**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%2C-firms%2C-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%2C-firms%2C-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%2C-firms%2C-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%2C-firms%2C-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%2C-firms%2C-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%2C-firms%2C-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%2C-firms%2C-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%2C-firms%2C-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%2C-firms%2C-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 andeconomic incentives2 Utility theory including utilitymaximisation3 Importance of the margin when making choices4 Imperfect information5 Significance of asymmetric information6 Bounded rationality and boundedself-control7 Biases in decision making: rules ofthumb, anchoring, availability and social norms8 Importance of altruism and perceptions of fairness9 Choice architecture and framing10 Nudges11 Default choices, restricted choice and mandated choice |
| 3 ) | **Price determination in a****competitive market**1 Theory of demand2 Price elasticity of demand3 Income elasticity of demand4 Cross price elasticity of demand5 Theory of supply6 Elasticity of supply7 Price determination8 Difference between equilibrium and disequilibrium9 Why excess demand and excess supply lead to changes in price10 Functions of the price mechanism11 Interrelationships between markets12 Joint demand, competitive demand, composite demand, derived demand13Joint supply |
|  4)  | **Production, costs and revenue**1 Production and productivity2 Specialisation, division of labour and exchange3 Law of diminishing returns and returns to scale4 Returns to scale* 5 Fixed and variable costs

6 Marginal, average and total costs7 Difference between short-run andlong-run costs8 Reasons for the shape of the marginal, average and total cost curves9 How factor prices and productivity affect firms’ costs of production and their choice of factor inputs10 Difference between internal and external economies of scale11 Reasons for diseconomies of scale12 Relationship between returns to scale and economies or diseconomies of scale13 Relationship between economies of scale, diseconomies of scale and the shape of the long-run average cost curve14 L-shaped long-run average cost curve15 Concept of the minimum efficient scale of production16 Marginal, average and total revenue17 Difference between marginal, average and total revenue18 Relationship between average and marginal revenue19 Relationship between marginal revenue and total revenue20 Profit21 Difference between normal andabnormal (supernormal) profit22 Role of profit in a market economy23 Technological change24 Difference between invention andinnovation25 Impact of technological change on methods of production, productivity, efficiency and firms’ costs of production26 Impact of technological change on development of new products and markets27 Impact of technological change on the structure of markets |
| 5)  | **Perfect competition, imperfectly****competitive markets and monopoly**1 Market structures and businessobjectives2 Market structures3 Spectrum of competition4 Profit-maximising rule (MC=MR)5 Reasons for and the consequences of a divorce of ownership from control6 The satisficing principle7 Diagrammatic analysis of the perfectly competitive model in the short and long run8 Perfect competition and economicefficiency9 Diagrammatic analysis of themonopolistically competitive model in the short and long run10 Main characteristics of monopolisticallycompetitive markets11 Monopolistic competition and economic efficiency12 Importance of non-price competition13 Main characteristics of oligopolistic markets14 Concentration ratios and how tocalculate a concentration ratio15 Difference between collusive andnon-collusive oligopoly16 Difference between cooperation and collusion17 Kinked demand curve model18 Significance of interdependence and uncertainty in oligopoly19 Advantages and disadvantages ofoligopoly20 Diagrammatic analysis of the monopoly model21 Barriers to entry in markets22 Advantages and disadvantages ofmonopoly23 Conditions necessary for pricediscrimination24 Advantages and disadvantages of price discrimination25 Dynamics of competition andcompetitive market processes26 Difference between static efficiency and dynamic efficiency27 Conditions required for productiveefficiency (minimising average total costs) and allocative efficiency (price = marginalcost)28 Dynamic efficiency (research anddevelopment, investment in human and non-human capital and technological change)29 Short-run and long-run benefits which are likely to result from competition30 Process of creative destruction31 Consumer and producer surplus32 Significance of market contestability for the performance of an industry33 Concepts such as sunk costs and hit-and-run competition |
| 6) | **The Labour Market**1 Marginal productivity theory of thedemand for labour2 Causes of shifts in the demand curve forlabour3 Determinants of the elasticity of demandfor labour4 Influences upon the supply of labour to different markets5 Causes of shifts in the market supply curve for labour6 Determination of relative wage rates and levels of employment in perfectly competitive labour markets7 Determination of relative wage rates and levels of employment in imperfectly competitive labour markets8 Monopsony power in the labour market9 Influence of trade unions in determining wages and levels of employment10 Effects of a national minimum wage upon labour markets11 Advantages and disadvantages of a national minimum wage* 12 Discrimination in the labour market
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| 7)  | **Distribution of income and wealth:****poverty and inequality**1 Difference between income and wealth2 Factors which influence the distribution of income and wealth3 Difference between equality and equity in relation to the distribution of income and wealth4 Lorenz curve and Gini coefficient5 Likely benefits and costs of more equal and more unequal distributions6 Difference between relative and absolute poverty7 Causes and effects of poverty8 Policies to influence the distribution of income and wealth and to alleviate poverty9 Economic consequences of such* policies
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| 8) | **Market mechanism, market failure****and government intervention in****markets**1 Rationing, incentive and signallingfunctions of prices2 Advantages and disadvantages of the price mechanism3 Meaning of market failure4 Difference between complete market failure and partial market failure5 Public goods, private goods andquasi-public goods6 Difference between a public good and a private good7 Quasi-public goods8 Significance of technological change on the nature of public goods9 Free-rider problem10 Tragedy of the commons11 Positive and negative externalities in consumption and production12 Externalities and divergence between private and social costs & benefits13 Positive externalities from consumption14 Positive externalities from production15 Negative externalities from consumption16 Negative externalities from production17 Externalities and net welfare loss18 Merit and demerit goods19 Importance of value judgements20 Merit goods and positive externalities from consumption21Imperfect information and merit goods22 De-merit goods and negativeexternalities from consumption23 Imperfect information and de-merit goods24 Why imperfect and asymmetricinformation can lead to market failure25 Why the existence of monopoly and monopoly power can lead to market failure26 Why the immobility of factors ofproduction can lead to market failure27 Principles of UK competition policy and EU competition policy28Costs and benefits of such policies29 Arguments for and against publicownership of firms and industries30 Arguments for and against theprivatisation of state-owned enterprises31 Arguments for and against the regulation of markets32 Arguments for and against thederegulation of markets33 Problem of regulatory capture34 Interventions to address market failure(s)35 Indirect taxation36 Subsidies37 Price controls38 State provision and regulation39 Extension of property rights andpollution permits to correct market failure* 40 Causes of government failure
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**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** |