A Level Economics – What we study and why.

Topic	What your child is learning	Why it matters
Economics as a Social Science / The Nature of Economics	That economics is about making choices because resources are limited. How to think about trade-offs and opportunity cost (what you give up when you choose something). How economists use models to simplify and understand the real world. The difference between facts (positive economics) and opinions or values (normative economics).	This helps students think critically, weigh up decisions, and understand how economic thinking applies to real-life situations—from personal finance to government policy.
How Markets Work	How supply and demand determine prices and quantities in markets. How sensitive people are to changes in price or income (elasticity). How prices help allocate resources in the economy. How to measure the benefits to consumers and producers. How to use diagrams and calculations to explain market behaviour. That people don't always make perfectly rational decisions, and why that matters.	This gives students the tools to understand everyday economic events—like why prices rise or fall—and how markets affect our lives.
Market Failure	What market failure means—when markets don't produce the best outcomes for society. How things like pollution or lack of education can lead to too much or too little of certain goods. Why some goods (like vaccines) are underused and others (like junk food) are overused. Why public goods (like street lighting) aren't provided well by markets. How lack of information can lead to poor decisions. How governments try to fix these problems and whether their solutions work.	This helps students understand real-world issues like climate change, healthcare, and education, and how economics can help solve them.
Government Intervention (Year 12)	Why governments step in when markets don't work well—for example, to reduce pollution or make healthcare more accessible. The tools governments use, like taxes, subsidies, regulations, and	This helps students understand how governments try to fix problems in the

	price controls. How to judge whether these interventions are effective or have unintended side effects. How responsive people and businesses are to these changes (elasticity). The balance between fairness (equity) and efficiency in policy decisions. How to use diagrams to show the effects of government actions. That economic decisions often involve personal or political values.	economy, and why these decisions are often debated and complex.
Circular Flow of National Income	How money moves between households, businesses, and the government. How investment, government spending, and exports add to the economy (injections), while savings, taxes, and imports take money out (withdrawals). How the economy reaches a balance between spending and income.	This gives students a big-picture view of how the economy works and how different parts are connected.
Aggregate Demand	What makes up total demand in the economy: consumer spending, business investment, government spending, and exports minus imports. What influences each part of demand, like interest rates or confidence. How changes in demand affect jobs, prices, and growth. How to use diagrams to show shifts in demand and their effects.	This helps students understand what drives economic activity and how governments can influence demand to manage the economy.
Aggregate Supply	The difference between short-term and long-term supply in the economy. What affects how much the economy can produce, like wages, productivity, and investment. How government policies can help increase the economy's capacity over time. How to use diagrams to explain changes in supply and their effects on prices and jobs.	This helps students understand what limits economic growth and how countries can become more productive and resilient over time.
The Multiplier	How one person's spending can lead to more income and spending throughout the economy. What factors make this effect stronger or weaker.	This helps students understand how government spending or investment can have a bigger impact than it first appears,

	How to use diagrams and models to show how the economy reacts to changes in spending.	and why timing and confidence matter in economic decisions.
Macroeconomic Objectives and Policies	The main goals of economic policy: steady growth, low inflation, low unemployment, balanced trade, and responsible government spending. How governments and central banks use tools like taxes, spending, and interest rates to manage the economy. How long-term policies can improve productivity and support growth. The trade-offs between different goals (e.g. reducing inflation might increase unemployment). How to apply economic thinking to real-world situations like recessions or booms.	This helps students understand how governments try to keep the economy stable and growing, and why it's sometimes hard to achieve all goals at once.
Business Objectives and Growth	That businesses don't always aim just to make profit—they might also want to grow, increase market share, or keep stakeholders happy. The difference between growing from within and merging with or buying other companies. How growth affects costs and efficiency. What stops businesses from growing, like lack of money or regulations. How real businesses change their goals over time.	This helps students understand how and why businesses grow, what challenges they face, and how their goals affect the economy and consumers.
Revenue, Costs and Profit	The different types of revenue and costs businesses face. How businesses decide the best level of production to make the most profit. How costs change as businesses grow and how this affects their decisions. What happens when businesses make losses and when they should shut down. How to use diagrams and calculations to understand business performance.	This helps students understand how businesses operate, make decisions, and stay financially healthy—skills that are useful in both business and personal finance.
Market Structures	The different types of markets (like perfect competition, monopolies, and oligopolies) and how they work.	This helps students understand how businesses compete, why prices vary,

	How businesses decide on prices and how much to produce in different market conditions. How efficient different market types are and how they affect consumers. How businesses in oligopolies behave strategically, including using advertising or working together. What price discrimination is and when companies use it. How easy or hard it is for new businesses to enter a market and how that affects competition.	and how market conditions affect choice, innovation, and fairness for consumers.
Government Intervention	Why governments step in when markets don't work well—for example, to stop monopolies or protect workers. How governments regulate businesses using tools like price controls or performance targets. How policies like privatisation or deregulation aim to make markets more competitive. How governments protect people from unfair treatment by powerful companies. The risks of government intervention, such as making things worse or being influenced by big businesses.	This helps students understand the balance between letting markets work freely and stepping in to protect fairness, competition, and public interest.
Labour Markets	How the demand for workers depends on the demand for goods and services. What influences people's decisions to work in certain jobs (e.g. wages, training, working conditions). How wages are set in different types of job markets. The role of trade unions and large employers in wage negotiations. How government policies like minimum wage affect employment and fairness. How sensitive jobs are to changes in wages and economic conditions.	This helps students understand how jobs are created, why some jobs pay more than others, and how government decisions affect employment and income.
International Economics / Globalisation	What globalisation is and how it affects people, businesses, and governments. Why countries trade with each other and how trade benefits or challenges economies.	This helps students understand how the UK and other countries are connected through trade, how global events affect our economy, and why international

	How exchange rates, trade agreements, and global events affect trade. The role of international organisations like the World Trade Organisation (WTO). Why some countries use protectionist policies (like tariffs) and what impact these have. How we measure a country's competitiveness and what it means for jobs and growth.	cooperation and competition are important.
Poverty and Inequality	The difference between absolute poverty (not having basic needs) and relative poverty (being much poorer than others in your country). How we measure inequality using tools like the Gini coefficient. What causes inequality, such as differences in education, jobs, or inheritance. How inequality affects society—like causing social tension or slowing down economic growth. What governments and international organisations can do to reduce poverty and inequality.	This helps students think about fairness in society, understand the challenges faced by people in poverty, and explore how policies can make a difference.
Emerging and Developing Economies	How we measure a country's development using indicators like life expectancy, education, and income. What helps or holds back a country's development—such as poor infrastructure, lack of education, or reliance on one type of product. Different strategies countries use to grow, like encouraging trade or giving small loans to businesses. How international organisations (like the World Bank) and charities support development. How countries move from farming-based economies to more industrial ones.	This helps students understand why some countries are richer than others, what can be done to reduce global poverty, and how development affects people's lives around the world.
The Financial Sector	What financial markets are and how they help people and businesses save, borrow, and invest money. Why financial markets are important for the economy to grow. What can go wrong in financial markets, such as risky behaviour or lack of information.	This helps students understand how money moves through the economy, how banks and financial systems work, and why strong rules are needed to avoid financial crashes like the one in 2008.

	The role of central banks (like the Bank of England) in keeping the financial system stable. Why governments regulate banks and financial institutions to protect people and prevent crises.	
The Role of the State in the Macro Economy	The different types of government spending (e.g. building infrastructure, paying public sector wages, or providing benefits). How the government uses taxes and spending to influence the economy. The difference between government borrowing and national debt. How governments respond to global economic problems like recessions or inflation. The challenges of regulating large international companies that operate across borders.	This helps students understand how governments make financial decisions that affect everyone—like funding schools and hospitals, setting tax rates, or managing economic crises. It also shows how global events and big businesses can influence national economies.