

Tick one box per statement: ☐ not yet ☐ nearly ☐ confident. //

1. Basic economic ideas and resource allocation

1.1 Scarcity, choice and opportunity cost

- ☐☐☐ explain the fundamental economic problem of **scarcity** arising from **finite resources** and **unlimited wants**
- ☐☐☐ explain **choice** and **opportunity cost** for consumers, producers and governments
- ☐☐☐ distinguish **positive** and **normative** statements in the context of choice

1.2 Economic methodology

- ☐☐☐ explain economics as a **social science** and the use of the **ceteris paribus** assumption
- ☐☐☐ distinguish positive and normative statements and the role of **value judgements**
- ☐☐☐ distinguish **microeconomics** and **macroeconomics**

1.3 Factors of production

- ☐☐☐ define **land**, **labour**, **capital** and **enterprise** and their rewards (**rent**, **wages**, **interest**, **profit**)
- ☐☐☐ explain **division of labour** and **specialisation** and their advantages and disadvantages
- ☐☐☐ explain the **mobility of factors of production**

1.4 Resource allocation in different economic systems

- ☐☐☐ explain how resources are allocated in **market**, **planned** and **mixed** economic systems
- ☐☐☐ explain the role of the **price mechanism** (**signalling**, **incentive**, **rationing**) in allocating resources
- ☐☐☐ evaluate the advantages and disadvantages of each system

1.5 Production possibility curves

- ☐☐☐ draw and interpret **PPCs** to show **opportunity cost**, scarcity, choice and efficiency
- ☐☐☐ explain movements along and shifts of the PPC and constant versus increasing opportunity cost
- ☐☐☐ relate the PPC to **economic growth** and the allocation between **capital** and **consumer goods**

1.6 Classification of goods and services

- ☐☐☐ distinguish **free goods** and **economic (private) goods**
- ☐☐☐ explain the characteristics of **public goods** (**non-rivalry**, **non-excludability**) and the **free-rider problem**
- ☐☐☐ explain **merit** and **demerit goods** and the role of information and value judgements

2. The price system and the microeconomy

2.1 Demand and supply curves

- ☐☐☐ explain the determinants of **demand** and **supply** and distinguish movements along from shifts of the curves

- ☐☐☐ derive individual and market demand and supply
- ☐☐☐ explain the relationship between **marginal utility** and the demand curve

2.2 Price elasticity, income elasticity and cross elasticity of demand

- ☐☐☐ define, calculate and interpret **price elasticity of demand (PED)**, **income elasticity (YED)** and **cross elasticity (XED)**
- ☐☐☐ explain the determinants of each and the relationship between PED and **total revenue**/expenditure
- ☐☐☐ explain the usefulness of elasticities to firms and government

2.3 Price elasticity of supply

- ☐☐☐ define, calculate and interpret **price elasticity of supply (PES)**
- ☐☐☐ explain the determinants of PES, including time period (momentary, short run, long run)

2.4 The interaction of demand and supply

- ☐☐☐ explain **equilibrium price and quantity** and how shifts in demand and supply change equilibrium
- ☐☐☐ explain **disequilibrium** (**excess demand** and **excess supply**) and the functions of the price mechanism
- ☐☐☐ apply demand and supply analysis to product, factor and foreign exchange markets

2.5 Consumer and producer surplus

- ☐☐☐ define and identify **consumer surplus** and **producer surplus** on a diagram
- ☐☐☐ explain how changes in demand, supply and price affect consumer and producer surplus

3. Government microeconomic intervention

3.1 Reasons for government intervention in markets

- ☐☐☐ explain **market failure** as the failure to achieve an efficient allocation of resources
- ☐☐☐ explain the reasons for intervention: **externalities**, **public goods**, **merit/demerit goods**, **monopoly power**, **inequality**, **asymmetric information**

3.2 Methods and effects of government intervention in markets

- ☐☐☐ explain methods of intervention: **indirect taxes**, **subsidies**, **maximum and minimum prices**, **buffer stocks**, **regulation**, provision, **tradable permits**
- ☐☐☐ analyse the effects of intervention, including the **incidence** of indirect taxes and the concept of **government failure**

3.3 Addressing income and wealth inequality

- ☐☐☐ distinguish **income** and **wealth** and explain the causes of **inequality**
- ☐☐☐ explain policies to redistribute income and wealth (**progressive taxation**, **benefits**, provision of services) and their effects

4. The macroeconomy

4.1 National income statistics

- ☐ ☐ ☐ define **GDP**, **GNI** and **national income** and distinguish **nominal** and **real**, and total and per capita values
- ☐ ☐ ☐ explain the uses and limitations of national income statistics for measuring living standards and making comparisons

4.2 Introduction to the circular flow of income

- ☐ ☐ ☐ explain the **circular flow of income** with **injections** (investment, government spending, exports) and **leakages** (saving, taxation, imports)
- ☐ ☐ ☐ explain equilibrium in the circular flow and the distinction between a **closed** and **open economy**

4.3 Aggregate Demand and Aggregate Supply analysis

- ☐ ☐ ☐ define the components of **aggregate demand** ($C + I + G + (X - M)$) and explain the shape of the **AD curve**
- ☐ ☐ ☐ explain **short-run** and **long-run aggregate supply** and the determinants of AD and AS
- ☐ ☐ ☐ use **AD/AS analysis** to determine **macroeconomic equilibrium** and the price level and real output

4.4 Economic growth

- ☐ ☐ ☐ distinguish **actual** and **potential growth** and explain the causes of economic growth
- ☐ ☐ ☐ explain the costs and benefits of economic growth and the **business (trade) cycle**

4.5 Unemployment

- ☐ ☐ ☐ define and measure **unemployment** (**claimant count** and **labour force survey**)
- ☐ ☐ ☐ explain the types and causes of unemployment (**frictional**, **structural**, **cyclical**, **seasonal**) and its consequences

4.6 Price stability

- ☐ ☐ ☐ define **inflation**, **deflation** and **disinflation** and explain how the price level is measured
- ☐ ☐ ☐ explain the causes (**demand-pull** and **cost-push**) and consequences of inflation and deflation

5. Government macroeconomic intervention

5.1 Government macroeconomic policy objectives

- ☐ ☐ ☐ state the macroeconomic policy objectives: **stable low inflation**, **full employment**, **economic growth**, **balance of payments stability**, **redistribution of income**
- ☐ ☐ ☐ explain potential conflicts between objectives

5.2 Fiscal policy

- ☐ ☐ ☐ explain **fiscal policy** (government spending and taxation) and the **budget balance**
- ☐ ☐ ☐ distinguish **direct** and **indirect taxes** and **progressive**, **proportional** and **regressive** taxes
- ☐ ☐ ☐ explain the use and effectiveness of fiscal policy

5.3 Monetary policy

- ☐ ☐ ☐ explain **monetary policy** (**interest rates**, **money supply**, **exchange rate**) and the role of the **central bank**
- ☐ ☐ ☐ explain the **transmission mechanism** and the effectiveness of monetary policy

5.4 Supply-side policy

- ☐ ☐ ☐ explain **supply-side policies** (**market-based** and **interventionist**: education and training, incentives, **privatisation**, **deregulation**, infrastructure)
- ☐ ☐ ☐ explain the use and effectiveness of supply-side policy

6. International economic issues

6.1 The reasons for international trade

- ☐ ☐ ☐ explain **absolute** and **comparative advantage** and the gains from specialisation and trade
- ☐ ☐ ☐ explain the **terms of trade** and the benefits and limitations of trade theory

6.2 Protectionism

- ☐ ☐ ☐ describe tools of protection (**tariffs**, **quotas**, **subsidies**, **embargoes**, **administrative barriers**)
- ☐ ☐ ☐ explain the arguments for and against **protectionism** and its effects on stakeholders

6.3 Current account of the balance of payments

- ☐ ☐ ☐ describe the structure of the **balance of payments** and the components of the **current account** (trade in goods and services, **primary** and **secondary income**)
- ☐ ☐ ☐ explain the causes and consequences of current account **deficits** and **surpluses**

6.4 Exchange rates

- ☐ ☐ ☐ explain the determination of **floating exchange rates** by demand and supply of currency, and **fixed** and **managed** systems
- ☐ ☐ ☐ explain the causes and effects of **appreciation** and **depreciation** on the economy

6.5 Policies to correct imbalances in the current account of the balance of payments

- ☐ ☐ ☐ explain **expenditure-switching** and **expenditure-reducing** policies and supply-side measures to correct a deficit
- ☐ ☐ ☐ evaluate the effectiveness of these policies

7. The price system and the microeconomy (A Level)

(A Level)

7.1 Utility

- ☐ ☐ ☐ explain **total** and **marginal utility** and the **law of diminishing marginal utility**
- ☐ ☐ ☐ derive the **equi-marginal principle** and explain how it relates to the demand curve, including the limitations of the marginal utility approach

7.2 Indifference curves and budget lines

- ☐ ☐ ☐ explain **indifference curves** and **budget lines** and **consumer equilibrium**

- ☐ ☐ ☐ explain **income** and **substitution effects** for **normal**, **inferior** and **Giffen goods**

7.3 Efficiency and market failure

- ☐ ☐ ☐ explain **productive** and **allocative efficiency**, **Pareto optimality** and **dynamic efficiency**
- ☐ ☐ ☐ explain **market failure**, including from monopoly, externalities, public goods, **information failure** and **factor immobility**

7.4 Private costs and benefits, externalities and social costs and benefits

- ☐ ☐ ☐ distinguish **private**, **external** and **social costs and benefits**
- ☐ ☐ ☐ analyse **positive** and **negative externalities** of production and consumption using marginal analysis and explain **deadweight welfare loss**

7.5 Types of cost, revenue and profit, short-run and long-run production

- ☐ ☐ ☐ explain **fixed**, **variable**, **total**, **average** and **marginal cost** and short-run and long-run production (**law of diminishing returns**, **returns to scale**)
- ☐ ☐ ☐ explain **total**, **average** and **marginal revenue** and **normal**, **supernormal (abnormal)** and **subnormal profit**

7.6 Different market structures

- ☐ ☐ ☐ explain the assumptions, behaviour and outcomes of **perfect competition**, **monopolistic competition**, **oligopoly** and **monopoly**
- ☐ ☐ ☐ explain **price** and **non-price competition**, **collusion**, **price discrimination** and the efficiency of each market structure

7.7 Growth and survival of firms

- ☐ ☐ ☐ explain why firms grow (internal and external – **horizontal**, **vertical**, **conglomerate integration**) and why some remain small
- ☐ ☐ ☐ explain **barriers to entry and exit** and the survival of small firms

7.8 Differing objectives and policies of firms

- ☐ ☐ ☐ explain alternative objectives of firms: **profit maximisation**, **revenue maximisation**, **sales maximisation**, **satisficing**
- ☐ ☐ ☐ explain the **divorce of ownership from control (principal–agent problem)** and its consequences

8. Government microeconomic intervention (A Level)

(A Level)

8.1 Government policies to achieve efficient resource allocation and correct market failure

- ☐ ☐ ☐ explain policies to correct market failure: **taxes**, **subsidies**, **price controls**, **tradable permits**, **regulation**, provision, **nationalisation** and **privatisation**
- ☐ ☐ ☐ explain **competition policy** and the concept of **government failure**

8.2 Equity and redistribution of income and wealth

- ☐ ☐ ☐ distinguish **equity**, **equality**, and the difference between **income** and **wealth**

- ☐ ☐ ☐ explain the **Lorenz curve** and **Gini coefficient** and policies to redistribute income and wealth (taxation, benefits, the difficulty of redistributing wealth)

8.3 Labour market forces and government intervention

- ☐ ☐ ☐ explain the **demand for and supply of labour**, **marginal revenue product (MRP)** and **wage determination** in competitive labour markets
- ☐ ☐ ☐ explain **monopsony**, **trade unions**, the **national minimum wage**, **wage differentials** and **discrimination**, and government intervention

9. The macroeconomy (A Level)

(A Level)

9.1 The circular flow of income

- ☐ ☐ ☐ explain the **circular flow of income**, **injections** and **leakages**, and the **multiplier** (including the **marginal propensities**)
- ☐ ☐ ☐ explain the **accelerator** and the determinants of **consumption**, **saving** and **investment**

9.2 Economic growth and sustainability

- ☐ ☐ ☐ distinguish **actual** and **potential growth**, **output gaps** and **sustainable growth**
- ☐ ☐ ☐ explain the costs and benefits of growth and the relationship between growth and **sustainability**

9.3 Employment/unemployment /

- ☐ ☐ ☐ explain the measurement, types and causes of unemployment and the **natural rate of unemployment**
- ☐ ☐ ☐ explain the relationship between unemployment and inflation (the **Phillips curve**, short run and long run)

9.4 Money and banking

- ☐ ☐ ☐ explain the functions and characteristics of **money** and the role of the **central bank** and **commercial banks**
- ☐ ☐ ☐ explain the demand for money (**liquidity preference**), the **money supply**, and the determination of **interest rates**, including **moral hazard**

10. Government macroeconomic intervention (A Level)

(A Level)

10.1 Government macroeconomic policy objectives

- ☐ ☐ ☐ state and explain the **macroeconomic policy objectives** and how they are measured
- ☐ ☐ ☐ explain the use of **fiscal**, **monetary** and **supply-side policy** to achieve the objectives

10.2 Links between macroeconomic problems and their interrelatedness

- ☐ ☐ ☐ explain the links and **trade-offs** between macroeconomic problems (e.g. growth and inflation, unemployment and inflation, growth and the balance of payments)
- ☐ ☐ ☐ analyse the interrelatedness of macroeconomic objectives

10.3 Effectiveness of policy options to meet all macroeconomic objectives

- ☐☐☐ evaluate the effectiveness of fiscal, monetary and supply-side policies in achieving the macroeconomic objectives
- ☐☐☐ explain the limitations of policies (**time lags, conflicts, crowding out**, the **Laffer curve**)

11. International economic issues (A Level) (A Level)

11.1 Policies to correct disequilibrium in the balance of payments

- ☐☐☐ explain **expenditure-switching** and **expenditure-reducing** policies and the **Marshall–Lerner condition** and **J-curve effect**
- ☐☐☐ evaluate policies to correct a current account imbalance

11.2 Exchange rates

- ☐☐☐ explain **nominal**, **real** and **trade-weighted (effective) exchange rates** and how they are determined
- ☐☐☐ explain **fixed, floating** and **managed** exchange rate systems, **devaluation/revaluation** and the effects of exchange rate changes

11.3 Economic development

- ☐☐☐ distinguish **economic growth** and **economic development** and explain the characteristics of development
- ☐☐☐ explain indicators of development including the **Human Development Index (HDI)** and other measures

11.4 Characteristics of countries at different levels of development

- ☐☐☐ compare the **economic and demographic characteristics** of countries at different levels of development (**income, population, employment structure, education, health**)
- ☐☐☐ explain the factors that influence the level of development

11.5 Relationship between countries at different levels of development

- ☐☐☐ explain the relationship between developed and developing countries through **trade, aid, debt, foreign direct investment** and **multinationals**, and **migration/remittances**
- ☐☐☐ evaluate the impact of these relationships on development

11.6 Globalisation

- ☐☐☐ explain **globalisation** and its causes and the role of **multinational corporations** and **trade blocs**
- ☐☐☐ evaluate the benefits and costs of globalisation for developed and developing economies