

Accredited

AS LEVEL

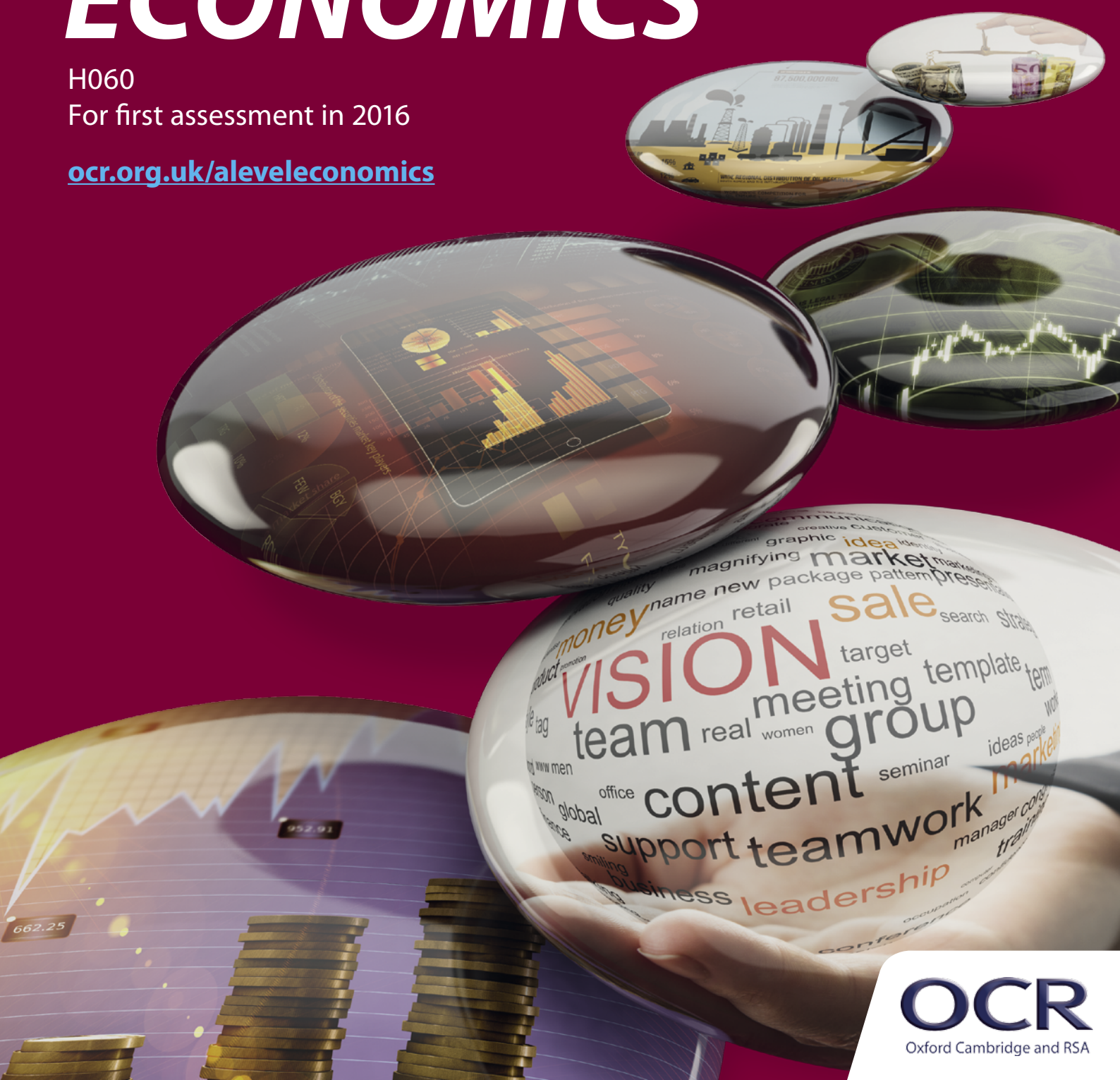
Specification

ECONOMICS

H060

For first assessment in 2016

ocr.org.uk/aleveconomics



We will inform centres about any changes to the specification. We will also publish changes on our website. The latest version of our specification will always be the one on our website (ocr.org.uk) and this may differ from printed versions.

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Contents

Introducing... AS Level Economics (from September 2015)	ii
Teaching and learning resources	iii
Professional development	iv
1 Why choose an OCR AS Level in Economics?	1
1a. Why choose an OCR qualification?	1
1b. Why choose an OCR AS Level in Economics?	2
1c. What are the key features of this specification?	3
1d. How do I find out more information?	3
2 The specification overview	4
2a. Overview of AS Level in Economics (H060)	4
2b. Content of AS Level in Economics (H060)	5
2c. Content of Component 1: Microeconomics (H060/01)	5
2c. Content of Component 2: Macroeconomics (H060/02)	11
2d. Prior knowledge, learning and progression	16
3 Assessment of OCR AS Level in Economics	17
3a. Forms of assessment	17
3b. Assessment objectives (AO)	18
3c. Assessment availability	18
3d. Retaking the qualification	19
3e. Assessment of extended response	19
3f. Synoptic assessment	19
3g. Calculating qualification results	19
4 Admin: what you need to know	20
4a. Pre-assessment	20
4b. Accessibility and special consideration	20
4c. External assessment arrangements	21
4d. Results and certificates	21
4e. Post-results services	22
4f. Malpractice	22
5 Appendices	23
5a. Grade descriptors	23
5b. Overlap with other qualifications	23
5c. Avoidance of bias	23
5d. Quantitative skills annex	23

Introducing...

AS Level Economics (from September 2015)

We want our Economics qualifications to captivate the imagination of students so that, when they leave the classroom, they'll want to explore and read around the subject further.

While serving as an introduction to the study of economics, the specification will also provide opportunities for Stretch and Challenge to extend students' understanding of the world of economics. With this in mind, the specification will appeal to students across the ability range.

The classroom is where the majority of students will be introduced to the study of economics. It's within this environment that they will confront issues, tackle the challenges that these issues raise, and engage in debate and discussion with fellow students.

This exciting atmosphere will be supported by a complete, comprehensive and high-quality OCR Economics support package, with materials for you to adapt and use to suit your class as appropriate. This package will respect your professionalism to construct the course of learning in your own way.

At the heart of our Economics qualifications will be their relevance to the modern world; their topicality is designed to engage students and facilitate an understanding of their role in society. The stimulating specification content will encourage them to develop their skills as independent learners, critical thinkers and decision-makers – all personal assets that can make them stand out as they progress to higher education and/or the workplace.

Meet the team

We have a dedicated team of people working on our AS Level Economics qualifications.

Find out more about our Economics team at ocr.org.uk/economicsteam

If you need specialist advice, guidance or support, get in touch as follows:

- **01223 553998**
- economics@ocr.org.uk
- [@OCR_exams](https://www.instagram.com/ocr_exams)

Teaching and learning resources

We recognise that the introduction of a new specification can bring challenges for implementation and teaching. Our aim is to help you at every stage and we're working hard to provide a practical package of support in close consultation with teachers and other experts, so we can help you to make the change.

Designed to support progression for all

Our resources are designed to provide you with a range of teaching activities and suggestions so you can select the best approach for your particular students. You are the experts on how your students learn and our aim is to support you in the best way we can.

We want to...

- Support you with a body of knowledge that grows throughout the lifetime of the specification
- Provide you with a range of suggestions so you can select the best activity, approach or context for your particular students
- Make it easier for you to explore and interact with our resource materials, in particular to develop your own schemes of work
- Create an ongoing conversation so we can develop materials that work for you.

Plenty of useful resources

You'll have four main types of subject-specific teaching and learning resources at your fingertips:

- Delivery Guides
- Transition Guides
- Topic Exploration Packs
- Lesson Elements.

Along with subject-specific resources, you'll also have access to a selection of generic resources that focus on skills development and professional guidance for teachers.

Skills Guides – we've produced a set of Skills Guides that are not specific to Economics, but each covers a topic that could be relevant to a range of qualifications – for example, communication, legislation and research. Download the guides at ocr.org.uk/skillsguides

Active Results – a free online results analysis service to help you review the performance of individual students or your whole school. It provides access to detailed results data, enabling more comprehensive analysis of results in order to give you a more accurate measurement of the achievements of your centre and individual students. For more details refer to ocr.org.uk/activeresults

Professional development

Take advantage of our improved Professional Development Programme, designed with you in mind. Whether you want to come to face-to-face events, look at our new digital training or search for training materials, you can find what you're looking for all in one place at the CPD Hub.

An introduction to the new specifications

We'll be running events to help you get to grips with our AS Level Economics qualification.

These events are designed to help prepare you for first teaching and to support your delivery at every stage.

Watch out for details at cpdhub.ocr.org.uk

To receive the latest information about the training we'll be offering, please register for A Level email updates at ocr.org.uk/updates

1 Why choose an OCR AS Level in Economics?

1a. Why choose an OCR qualification?

Choose OCR and you've got the reassurance that you're working with one of the UK's leading exam boards. Our new AS Level in Economics course has been developed in consultation with teachers, employers and Higher Education to provide learners with a qualification that's relevant to them and meets their needs.

We're part of the Cambridge Assessment Group, Europe's largest assessment agency and a department of the University of Cambridge. Cambridge Assessment plays a leading role in developing and delivering assessments throughout the world, operating in over 150 countries.

We work with a range of education providers, including schools, colleges, workplaces and other institutions in both the public and private sectors. Over 13,000 centres choose our A levels, GCSEs and vocational qualifications including Cambridge Nationals, Cambridge Technicals and Cambridge Progression.

Our Specifications

We believe in developing specifications that help you bring the subject to life and inspire your students to achieve more.

We've created teacher-friendly specifications based on extensive research and engagement with the teaching community. They're designed to be straightforward and accessible so that you can tailor the delivery of the course to suit your needs. We aim to encourage learners to become responsible for their own learning, confident in discussing ideas, innovative and engaged.

We provide a range of support services designed to help you at every stage, from preparation through to the delivery of our specifications. This includes:

- A wide range of high-quality creative resources including:
 - Delivery Guides
 - Transition Guides
 - Topic Exploration Packs
 - Lesson Elements
 - ...and much more.
- Access to subject specialists to support you through the transition and throughout the lifetimes of the specifications.
- CPD/Training for teachers including face-to-face events to introduce the qualifications and prepare you for first teaching.
- Active Results – our free results analysis service to help you review the performance of individual students or whole schools.
- ExamCreator – our new online past papers service that enables you to build your own test papers from past OCR exam questions.

All AS level qualifications offered by OCR are accredited by Ofqual, the Regulator for qualifications offered in England. The accreditation number for OCR's AS Level in Economics is (QN: 601/4801/9).

1

1b. Why choose an OCR AS Level in Economics?

The OCR AS Level in Economics specification gives a strong grounding in both microeconomics and macroeconomics, through a two-component externally assessed qualification. The key purpose of this qualification is to provide an introduction to the study of Economics, with the content focusing on providing the basic knowledge and understanding of the essential aspects of economic theory and concepts.

The aim is for the learners to learn how to 'think as economists', and be able to develop the necessary

analytical, questioning and quantitative skills in order to progress in the subject, within relevant associated subjects or for use in their professional lives. Learners will develop various skillsets – from data analysis, problem solving and high tariff writing to independent learning, critical thinking and decision making – which can make them stand out as they progress to higher education and/or the workplace.

Aims and learning outcomes

The aims of this specification are to enable learners to:

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

1c. What are the key features of this specification?

The OCR AS Level in Economics will enable:

- learners to develop an interest in and enthusiasm for the subject
- the development of analytical and quantitative skills, together with qualities and attitudes which will equip learners for the challenges, opportunities and responsibilities of adult and working life
- the co-teachability with the OCR A Level in Economics (H460) throughout this course, with the interaction of the two central to the planning and writing of this specification.

The OCR AS Level in Economics provides the ideal foundation for learners to appreciate the contribution of economics to the wider economic and social environment in which we live. By using an enquiring, critical and thoughtful approach to the study of economics they will develop an ability to think as an economist and understand how economic behaviour can be studied from a range of perspectives. Learners will develop an understanding of a range of concepts and an ability to apply these concepts in a variety of contexts. This qualification will enable learners to develop a number of important skills including quantitative skills, which will aid their study in other subjects and be beneficial in the future in their working life.

1d. How do I find out more information?

If already using OCR specifications you can contact us at: www.ocr.org.uk

If you are not already a registered OCR centre then you can find out more information on the benefits of becoming one at: www.ocr.org.uk

If you are not yet an approved centre and would like to become one go to: www.ocr.org.uk

Find out more?

Ask a Subject Specialist: economics@ocr.org.uk

2 The specification overview

2a. Overview of AS Level in Economics (H060)

Learners must complete all components (01 and 02).

Content Overview	Assessment Overview	
<ul style="list-style-type: none">• Microeconomic theory• How competitive markets work• Market failures and government intervention• Macroeconomy functions on a domestic and global level• Policy approaches• Macroeconomic equilibrium	Microeconomics (01)* 60 marks 1 hour 30 minutes written paper	50% of total AS level
	Macroeconomics (02)* 60 marks 1 hour 30 minutes written paper	50% of total AS level

* Indicates synoptic assessment

2b. Content of AS Level in Economics (H060)

The OCR AS Level in Economics content encourages the learners to ‘think as economists’ and develop the appropriate range of analytical, questioning and reasoning skills to achieve this objective. In addition, the qualification will enable learners to develop grounding in both microeconomics and macroeconomics, drawing on local, national and global contexts.

The qualification also encourages learners to apply the concepts and techniques which they have learned throughout the course to a range of ‘real world’ issues and contexts.

This specification enables learners to foster an understanding of economic concepts and theories

in a range of contexts and to develop a critical consideration of their value and limitation in explaining real world phenomena. As a result of following this course of study learners will be able to explain, analyse and evaluate the strengths and weaknesses of the market economy and the role of the government within a market economy and be able to criticise economic models of enquiry, recognising the limitations of economic models.

In addition, learners will understand microeconomic and macroeconomic market models and will be able to use these to explore current economic behaviours and make causal connections. They will be able to develop an understanding of how the models shed light on the economy as a whole.

2c. Content of Component 1: Microeconomics (H060/01)

Component 1 of our Economics AS qualification focuses on microeconomics. From a base of microeconomic theory, this component enables learners to discuss and evaluate how well microeconomic theories explain our observations of economic agents in the real world. The theoretical workings of the free market provide a useful starting

point for explanation and analysis. Imperfections and market failures provide a lead into a discussion of the merits and drawbacks of government intervention. The study of microeconomics encourages learners to consider the usefulness of theory in explaining observations taken from the real world of economics.

Area of Study	Topic	Learners should be able to:
Scarcity and choice	The basic economic problem	<ul style="list-style-type: none"> • distinguish between economic goods and free goods • explain what is meant by the basic ‘economic problem’ • evaluate the implications of the basic ‘economic problem’ • distinguish between normative and positive statements • distinguish between ‘needs’ and ‘wants’ • explain what is meant by scarcity • evaluate, using examples, the problem of scarcity and the requirement to make choices • explain, using examples, the impact of sustainability on scarcity and choice • explain the role of economic agents: <ul style="list-style-type: none"> ○ government ○ firms ○ households • explain the nature and role of the different factors of production as economic resources • explain the rewards to the factors of production.

Area of Study	Topic	Learners should be able to:
Scarcity and choice	The market economy	<ul style="list-style-type: none"> • evaluate the strengths and weaknesses of the market economy • evaluate the role of government within the market economy.
	Opportunity cost	<ul style="list-style-type: none"> • explain the concept of opportunity cost • explain what is meant by a 'trade-off' • explain what is meant by a production possibility curve/frontier (PPC/F) • explain the factors causing a PPC/F to shift • explain how PPC/F can be used to illustrate scarcity, choice, opportunity cost and productive efficiency • evaluate the usefulness of the concept of opportunity cost.
	Specialisation and trade	<ul style="list-style-type: none"> • explain what is meant by specialisation and the division of labour • evaluate the role of specialisation and the division of labour in addressing the problem of scarcity • explain how specialisation encourages trade and exchange in an economy • explain how money facilitates trade and exchange compared to barter systems.
How competitive markets work	Allocation of resources	<ul style="list-style-type: none"> • explain what is meant by resource allocation • explain the impact of incentives on the behaviour of economic agents and resource allocation • evaluate the effectiveness of incentives on the behaviour of economic agents and resource allocation • explain how market, planned and mixed economies allocate resources • evaluate the advantages and disadvantages of different types of economy in allocating resources.
	The objectives of economic agents	<ul style="list-style-type: none"> • explain, using examples, what is meant by maximisation • identify possible objectives of economic agents • evaluate the different objectives of the economic agents in an economy.

Area of Study	Topic	Learners should be able to:
How competitive markets work	Supply and demand and the interaction of markets	<ul style="list-style-type: none"> • explain what is meant by a market and by sub-markets • explain the relationship between individual and market demand • explain what is meant by derived, joint, composite and competitive demand • explain, with the aid of a diagram, the difference between a movement along the demand curve (extension/contraction) and a shift of the demand curve (increase/decrease) • explain the factors which cause a shift of the demand curve • explain, with the aid of a diagram, what is meant by consumer surplus • explain and calculate how changes in price affect consumer surplus • evaluate the impact of changes in price on consumer surplus • explain the relationship between individual supply and market supply • explain what is meant by joint, composite and competitive supply • explain the relationship between price and quantity supplied • explain, with the aid of a diagram, the difference between a movement along the supply curve (extension/contraction) and a shift of the supply curve (increase/decrease) • explain the factors which cause a shift of the supply curve • explain, with the aid of a diagram, what is meant by producer surplus • explain and calculate how changes in price affect producer surplus • evaluate the impact of changes in price on producer surplus • explain, with the aid of a diagram, how demand and supply interact to produce market equilibrium in product markets, financial markets and the markets for factors of production • evaluate the impact of changes in demand and/or supply in one market on a related market(s) • explain the causes and consequences of disequilibrium in a market • explain, with the aid of a diagram, how changes in the factors affecting supply and demand will impact on equilibrium price and quantity in moving from an initial equilibrium to a new equilibrium • explain, with the aid of a diagram, why the price and output of some goods and services may be volatile • evaluate, with the aid of a diagram, the usefulness of demand and supply in analysing markets, such as commodities, housing and transport • explain the assumptions underlying the model of supply and demand • explain the way in which the model of supply and demand operates using a range of techniques • analyse the model to describe and predict economic behaviour • evaluate the usefulness and limitations of the economic model of supply and demand in explaining real world phenomena.

Area of Study	Topic	Learners should be able to:
How competitive markets work	Elasticity	<ul style="list-style-type: none"> • explain what is meant by elasticity • explain what is meant by price elasticity of demand (PED) • calculate PED using point elasticity • explain, with the aid of a diagram, the different values of PED • explain why price elasticity of demand varies along a straight line demand curve • explain, with the aid of a diagram, the relationship between PED and a firm's total revenue • evaluate the factors which determine the degree of PED • evaluate the effect of PED on the impact of an indirect tax and of a subsidy • explain what is meant by income elasticity of demand (YED) • calculate YED • evaluate the significance of the numerical value and sign of YED • explain the difference in YED of inferior, normal and superior goods • explain what is meant by cross elasticity of demand (XED) • calculate XED • evaluate the significance of the numerical value and sign of XED • explain the difference in XED of substitute, complementary and non-related goods • explain what is meant by price elasticity of supply (PES) • calculate PES using point elasticity • explain, with the aid of a diagram, the different values of PES • evaluate the factors which determine the degree of price elasticity of supply • evaluate the usefulness of and significance of PED, YED, XED and PES to all economic agents.
	Productive and allocative efficiency	<ul style="list-style-type: none"> • explain what is meant by productive efficiency • explain what is meant by allocative efficiency • explain what is meant by economic efficiency • evaluate the benefits of productive, allocative and economic efficiency.
	Costs and revenue	<ul style="list-style-type: none"> • explain what is meant by: <ul style="list-style-type: none"> ○ total cost (TC), total fixed cost (TFC), total variable cost (TVC), average cost/average total cost (AC/ATC), average fixed cost (AFC), average variable cost (AVC), marginal cost (MC) • calculate: TC, TFC, TVC, AC (ATC), AFC, AVC, MC.
	Economies and diseconomies of scale	<ul style="list-style-type: none"> • explain what is meant by internal and external economies and diseconomies of scale • evaluate the causes of internal and external economies and diseconomies of scale • evaluate the benefits and drawbacks of economies and diseconomies of scale to a business/an industry

Area of Study	Topic	Learners should be able to:
Market failure and government intervention	Market failure	<ul style="list-style-type: none"> • explain what is meant by market failure • explain the implication(s) of market failure for efficiency/inefficiency • explain what is meant by market failure in terms of over or under consumption/production and resource allocation • explain what is meant by a public good • explain the characteristics of a public good, including: <ul style="list-style-type: none"> ○ non-excludability, non-diminishability/non-rivalry, non-rejectability • evaluate the role of the government in the provision of a public good.
	Externalities	<ul style="list-style-type: none"> • explain, with the aid of a diagram, what is meant by positive and negative externalities (external benefits and external costs) of consumption • explain, with the aid of a diagram, what is meant by positive and negative externalities (external benefits and external costs) of production • explain what is meant by marginal social cost, marginal external cost, marginal private cost, marginal social benefit, marginal external benefit and marginal private benefit • explain, with the aid of a diagram, why the following cause market failure: <ul style="list-style-type: none"> ○ negative externalities of consumption ○ negative externalities of production ○ positive externalities of consumption ○ positive externalities of production • evaluate how the existence of externalities affects markets, such as education, health, transport and the environment.
	Information asymmetries	<ul style="list-style-type: none"> • explain what is meant by information failure • explain what is meant by asymmetric information and moral hazard • explain, with the aid of a diagram, how information failure causes market failure • explain what is meant by merit and demerit goods • explain what is meant by merit and demerit goods in terms of information failures • evaluate the significance of merit and demerit goods.

Area of Study	Topic	Learners should be able to:
Market failure and government intervention	Alternative methods of government intervention	<ul style="list-style-type: none"> • explain why governments intervene in markets • explain, with the aid of a diagram, how the government intervenes in markets to correct or reduce market failure by using, for example: <ul style="list-style-type: none"> ○ taxation and subsidies ○ government expenditure/state provision ○ buffer stock systems ○ price controls ○ legislation and regulation ○ information provision • evaluate the effectiveness of different types of government intervention in correcting or reducing market failure.
	Government failure	<ul style="list-style-type: none"> • explain what is meant by government failure • explain what may cause government failure • evaluate the consequences of government failure.

2c. Content of Component 2: Macroeconomics (H060/02)

Component 2 focuses on macroeconomics. This component provides learners with the technical and analytical tools required to understand how the macroeconomy functions on both a domestic and global level. The content of this component encourages learners to adopt a critical approach to their study of policy through a development of their understanding of the limitations and conflicts which macroeconomic policies cause. There is also a study of the application of policy instruments and the conflicts which can arise from these policies.

Learners should be able to: recognise the assumptions, relationships and linkages of the possible impacts of macroeconomic policies; consider the possible impact of macro-economic policies; recognise the issues which a government faces in managing the macroeconomy; argue for different approaches; and identify criteria for success and to be able to evaluate the effectiveness of different policy approaches.

Area of Study	Topic	Learners should be able to:
Economic policy objectives and indicators of macroeconomic performance	Economic growth	<ul style="list-style-type: none"> explain what is meant by economic growth explain what is meant by the macroeconomic policy objectives of sustained and sustainable economic growth explain what is meant by a recession distinguish between real and nominal (money) gross domestic product (GDP) compare changes in real and nominal (money) values of GDP over time explain why GDP and economic growth are measured evaluate the difficulties of measuring economic growth and GDP calculate real and nominal (money) economic growth rates calculate GDP per capita evaluate the causes of economic growth in the short and long run explain, with the aid of a production possibility frontier/curve (PPF/C) and an AD/AS diagram, the difference between short run and long run growth evaluate the costs and benefits of economic growth evaluate the consequences of a recession.
	Employment/unemployment	<ul style="list-style-type: none"> explain what is meant by unemployment explain what is meant by employment explain what is meant by the macroeconomic policy objective of full employment distinguish between the Labour Force Survey and claimant count measures of unemployment evaluate the difficulties of accurately measuring unemployment evaluate the causes of unemployment evaluate the consequences of unemployment evaluate the effects of full employment.

Area of Study	Topic	Learners should be able to:
Economic policy objectives and indicators of macroeconomic performance	Inflation	<ul style="list-style-type: none"> explain what is meant by inflation explain what is meant by the macroeconomic policy objective of low and stable inflation explain what is meant by deflation, disinflation and hyperinflation explain how the current official measure of inflation in the UK is constructed calculate the rate of inflation using index numbers evaluate the advantages and disadvantages of using an index, such as the Consumer Price Index (CPI) and the Retail Price Index (RPI), to measure inflation evaluate the causes of inflation evaluate the consequences of inflation evaluate the causes of deflation evaluate the consequences of deflation.
	Trends in macroeconomic indicators	<ul style="list-style-type: none"> explain the key trends in UK macroeconomic performance in the last 20 years evaluate the current performance of the UK economy compared with other developed economies, emerging economies and developing economies.
Aggregate demand and aggregate supply	Circular flow of income	<ul style="list-style-type: none"> explain the income, output and expenditure methods of measuring national income explain what is meant by the circular flow of income explain what is meant by injections and leakages within the circular flow distinguish between physical and monetary flows explain what is meant by the average and marginal propensities to consume and save explain what is meant by the marginal propensity to withdraw (marginal propensity to save, marginal rate of tax, marginal propensity to import) calculate average and marginal propensities to consume, save and withdraw explain what is meant by the multiplier explain the role and purpose of the multiplier.
	Aggregate demand (AD)	<ul style="list-style-type: none"> explain what is meant by aggregate demand explain the determinants of the components of aggregate demand evaluate the relationship between changes in income and consumption explain the relationship between aggregate demand and the price level explain why the aggregate demand curve may shift.
	Aggregate supply (AS)	<ul style="list-style-type: none"> explain what is meant by aggregate supply explain why the aggregate supply curve may shift in both the short run and the long run.

Area of Study	Topic	Learners should be able to:
Aggregate demand and aggregate supply	Aggregate demand and supply	<ul style="list-style-type: none"> draw and interpret AD/AS diagrams understand the assumptions underlying the AD/AS model use the aggregate AD/AS model and data to understand why supply-side and/or demand side policies may be seen as appropriate ways of managing an economy.
	Macroeconomic equilibrium	<ul style="list-style-type: none"> explain what is meant by equilibrium in the macroeconomy and how it might change evaluate how changes in aggregate demand and aggregate supply may affect macroeconomic performance, including economic growth, unemployment and inflation.
The application of policy instruments	Fiscal policy	<ul style="list-style-type: none"> explain what is meant by the government budget identify the main sources of tax revenue and government expenditure in the UK economy distinguish between current and capital government expenditure distinguish between progressive, proportional and regressive taxation distinguish between direct and indirect taxation explain the features of a 'good' tax evaluate the advantages and disadvantages of a flat rate tax system explain what is meant by the budget position/fiscal stance distinguish between a budget surplus, a budget deficit and a balanced budget distinguish between the cyclical budget position and the structural budget position distinguish between an overall budget position and the budget position on current expenditure distinguish between a budget deficit and government debt explain what is meant by national debt explain how budget deficits can be financed evaluate policies to correct a budget surplus or deficit evaluate the consequences of government debt explain how discretionary fiscal policy may be used to improve macroeconomic performance evaluate the effectiveness of using fiscal policy to achieve the government's macroeconomic objectives explain how fiscal rules can influence the behaviour of economic agents evaluate the effectiveness of fiscal rules.

Area of Study	Topic	Learners should be able to:
The application of policy instruments	Monetary policy	<ul style="list-style-type: none"> • explain what is meant by monetary policy instruments/measures, such as interest rates, money supply, techniques such as quantitative easing and exchange rates • explain how these can be used to influence macroeconomic variables • explain how monetary policy instruments/measures affect the macroeconomic performance • explain what is meant by inflation targeting • explain how inflation targeting may affect the behaviour of economic agents • explain how a central bank works to achieve its aims • evaluate the effectiveness of using monetary policy to achieve the government's macroeconomic objectives.
	Supply side policy	<ul style="list-style-type: none"> • explain policies which are used to increase the quality or quantity of factors of production, including: <ul style="list-style-type: none"> ○ education and training ○ reforming tax and benefits ○ reducing marginal tax rates ○ National Minimum Wage legislation and promoting a 'living wage' ○ improving labour market flexibility – including consideration of the housing market ○ immigration ○ privatisation ○ deregulation ○ trade union reform ○ infrastructure investment – including consideration of transport market ○ research and development incentives ○ subsidies • evaluate the effectiveness of using supply side policy measures to achieve the government's macroeconomic objectives.
	Policy conflicts	<ul style="list-style-type: none"> • explain the possible trade-offs which exist between policy objectives, such as: <ul style="list-style-type: none"> ○ unemployment and inflation ○ growth and inflation ○ inflation and the balance of payments ○ growth and the balance of payments ○ growth and income and wealth equality • evaluate the consequences of conflicts between policy objectives <ul style="list-style-type: none"> ○ evaluate the methods through which policy conflicts can be resolved or reduced.

Area of Study	Topic	Learners should be able to:
The global context	International trade	<ul style="list-style-type: none"> • explain what is meant by international trade • distinguish between absolute and comparative advantage • calculate opportunity cost ratios to illustrate the gains from trade derived from absolute and comparative advantage • explain what is meant by the terms of trade • calculate the terms of trade • explain how the pattern of global trade has changed over time • evaluate comparative advantage as an explanation of global trade patterns • explain how countries achieve international competitiveness, considering productivity, unit labour costs, exchange rates and product quality.
	Balance of payments	<ul style="list-style-type: none"> • explain what is meant by the balance of payments • distinguish between the current account, capital account and financial account components of the balance of payments • explain the components of the current account – trade in goods, trade in services and income and current transfers • calculate the balances on the different components on the balance of payments • explain what is meant by imbalances on the balance of payments • evaluate the causes of imbalances on the balance of payments • explain why achieving a sustainable balance of payments position is an important macroeconomic policy objective • evaluate the consequences of imbalances on the balance of payments • evaluate policies to correct imbalances on the balance of payments.
	Exchange rates	<ul style="list-style-type: none"> • explain what is meant by an exchange rate • explain, with the aid of a diagram, how exchange rates are determined in fixed and floating exchange rate systems • explain trends in exchange rate data • evaluate the causes of exchange rate changes • evaluate the consequences of exchange rate changes • explain what is meant by a hybrid exchange rate system and be able to provide current examples • evaluate the relative merits and drawbacks of different exchange rate systems • explain why some countries might manage their exchange rate to achieve international competitiveness • explain the Marshall-Lerner condition and the J-curve • evaluate the impact of exchange rate changes on international competitiveness • evaluate the effectiveness of changing the value of a currency to achieve macroeconomic policy objectives.

2d. Prior knowledge, learning and progression

2 No prior learning or knowledge of economics is required for taking the AS Level in Economics qualification. A qualification in GCSE Economics is available for those interested in a study of the qualification at Key Stage 4. Many other subjects supplement the study of economics which prides itself on being cross-curricular, and economics itself supplements the study of a number of subjects. Other social sciences such as sociology and psychology engage the learner to think about their personal

circumstances and their role in society. History, geography, business, critical thinking, mathematics and the sciences can be taught cohesively and complement the study of economics. The study of any of these subjects can assist those learners studying economics to progress to Higher Education and employment.

Find out more about the OCR Economics offering, or other related qualifications, at www.ocr.org.uk

3 Assessment of OCR AS Level in Economics

3a. Forms of assessment

The AS Level in Economics is a linear qualification with 100% external assessment. There will be two question papers, each of which will be 1 hour and 30 minutes in length and each will carry a maximum of 60 marks. Within both question papers there will be a combination of multiple choice questions, data response questions and higher tariff extended writing questions.

Both components have the same format, with 15 multiple choice questions followed by 25 marks for data response questions which will range from 1 to 10 marks, before finishing with an extended writing question where learners are presented with the choice of two titles. This optionality only arises at the point of assessment – it is not a part of the specification

requirements. Learners will, therefore, be required to develop an understanding of the entire content of each component.

Across the two components a minimum of 15% of the marks will be targeted at the assessment of quantitative skills.

For both components it is assumed that the 15 mark allocation to Section A (the multiple choice questions) will require about 25 minutes for the learners to complete. It is assumed that Section B (the data response section) should also require a response time of about 30 minutes. This will allow a further 30 minutes for the learners to respond to the 20 mark extended writing question within Section C.

3

3b. Assessment objectives (AO)

There are four assessment objectives in OCR AS Level in Economics. These are detailed in the table below.

Learners are expected to demonstrate their ability to:

	Assessment Objective
AO1	Demonstrate knowledge of terms/concepts and theories/models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues.
AO2	Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues.
AO3	Analyse issues within economics, showing an understanding of their impact on economic agents.
AO4	Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues.

AO weightings in AS Level in Economics

The relationship between the assessment objectives and the components is shown in the following table:

Component	% of AS Level in Economics (H060)				
	AO1	AO2	AO3	AO4	Total
Microeconomics (H060/01)	15	15	10	10	50
Macroeconomics (H060/02)	15	15	10	10	50
	30	30	20	20	100

In addition the learners will be required to demonstrate competence in the quantitative skills which are relevant to the subject content and which are applied in the context of the AS Level in

Economics as detailed in Annex 1. The assessment of these quantitative skills will include at least Level 2 mathematical skills as a minimum of 15% of the overall AS level marks.

3c. Assessment availability

There will be one examination series available each year in June to all learners. Each of the assessments by examination within this qualification must be taken in

a single year at the end of the course. This specification will be certificated from the June 2016 examination series onwards.

3d. Retaking the qualification

Learners can retake the qualification as many times as they wish. They retake both components of the qualification.

3e. Assessment of extended response

The assessment materials for this qualification provide learners with the opportunity to demonstrate their ability to construct and develop a sustained and

coherent line of reasoning and marks for extended responses are integrated into the marking criteria.

3f. Synoptic assessment

It is important that the content of this course is taught in such a way that the candidates develop a clear understanding of the links which exist between the various elements and aspects of the subject content. Economics is very much a subject which requires the candidates to develop a clear understanding of the different aspects of the subject and, more importantly, to be able to demonstrate an ability to show the links which exist between those aspects. It is not possible to 'think as economists' without the ability to understand the entirety of the subject.

There is, therefore, a need for the teaching of the subject to allow the learners to develop this crucial skill.

Synoptic assessment allows learners to demonstrate their understanding between different aspects of the subject. Synoptic assessment involves the explicit drawing together of knowledge, skills and understanding of different aspects of the AS level

course. The emphasis of synoptic assessment is to encourage the understanding of economics as a discipline. Synoptic assessment tests the learners' understanding of the connections between different elements of the subject.

Synoptic assessment is a feature of the AS qualification. Synoptic assessment can be demonstrated through testing the learners' understanding of the connections between different elements of the subject. Each component requires the drawing together of different elements of knowledge and understanding about different aspects of microeconomics and macroeconomics to reach conclusions involving the analysis and evaluation of economic issues. The skills of thinking as economists are common to both components that the learners will complete. Therefore the approach and skill set that each component fosters will be drawn upon in the other component taken, even though the specified content is different.

3g. Calculating qualification results

A learner's overall qualification grade for AS Level in Economics will be calculated by adding together their marks from the two components taken to give their total weighted mark. This mark will then be

compared to the qualification level grade boundaries for the entry option taken by the learner and for the relevant exam series to determine the learner's overall qualification grade.

4 Admin: what you need to know

The information in this section is designed to give an overview of the processes involved in administering this qualification so that you can speak to your exams officer. All of the following processes require you to submit something to OCR by a specific deadline. More

information about these processes, together with the deadlines, can be found in the *OCR Admin Guide and Entry Codes: 14–19 Qualifications*, which can be downloaded from the OCR website: www.ocr.org.uk

4a. Pre-assessment

Estimated entries

Estimated entries are your best projection of the number of candidates who will be entered for a qualification in a particular series. Estimated entries

should be submitted to OCR by the specified deadline. They are free and do not commit your centre in any way.

Final entries

Final entries provide OCR with detailed data for each learner, showing each assessment to be taken. It is essential that you use the correct entry code, considering the relevant entry rules.

Final entries must be submitted to OCR by the published deadlines or late entry fees will apply.

All candidates taking AS Level in Economics must be entered for H060.

Entry code	Title	Component code	Component title	Assessment type
H060	Economics	01	Microeconomics	External Assessment
		02	Macroeconomics	External Assessment

Estimated grades

An estimated grade is the grade the centre expects a candidate to achieve for a qualification. These should

be submitted to OCR by the specified deadline.

4b. Accessibility and special consideration

Reasonable adjustments and access arrangements allow learners with special educational needs, disabilities or temporary injuries to access the assessment and show what they know and can do, without changing the demands of the assessment. Applications for these should be made before the examination series. Detailed information about eligibility for access arrangements can be found in the *JCQ Access Arrangements and Reasonable Adjustments*.

Special consideration is a post-assessment adjustment to marks or grades to reflect temporary injury, illness or other indisposition at the time the assessment was taken.

Detailed information about eligibility for special consideration can be found in the *JCQ A guide to the special consideration process*.

4c. External assessment arrangements

Regulations governing examination arrangements are contained in the *JCQ Instructions for conducting examinations*.

4d. Results and certificates

Grade scale

Advanced Subsidiary qualifications are graded on the scale: A, B, C, D, E, where A is the highest. Learners who fail to reach the minimum standard for E will be

Unclassified (U). Only subjects in which grades A to E are attained will be recorded on certificates.

Results

Results are released to centres and learners for information and to allow any queries to be resolved before certificates are issued.

Centres will have access to the following results' information for each learner:

- the grade for the qualification
- the raw mark for each component
- the total weighted mark for the qualification.

The following supporting information will be available:

- raw mark grade boundaries for each component
- weighted mark grade boundaries for the qualification.

Until certificates are issued, results are deemed to be provisional and may be subject to amendment. A learner's final results will be recorded on an OCR certificate.

The qualification title will be shown on the certificate as 'OCR Advanced Subsidiary GCE in Economics'.

4e. Post-results services

A number of post-results services are available:

- **Enquiries about results** – If you are not happy with the outcome of a candidate's results, centres may submit an enquiry about results.
- **Missing and incomplete results** – This service should be used if an individual subject result for a candidate is missing, or the candidate has been omitted entirely from the results supplied.
- **Access to scripts** – Centres can request access to marked scripts.

4f. Malpractice

Any breach of the regulations for the conduct of examinations and coursework may constitute malpractice (which includes maladministration) and must be reported to OCR as soon as it is detected.

Detailed information on malpractice can be found in the *Suspected Malpractice in Examinations and Assessments: Policies and Procedures* published by JCQ.

5 Appendices

5a. Grade descriptors

Details to be confirmed by Ofqual.

5b. Overlap with other qualifications

There is significant overlap between the content of this specification and that for OCR's A Level in Economics to allow for co-teachability.

5c. Avoidance of bias

The AS level qualification and subject criteria have been reviewed in order to identify any feature which could disadvantage learners who share a protected

characteristic as defined by the Equality Act 2010. All reasonable steps have been taken to minimise any such disadvantage.

5d. Quantitative skills annex

Annex 1: quantitative skills in economics

In order to develop their skills, knowledge and understanding in economics, students need to have acquired competence in the quantitative skills that are relevant to the subject content and which are applied in the context of an economics A level, including:

- **calculate, use and understand ratios and fractions**
- **calculate, use and understand percentages and percentage changes**
- **understand and use the terms mean, median and relevant quantiles**
- **construct and interpret a range of standard graphical forms**
- **calculate and interpret index numbers**

- calculate cost, revenue and profit (marginal, average, totals)
- make calculations to convert from money to real terms
- **make calculations of elasticity and interpret the result**
- **interpret, apply and analyse information in written, graphical and numerical forms**

Quantitative skills not in **bold** do not form part of the AS core content requirement; however, an exam board may include them in their AS specifications.

The assessment of quantitative skills will include at least Level 2 mathematical skills as a minimum of 15% of the overall AS marks and a minimum of 20% of the overall A level marks. These skills may be assessed across the assessment objectives.



Your checklist

Our aim is to provide you with all the information and support you need to deliver our specifications.

- Bookmark ocr.org.uk/aleveleconomics for all the latest resources, information and news on AS and A Level Economics
- Be among the first to hear about support materials and resources as they become available – register for Economics updates at ocr.org.uk/updates
- Find out about our professional development at cpdhub.ocr.org.uk
- View our range of skills guides for use across subjects and qualifications at ocr.org.uk/skillsguides
- Discover our new online past paper service at ocr.org.uk/examcreator
- Learn more about Active Results at ocr.org.uk/activeresults
- Join our Economics social network community for teachers at social.ocr.org.uk

Download high-quality, exciting and innovative AS and A Level Economics resources from ocr.org.uk/aleveleconomics

Free resources and support for our AS Level Economics qualification, developed through collaboration between our Economics Subject Specialists, teachers and other subject experts, are available from our website. You can also contact our Economics Subject Specialists for specialist advice, guidance and support, giving you individual service and assistance whenever you need it.

Meet the team at ocr.org.uk/economicsteam and contact them at:

01223 553998

economics@ocr.org.uk

[@OCRexams](https://twitter.com/OCRexams)

To stay up to date with all the relevant news about our qualifications, register for email updates at ocr.org.uk/updates

Economics community

The social network is a free platform where teachers can engage with each other – and with us – to share ideas and best practice, offer guidance, and access a range of Sociology support materials produced by other teachers. To sign up, go to social.ocr.org.uk

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