

Topic List

A Level Economics year 13

In year 13 we teach the following topics over the course of the year. Each topic develops and deepens the Core knowledge that will underpin all areas of the curriculum at KS5.

Macro Economics

Macro-economics

Topic 9 – The measurement of macroeconomic performance				
Topic	Rationale	Knowledge acquisition	Key vocabulary	Skills and enrichment
9.1 The objectives of government economic policy	Students need to be aware that governments may also have other objectives of macroeconomic policy, such as balancing the budget and achieving an equitable distribution of income.	<ul style="list-style-type: none">The main objectives of government macroeconomic policy: economic growth, price stability, minimising unemployment and a stable balance of payments on current account.The possibility of conflict arising, at least in the short run, when attempting to achieve these objectives.	<ul style="list-style-type: none">macro economymacroeconomic objectivesmacroeconomic policyeconomic growthprice stabilityunemploymentbalance of paymentscurrent account	<ul style="list-style-type: none">independencereading & comprehensionliteracycommunicationanalysisresearchworking collaboratively

	They should also be aware that the importance attached to the different objectives changes over time.		<ul style="list-style-type: none"> • government budget • budget deficit • budget surplus • policy conflict • short run • long run 	<ul style="list-style-type: none"> • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-management • self-monitoring
9.2 Macroeconomic indicators		<ul style="list-style-type: none"> • Data which is commonly used to measure the performance of an economy, such as: real GDP, real GDP per capita, Consumer • Prices and Retail Prices Indices (CPI/RPI), measures of unemployment, productivity and the balance of payments on current account. 	<ul style="list-style-type: none"> • macroeconomic indicators • economic performance • real GDP • GDP per capita • Consumer Price Index • Retail Price Index • unemployment • labour productivity • balance of payments • current account • balance of trade 	
9.3 Uses of index numbers	Students need to have an awareness of the underlying features of the Retail Prices Index (RPI) and Consumer Prices Index (CPI).	<ul style="list-style-type: none"> • How index numbers are calculated and interpreted, including the base year and the use of weights. • How index numbers are used to measure changes in the price level and changes in other economic variables. 	<ul style="list-style-type: none"> • index numbers • base year • weightings • economic variables 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis • oracy • quantitative skills • data handling • effective writing • problem solving • self-management • self-monitoring
9.4 Uses of national income data		<ul style="list-style-type: none"> • The use and limitations of national income data to assess changes in living standards over time. • The use and limitations of national income data to compare differences in living standards between countries. 	<ul style="list-style-type: none"> • national income • living standards • purchasing power parity (PPP) • exchange rates • shadow economy • non-marketed output 	

		<ul style="list-style-type: none"> The importance of using purchasing power parity (PPP) exchange rates when making international comparisons of living standards. 		
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Topic 10 – How the macro economy works				
Topic	Rationale	Knowledge acquisition	Key vocabulary	Skills and enrichment
10.1 The circular flow of income	Students need to understand the concept of the circular flow of income, macro-economic equilibrium and full employment income.	<ul style="list-style-type: none"> What national income measures. The difference between nominal and real income. Real national income as an indicator of economic performance The circular flow of income concept, the equation $\text{income} = \text{output} = \text{expenditure}$, and of the concepts of equilibrium and full employment income. The difference between injections and withdrawals into the circular flow of income. The effect of changes in injections and withdrawals on national income. 	<ul style="list-style-type: none"> national income nominal income real income economic performance circular flow of income $\text{income} = \text{output} = \text{expenditure}$ macro-economic equilibrium full employment income injections withdrawals 	<ul style="list-style-type: none"> independence literacy working collaboratively oracy quantitative skills data handling self-management self-monitoring
10.2 Aggregate demand and aggregate supply analysis	<p>Students need to be able to use AD and AS analysis to help them explain macroeconomic problems and issues.</p> <p>They also need to understand how global economic events can affect the domestic economy.</p>	<ul style="list-style-type: none"> Changes in the price level are represented by movements along the aggregate demand (AD) and aggregate supply (AS) curves. The various factors that shift the AD curve and the short-run AS curve. The factors which affect long-run AS and distinguish them from those which affect short-run AS. Underlying economic growth is represented by a rightward shift in the long-run AS curve. 	<ul style="list-style-type: none"> general price level movements aggregate demand (AD) aggregate supply (AS) shifts short-run AS long run AS Underlying economic growth Macroeconomic equilibrium 	<ul style="list-style-type: none"> independence reading & comprehension literacy communication analysis research working collaboratively oracy quantitative skills

		<ul style="list-style-type: none"> • How to use AD/AS diagrams to illustrate macroeconomic equilibrium. • How both demand-side and supply-side shocks affect the macro economy. 	<ul style="list-style-type: none"> • demand-side shocks • supply-side shocks 	<ul style="list-style-type: none"> • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • self-management • self-monitoring
10.3 The determinants of aggregate demand	Students need to understand how changes in consumption, investment, government spending and net exports affect aggregate demand and economic performance.	<ul style="list-style-type: none"> • What is meant by AD • The determinants of AD, i.e. the determinants of consumption, investment, government spending, exports and imports. • The basic accelerator process. • The determinants of savings. • The difference between saving and investment. 	<ul style="list-style-type: none"> • AD • determinants of AD • consumption • investment • government spending • net exports (exports – imports) • accelerator process • determinants of savings 	
10.4 Aggregate demand and the level of economic activity	Students need to be able to calculate the multiplier from the marginal propensity to consume.	<ul style="list-style-type: none"> • The role of AD in influencing the level of economic activity. • The multiplier process and an explanation of why an initial change in expenditure may lead to a larger impact on local or national income. • The concept of the marginal propensity to consume and use the marginal propensity to consume to calculate the size of the multiplier. • Why the size of the marginal propensity to consume determines the magnitude of the multiplier effect. • Calculate the multiplier from the marginal propensity to consume. 	<ul style="list-style-type: none"> • AD • economic activity • multiplier process • national income • marginal propensity to consume • multiplier effect 	
10.5 Determinants of short-run aggregate supply	Students need to understand how changes in the costs of production affect short run aggregate supply and economic performance.	<ul style="list-style-type: none"> • The price level and production costs are the main determinants of the short-run AS. • Changes in costs, such as: money wage rates, raw material prices, business 	<ul style="list-style-type: none"> • General price level • production costs • short-run AS • money wage rates • raw material prices 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • communication

		taxation and productivity, will shift the short-run AS curve.	<ul style="list-style-type: none"> • business taxation • productivity • short-run AS curve 	<ul style="list-style-type: none"> • analysis • research • working collaboratively
10.6 Determinants of long-run aggregate supply	Students need to understand how changes in the costs of production affect short run aggregate supply and economic performance.	<ul style="list-style-type: none"> • The fundamental determinants of long-run AS such as technology, productivity, attitudes, enterprise, factor mobility, and economic incentives. • The position of the vertical long-run AS curve represents the normal capacity level of output of the economy. • The importance of the institutional structure of the economy in determining aggregate supply, such as the role of the banking system in providing business investment funds, should also be understood. • The Keynesian AS curve. 	<ul style="list-style-type: none"> • long-run AS • technology • productivity • attitudes to work • enterprise • factor mobility • economic incentives • vertical long-run AS curve • normal capacity level • institutional structure • banking system • Keynesian AS curve 	<ul style="list-style-type: none"> • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-management • self-monitoring

Topic 11 - Economic performance				
Topic	Rationale	Knowledge acquisition	Key Vocabulary	Skills and enrichment
11.1 & 11.2 Economic growth and the economic cycle	<p>Students need to be able to use a production possibility curve and AD/AS diagrams to illustrate the distinction between short-run and long run economic growth.</p> <p>They need to understand that long-run economic growth occurs when the productive capacity of the economy is increasing and is a term used to refer to the trend rate of growth of real</p>	<ul style="list-style-type: none"> • The difference between short-run and long-run growth. • The various demand-side and supply-side determinants of short run growth of real national income and the long-run trend rate of economic growth. • The costs and benefits of economic growth. • The impact of growth on individuals, the economy and the environment. • The concept of the economic cycle and the use of a range of economic indicators, such as real GDP, the rate of inflation, unemployment and 	<ul style="list-style-type: none"> • short-run growth • long-run growth • demand-side determinants • supply-side determinants • short run growth • real national income • long-run trend rate • long-run economic growth • economic cycle • economic indicators • real GDP 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • communication • analysis • research • working collaboratively • oracy • quantitative skills • data handling
	national output in an economy over time.	investment, to identify the various phases of the economic cycle.	<ul style="list-style-type: none"> • inflation • unemployment 	<ul style="list-style-type: none"> • effective writing • problem solving

	<p>They need to be able to discuss the sustainability of economic growth.</p> <p>They need to understand that a positive output gap occurs when real GDP is above the productive potential of the economy, and a negative output gap occurs when real GDP is below the economy's productive potential.</p> <p>They also need to be able to discuss causes of cyclical instability such as excessive growth in credit and levels of debt, asset price bubbles, destabilising speculation and animal spirits or herding.</p>	<ul style="list-style-type: none"> • The difference between positive and negative output gaps. • How demand-side and supply-side shocks, including those that occur in the global economy, affect domestic economic activity. • The causes of changes in the various phases of the economic cycle, including both global and domestic demand-side and supply-side shocks. • Long-run economic growth occurs when the productive capacity of the economy is increasing and is a term used to refer to the trend rate of growth of real national output in an economy over time. • A positive output gap occurs when real GDP is above the productive potential of the economy, and a negative output gap occurs when real GDP is below the economy's productive potential. • Causes of cyclical instability such as: excessive growth in credit and levels of debt, asset price bubbles, destabilising speculation and animal spirits or herding. 	<ul style="list-style-type: none"> • investment • positive output gap • negative output gap • demand-side shock • supply-side shock • global economy • domestic economy • productive capacity • trend rate of growth • real GDP • productive potential • cyclical instability • excessive growth • credit levels • asset price bubbles • destabilising speculation • animal spirits • herding 	<ul style="list-style-type: none"> • evaluation • reflective practice • essay writing • debate • self-management • self-monitoring
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<p>11.3 Employment and unemployment</p>	<p>Students need to appreciate that unemployment has a variety of causes and hence the appropriate policies to reduce unemployment depend on the cause.</p> <p>They need to understand that a negative output gap is linked to cyclical unemployment and that supply-side causes of unemployment affect the position of the long-run aggregate supply curve.</p>	<ul style="list-style-type: none"> • The main UK measures of unemployment, ie the claimant count and the Labour Force Survey measure. • The concepts of voluntary and involuntary unemployment. • The terms seasonal, frictional, structural and cyclical unemployment. • How employment and unemployment may be determined by both demand-side and supply-side factors. • The concept of, and the factors which determine, real wage unemployment. • The concept of, and the factors which determine, the natural rate of unemployment. • The consequences of unemployment for individuals and for the performance of the economy. 	<ul style="list-style-type: none"> • unemployment rate • working age • employment rate • economically active • economically inactive • under employment • Claimant count • Labour Force Survey • voluntary unemployment • involuntary unemployment • seasonal unemployment • frictional unemployment • structural unemployment • cyclical unemployment • demand-side factors • supply-side factors • real wage unemployment 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-monitoring • self-management
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			<ul style="list-style-type: none"> • natural rate of unemployment • replacement ratio 	
11.4 Inflation and deflation	<p>Students need to understand that deflation exists when the price level is falling, whereas disinflation is when the rate of inflation is falling.</p> <p>They need to appreciate that deflationary policies are policies to reduce aggregate demand and do not necessarily result in deflation.</p> <p>They need to understand the Quantity theory of money using the Fisher equation.</p>	<ul style="list-style-type: none"> • The concepts of inflation, deflation and disinflation. • Demand-pull and cost-push influences on the price level. • Fisher's equation of exchange $MV = PQ$ and the Quantity Theory of Money in relation to the monetarist model. • The effects of expectations on changes in the price level • The consequences of inflation for both individuals and the performance of the economy. • The consequences of deflation for both individuals and the performance of the economy. • How changes in world commodity prices affect domestic inflation. • How changes in other economies can affect inflation in the UK. 	<ul style="list-style-type: none"> • inflation • deflation • disinflation • CPI, CPIH, RPI • Real GDP • aggregate demand • short run aggregate supply • long run aggregate supply • demand-pull inflation • cost-push inflation • general price level • price stability • Fisher's equation of exchange $MV = PQ$ • Quantity Theory of Money • monetarist model • commodity prices • domestic inflation • fiscal drag • menu costs • real value of debt • wage rigidity • wage inflation 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-monitoring • self-management
11.6 Possible conflicts between macroeconomic policy objectives		<ul style="list-style-type: none"> • How negative and positive output gaps relate to unemployment and inflationary pressures. • Both the short-run Phillips curve and the long-run, L-shaped Phillips curve. 	<ul style="list-style-type: none"> • negative output gaps • positive output gaps • unemployment • inflationary pressures 	

		<ul style="list-style-type: none"> • The implications of the short-run Phillips curve and the long-run, L-shaped Phillips curve for economic policy. • How economic policies may be used to try to reconcile possible policy conflicts both in the short run and the long run. 	<ul style="list-style-type: none"> • short-run Phillips curve • long-run L-shaped Phillips curve • economic policy • policy conflicts 	
11.5 The balance of payments	<p>Students need to have a detailed knowledge of the structure of the current account of the balance of payments but only need a general appreciation of the other sections of the balance of payments account.</p> <p>They need to appreciate the difference between foreign direct investment (FDI) and portfolio investment.</p>	<ul style="list-style-type: none"> • The difference between the current, capital and financial accounts on the balance of payments. • The current account comprises trade in goods, trade in services, primary income and secondary income. • The meaning of a deficit and a surplus on the current account. • The factors that influence a country's current account balance such as productivity, inflation and the exchange rate. • The consequences of investment flows between countries. • The policies that might be used to correct a balance of payments deficit or surplus. • Expenditure-switching and expenditure-reducing policies. • The effect policies used to correct a deficit or surplus may have upon other macroeconomic policy objectives. • The significance of deficits and surpluses for an individual economy. • The implications for the global economy of a major economy or economies with imbalances deciding to take corrective action. 	<ul style="list-style-type: none"> • current account • capital & financial account • balance of payments • trade in goods • trade in services • primary income • secondary income • current account deficit • current account surplus • current account balance • productivity • inflation • exchange rate • investment flows • balance of payments deficit or surplus • expenditure-switching • expenditure-reducing policies • macroeconomic policy objectives • global economy • imbalances • foreign GDP 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-monitoring • self-management

			<ul style="list-style-type: none"> • devaluation • Marshall-Lerner condition • The J curve • foreign direct investment 	
Topic 12 Financial markets and monetary policy				
12.1 Central banks and monetary policy	<p>Students need to understand current and recent instruments of monetary policy such as quantitative easing, funding for Lending and forward guidance.</p> <p>They also need to understand how the MPC of the Bank of England uses changes in bank rate to try to achieve the objectives for monetary policy, including the government's target rate of inflation.</p>	<ul style="list-style-type: none"> • The main functions of a central bank. • That monetary policy involves the central bank taking action to influence interest rates, the supply of money and credit and the exchange rate. • The current objectives of monetary policy set by the government. • The role of the Monetary Policy Committee of the Bank of England (MPC) and how it uses changes in bank rate to try to achieve the objectives for monetary policy, including the government's target rate of inflation. • The factors considered by the MPC when setting the bank rate. • How changes in the exchange rate affect aggregate demand and the various macroeconomic policy objectives. • The monetary policy transmission mechanism, including the relationship between changes in interest rates and the exchange rate. • How the Bank of England can influence the growth of the money supply. 	<ul style="list-style-type: none"> • central bank • monetary policy • interest rates • supply of money and credit • exchange rate • monetary policy committee (MPC) • Bank of England • bank base rate • target rate of inflation • exchange rate • aggregate demand • macroeconomic policy objectives • monetary policy transmission mechanism • money supply • quantitative easing • funding for lending]forward guidance 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-monitoring • self-management
Topic 13 Fiscal & supply-side policies				
13.1 Fiscal policy	Students need to be able to assess the economic significance of changes in	<ul style="list-style-type: none"> • Fiscal policy involves the manipulation of government spending, taxation and the budget balance. 	<ul style="list-style-type: none"> • Fiscal policy • government spending • taxation 	<ul style="list-style-type: none"> • independence

	<p>the level and distribution of both public expenditure and taxation.</p> <p>They need to be able to discuss the issue of the budget balance and be able to evaluate the possible economic consequences of a government running a budget deficit or budget surplus.</p> <p>They need to be able to assess the impact of measures used to rebalance the budget.</p>	<ul style="list-style-type: none"> • Fiscal policy can have both macroeconomic and microeconomic functions. • How fiscal policy can be used to influence aggregate demand. • How fiscal policy can be used to influence aggregate supply. • How government spending and taxation can affect the pattern of economic activity. • The types of and reasons for public expenditure. • Why governments levy taxes. • The difference between direct and indirect taxes. • The difference between progressive, proportional and regressive taxes. • The principles of taxation, such as that taxes need to be equitable. • The role and relative merits of different UK taxes. • The relationship between the budget balance and the national debt. • Cyclical and structural budget deficits and surpluses. • The consequences of budget deficits and surpluses for macroeconomic performance. • The significance of the size of the national debt. • The role of the Office for Budget Responsibility. 	<ul style="list-style-type: none"> • budget balance • aggregate demand • aggregate supply • economic activity • public expenditure • tax levy • direct taxes • indirect taxes • progressive taxes • proportional taxes • regressive taxes • Income tax • National insurance • Corporation tax • Inheritance tax • Capital gains tax • VAT • Excise duties • Council tax • Stamp duty • hypothecated tax • equitable • economical • Departmental expenditure limits • expansionary • contractionary • Fiscal stimulus • Fiscal stance • annually managed expenditure • Current expenditure • Capital expenditure • national debt 	<ul style="list-style-type: none"> • reading & comprehension • literacy • analysis • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-monitoring • self-management
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			<ul style="list-style-type: none"> • cyclical budget deficits and surpluses • structural budget deficits and surpluses • macroeconomic performance • Office for Budget Responsibility 	
13.2 Supply-side policies	<p>Students need to recognise that supply-side changes in the economy often originate in the private sector, independently of government, e.g. through productivity improvements, innovation and investment.</p> <p>They need to recognise that supply-side policies can involve government intervention to deal with market failures such as short-termism, as well as policies to improve economic incentives and the operation of markets.</p>	<ul style="list-style-type: none"> • The difference between supply-side policies and supply-side improvements in the economy. • How supply-side policies can help to achieve supply-side improvements in the economy. • How supply-side policies, such as tax changes designed to change personal incentives, may increase the potential output of the economy and improve the underlying trend rate of economic growth. • How supply-side policies can affect unemployment, the rate of change of prices and UK external performance, as reflected in the balance of payments on current account. • The role of supply-side policies in reducing the natural rate of unemployment. • Free market supply-side policies include measures such as: tax cuts, privatisation, deregulation and some labour market reforms. • Interventionist supply-side policies include measures such as: government spending on education and training, 	<ul style="list-style-type: none"> • supply-side policies • supply-side improvements • tax incentives • potential output • underlying trend rate • economic growth • unemployment rate • general price level • inflation • UK external performance • balance of payments on current account • natural rate of unemployment • free market • tax cuts • privatisation • deregulation • labour market reform • Interventionist policies • government spending • industrial policy • subsidies 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-monitoring • self-management

		<p>industrial policy, subsidising spending on research and development.</p> <ul style="list-style-type: none"> • Supply-side policies can have microeconomic as well as macroeconomic effects. 	<ul style="list-style-type: none"> • research and development • minimum wage • trade union • labour protection • zero-hours contract 	
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Topic 14 – The international economy				
14.1 Globalisation	Students need to understand the causes, characteristics and consequences of globalisation on LEDCs and MEDCs.	<ul style="list-style-type: none"> • The causes of globalisation. • The main characteristics of globalisation. • The consequences of globalisation for less-developed and for more-developed countries. 	<ul style="list-style-type: none"> • globalisation • less-developed countries LEDC • more-developed countries MEDC 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis

		<ul style="list-style-type: none"> • The role of multinational corporations in globalisation. 	<ul style="list-style-type: none"> • multinational corporations • containerisation • outsourcing • foreign direct investment • tax avoidance • cultural • depletion of natural resources • tax revenue • unethical 	<ul style="list-style-type: none"> • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-monitoring • self-management
14.2 Trade	<p>Students need to be able to use simple numerical examples to illustrate the principle of comparative advantage and the associated benefits of trade.</p> <p>They need to be able to use a diagram to illustrate the effects of imposing a tariff on imports.</p> <p>They also need to be able to discuss the arguments for and against the UK's membership of the EU.</p>	<ul style="list-style-type: none"> • The model of comparative advantage. • The distinction between comparative and absolute advantage. • The model shows that specialisation and trade can increase total output. • Other economic benefits of trade, such as the ability to exploit economies of scale and increased competition. • The costs of international trade. • The reasons for changes in the pattern of trade between the UK and the rest of the world. • The nature of protectionist policies, such as: tariffs, quotas and export subsidies. • The causes and consequences of countries adopting protectionist policies. • The main features of a customs union. • The main characteristics of the Single European Market (SEM). • The consequences for the UK of its membership of the European Union (EU). 	<ul style="list-style-type: none"> • comparative advantage • absolute advantage • specialisation • economies of scale • competition • international trade • pattern of trade • protectionist policies • tariffs • infant industries • sunset industries • anti-dumping • quotas • export subsidies • customs union • free trade area • common market • Single European Market (SEM) • Brexit • European Union (EU) 	<ul style="list-style-type: none"> • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing • debate • self-monitoring • self-management

		<ul style="list-style-type: none"> • The role of the World Trade Organisation (WTO). 	<ul style="list-style-type: none"> • World Trade Organisation (WTO) 	
14.4 Exchange rate systems	Students need to understand that exchange rates are determined by the forces of supply and demand unless there is government intervention.	<ul style="list-style-type: none"> • How exchange rates are determined in freely floating exchange rate systems. • How governments can intervene to influence the exchange rate. • The advantages and disadvantages of fixed and floating exchange rate systems. • Advantages and disadvantages for a country of joining a currency union, e.g. the Eurozone. 	<ul style="list-style-type: none"> • exchange rates • freely floating exchange rate system • government intervention • fixed exchange rate system • managed exchange rate system • interest rates • foreign trade • relative inflation • foreign direct investment • currency union 	
14.5 Economic growth and development	<p>Students need to appreciate the links between this and other parts of the specification, such as: globalisation, trade, the determinants of economic growth and inequality.</p> <p>They need to be able to compare market-based strategies and interventionist strategies for promoting growth and development.</p>	<ul style="list-style-type: none"> • The difference between growth and development. • The main characteristics of less-developed economies. • The main indicators of development, including the Human Development Index (HDI). • Factors that affect growth and development, such as: investment, education and training. • Barriers to growth and development, such as: corruption, institutional factors, poor infrastructure, inadequate human capital, lack of property rights. • Policies that might be adopted to promote economic growth and development. 	<ul style="list-style-type: none"> • economic growth • economic development • less-developed economies LEDC • Human Development Index (HDI) • Human Poverty Index • Gender-related Development Index (GEM) • corruption • institutional factors • infrastructure • human capital • property rights • international aid 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice

		<ul style="list-style-type: none"> • The role of aid and trade in promoting growth and development. 	<ul style="list-style-type: none"> • conditional aid • trade liberalisation • subsidies • inward investment • interventionist strategies • debt cancellation • soft loan 	<ul style="list-style-type: none"> • essay writing • debate • self-monitoring • self-management
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Topic 12 - Financial markets and monetary policy				
<p>12.2 The structure of financial markets and financial assets</p>	<p>Students need to know that ways in which firms raise finance include: issuing shares, issuing corporate bonds and borrowing from a bank.</p> <p>They need to know the terms coupon and maturity in relation to government bonds and be able to calculate the yield on a government bond.</p>	<ul style="list-style-type: none"> • The characteristics and functions of money. • Definitions of the money supply and the distinction between narrow money and broad money. • The difference between the money market, the capital market and the foreign exchange market. • The role of financial markets in the wider economy. • The difference between debt and equity. • Why there is an inverse relationship between market interest rates and bond prices. 	<ul style="list-style-type: none"> • functions of money • money supply • narrow money • broad money • the money market • the capital market • the foreign exchange market • financial markets • debt • equity • inverse relationship • interest rates • bond prices 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis • research • working collaboratively • oracy • quantitative skills • data handling • effective writing

<p>12.3 Commercial banks and investment banks</p>	<p>Students need to be aware of the differences between a commercial bank and an investment bank.</p> <p>They need to also be aware that many banks are engaged in both investment banking and commercial banking activities and that this</p>	<ul style="list-style-type: none"> • The difference between a commercial bank and an investment bank. • The main functions of a commercial bank. • The structure of a commercial bank's balance sheet. • The objectives of a commercial bank, i.e. liquidity, profitability and security. • Potential conflicts between these objectives. • How banks create credit. 	<ul style="list-style-type: none"> • commercial bank • investment bank • balance sheet • deposits • lending • economic agents • assets • liabilities • reserves • liquidity • profitability • security • potential conflicts 	<ul style="list-style-type: none"> • problem solving • evaluation • reflective practice • essay writing • debate • self-monitoring • self-management
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	<p>may increase systemic risk.</p> <p>They also need to be aware that there are other institutions that operate in financial markets.</p>		<ul style="list-style-type: none"> • credit creation • fractional banking 	
<p>12.4</p> <p>The regulation of the financial system</p>	<p>Students need to appreciate the role of the PRA, FPC and the FCA in trying to maintain the stability of the financial system.</p>	<ul style="list-style-type: none"> • Regulation of the financial system in the UK, e.g. the role of the Bank of England, the Prudential Regulation Authority (PRA), the Financial Policy Committee (FPC) and the Financial Conduct Authority (FCA). • Why a bank might fail, including the risks involved in lending long term and borrowing short term. • Liquidity ratios and capital ratios and how they affect the stability of a financial institution. • Moral hazard. • Systemic risk and the impact of problems that arise in financial markets upon the real economy. 	<ul style="list-style-type: none"> • regulation • financial system • Bank of England • Prudential Regulation Authority (PRA) • Financial Policy Committee (FPC) • Financial Conduct Authority (FCA) • risk • long term and borrowing • short term borrowing • liquidity ratios • capital ratios • financial stability • financial institution • moral hazard • systemic risk • financial markets 	

Topic 6 - The labour market				
<p>6.1 The demand for labour, marginal productivity theory</p>		<ul style="list-style-type: none"> • The demand for a factor is derived from the demand for the product. • The marginal productivity theory of the demand for labour. • The demand curve for labour shows the relationship between the wage rate and number of workers employed. • The causes of shifts in the demand curve for labour. • The determinants of the elasticity of demand for labour. 	<ul style="list-style-type: none"> • labour market • demand for labour • derived demand • marginal revenue product (MRP) • marginal physical product (MPP) • wage determination • perfectly competitive labour market • market forces • relative wage rates • labour productivity • elastic demand for labour • inelastic demand for labour • wage differentials 	<ul style="list-style-type: none"> • independence • reading & comprehension • literacy • analysis • research • working collaboratively • oracy • quantitative skills • data handling • effective writing • problem solving • evaluation • reflective practice • essay writing
<p>6.2 Influences upon the supply of labour to different markets</p>	<p>Students will not be required to understand the determinants of an individual's supply of</p>	<ul style="list-style-type: none"> • The supply of labour to a particular occupation is influenced by monetary and non-monetary considerations. 	<ul style="list-style-type: none"> • supply of labour • elasticity of supply of labour • working population 	<ul style="list-style-type: none"> • debate • self-monitoring • self-management

	labour or the backward bending supply curve.	<ul style="list-style-type: none"> • Non-monetary considerations include job satisfaction and dissatisfaction and working conditions. • The supply curve for labour shows the relationship between the wage rate and number of workers willing to work in an occupation. • The causes of shifts in the market supply curve for labour. 	<ul style="list-style-type: none"> • vocation • monetary factors • non-monetary factors • job satisfaction • working conditions 	
6.3 The determination of relative wage rates and levels of employment in perfectly competitive labour markets	Students need to appreciate that all real-world markets are imperfectly competitive to a greater or lesser extent.	<ul style="list-style-type: none"> • The economists' model of wage determination in a perfectly competitive labour market. • Role of market forces in determining relative wage rates 	<ul style="list-style-type: none"> • wage determination • perfectly competitive labour market • market forces • relative wage rates • labour productivity 	
6.4 The determination of relative wage rates and levels of employment in imperfectly competitive labour markets	The use of relevant diagrams is expected.	<ul style="list-style-type: none"> • How various factors such as monopsony power, trade unions and imperfect information contribute to imperfections in a labour market. • How, in a monopsony labour market, the employer can use market power to reduce both the relative wage rate and the level of employment below those that would exist in a perfectly competitive labour market. 	<ul style="list-style-type: none"> • monopsony power • wage rate • trade unions • imperfect information • labour market imperfections • market power • unemployment • employment level 	
6.5 The Influence of trade unions in determining wages and levels of employment		<ul style="list-style-type: none"> • The various factors that affect the ability of trade unions to influence wages and levels of employment in different labour markets. • How wages and employment are likely to be affected by the introduction of a trade union into a previously perfectly 	<ul style="list-style-type: none"> • trade union • collective bargaining • wage rates 	

		competitive labour market and into a monopsony labour market.		
6.6 The National Minimum Wage		<ul style="list-style-type: none"> • The effects of a national minimum wage upon labour markets. • The advantages and disadvantages of a national minimum wage. 	<ul style="list-style-type: none"> • national minimum wage • national living wage 	
46.7 Discrimination in the labour market	<p>Student need to use real-world examples to illustrate wage discrimination.</p> <p>They also need to be able to assess the advantages and disadvantages of wage discrimination for workers, employers and the economy as a whole.</p>	<ul style="list-style-type: none"> • The conditions necessary for wage discrimination. • The impact of gender, ethnicity and other forms of discrimination on wages, levels and types of employment. 	<ul style="list-style-type: none"> • wage discrimination • negative discrimination • positive discrimination • gender discrimination 	