**KNOWLEDGE ORGANISER – Economics A-level (7136/1)**

The specification is split into two main sections, the first section introduces students to microeconomic issues and the second section covers mainly macroeconomic issues. However, students should appreciate that microeconomics and macroeconomics are not entirely distinct areas of study. For example, microeconomic principles often provide fundamental insights into understanding aspects of the macroeconomy. Similarly, economic issues and problems often contain both a microeconomic and macroeconomic dimension.

Students will be assessed through three examination papers. The first paper will examine mainly the topics that are outlined in Section 4.1 of the specification but economic principles included in Section 4.2 of the specification may also enrich a student’s response to some questions. Similarly, the second paper will examine mainly the topics that are outlined in Section 4.2 of the specification but may draw on economic principles from Section 4.1. The third paper will include topics from both sections of the specification and students, particularly when answering questions linked to the case study, will be expected to recognise when it is appropriate to use microeconomic and/or macroeconomic models.

Paper 1 worth 80 marks – 2 hours

One context question from a choice of two.

One essay question from a choice of three.

The assessment in A-level Economics includes questions that allow students to demonstrate their ability to:

* draw together their knowledge, skills and understanding from across the full course of study and provide extended responses.

For example questions in Section B of Paper 3 are extended response questions which require a student to draw together different areas of the specification. An ‘extended response’ is evidence generated by a student which is of sufficient length to allow that student to demonstrate the ability to construct and develop a sustained line of reasoning which is coherent, relevant, substantiated and logically structured.

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**In Section B worth 25 marks**, You will be given a written extract from British politics that you will be asked to analyse and evaluate. You will be required to highlight and then analyse quotes from the extract and add contextual knowledge. You will also briefly have to consider the provenance of the source.

eg) Analyse, evaluate and compare the arguments reported in the above extract regarding the issue of electoral reform (25 marks)

**In Section C worth 25 marks ;** You will be asked to choose one essay from two. In your answer you will be asked to draw material from across your study of politics eg) synoptic coverage of comparing UK/US politics eg)There have been few significant changes to the British constitution since 1997.’ Analyse and evaluate this statement (25 marks)

1. Explain the significance of the Peasants Revolt in terms of the development of rights for the British people
2. How useful is Source 4 p 24 to a student studying the importance of Simon de Montfort?

1. Compare the impact of the Magna Carta with the impact of the Peasants Revolt. How similar are they?

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| **Sub-topics** | |
| 1 | [**Individuals, firms, markets and market failure**](https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136/subject-content-a-level/individuals,-firms,-markets-and-market-failure)  1 [Economic methodology and the economic problem](https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136/subject-content-a-level/individuals,-firms,-markets-and-market-failure#The_economic_problem_and_economic_methodology_1_1_1)  2 [Individual economic decision making](https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136/subject-content-a-level/individuals,-firms,-markets-and-market-failure#Individual_economic_decision_making__1_1_2)  3 [Price determination in a competitive market](https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136/subject-content-a-level/individuals,-firms,-markets-and-market-failure#Price_determination_in_a_competitive_market_1_1_3)  4 [Production, costs and revenue](https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136/subject-content-a-level/individuals,-firms,-markets-and-market-failure#Production_costs_and_revenue_1_1_4)  5 [Perfect competition, imperfectly competitive markets and monopoly](https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136/subject-content-a-level/individuals,-firms,-markets-and-market-failure#Perfect_competition_imperfectly_competitive_markets_and_monopoly_1_1_5)  6 [The labour market](https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136/subject-content-a-level/individuals,-firms,-markets-and-market-failure#The_labour_market_1_1_6)  7 [The distribution of income and wealth: poverty and inequality](https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136/subject-content-a-level/individuals,-firms,-markets-and-market-failure#The_distribution_of_income_and_wealth_poverty_and_inequality_1_1_7)  8 [The market mechanism, market failure and government intervention in markets](https://www.aqa.org.uk/subjects/economics/as-and-a-level/economics-7135-7136/subject-content-a-level/individuals,-firms,-markets-and-market-failure#The_market_mechanism_market_failure_and_government_intervention_in_markets_1_1_8) |
| 2) | **Individual economic decision**  **Making**  1 Rational economic decision making and  economic incentives  2 Utility theory including utility  maximisation  3 Importance of the margin when making choices  4 Imperfect information  5 Significance of asymmetric information  6 Bounded rationality and bounded  self-control  7 Biases in decision making: rules of  thumb, anchoring, availability and social norms  8 Importance of altruism and perceptions of fairness  9 Choice architecture and framing  10 Nudges  11 Default choices, restricted choice and mandated choice |
| 3 ) | **Price determination in a**  **competitive market**  1 Theory of demand  2 Price elasticity of demand  3 Income elasticity of demand  4 Cross price elasticity of demand  5 Theory of supply  6 Elasticity of supply  7 Price determination  8 Difference between equilibrium and disequilibrium  9 Why excess demand and excess supply lead to changes in price  10 Functions of the price mechanism  11 Interrelationships between markets  12 Joint demand, competitive demand, composite demand, derived demand  13Joint supply |
| 4) | **Production, costs and revenue**  1 Production and productivity  2 Specialisation, division of labour and exchange  3 Law of diminishing returns and returns to scale  4 Returns to scale   * 5 Fixed and variable costs   6 Marginal, average and total costs  7 Difference between short-run and  long-run costs  8 Reasons for the shape of the marginal, average and total cost curves  9 How factor prices and productivity affect firms’ costs of production and their choice of factor inputs  10 Difference between internal and external economies of scale  11 Reasons for diseconomies of scale  12 Relationship between returns to scale and economies or diseconomies of scale  13 Relationship between economies of scale, diseconomies of scale and the shape of the long-run average cost curve  14 L-shaped long-run average cost curve  15 Concept of the minimum efficient scale of production  16 Marginal, average and total revenue  17 Difference between marginal, average and total revenue  18 Relationship between average and marginal revenue  19 Relationship between marginal revenue and total revenue  20 Profit  21 Difference between normal and  abnormal (supernormal) profit  22 Role of profit in a market economy  23 Technological change  24 Difference between invention and  innovation  25 Impact of technological change on methods of production, productivity, efficiency and firms’ costs of production  26 Impact of technological change on development of new products and markets  27 Impact of technological change on the structure of markets |
| 5) | **Perfect competition, imperfectly**  **competitive markets and monopoly**  1 Market structures and business  objectives  2 Market structures  3 Spectrum of competition  4 Profit-maximising rule (MC=MR)  5 Reasons for and the consequences of a divorce of ownership from control  6 The satisficing principle  7 Diagrammatic analysis of the perfectly competitive model in the short and long run  8 Perfect competition and economic  efficiency  9 Diagrammatic analysis of the  monopolistically competitive model in the short and long run  10 Main characteristics of monopolistically  competitive markets  11 Monopolistic competition and economic efficiency  12 Importance of non-price competition  13 Main characteristics of oligopolistic markets  14 Concentration ratios and how to  calculate a concentration ratio  15 Difference between collusive and  non-collusive oligopoly  16 Difference between cooperation and collusion  17 Kinked demand curve model  18 Significance of interdependence and uncertainty in oligopoly  19 Advantages and disadvantages of  oligopoly  20 Diagrammatic analysis of the monopoly model  21 Barriers to entry in markets  22 Advantages and disadvantages of  monopoly  23 Conditions necessary for price  discrimination  24 Advantages and disadvantages of price discrimination  25 Dynamics of competition and  competitive market processes  26 Difference between static efficiency and dynamic efficiency  27 Conditions required for productive  efficiency (minimising average total costs) and allocative efficiency (price = marginal  cost)  28 Dynamic efficiency (research and  development, investment in human and non-human capital and technological change)  29 Short-run and long-run benefits which are likely to result from competition  30 Process of creative destruction  31 Consumer and producer surplus  32 Significance of market contestability for the performance of an industry  33 Concepts such as sunk costs and hit-and-run competition |
| 6) | **The Labour Market**  1 Marginal productivity theory of the  demand for labour  2 Causes of shifts in the demand curve for  labour  3 Determinants of the elasticity of demand  for labour  4 Influences upon the supply of labour to different markets  5 Causes of shifts in the market supply curve for labour  6 Determination of relative wage rates and levels of employment in perfectly competitive labour markets  7 Determination of relative wage rates and levels of employment in imperfectly competitive labour markets  8 Monopsony power in the labour market  9 Influence of trade unions in determining wages and levels of employment  10 Effects of a national minimum wage upon labour markets  11 Advantages and disadvantages of a national minimum wage   * 12 Discrimination in the labour market |
| 7) | **Distribution of income and wealth:**  **poverty and inequality**  1 Difference between income and wealth  2 Factors which influence the distribution of income and wealth  3 Difference between equality and equity in relation to the distribution of income and wealth  4 Lorenz curve and Gini coefficient  5 Likely benefits and costs of more equal and more unequal distributions  6 Difference between relative and absolute poverty  7 Causes and effects of poverty  8 Policies to influence the distribution of income and wealth and to alleviate poverty  9 Economic consequences of such   * policies |
| 8) | **Market mechanism, market failure**  **and government intervention in**  **markets**  1 Rationing, incentive and signalling  functions of prices  2 Advantages and disadvantages of the price mechanism  3 Meaning of market failure  4 Difference between complete market failure and partial market failure  5 Public goods, private goods and  quasi-public goods  6 Difference between a public good and a private good  7 Quasi-public goods  8 Significance of technological change on the nature of public goods  9 Free-rider problem  10 Tragedy of the commons  11 Positive and negative externalities in consumption and production  12 Externalities and divergence between private and social costs & benefits  13 Positive externalities from consumption  14 Positive externalities from production  15 Negative externalities from consumption  16 Negative externalities from production  17 Externalities and net welfare loss  18 Merit and demerit goods  19 Importance of value judgements  20 Merit goods and positive externalities from consumption  21Imperfect information and merit goods  22 De-merit goods and negative  externalities from consumption  23 Imperfect information and de-merit goods  24 Why imperfect and asymmetric  information can lead to market failure  25 Why the existence of monopoly and monopoly power can lead to market failure  26 Why the immobility of factors of  production can lead to market failure  27 Principles of UK competition policy and EU competition policy  28Costs and benefits of such policies  29 Arguments for and against public  ownership of firms and industries  30 Arguments for and against the  privatisation of state-owned enterprises  31 Arguments for and against the regulation of markets  32 Arguments for and against the  deregulation of markets  33 Problem of regulatory capture  34 Interventions to address market failure(s)  35 Indirect taxation  36 Subsidies  37 Price controls  38 State provision and regulation  39 Extension of property rights and  pollution permits to correct market failure   * 40 Causes of government failure |

**Stretch and Challenge – wider reading / independent tasks:**

Read at least two of these books;

Freakonomics by Steven D Levitt and Stephen J Dubner

The Undercover Economist by Tim Harford

Animal Spirits by Akerlof and Shiller

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| **Key Terms:** |
| **Scarcity** |
| **Supply and Demand** |
| **Markets** |
| **Spcialisation** |
| **Externallity** |
| **Factors of Production** |
| **Capital** |
| **Human Capital** |
| **Financial Capital** |
| **Physical Capital** |
| **Social Capital** |