**Sample** Schem**e of work for teaching the updated OCR A Level Economics (H460), first assessment 2020**

This scheme of work offers an example of how the A Level Economics could be structured. It assumes the course will be taught by one teacher in year one with 30 teaching weeks and year two with 28 teaching weeks. It is designed as a guide only and the order of topics can be changed to suit the preferences of the department. Please refer to the specification for full content and skill level needed. This scheme also includes some topics that could be covered in year two, but it assumes more teaching time, so they can be included in year one.

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| **Year 1** | **A LEVEL SPECIFICATION (H460/01)** | **Content removed from A Level specification (H460)** |
| **Autumn Term** | **1. Introduction to Microeconomics**  |  |
| Week 1 | **1.1 The economic problem** | • Economic goods and free goods • The economic problem: scarcity, choice, needs, and wants • Normative and positive statements• The role of economic agents: government, firms, and households • The factors of production: land, labour, capital, and enterprise • The reward of the factors of production: rent, wages, interest and profit |  |
| 2 |
| 3 | **1.2 The allocation of resources****1.3 Opportunity cost** | • Incentives• Market, planned and mixed economic systems• Economic efficiency: productive and allocative efficiency• Opportunity cost and trade-off• Production possibility curve (PPC) | * sub markets (p.7)
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|  | **2. The Role of Markets** |  |
| 4 | **2.1 Specialisation and Trade** | • Specialisation and the division of labour• Barter systems• Money as a medium of exchange |  |
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| 5 | **2.2 Demand** | • The relationship between price and quantity demanded • Individual and market demand• Joint, competitive and composite demand  |  |
|  | **2.3 Supply** | • Movements along the demand curve (extension/contraction) • Shifts of the demand curve (increase/decrease)• The relationship between price and quantity supplied • Individual and market supply • Joint and competitive supply • Movements along the supply curve (extension/contraction)• Shifts of the supply curve (increase/decrease) | * composite supply (p.8 )
 |
| 6 | **2.4 Consumer and producer surplus****2.5 The interaction of markets** | • Consumer surplus and producer surplus • The effects of changes in price on consumer surplus• The effects of changes in price on producer surplus• Ceteris paribus• The interaction of demand and supply• Market equilibrium and disequilibrium | * calculate how changes in price affect consumer/ producer surplus (p.7,8)
* evaluate the extent of marginal concept is useful to decision making (p. 6)
* relationship between price and quantity demanded using marginal utility theory and income and substitution effects (p.7)
* evaluate the usefulness and limitations of the economic model of supply and demand in explaining real world phenomena (p. 8)
 |
| 7 | **Revision/consolidation** |
| **Autumn half term** |
| 8-9 | **2.6 Elasticity** | • Price elasticity of demand (PED)• Income elasticity of demand (YED)• Cross elasticity of demand (XED)• Price elasticity of supply (PES) | * calculate [PED] using point elasticity(p.9)
 |
| 10 | **2.7 The concept of the margin** | • Margin• Total and marginal utility, diminishing marginal utility and the demand curve |  |
| 11 | **2.8 Market failure and externalities** | • Market failure• Marginal social cost, marginal external cost, marginal private cost, marginal social benefit, marginal external benefit and marginal private benefit• Positive and negative externalities (external benefits and external costs); consumption and production: with diagrams | ***Please note that we’ve taken out reference to specific markets, so questions are no longer limited to them and no specialist knowledge required but the ability to apply to various markets.*** |
| 12 | **2.9 Information failure****2.10 Public goods** | • Information failure• Asymmetric information and moral hazard • Merit and demerit goods• Public goods, private goods and quasi-public goods• The characteristics of a public good; non-excludability, non-diminishability/non-rivalry, non-rejectability and zero marginal cost• The free rider problem | * functions of the environment
* Kuznets curve (p. 15)

***Please note that Sustainability and sustainability issues which include environmental issues, are an overarching issue so can be applied to any topic, please see page 6 and page 14 of the specification.*** |
|  |
| 13 | **2.11 Government intervention** | • Government intervention in markets: taxation, subsidies, government expenditure, price controls, public/private partnerships, legislation, regulation, tradable pollution permits, information provision, competition policy • Government failure | * Cost Benefit Analysis (CBA) (p.16)
 |
| 14 | **Revision/consolidation** |

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| **Year 1** | **A LEVEL SPECIFICATION (H460/02)** | **Content removed from A Level specification (H460)** |
| **Spring Term** | **Macroeconomics**  |  |
| Week 1 | Mock exams for Component 1 Microeconomics |  |
|  | **1. Aggregate demand and aggregate supply** |  |
| 2 | **1.1 Circular flow of income****1.2 Aggregate demand** | • The circular flow of income, with injections and leakages • The methods of measuring national income, output and expenditure • Aggregate demand and its components | * physical and monetary flows (p.19)

***Please note that as the content is synoptic, the role of expectations is something that can be applicable to many more topics than just 1.2 Aggregate Demand.*** |
| 3 | **1.3 Aggregate supply****1.4 The interaction of aggregate demand and supply** | • Aggregate supply• The assumptions underlying the aggregate demand and aggregate supply models• Equilibrium in the macroeconomy | * Austrian school of thought on how the macroeconomy operates(p.20)
 |
| 4 | **1.5 The Multiplier and the accelerator (part of year two)** | • Factors which determine the size of the national income multiplier |  |
|  | **2. Economic policy objectives** |  |
| 5 | **2.1 Economic growth** | •Economic growth• The policy objective of economic growth• The different stages of the economic cycle• Real and nominal Gross Domestic Product (GDP); changes in GDP over time | * difficulties of measuring economic growth and GDP (p.17)
 |
| 6 | **2.2 Development** | • The structure of an economy in terms of primary, secondary and tertiary sectors • The policy objective of sustainable development•The usefulness of macroeconomic measures such as GDP, the Human Development Index (HDI) and other alternative social and cultural indicators  | * Overseas Development Assistance (ODA) and trade can promote economic growth and development (p.17)

***Please note that sustainability is an overarching concept for all three components. Students should understand the difference between ‘normal’ development and sustainable development, i.e. one that focuses not only on the economic dimension but allows for the three-dimensionality of sustainability.**** Genuine Progress Indicator
* relationship between economic growth and happiness including, for example, a consideration of Easterlin Paradox and the Office for National Statistics (ONS) Measuring National Wellbeing programme (p.18)

***Students need to understand the relationship between economic growth and economic development. Related to this are issues concerning the alleviation of poverty, the requirement for Structural, institutional, cultural and political changes. We do not include the term primary product dependency but obviously this is something that you can introduce and would get credited if relevant to an answer (as in all such cases where content over and above the spec content is used). Prebisch Singer, The Lewis Model are not included either*** |
| 7 | **2.3 Employment** | • Employment and unemployment• The policy objective of full employment• The labour force survey and claimant count measures of unemployment | * difficulties of accurately measuring unemployment (p.18)

***Please note that knowledge about force and working population is still required, otherwise students would not be able to explain how unemployment is measured.*** |
|  | **Revision/consolidation** |

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| **Spring half term** |
| 8-9 | **2.4 Inflation****2.5 Balance of payments****2.6 Trends in macroeconomic indicators** | • Inflation, deflation, disinflation and hyperinflation• The policy objective of low and stable inflation • Real and nominal values• Measuring inflation using the Consumer Prices Index and Retail Prices Index• Balance of payments• The components of the current account: trade in goods, trade in services, primary and secondary income • The policy objective of a sustainable balance of payments position• Imbalances on the balance of payments• Key trends in UK macroeconomic performance in the last 20 years | * advantages and disadvantages of using an index

***Please note students should be able to apply the concept of nominal and real values to various contexts.******Students need to both evaluate causes and consequences of imbalances on the BoP and the effectiveness of using the various policy measures to achieve its macro objectives, so this could include policies to correct imbalances on BoP.*** |
| 10 | **2.7 Income distribution and welfare**  | • Income and wealth; distribution and inequality• The policy objective of a more even distribution of income• Absolute and relative poverty • Inequality data; Gini coefficients and relevant quartiles |  |
| 11 | **2.8 The Phillips curve**  | • Natural rate of unemployment; non-accelerating inflation rate of unemployment (NAIRU) | * adaptive-expectations hypothesis (p.20)
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|  | **Revision** |  |  |

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| **Year 1** | **A LEVEL SPECIFICATION (H460/02)** | **Content removed from A Level specification (H460)** |
| **Summer Term** | **3. Implementing policy** |  |
| Week 1 | **3.1 Fiscal policy** | • Government budget• Direct, indirect, progressive, proportional and regressive taxation• Current and capital government expenditure• Budget surplus, deficit and balanced budget• Cyclical and structural budget position • National and government debt• Discretionary fiscal policy and automatic stabilisers• Crowding out• The Laffer curve | * features of a ‘good’ tax (p.21)
* crowding in (p. 21)
* overall budget position and the budget position on current expenditure (p.21)
 |
| 2 | **3.2 Monetary policy** | • Changes in interest rates • Changes in money supply• Inflation rate targets• Quantitative easing • Influence of exchange rates | * liquidity trap (p.22)
* symmetric and asymmetric inflation targeting (p.22)
 |
| 3 | **3.3 Supply side policy** | • Privatisation, deregulation and subsidies• Competition policy• Investment in infrastructure, education, training, research and development• Reforms of the tax and benefit system • Improved labour market flexibility• Immigration control | * National Minimum Wage legislation and promoting a ‘living wage’
* consideration of transport market
* consideration of the housing market
* trade union reform
 |
| 4 | **3.4 Policy Conflicts** | • Conflicts and trade-offs between policy objectives | * approaches to macroeconomic policy change in accordance with economic circumstances with reference to :

 - The great depression - Keynesian demand management in the 1970s - The monetarist approach in the 1980s- The 2007-08 financial crisis and its aftermath (p.23) * methods through which policy conflicts can be resolved or reduced (p.23)
 |
| 5 | **Revision and consolidation** |  |  |
|  |  |  **SUMMER HALF TERM** |  |
| **All weeks remaining** | **Revision and mock examinations** | **Teaching for year two could also be started during this period. The Global context 4.1 and 4.2 are part of year one but are included in this scheme in year two.** |  |

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| **Year 2** | **A LEVEL SPECIFICATION (H460/01)** | **Content removed from A Level specification (H460)** |
| **Autumn Term** | **Microeconomics****3. Business objectives** |  |
| Week 1 | **3.1 Business objectives** | • Maximisation objectives: profit, sales revenue, sales volume, growth and utility • Non-maximising objectives: profit satisficing, social welfare, corporate social responsibility (CSR) • The principal-agent problem | * impact of regulation and ownership on the behaviour of firms (p.12)
* extent to which firms are interdependent (p.12)
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| 2-3 | **3.2 Costs and economies of scale****3.3 Revenue and profit** | • Fixed, variable, total, average, marginal costs (with calculations)• Short run and long run in terms of fixed and variable factors • (With the aid of diagrams) The law of diminishing returns • Internal and external economies of scale• Diseconomies of scale • Minimum efficient scale• Total, average and marginal revenue (with calculations)• Profit/loss (with calculations)• Accounting, normal and supernormal profit |  |
|  |
|  | **4. Market Structures** |  |  |
| 4 | **4.1 Perfect competition** | • The characteristics of perfect competition(Refer to specification for diagrams needed) | * usefulness of perfect competition theory (p.11)
 |
|  |
| 5 | **4.2 Monopoly** | • The characteristics of monopoly • Dynamic efficiency • X-inefficiency(Refer to specification for diagrams needed) |  |
| 6 | **4.3 Monopolistic competition** | • The characteristics of monopolistic competition(Refer to specification for diagrams needed) |  |
| **4.4 Oligopoly** | The characteristics of oligopoly • Non-price competition • Interdependence: kinked demand curve • Types of collusion • Product differentiation | * game theory (p. 12)
 |
| 7 | **4.5 Contestable markets****Consolidation** | • The characteristics of a contestable market • Productive and allocative efficiency in a contestable market | * horizontal and conglomerate integration/merger (p.10)
* advantages and disadvantages of integration to economic agents (p.12)
 |
| **Autumn half term** |
|  | **5. The Labour market** |  |
| 8 | **5.1 Demand for labour** | • Derived demand for labour • Factors affecting the demand for labour in an industry • Factors affecting wage elasticity of demand for labour • Productivity and unit labour costs | * concept of sub-markets with respect to the market for labour in an economy (p.13)
 |
| 9 | **5.2 Supply of labour** | • Factors affecting the supply of labour to an industry • Factors affecting the wage elasticity of the supply of labour• Short run and long run supply of labour | * substitution and income effects on an individual’s supply of labour (p.13)
 |
| 10-11 | **5.3 The interaction of labour markets** | • Wage differentials • Monopsony • Trade union • Bilateral monopoly | * usefulness of wage determination theories in explaining the determination of wages in different regional and occupational sectors of an economy
* dependency ratio, participation rate, replacement ratio (p.13)

***Please note that knowledge of living wage, minimum and maximum wage could be required to evaluate impact of changes in labour market flexibility’ and the ‘impact of trade union activity on labour markets’.***  |
| 12-13 | **Revision/consolidation**  |
| 14 | **Internal assessments** |

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| **Year 2** | **A LEVEL SPECIFICATION (H460/02)** | **Content removed from A Level specification (H460)** |
| **Spring Term** | **Macroeconomics** **4.The global context** |  |
| Week 1 | **4.1 International trade**  | • International trade • Patterns of international trade over time | * Heckscher-Ohlin theory (p.24)
 |
| 2 | **4.2 Exchange rates**  | • Exchange rates | * different measures of exchange rates, such as: bilateral, effective, nominal, real
* hybrid exchange rate system
* purchasing power parity (PPP) theory (p.25)
 |
| 3-4 | **4.3 Globalisation** | • Globalisation • International competitiveness • Absolute and comparative advantage • Terms of trade • Marshall-Lerner condition and J-curve | * opportunity cost ratios to illustrate gains from trade derived from absolute and comparative advantage (p.24)
 |
| 5 | **4.4 Trade policies and negotiations** | • Protectionism • Economic integration through free trade areas, customs unions, monetary union, economic union | * EU membership
 |
| 6 | **Revision/consolidation** |
|  |  |  **Spring Half term** |

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|  | **5. The financial sector** |
| 7 | **5.1 Money and interest rates** | • Functions and characteristics of money • The creation and supply of money • Narrow and broad money in terms of liquidity • The relationship between the money supply and the price level; Fisher equation of exchange • The determination of interest rates (diagram needed) | * liquidity preference theory and loanable funds theory(p.26)
 |
| 8 | **5.2 The financial sector**  | • The role of the financial sector • The role of savings and investment in promoting economic development • The Harrod-Domar model • Microfinance | * role of inter-bank lending in the modern economy(p.26)
* different forms of borrowing including mortgages, unsecured loans, overdrafts, credit cards and pay day lending (p.26)
* remittances (p.26)
* quantity theory of money (p.26)
* impact of public and private sector debt on developing and emerging economies (p.26)
 |
| 9-10 | **5.3 Financial regulation** | • Purpose and methods of financial regulation • The role and functions of a central bank | * how role and functions of an independent central bank differ from those of a central bank under ‘government control’ (p.27)
* how changes in the regulation of financial institutions may contribute to financial crises as in 2007-08 (p.27)
* effectiveness of an independent central bank and a ‘controlled’ central bank (p. 27)
 |
| 11 | **Revision/consolidation** |

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| **Summer Term** |  |  |
|  | **Revision/consolidation/ examination preparation for all three papers** |
| Week 1 | **Mock examinations** |
| 2 | **Paper one revision and preparation** |
| 3 | **Paper two revision and preparation** |
| 4 | **Paper three preparation**. |
| 5 | **Revision** |
|  |  |  **SUMMER HALF TERM** |  |

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