

## What are the aims and intentions of this curriculum?

The AQA Economics qualification aims to develop students' knowledge, understanding and skills of how different markets within an economy operates. Students will gain an insight into the different forms of competition in the markets and how businesses calculate costs and revenue to ensure they maintain foothold in the market. There will be an in depth look at labour in the market place as well as the distribution of income and wealth and how the government combats the problem of poverty. This course is designed in such a way that students get as much exposure to real life examples as possible.

Term	Topics	Knowledge and key terms	Skills developed	Assessment
Autumn 1	<b>Unit 3 – Individuals, firms, markets and market failure</b>	<p>Students will look at the concept of revenue in economics. They will need to know the difference between marginal, average and total revenue as well as the reasons of why the average revenue is the firm's demand curve. There will be an emphasis on the relationship between average and marginal and total revenue.</p> <p>It is important that students know the difference between total revenue and total costs as well as normal and abnormal profit. Students also need to know the role that profit plays within an economy.</p> <p>Students will be introduced to the various forms of competition within the market. Factors such as the number of firms, the degree of product differentiation and ease of entry will be discussed in order to distinguish between the different forms of market structures.</p> <p>Students will need to understand that traditionally, the main objective of a firm was to make profit. Reference will be made to the profit maximising rule, (MC=MR). Discussions will be led around the reasons for and consequences of divorce of ownership and control. Students also need to be familiar with</p>	<p><b>Students will be able to:</b></p> <ul style="list-style-type: none"> <li>Calculate marginal, average and total revenue from given data.</li> <li>Accurately draw and interpret revenue curves.</li> <li>Discuss key concepts in terms of the profit making process</li> <li>Explain the importance of profit in the economic Discuss key concepts with regards to competition within a market</li> <li>Identify the different forms of market structures</li> <li>Discuss the factors that distinguish the different forms of market structures from each other</li> <li>List the additional objectives a firm may have</li> <li>Discuss how the divorce of ownership from control may affect the objectives of firms, their conduct and performance.</li> </ul>	Half termly assessment which will consist of essay type questions students need to answer

		<p>additional objectives firms may have. They also need to have a clear understanding of the satisficing principle.</p> <p>The first market structure that will be introduced is perfectly competitive model, both in the short and long run. Students need to know the characteristics of the perfectly competitive model and they must be able to explain how the fact that firms are price takers, affect their performance within the market. Discussions will be lead focusing on the fact that due to a lack of externalities for example, perfect competition will result in an efficient allocation of resources.</p>	<ul style="list-style-type: none"> <li>• Discuss the reasons of why perfect competition is used as a basis to judge the extent to which real world markets perform efficiently or inefficiently</li> <li>• Critically assess the proposition that perfectly competitive markets lead to an efficient allocation of resources</li> </ul>	
Autumn 2	<p><b>Unit 1 – Individuals, firms, markets and market failure</b></p>	<p>The next market structure that will be introduced is that of monopolistic competition, both in the short and long run. Students will need to know the characteristics of firms in monopolistically competitive markets. They also need to know that monopolistically competitive markets will be subject to non-price competition.</p> <p>Oligopolistic markets will form the next point of discussion. Students will need to know the main characteristics of oligopolistic markets and be able to explain how these characteristics differ from those of perfect and monopolistic competition. It is important that students are able to calculate concentration ratios. Discussions will be centred around the difference between collusive and non-collusive oligopoly as well as the difference between cooperation and collusion. Students must be able to draw the kinked demand curve and explain how this graph represents price rigidity.</p>	<p><b>Students will be able to:</b></p> <ul style="list-style-type: none"> <li>• Diagrammatically show the difference in monopolistic competition in the short run and long run</li> <li>• List the characteristics of firms in a monopolistic market</li> <li>• Explain and give examples of non-price competition</li> <li>• Discuss the various factors which affect the behaviour and performance of firms in a variety of real world markets.</li> <li>• Explore the role of different barriers to entry and the degree of concentration and product differentiation in terms of oligopolies</li> <li>• Accurately draw and explain the kinked demand curve model as an illustration of the interdependence between firms</li> <li>• Recognise and discuss that collusion may allow oligopolists to act as a monopolist and maximise their joint profits.</li> </ul>	<p>End of term assessment including multiple choice questions and well as longer questions – students will need to display evaluative skills when answering these questions</p>

Other factors that will be discussed includes: the reasons for non-price competition, the operation of cartels, price leadership, price agreements, price wars and barriers to entry. Discussions will also take place in terms of factors which influence prices, output, investment, expenditure on research and advertising in oligopolistic industries. Students must understand the significance of interdependence and uncertainty in oligopoly and must also be able to discuss the advantages and disadvantages of oligopoly. Students will be introduced to a formal diagrammatic analysis of the monopoly model. Emphasise will be placed on factors such as barriers to entry, the number of competitors, advertising and the degree of product differentiation, which will influence the successful existence of a monopoly. Students will also need to know the advantages and disadvantages of a monopoly.

As part of studying monopolies, students need to know the conditions necessary for price discrimination as well as the advantages and disadvantages of price discrimination.

There will be an emphasis on the understanding of the difference between static and dynamic efficiency as well as the conditions required for productive efficiency. Students need to be able to apply the concept of producer and consumer surplus when discussing economic efficiency and welfare issues, such as price discrimination and the dead-weight losses associated with monopoly.

- Make the necessary links to the fact that firms operating in monopolistically competitive and oligopolistic markets are price makers and have varying degrees of monopoly power.
- Discuss real-world examples of price discrimination and be able to assess its impact on producers and consumers.
- Present a diagrammatic analysis of price discrimination
- Apply efficiency concepts when comparing the performance of firms in markets with different structures.
- Explore how conduct and performance indicators can be used to compare market structures.
- Use diagram to explain the concepts of producer and consumer surplus

**Unit 3 – Individuals, firms, markets and market failure**

Students will discuss the significance of market contestability for the performance of an industry. Focus will be placed on concepts such as sunk costs and hit-and-run competition.

The general principles of UK competition policy and some awareness of EU competition policy will be highlighted as well as the costs and benefits of such policies. Students also need to be able to form arguments for and against the public ownership of firms and industries as well as arguments for and against the privatisation of state-owned enterprises. Discussions will also be held in terms of arguments for and against the regulation of markets as well as arguments for and against the deregulation of markets. The problem of regulatory capture will also be highlighted.

The next section to be introduced will be labour. Students will need to understand that demand for a factor is derived from the demand for the product. New concepts such as the marginal productivity theory of the demand for labour will be introduced and students need to be able to draw and explain the demand curve for labour. Elasticity of demand for labour will also be discussed in detail.

Students need to explore how the supply of labour to a particular occupation is influenced by monetary and non-monetary considerations. They need to be able to draw a supply curve for labour and explain the basic shift in the market supply curve for labour.

**Students will be able to:**

- Identify the characteristics needed for a market to be contestable
- Explain the key factors relating to market contestability
  
- Give examples of real-world applications of such policies
- evaluate the use of economic models to explore economic behavior as well as the behaviour of firms.
- Assess the application policies in the United Kingdom
- Evaluate the effects of such policies on economic performance.
  
- Explain why labour is considered to be derived demand
- Explain what is meant by marginal productivity theory of labour
- Draw and explain the demand curve for labour
- Explain how the concept of elasticity will affect the demand for labour
  
- Identify the monetary and non-monetary considerations that will influence the supply of labour
- Diagrammatically show and explain the supply curve of labour
- Discuss how wages are determined in a perfectly competitive market taking the role of market forces into account

		<p>There will be an in depth look into the economists' model of wage determination in a perfectly competitive labour market and the role that market forces play in determining relative wage rates.</p> <p>Students need to have an understanding of how various factors such as monopsony power, trade unions and imperfect information contribute to imperfections in a labour market. Focus will be placed on a monopsony labour market and how the employer can use market power to reduce both the relative wage rate and the level of employment below those that would exist in a perfectly competitive labour market.</p>	<ul style="list-style-type: none"> <li>Use relevant diagrams to illustrate monopsony power in a labour market</li> </ul>	
Spring 2	<p><b>Unit 3 – Individuals, firms, markets and market failure</b></p>	<p>Emphasis will be placed on the role of trade unions to influence wage rates and employment levels within the labour market. Students must be able to distinguish how trade unions affect a perfectly competitive market compared to a monopsony labour market.</p> <p>Students will be introduced to the national minimum wage and the effect that this wage will have upon labour markets. There will also be a discussion in terms of the advantages and disadvantages of a national minimum wage. The importance of wage discrimination will be discussed as well as the conditions necessary for this discrimination to take place. There will be an in depth look at the impact of gender, ethnicity and other forms of discrimination on wages, levels and types of employment.</p> <p>The next section will focus on the difference between income and wealth as well as the factors that will influence both income and wealth. It is important for students to be able to distinguish between equity and equality and they must be able to use both the Lorenz curve</p>	<p><b>Students will be able to:</b></p> <ul style="list-style-type: none"> <li>Use relevant diagrams to show how trade unions can influence different labour markets</li> <li>Define what a national minimum wage is and how this wage affects a labour market</li> <li>Discuss the advantages and disadvantages of a national minimum wage</li> <li>Use real world examples to illustrate wage discrimination</li> <li>Assess the advantages and disadvantages of wage discrimination for works, employers and the economy as a whole</li> <li>Show some knowledge of the distribution of household income and wealth in the United Kingdom.</li> <li>Differentiate between the fact that the degree of inequality can be measured compared to the fact that whether or not</li> </ul>	Trial examination 2

		<p>as well as the Gini coefficient to explain the uneven distribution of income and wealth.</p> <p>Students need to be able to distinguish between relative and absolute poverty and be able to explain the causes and effects of poverty. Discussions will be held about the policies which are available to influence the distribution of income and wealth and alleviate poverty as well as the economic consequences of such policies.</p>	<p>a given distribution of income is equitable (fair and just) involves a value judgement.</p> <ul style="list-style-type: none"> <li>• Interpret measures of inequality such as the Gini coefficient</li> <li>• Make links between inequality and market failure.</li> <li>• Interpret how the effects of poverty affects members of a society</li> <li>• Evaluate the various approaches to redistributing income and wealth and alleviating poverty, recognising the moral and political perspectives.</li> </ul>	
Summer 1	<b>Unit 3 – Individuals, firms, markets and market failure</b>	Revision as end of year examinations take place in May/June	<p><b>Students will be able to:</b></p> <ul style="list-style-type: none"> <li>• Engage in Unit revision in preparation for their final examinations</li> </ul>	<b>External Unit 3</b> examination