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# GCSE ECONOMICS

(8136)

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## Specification

For teaching from September 2017 onwards  
For exams in 2019 onwards

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Version 1.0 20 July 2016





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## Are you using the latest version of this specification?

- You will always find the most up-to-date version of this specification on our website at [aqa.org.uk/8136](http://aqa.org.uk/8136)
- We will write to you if there are significant changes to the specification.

# 1 Introduction

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## 1.1 Why choose AQA for GCSE Economics

### A specification designed for you and your students

When students understand how markets and economies work, they will develop an economic awareness to benefit them personally and professionally for years to come.

We created our new GCSE with help from teachers, keeping contemporary case studies we know you and your students enjoy, and providing a clear description of new content.

### A relevant and diverse specification

There are lots of opportunities to talk about today's economic issues in your lessons. Students can develop communication, critical thinking and analytical skills through tasks based on anything from ways to cut the budget deficit, to weighing up the pros and cons of inflation or being part of free-trade agreements.

### Clear, well-structured exams, accessible to all

We've maintained the clear structure of our assessment, using a combination of question styles so that all students have the opportunity to demonstrate their knowledge and understanding.

Upon completion, students will have the skills, knowledge and confidence for further study or to embark on their career.

You can find out about all our Economics qualifications at [aqa.org.uk/economics](http://aqa.org.uk/economics)

## 1.2 Support and resources to help you teach

We've worked with experienced teachers to provide you with a range of resources that will help you confidently plan, teach and prepare for exams.

### 1.2.1 Teaching resources

Visit [aqa.org.uk/8136](http://aqa.org.uk/8136) to see all our teaching resources. They include:

- sample schemes of work to help you plan your course with confidence
- training courses to help you deliver AQA Economics qualifications
- subject expertise courses for all teachers, from newly qualified teachers who are just getting started to experienced teachers looking for fresh inspiration.

## 1.2.2 Preparing for exams

Visit [aqa.org.uk/8136](http://aqa.org.uk/8136) for everything you need to prepare for our exams, including:

- past papers, mark schemes and examiners' reports
- specimen papers and mark schemes for new courses
- example student answers with examiner commentaries.

## Analyse your students' results with Enhanced Results Analysis (ERA)

Find out which questions were the most challenging, how the results compare to previous years and where your students need to improve. ERA, our free online results analysis tool, will help you see where to focus your teaching. Register at [aqa.org.uk/era](http://aqa.org.uk/era)

For information about results, including maintaining standards over time, grade boundaries and our post-results services, visit [aqa.org.uk/results](http://aqa.org.uk/results)

## Keep your skills up-to-date with professional development

Wherever you are in your career, there's always something new to learn. As well as subject specific training, we offer a range of courses to help boost your skills.

- Improve your teaching skills in areas including differentiation, teaching literacy and meeting Ofsted requirements.
- Prepare for a new role with our leadership and management courses.

You can attend a course at venues around the country, in your school or online – whatever suits your needs and availability. Find out more at [coursesandevents.aqa.org.uk](http://coursesandevents.aqa.org.uk)

## Help and support

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Alternatively, you can call or email our subject team direct.

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# 2 Specification at a glance

This qualification is linear. Linear means that students will sit all their exams at the end of the course.

## 2.1 Subject content

How markets work:

1. [Economic foundations](#) (page 9)
2. [Resource allocation](#) (page 10)
3. [How prices are determined](#) (page 11)
4. [Production, costs, revenue and profit](#) (page 14)
5. [Competitive and concentrated markets](#) (page 15)
6. [Market failure](#) (page 16)

How the economy works:

7. [Introduction to the national economy](#) (page 17)
8. [Government objectives](#) (page 18)
9. [How the government manages the economy](#) (page 20)
10. [International trade and the global economy](#) (page 21)
11. [The role of money and financial markets](#) (page 23)

## 2.2 Assessments

Paper 1: How markets work
<p><b>What's assessed</b></p> <p>Content 1–6</p> <p>Students will be expected to draw on knowledge and understanding of the entire course of study to show a deeper understanding of these topics.</p>
<p><b>How it's assessed</b></p> <ul style="list-style-type: none"> <li>• Written exam: 1 hour 45 minutes</li> <li>• 80 marks</li> <li>• 50% of GCSE</li> </ul>
<p><b>Questions</b></p> <ul style="list-style-type: none"> <li>• Section A: 10 multiple choice questions followed by a range of calculation, short and extended response questions.</li> <li>• Section B: five questions involving a mix of calculations, short and extended responses.</li> </ul>



**Paper 2: How the economy works****What's assessed**

Content 7–11

Students will be expected to draw on knowledge and understanding of the entire course of study to show a deeper understanding of these topics.

**How it's assessed**

- Written exam: 1 hour 45 minutes
- 80 marks
- 50% of GCSE

**Questions**

- Section A: 10 multiple choice questions followed by a range of calculation, short and extended response questions.
- Section B: five questions involving a mix of calculations, short and extended responses.



## 3 Subject content

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The subject content looks at economic activity through the lens of consumers, producers, government and the workings of the global economy. As students go through the course they're presented with opportunities to focus on real-world issues. Students should consider and reflect upon moral, ethical and sustainable issues that arise as a result of the impact of economic activity.

Students should use their economic knowledge and skills to investigate national and global economic situations and issues from the last 15 years. Students should also be aware of the policies that governments have used to attempt to manage these situations and issues.

Students will develop quantitative skills relevant to the subject content. They should be able to make relevant calculations from economic data and be able to interpret data presented in the form of graphs and charts. Students should be able to recognise the possible limitations of both quantitative and qualitative data.

### 3.1 How markets work

Students will look at economic foundations such as the nature and purpose of economic activity, the factors of production and the importance of making choices. Students will also look at how resources are allocated using a market mechanism.

The central aspect will be an investigation of how prices are determined. This introduces students to concepts such as supply and demand, intermarket relationships and price elasticity.

Students investigate the significance of costs, revenue and profit for producers, leading to an understanding of the concepts of production, productivity and economies of scale. Students will then explore the importance of competition in relation to resource allocation, leading to an investigation of the factors that lead to market failure, with an emphasis on the significance of externalities.

Students should be encouraged to explore the moral, ethical and sustainability issues that underpin economic decision-making and economic activity.

#### 3.1.1 Economic foundations

Students look at the nature and purpose of economic activity based on the production of goods and services and the satisfaction of needs and wants. Students explore the factors of production, leading to an understanding of how and why choices are made. Students will come to an understanding that there is always a cost attached to any economic choice.

### 3.1.1.1 Economic activity

Content	Additional information
<ul style="list-style-type: none"> <li>Needs and wants</li> <li>The central purpose of economic activity</li> <li>The key economic decisions</li> <li>The main economic groups</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>the difference between a need and a want, and how these can change over time</li> <li>the central purpose of economic activity is the production of goods and services to satisfy needs and wants</li> <li>the key economic decisions are: what to produce, how to produce, and who is to benefit from the goods and services produced</li> <li>consumers, producers and government are the main economic groups</li> <li>the interactions between the main economic groups.</li> </ul>

### 3.1.1.2 The factors of production

Content	Additional information
The factors of production	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>understand the nature of an economic resource</li> <li>identify and understand examples of the four factors of production (land, labour, capital and enterprise) and the reward accrued to each.</li> </ul>

### 3.1.1.3 Making choices

Content	Additional information
<ul style="list-style-type: none"> <li>The basic economic problem</li> <li>Costs and benefits of economic choices, including opportunity costs</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>how and why choices are made, and how costs and benefits can be weighed up to make a choice</li> <li>the concept of opportunity cost in the context of economic activity.</li> </ul>

## 3.1.2 Resource allocation

Students look at the role of markets in allocating scarce resources. This leads into an exploration of the different economic sectors and concludes with a look at benefits and costs of specialisation, the division of labour and how this naturally leads to exchange.

### 3.1.2.1 Markets and allocation of resources

Content	Additional information
<ul style="list-style-type: none"> <li>• Markets</li> <li>• Allocation of resources</li> <li>• Factor and product markets</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• a market is an opportunity for buyers and sellers to interact in order to establish price</li> <li>• the role of markets in allocating scarce resources</li> <li>• the difference between factor and product markets.</li> </ul>

### 3.1.2.2 Economic sectors

Content	Additional information
<ul style="list-style-type: none"> <li>• Primary, secondary and tertiary sectors</li> <li>• Goods and services</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the meaning of primary, secondary and tertiary sectors and their relative sizes in the UK</li> <li>• the difference between a good and a service.</li> </ul>

### 3.1.2.3 Specialisation, division of labour, and exchange

Content	Additional information
<ul style="list-style-type: none"> <li>• The benefits of specialisation and division of labour and exchange</li> <li>• The costs of specialisation and division of labour and exchange</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the meaning of specialisation and the division of labour</li> <li>• how and why individuals and producers specialise</li> <li>• the costs and benefits associated with the division of labour, both to the worker and the firm.</li> </ul>

## 3.1.3 How prices are determined

Students explore how prices are determined in a market using supply and demand. They look at intermarket relationships to understand the impact that changes in supply and demand in one market can have on other markets. The section concludes with an investigation of price elasticities, including how they are calculated and interpreted.

### 3.1.3.1 Demand for goods and services

Content	Additional information
<ul style="list-style-type: none"> <li>The factors which determine the demand for a good or service</li> <li>Causes of changes in demand</li> <li>The demand curve</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>what is meant by the demand for a good or service</li> <li>the factors which influence demand</li> <li>how to construct an individual demand curve from consumer data</li> <li>the difference between shifts of, and movements along, the demand curve.</li> </ul>

### 3.1.3.2 Supply for goods and services

Content	Additional information
<ul style="list-style-type: none"> <li>The factors which determine the supply of a good or service</li> <li>Causes of changes in supply</li> <li>The supply curve</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>what is meant by the supply of a good or service</li> <li>the factors which influence supply</li> <li>how to construct an individual firm's supply curve from production data</li> <li>the difference between shifts of, and movements along, the supply curve.</li> </ul>

### 3.1.3.3 Equilibrium price

Content	Additional information
<ul style="list-style-type: none"> <li>How equilibrium price is determined by supply and demand</li> <li>How markets supply and demand diagrams can illustrate a producer's revenue</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>how the interaction between supply and demand determines equilibrium price using a supply and demand diagram</li> <li>why excess demand and excess supply can lead to changes in price</li> <li>how to use supply and demand diagrams to understand the impact of changes in equilibrium market prices</li> <li>how demand and supply curves can be applied to a variety of real-world markets</li> <li>how to demonstrate revenue on a demand and supply diagram.</li> </ul>

### 3.1.3.4 Intermarket relationships

Content	Additional information
<ul style="list-style-type: none"> <li>Complements and substitutes</li> <li>How changes in a particular market are likely to affect other markets</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>the meaning of complementary and substitute goods</li> <li>the impact of changes in demand, supply and price in one market on other related markets.</li> </ul>

### 3.1.3.5 Price elasticity of demand

Content	Additional information
<ul style="list-style-type: none"> <li>Price elasticity of demand</li> <li>Factors affecting price elasticity of demand</li> <li>Measuring price elasticity of demand</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>that changes in price don't always cause equivalent changes in demand</li> <li>the factors that affect price elasticity of demand</li> <li>the difference between price elastic demand and price inelastic demand</li> <li>that price elasticity of demand is measured as the percentage change in quantity demanded, divided by the percentage change in price and be able to perform calculations from given data</li> <li>the implications of price elasticity of demand for producers and consumers.</li> </ul>

### 3.1.3.6 Price elasticity of supply

Content	Additional information
<ul style="list-style-type: none"> <li>Price elasticity of supply</li> <li>Factors affecting price elasticity of supply</li> <li>Measuring price elasticity of supply</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>that changes in price don't always cause equivalent changes in supply</li> <li>the factors that affect price elasticity of supply</li> <li>the difference between price elastic supply and price inelastic supply</li> <li>that price elasticity of supply is measured as the percentage change in quantity supplied, divided by the percentage change in price and be able to perform calculations from given data</li> <li>the implications of price elasticity of supply for producers and consumers.</li> </ul>

### 3.1.4 Production, costs, revenue and profit

Students explore the significance of cost, revenue and profit for producers, leading to an understanding of the significance of productivity on increasing profits. Students explore the concept of economies of scale and the benefits these can bring.

#### 3.1.4.1 The importance of cost, revenue and profit for producers

Content	Additional information
<ul style="list-style-type: none"> <li>• Business objectives</li> <li>• Types of costs</li> <li>• Types of revenue</li> <li>• Profit</li> <li>• The importance of cost, revenue and profit for producers</li> <li>• Moral and ethical considerations</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• business objectives, including profit, sales growth and increasing market share</li> <li>• how to identify and calculate Total and Average, Fixed and Variable costs</li> <li>• how to identify and calculate Total and Average Revenues</li> <li>• that total revenue – total costs = profit, and that a firm may aim to increase its profits by reducing average costs and/or increasing revenues</li> <li>• that higher prices imply higher profits and that this will provide the incentive for producers to expand production</li> <li>• that the motivations of producers may conflict with ethical and moral interests.</li> </ul>

#### 3.1.4.2 Production and productivity

Content	Additional information
<ul style="list-style-type: none"> <li>• The meaning and importance of productivity</li> <li>• The factors that influence productivity</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the difference between production and productivity</li> <li>• the benefits of increased productivity.</li> </ul>

### 3.1.4.3 Economies of scale

Content	Additional information
<ul style="list-style-type: none"> <li>• The meaning of economies of scale</li> <li>• Types of economies of scale</li> <li>• Diseconomies of scale</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• economies of scale as the effect on average costs of a rise in production</li> <li>• the implications and effects of economies of scale on business behaviour</li> <li>• the costs and benefits of growth for a business</li> <li>• the different types of economy of scale, including managerial, purchasing, financial, technical and risk-bearing</li> <li>• what is meant by diseconomies of scale.</li> </ul>

### 3.1.5 Competitive and concentrated markets

Students come to an understanding that there are different types of market structures and explore competitive and non-competitive markets. Finally, students will look at the operation of the labour market and factors that determine wages.

#### 3.1.5.1 The importance of market structures on producers and consumers

Content	Additional information
Identifying market structures	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• that there is a range of market structures</li> <li>• factors such as the number of producers, the degree of product differentiation and ease of entry as being used to distinguish between different market structures.</li> </ul>

#### 3.1.5.2 Competitive markets

Content	Additional information
<ul style="list-style-type: none"> <li>• The main characteristics of a competitive market</li> <li>• The impact of competitive markets on price and choice</li> <li>• The economic impact of competition on producers and consumers</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• what is meant by a competitive market</li> <li>• how producers operate in a competitive market</li> <li>• the economic impact of competition on consumers, producers and workers</li> <li>• why profits are likely to be lower in a competitive market than one that is dominated by a small number of producers.</li> </ul>

### 3.1.5.3 Non-competitive markets

Content	Additional information
<ul style="list-style-type: none"> <li>• The main characteristics of a non-competitive market</li> <li>• The impact of non-competitive markets on price and choice</li> <li>• Monopoly and oligopoly</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• what is meant by a non-competitive market</li> <li>• how producers operate in a non-competitive market</li> <li>• the meaning of monopoly</li> <li>• the meaning of oligopoly</li> <li>• the causes and consequences of monopolistic and oligopolistic power.</li> </ul>

### 3.1.5.4 The labour market

Content	Additional information
<ul style="list-style-type: none"> <li>• The role and operation of the labour market</li> <li>• Determination of wages through supply and demand</li> <li>• Gross and net pay</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• wage determination using simple demand and supply analysis</li> <li>• wage differentials within and between occupations</li> <li>• the difference between gross and net pay</li> <li>• how to calculate income including gross and net pay.</li> </ul>

## 3.1.6 Market failure

Students explore the meaning of market failure and gain an understanding that the market mechanism does not always allocate resources efficiently. Students will explore the costs associated with misallocation of resources, and how government intervention can counter this.

### 3.1.6.1 Misallocation of resources

Content	Additional information
<ul style="list-style-type: none"> <li>• The meaning of market failure as misallocation of resources</li> <li>• Implications of misallocation of resources</li> <li>• Government intervention</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• market failure as the inability of the market system to allocate resources efficiently</li> <li>• the costs associated with misallocation of resources</li> <li>• methods of government intervention to counter misallocation of resources.</li> </ul>



### 3.1.6.2 Externalities

Content	Additional information
<ul style="list-style-type: none"> <li>Defining externalities</li> <li>The difference between positive and negative externalities</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>externalities as the difference between social costs/benefits and private costs/benefits</li> <li>the difference between positive and negative externalities and identify them</li> <li>that production and consumption can lead to negative externalities.</li> </ul>

## 3.2 How the economy works

Students are introduced to the wider economy from the perspective of the main economic groups: consumers, producers and government. Students explore the significance of interest rates including their impact on saving, borrowing and spending.

The core of this unit will focus on government objectives and their role in managing the economy. A range of policies will be explored in relation to the objectives, highlighting the fact that pursuing one objective can have a detrimental effect on other objectives.

Students also examine why countries trade, and the significance of the global economy, including free-trade agreements. Finally, students will explore the role of money and the significance of the financial markets in modern economies.

Students should be encouraged to explore the moral, ethical and sustainability issues that underpin all aspects of managing an economy.

### 3.2.1 Introduction to the national economy

Students explore how government spending and taxation can influence the level of economic activity. Interest rates will be introduced briefly in order to illustrate the effect on saving, borrowing and spending.

#### 3.2.1.1 Interest rates, saving, borrowing, spending and investment

Content	Additional information
<ul style="list-style-type: none"> <li>Interest rates</li> <li>How interest rates affect consumers' decisions to save, borrow or spend</li> <li>How interest rates affect producers' decisions to save, borrow or invest</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>what is meant by an interest rate</li> <li>the factors that influence the different rates of interest</li> <li>how changes in interest rates affect consumers' decisions to save, borrow or spend</li> <li>how changes in interest rates affect producers' decisions to save, borrow or invest</li> <li>how to calculate interest on savings.</li> </ul>

### 3.2.1.2 Government income and expenditure

Content	Additional information
<ul style="list-style-type: none"> <li>• UK government revenue and spending</li> <li>• Indirect and direct taxation</li> <li>• Progressive taxation</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the main sources of UK government revenue</li> <li>• the main areas of UK government spending</li> <li>• the difference between direct and indirect taxation</li> <li>• that some taxes can be progressive and others regressive.</li> </ul>

## 3.2.2 Government objectives

Students study the principal economic objectives of stable prices, economic growth, full employment and the Balance of Payments. For each of the government objectives, students look at how they are measured, the factors that cause them and their implications, both positive and negative, for an economy. Students will learn that policies designed to achieve one of the objectives can often impact positively or negatively on achieving the other objectives.

### 3.2.2.1 Economic objectives of the government

Content	Additional information
<ul style="list-style-type: none"> <li>• The main economic objectives of the government</li> <li>• Conflicts arising from the pursuit of government objectives</li> <li>• Other government objectives</li> <li>• Moral, ethical and sustainability considerations</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the principal objectives of government policies (maintaining full employment, ensuring price stability, achieving economic growth and having a balance of payments)</li> <li>• that policies used to achieve one objective can have a negative impact on achieving other objectives</li> <li>• that there are other government objectives such as reducing inequality and managing environmental change</li> <li>• how the pursuit of a government objective can negatively affect groups of people and conflict with other objectives.</li> </ul>

### 3.2.2.2 Economic growth

Content	Additional information
<ul style="list-style-type: none"> <li>• The significance of economic growth to economies</li> <li>• Causes, costs and benefits of economic growth</li> <li>• Government policies to achieve economic growth</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• what is meant by economic growth and its significance to economies</li> <li>• the difference between GDP and real GDP and GDP per capita and be able to perform simple calculations involving these measurements.</li> </ul>

### 3.2.2.3 Employment and unemployment

Content	Additional information
<ul style="list-style-type: none"> <li>• Employment and unemployment and how they are measured</li> <li>• Types, causes and consequences of unemployment</li> <li>• Government policies to reduce unemployment</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the main types of unemployment, such as structural, seasonal, frictional and cyclical, and be able to explain the factors that cause these</li> <li>• the consequences of unemployment for different groups within the economy.</li> </ul>

### 3.2.2.4 Inflation and price stability

Content	Additional information
<ul style="list-style-type: none"> <li>• What is inflation?</li> <li>• Measures of inflation</li> <li>• Causes of inflation</li> <li>• Consequences of inflation</li> <li>• Government policies to manage inflation</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• what is meant by inflation and the rate of inflation</li> <li>• how the rate of inflation can be measured using the Consumer Price Index (CPI)</li> <li>• how to perform simple calculations using CPI figures</li> <li>• the causes of inflation, including cost-push and demand-pull inflation</li> <li>• the consequences of inflation to different groups within the economy.</li> </ul>

### 3.2.2.5 Balance of payments

Content	Additional information
<ul style="list-style-type: none"> <li>• Balance of trade and balance of payments</li> <li>• Balance of payments surpluses and deficits on the current account</li> <li>• Government policies to influence the balance of payments</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• how to perform simple calculations using current account balance of payments figures</li> <li>• the meaning and significance of a balance of payments deficit and surplus on the current account</li> <li>• the reasons for a balance of payments deficit or surplus on the current account.</li> </ul>

### 3.2.2.6 Distribution of income

Content	Additional information
<ul style="list-style-type: none"> <li>• Income and wealth inequality</li> <li>• Causes of income and wealth inequality</li> <li>• Consequences of income and wealth inequality</li> <li>• Government policies to redistribute income and wealth and their consequences</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the distribution of income in the UK</li> <li>• how inequality in the distribution of income can occur</li> <li>• how redistribution of income and wealth can be achieved through taxation and government spending.</li> </ul>

## 3.2.3 How the government manages the economy

Students examine the tools available to government to manage the economy. Government economic policies will be looked at, with a focus on monetary, fiscal and supply-side policies. Each policy will be examined in turn to show how they can be used to influence economic performance. Government policies to affect the distribution of income and the correction of negative externalities are also addressed.

### 3.2.3.1 Fiscal policy

Content	Additional information
<ul style="list-style-type: none"> <li>• Fiscal policy</li> <li>• The government budget</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• how fiscal policy can affect levels of income and expenditure within the economy</li> <li>• how fiscal policy can be used to achieve government objectives</li> <li>• the meaning of a balanced budget and explain the consequences of operating a budget surplus and deficit.</li> </ul>

### 3.2.3.2 Monetary policy

Content	Additional information
Monetary policy	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• what is meant by monetary policy</li> <li>• how monetary policies can be used to achieve the government objective of controlling inflation</li> <li>• how monetary policies can be used to achieve other government economic objectives.</li> </ul>

### 3.2.3.3 Supply-side policies

Content	Additional information
Supply-side policies	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the advantages and disadvantages of supply-side policies</li> <li>• supply-side policies such as: investment in education and training, lower direct taxes, lower taxes on business profits, trade union reform and privatisation/de-regulation</li> <li>• how supply-side policies can be used to help achieve government objectives.</li> </ul>

### 3.2.3.4 Policies to correct positive and negative externalities

Content	Additional information
Externalities	<p>Students should be able to understand government policies designed to influence positive and negative externalities.</p>

## 3.2.4 International trade and the global economy

Students look at why countries trade and the importance of international trade to the UK. The measurement of UK trade through the balance of trade is examined, as are the causes of current account surpluses and deficits within the overall balance of payments. Students consider how exchange rates are determined as well as the impact that changes in exchange rates have on producers and consumers. Students also explore the advantages of free-trade agreements, their impact and the significance of the European Union. The benefits and drawbacks of globalisation will be looked at, including the moral and ethical aspects associated with the increase in global trade, and the role of the multinational corporations.

### 3.2.4.1 Why countries trade and the importance of international trade to the UK

Content	Additional information
<ul style="list-style-type: none"> <li>• Benefits of trade to countries</li> <li>• UK's exports and imports</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the importance of trade to economies</li> <li>• the main types of exports from, and imports to, the UK economy</li> <li>• the advantages of trade and the consequences of global interdependence to the UK economy.</li> </ul>

### 3.2.4.2 Exchange rates

Content	Additional information
<ul style="list-style-type: none"> <li>• How exchange rates are determined</li> <li>• The effects of changes in the exchange rate on consumers and producers</li> </ul>	<p>Students should be able to understand how exchange rates are determined through the interaction of demand and supply.</p>

### 3.2.4.3 Free-trade agreements including the European Union

Content	Additional information
<ul style="list-style-type: none"> <li>• Free-trade</li> <li>• Free-trade agreements such as the EU</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the arguments for and against free-trade</li> <li>• the significance and benefits of free-trade agreements, such as the EU.</li> </ul>

### 3.2.4.4 Globalisation: benefits and drawbacks

Content	Additional information
<ul style="list-style-type: none"> <li>• Main features of globalisation</li> <li>• Benefits and drawbacks of globalisation to producers, workers and consumers in developed countries</li> <li>• Benefits and drawbacks of globalisation to producers, workers and consumers in less developed countries</li> <li>• Moral, ethical and sustainability considerations</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the factors that have contributed to the growth of globalisation, including new technology and the operations of multinational companies</li> <li>• the benefits and drawbacks of globalisation to producers, workers and consumers in the UK</li> <li>• that there are moral, ethical and sustainability considerations when UK producers trade with other countries.</li> </ul>

## 3.2.5 The role of money and financial markets

Students look at the role of money, its functions and the role and importance of the financial markets. The importance to consumers, producers and government with respect to saving, borrowing and spending will be examined.

### 3.2.5.1 The role of money

Content	Additional information
<ul style="list-style-type: none"> <li>• Functions of money</li> <li>• Definition of money</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the use of money as a means of deferred payment, store of value, a unit of account and a medium of exchange</li> <li>• that money can be defined as more than the amount of banknotes and coins in circulation.</li> </ul>

### 3.2.5.2 The role and importance of the financial sector for the economy

Content	Additional information
<ul style="list-style-type: none"> <li>• The financial sector</li> <li>• The role of the Bank of England</li> <li>• The role of other institutions in the financial sector</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>• the main agents in the financial sector such as the Bank of England, commercial banks and building societies</li> <li>• the role of the Bank of England in influencing interest rates and ensuring stability of the financial system</li> <li>• the role of high street banks in helping to fund investment and providing a service for savers and borrowers.</li> </ul>





# 4 Scheme of assessment

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Find past papers and mark schemes, and specimen papers for new courses, on our website at [aqa.org.uk/pastpapers](http://aqa.org.uk/pastpapers)

This specification is designed to be taken over two years.

This is a linear qualification. In order to achieve the award, students must complete all assessments at the end of the course and in the same series.

GCSE exams and certification for this specification are available for the first time in May/June 2019 and then every May/June for the life of the specification.

All materials are available in English only.

Our GCSE exams in Economics include questions that allow students to demonstrate their ability to:

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

## 4.1 Aims and learning outcomes

Courses based on this specification must encourage students to:

- understand how markets operate and the roles of consumers, producers or workers within markets
- understand how the economy works nationally and globally and the levers employed by governments to reach desired social and economic objectives
- actively engage in the study of economics to develop as effective and self-motivated students, and as critical and reflective thinkers with enquiring minds, able to distinguish between fact and opinion
- understand and apply their economic knowledge and skills, to investigate current and historical economic situations and issues in a range of national and global contexts
- build economic arguments and make informed judgements by using economic concepts and quantitative evidence through the use, application and interpretation of data
- understand the perspectives of different economic agents including consumers, producers and government in relation to economic activity
- consider moral and ethical and sustainability issues that arise as a result of the impact of economic activity.

## 4.2 Assessment objectives

Assessment objectives (AOs) are set by Ofqual and are the same across all GCSE Economics specifications and all exam boards.

The exams will measure how students have achieved the following assessment objectives.

- AO1: Demonstrate knowledge and understanding of economic concepts and issues.
- AO2: Apply knowledge and understanding of economic concepts and issues to a variety of contexts.
- AO3: Analyse and evaluate economic evidence and issues to demonstrate understanding of economic behaviour, make judgements and draw conclusions.

#### 4.2.1 Assessment objective weightings for GCSE Economics

Assessment objectives (AOs)	Component weightings (approx %)		Overall weighting (approx %)
	Paper 1	Paper 2	
AO1	17.5	17.5	35
AO2	17.5	17.5	35
AO3	15	15	30
Overall weighting of components	50	50	100

### 4.3 Assessment weightings

The marks awarded on the papers will be scaled to meet the weighting of the components. Students' final marks will be calculated by adding together the scaled marks for each component. Grade boundaries will be set using this total scaled mark. The scaling and total scaled marks are shown in the table below.

Component	Maximum raw mark	Scaling factor	Maximum scaled mark
How markets work	80	x1	80
How the economy works	80	x1	80
Total scaled mark:			160

# 5 General administration

You can find information about all aspects of administration, as well as all the forms you need, at [aqa.org.uk/examsadmin](http://aqa.org.uk/examsadmin)

## 5.1 Entries and codes

You only need to make one entry for each qualification – this will cover all the question papers and certification.

Every specification is given a national discount (classification) code by the Department for Education (DfE), which indicates its subject area.

If a student takes two specifications with the same discount code:

- further and higher education providers are likely to take the view that they have only achieved one of the two qualifications
- only one of them will be counted for the purpose of the *School and College Performance tables* – the DfE's rules on 'early entry' will determine which one.

Please check this before your students start their course.

Qualification title	AQA entry code	DfE discount code
AQA GCSE in Economics	8136	TBC

This specification complies with:

- Ofqual *General conditions of recognition* that apply to all regulated qualifications
- Ofqual GCSE qualification level conditions that apply to all GCSEs
- Ofqual GCSE subject level conditions that apply to all GCSEs in this subject
- all other relevant regulatory documents.

The Ofqual qualification accreditation number (QAN) is 603/0126/0 .

## 5.2 Overlaps with other qualifications

There are no overlaps with any other AQA qualifications at this level.

## 5.3 Awarding grades and reporting results

The qualification will be graded on a nine-point scale: 1 to 9 – where 9 is the best grade.

Students who fail to reach the minimum standard grade for grade 1 will be recorded as U (unclassified) and will not receive a qualification certificate.

## 5.4 Re-sits and shelf life

Students can re-sit the qualification as many times as they wish, within the shelf life of the qualification.

## 5.5 Previous learning and prerequisites

There are no previous learning requirements. Any requirements for entry to a course based on this specification are at the discretion of schools and colleges.

## 5.6 Access to assessment: diversity and inclusion

General qualifications are designed to prepare students for a wide range of occupations and further study. Therefore our qualifications must assess a wide range of competences.

The subject criteria have been assessed to see if any of the skills or knowledge required present any possible difficulty to any students, whatever their ethnic background, religion, sex, age, disability or sexuality. Tests of specific competences were only included if they were important to the subject.

As members of the Joint Council for Qualifications (JCQ) we participate in the production of the JCQ document *Access Arrangements and Reasonable Adjustments: General and Vocational qualifications*. We follow these guidelines when assessing the needs of individual students who may require an access arrangement or reasonable adjustment. This document is published at [jcq.org.uk](http://jcq.org.uk)

### Students with disabilities and special needs

We're required by the Equality Act 2010 to make reasonable adjustments to remove or lessen any disadvantage that affects a disabled student.

We can make arrangements for disabled students and students with special needs to help them access the assessments, as long as the competences being tested aren't changed. Access arrangements must be agreed **before** the assessment. For example, a Braille paper would be a reasonable adjustment for a Braille reader.

To arrange access arrangements or reasonable adjustments, you can apply using the online service at [aqa.org.uk/eaqa](http://aqa.org.uk/eaqa)

### Special consideration

We can give special consideration to students who have been disadvantaged at the time of the assessment through no fault of their own – for example a temporary illness, injury or serious problem such as family bereavement. We can only do this **after** the assessment.

Your exams officer should apply online for special consideration at [aqa.org.uk/eaqa](http://aqa.org.uk/eaqa)

For more information and advice visit [aqa.org.uk/access](http://aqa.org.uk/access) or email [accessarrangementsqueries@aqa.org.uk](mailto:accessarrangementsqueries@aqa.org.uk)

## 5.7 Working with AQA for the first time

If your school or college hasn't previously offered our specifications, you need to register as an AQA centre. Find out how at [aqa.org.uk/becomeacentre](http://aqa.org.uk/becomeacentre)

## 5.8 Private candidates

This specification is available to private candidates.

A private candidate is someone who enters for exams through an AQA approved school or college but is not enrolled as a student there.

A private candidate may be self-taught, home schooled or have private tuition, either with a tutor or through a distance learning organisation. They must be based in the UK.

If you have any queries as a private candidate, you can:

- speak to the exams officer at the school or college where you intend to take your exams
- visit our website at [aqa.org.uk/privatecandidates](http://aqa.org.uk/privatecandidates)
- email [privatecandidates@aqa.org.uk](mailto:privatecandidates@aqa.org.uk)

## 5.9 Use of calculators

Students may use a calculator in the exam. They must ensure that their calculator meets the requirements as set out in the *JCQ Instructions for conducting examinations*. These instructions make it clear what the requirements are for calculators (what they must be) and what they are not (what they must not be). The instructions are regularly updated and can be found at [jcq.org.uk](http://jcq.org.uk)



# 6 Quantitative skills in economics

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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 GCSE, including:

- calculate percentages and percentage changes, including interest on savings
- calculate averages including cost
- calculate totals including revenue costs and profit
- calculate income including gross and net pay
- construct graphs from data including supply and demand curves
- interpret and use information from graphs and charts to support and justify economic decisions
- interpret and use economic data to support and justify economic decisions.

At least 10% of the total marks for GCSE economics will be awarded for quantitative skills demonstrated at the same level, or higher, than at Key Stage 3.

## Get help and support

Visit our website for information, guidance, support and resources at [aqa.org.uk/8136](https://www.aqa.org.uk/8136)

You can talk directly to the Economics subject team:

E: [economics@aqa.org.uk](mailto:economics@aqa.org.uk)

T: 01483 477 863