO2, candidates characteristically: • show how economic agents are affected by and respond to economic issues by applying in part some: – concepts; – numerical and graphical techniques; – theories and models; and – terminology. For AO3, candidates characteristically: • demonstrate some evidence of selecting relevant concepts, models, theories and techniques; and • demonstrate the ability to provide partial analysis to show the impact on economic issues. For AO4, candidates characteristically: • evaluate straightforward economic arguments and evidence at a simple level, for example by: – offering judgements; and – stating conclusions.

A2 Grade Descriptions

Grade	Description
A2 **Grade A**	For AO1, candidates characteristically: • demonstrate detailed knowledge of terms, concepts, theories and models contained in this specification, with few significant omissions; • demonstrate clear understanding of: – terminology; – institutions; and – models; and • demonstrate detailed knowledge and clear understanding of the interconnections between the different elements of the subject content. For AO2, candidates characteristically: • show how economic agents are affected by and respond to complex economic issues by clearly and effectively applying: – concepts; – numerical and graphical techniques; – theories and models; and – terminology. For AO3, candidates characteristically: • select relevant concepts, models or theories; and • demonstrate development of logical explanations of complex economic issues in relevant contexts to show the impact on economic agents. For AO4, candidates characteristically: • demonstrate the ability to evaluate effectively complex economic arguments; • prioritise evidence and arguments; • make reasoned judgements; • reach and present supported conclusions; and • make reasoned recommendations.

Grade	Description
A2 **Grade E**	For AO1, candidates characteristically: • demonstrate knowledge of some terms, concepts, theories and models included in this specification; • demonstrate some understanding of: – terminology; – institutions; and – models; and • demonstrate some knowledge and understanding of the interconnections between the different elements of the subject content. For AO2, candidates characteristically: • show how economic agents are affected by and respond to complex issues arising in a range of situations by appropriately applying some: – concepts; – numerical and graphical techniques; – theories and models; and – terminology. For AO3, candidates characteristically: • demonstrate some evidence of selecting relevant concepts, models, theories and techniques; and • demonstrate partial development of logical explanations of complex economic issues to show the impact on economic agents. For AO4, candidates characteristically: • demonstrate some evaluative skills in relation to complex economic arguments and evidence; • make judgements; • reach and present conclusions with some supporting evidence; and • make recommendations.

6 Guidance on Assessment

There are four external assessment units in this specification, two at AS level and two at A2:

- Unit AS 1: Markets and Market Failure and Unit AS 2: Managing the National Economy; and
- Unit A2 1: Business Economics and Unit A2 2: Managing the Economy in a Global World.

The external assessment focuses on candidates' knowledge, understanding and analysis of the content of each unit.

6.1 Unit AS 1: Markets and Market Failure

For this unit, there is a 1 hour 30 minute external assessment in three sections.
In Section A, candidates give written responses to short answer questions.
In Section B, candidates give written responses to structured questions based on a case study.
In Section C, candidates give written responses to one open response question (from a choice of two).
There are 80 marks available.

6.2 Unit AS 2: Managing the National Economy

For this unit, there is a 1 hour 30 minute external assessment in three sections.
In Section A, candidates give written responses to short answer questions.
In Section B, candidates give written responses to structured questions based on a case study.
In Section C, candidates give written responses to one open response question (from a choice of two).
There are 80 marks available.

6.3 Unit A2 1: Business Economics

For this unit, there is a 2 hour external assessment in three sections.
In Section A, candidates give written responses to short answer questions.
In Section B, candidates give written responses to questions based on a case study.
In Section C, candidates give a written response to one open response question (from a choice of two).
There are 90 marks available.

6.4 Unit A2 2: Managing the Economy in a Global World

For this unit, there is a 2 hour external assessment in three sections.
In Section A, candidates give written responses to short answer questions.
In Section B, candidates give written responses to questions based on a case study.
In Section C, candidates give a written response to one open response question (from a choice of two).
There are 90 marks available.

7 Links and Support

7.1 Support

The following resources are available to support this specification:

- our economics microsite at www.ccea.org.uk
- specimen assessment materials; and
- guidance notes for teachers.

We also intend to provide:

- past papers and mark schemes;
- Chief Examiner's reports;
- schemes of work;
- centre support visits;
- support days for teachers;
- a resource list; and
- exemplification of standards.

7.2 Curriculum objectives

This specification supports centres to build on the broader Northern Ireland Curriculum objectives to develop the young person:

- as an individual;
- as a contributor to society; and
- as a contributor to the economy and environment.

It can contribute to meeting the requirements of the Northern Ireland Entitlement Framework at post-16 and the provision of a broad and balanced curriculum.

Curriculum Progression from Key Stage 4

This specification builds on learning from Key Stage 4 and gives students opportunities to develop their subject knowledge and understanding further.

Students will also have opportunities to continue to develop the **Cross-Curricular Skills** and the **Thinking Skills and Personal Capabilities** shown below. The extent of this development depends on the teaching and learning methodology the teacher uses.

Cross-Curricular Skills

- Communication:
  - Talking and Listening
  - Reading
  - Writing
- Using Mathematics
- Using ICT

Thinking Skills and Personal Capabilities

- Problem Solving
- Working with Others
- Self-Management

For further guidance on the skills and capabilities in this subject, please refer to the supporting schemes of work.

7.3 Examination entries

Entry codes for this subject and details on how to make entries are available on our Qualifications Administration Handbook microsite, which you can access at www.ccea.org.uk

Alternatively, you can telephone our Examination Entries, Results and Certification team using the contact details provided.

7.4 Equality and inclusion

We have considered the requirements of equality legislation in developing this specification and designed it to be as free as possible from ethnic, gender, religious, political and other forms of bias.

GCE qualifications often require the assessment of a broad range of competences. This is because they are general qualifications that prepare students for a wide range of occupations and higher level courses.

During the development process, an external equality panel reviewed the specification to identify any potential barriers to equality and inclusion. Where appropriate, we have considered measures to support access and mitigate barriers.

We can make reasonable adjustments for students with disabilities to reduce barriers to accessing assessments. For this reason, very few students will have a complete barrier to any part of the assessment.

It is important to note that where access arrangements are permitted, they must not be used in any way that undermines the integrity of the assessment. You can find information on reasonable adjustments in the Joint Council for Qualifications document *Access Arrangements and Reasonable Adjustments: General and Vocational Qualifications*, available at www.jcq.org.uk

7.5 Contact details

If you have any queries about this specification, please contact the relevant CCEA staff member or department:

- Specification Support Officer: Arlene Ashfield
  (email: aashfield@ccea.org.uk)

- Education Manager: Jill Armer
  (email: jarmer@ccea.org.uk)

- For a full list of contacts within CCEA visit our website at
  www.ccea.org.uk/examiner-centre-support/examinations-support/key-contacts

Appendix 1

Quantitative Skills in Economics

To develop their skills, knowledge and understanding in Economics, students need to have acquired competence in relevant quantitative skills, including:

- understanding, using and calculating ratios and fractions;
- understanding, using and calculating percentages and percentage changes;
- understanding and using the terms 'mean', 'median' and 'relevant quantiles';
- constructing and interpreting a range of standard graphical forms;
- calculating and interpreting index numbers;
- calculating cost, revenue and profit (total, average and marginal);
- converting from money to real terms;
- calculating elasticity and interpreting the result; and
- interpreting, applying and analysing information in written, graphical and numerical forms.

The assessment of these quantitative skills includes at least Level 2 mathematical skills as a minimum of 15 percent of the overall AS marks and a minimum of 20 percent of the overall A level marks.

These quantitative skills may be assessed across the assessment objectives.

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