<table>
<tr><td colspan="3">Autumn Term</td></tr>
<tr><td colspan="3">Unit Title : Macroeconomics : Macroeconomic objectives</td></tr>
<tr><td colspan="3">Construct : Macroeconomics considers the economy as an aggregate. Prudent management of the economy is essential in ensuring that the government's macroeconomic objectives are achieved.</td></tr>
<tr><td>Source of knowledge</td><td colspan="2">Teacher, , specification, textbook, journal and newspaper articles, videos (https://www.youtube.com/playlist?list=PLrMxxM6D1vUGSsrkSlzoZzUGvlrCkg9S7) , business engagement partners, co-curricular events</td></tr>
<tr><td>Knowledge</td><td>
Macroeconomic objectives
In economics, the key macroeconomic objectives are:
1) low and stable inflation;
2) sustainable economic growth;
3) low unemployment; and
4) a favourable balance of trade.
students are expected to have an up-to-date knowledge of the UK's progress towards each of the macroeconomic objectives
Aggregate demand & aggregate supply
In economics, aggregate demand refers to the total spending on goods and services in an economy. Aggregate supply refers to the volume of goods and services produced each year.
students know the aggregate demand (AD) equation: AD = C + I + G + (X – M)
students know the components of AD: consumption expenditure, investment expenditure, government expenditure, and net exports
students know factors which determine aggregate supply (AS), to include reference to a country's factor endowments; i.e. the quantity and quality of its factors of production
students know how to model macroeconomic equilibrium using aggregate demand and aggregate supply diagrams
students know the factors that shift the aggregate demand and aggregate supply curves; i.e. changes in the determinants of AD and AS
students know how shifts of one or both curves can impact the first 3 macroeconomic objectives
Economic growth
Economic growth is the key to higher standards of living. Gross Domestic Product (GDP) measures the size of an economy by its total output, total expenditure, or total income. The benefits of economic growth are not always shared evenly among a country's population.
students know what is meant by economic growth
students know what is meant by GDP per capita
students know how to calculate GDP per capita
</td><td>Students will apply the knowledge by:

Answering explain questions in class as directed by the teacher;

Classwork and homework exercises from textbook questions;

Analysing recent and historic data regarding the macroeconomic objectives;

Drawing and explaining the shape of an aggregate demand curve;
Drawing and explaining shifts of, and movements along, the aggregate demand curve;

Drawing and explaining the shape of an aggregate supply curve;
Drawing and explaining shifts of, and movements along, the aggregate supply curve;</td></tr>
</table>

	students know the determinants of economic growth, including; investment, changes in technology, size of workforce, education and training, availability of natural resources and government policies students know that economic growth effects the economy, the environment, and society students know the costs and benefits of economic growth students know whether the costs/benefits effect the economy, the environment, and/or society • *Unemployment* **A certain level of unemployment (around 4%) is considered necessary in order to keep the labour market fluid and to prevent significant upside wage pressures from building in the labour market. However, unemployment is generally undesirable. Whilst its effects may be similar, there are many different causes of unemployment.** students know what is meant by the terms *employment* and *unemployment* students know how unemployment is measured using the Claimant Count students know how to calculate the unemployment rate students know the types of unemployment, including cyclical, frictional, seasonal and structural unemployment students know the benefits arising from unemployment, including: fluid labour markets, relatively low wages, and competitive firms students know the costs of unemployment for individuals, regions, and the government, including: lower living standards, low self-esteem, excluded workers, taxpayer costs, wasted resources, downward spiral of economic activity, budget deficit, depressed regions • *Fair distribution of income and wealth* **A nation may experience a sustained period of economic growth (rise in GDP); however, the gains from economic growth are rarely shared equally among a nation's residents.** students know the main sources of income, including: wages, rent, interest, and profit students know the main sources of wealth: property, shares, inheritance students know what is meant by the distribution of income students know how to calculate income and wealth students know the effects of differences in income and wealth for an economy students know what is meant by the term *wealth effect*	Drawing, explaining, and modelling macroeconomic equilibrium using aggregate demand and supply diagrams; Calculating economic growth and GDP per capita; Evaluating the costs and benefits of economic growth; Calculating the unemployment rate; Evaluating the causes and consequences of unemployment; Calculating income and wealth; Evaluating the causes of differences in the distribution of income and wealth Multiple choice questions from the textbook and past papers; and David Smith and Financial Times articles and associated questions.
Vocabulary	Macroeconomics: studying the behaviour and performance of the economy as a whole. Focusing on aggregate changes in the economy such as unemployment, economic growth, inflation, and trade. Inflation: a sustained rise in the general price level over time Economic Growth: growth in GDP (value of output) over time Employment: the use of labour in the economy to produce goods and services Unemployment: when workers who are able and willing to work at the current wage rates are unable to find unemployment	

	Claimant Count: the number of people claiming benefits principally for the reason of being unemployed Cyclical Unemployment: unemployment caused by a lack of demand in the economy Frictional Unemployment: unemployment caused by time lags when workers move between jobs Seasonal Unemployment: unemployment caused by a fall in demand during a particular season Structural Unemployment: unemployment caused by the permanent decline of an industry or industries Balance of trade: the total value of net trade in goods and services between one country and the rest of the world Aggregate Demand: the total demand for goods and services in an economy Aggregate Supply: the total supply of goods and services produced within an economy Exports: goods and services sold abroad Imports: goods and services bought from abroad Consumption: the use of goods and services to provide utility or satisfaction Investment: the purchase of machinery/capital goods by firms Government Expenditure: all government expenditure which may be financed by taxes and/or government borrowing Price Level: inflation Real Output: the value of all goods and services produced in an economy Factor Endowments: a country's factors of production Economic Growth: growth in GDP over time GDP per capita: GDP/population = GDP per person Budget Deficit: when government spending is greater than tax revenue Income: the reward for the service provided by a factor of production Wealth: the market value of all the assets owned by a person, group or country at a specific point in time. Wealth is a stock of assets; e.g. money, houses and land, whereas income is a flow over time Wealth Effect: where households are encouraged to consume more goods and services because of an appreciation in the value of their wealth; e.g. an increase in the value of their property
Assessment Focus	OCR MCQs and past paper questions; Questions written for the new specification in light of feedback from the June 2019 exam series; Data analysis – interpretation of charts (up-to-date data from David Smith and Financial Times); and Extended writing – to include AO1 to AO4. Textbook questions and other questions written specifically with regard to current economic policy.

<table>
<tr><td colspan="3">Spring Term</td></tr>
<tr><td colspan="3">Unit Title : Macroeconomics : Macroeconomic policies</td></tr>
<tr><td colspan="3">Construct : Macroeconomics considers the economy as an aggregate. Prudent management of the economy is essential in ensuring that the government's macroeconomic objectives are achieved. The actions of economic agents are monitored and controlled by the government and the central bank using monetary, fiscal, and supply-side policies.</td></tr>
<tr><td>Source of knowledge (e.g. text, textbook, works of music or art etc.)</td><td colspan="2">Teacher, textbook, journal and newspaper articles, videos (https://www.youtube.com/playlist?list=PLrMxxM6D1vUGSsrkSlzoZzUGvlrCkg9S7) , business engagement partners, co-curricular events</td></tr>
<tr><td rowspan="2">Knowledge</td><td>Price stability
In order to promote confidence in the economy and sustain economic growth, governments and/or central banks generally consider an inflation rate of 2% to be an appropriate rate of increase in the price level.

The base rate is most commonly used to control inflation; however, due to its many causes, inflation rate targeting is not an exact science. Contrary to popular belief, deflation is even less desirable than inflation!
students know what is meant by price stability
students know what is meant by inflation
students know the difference between real and nominal values
students know what is meant by the Consumer Price Index (CPI)
students know how to calculate the effect of inflation on prices
students know the causes of inflation and the consequences for consumers, producers, savers and the government</td><td>Students will apply the knowledge by:

Analysing recent and historic data regarding inflation;
Interpreting price level data;
Analysing real and nominal data with regard to earnings and prices;
Explaining which goods are included in the CPI's 'typical basket';
Evaluating the relevance of the typical basket of goods for different demographic groups
Evaluating the causes of inflation and the consequences for consumers, producers, savers, and the government.</td></tr>
<tr><td>Fiscal policy
The Chancellor of the Exchequer and the Treasury Department are responsible for managing the nation's income and expenditure. The levers of fiscal policy are taxation and government expenditure.

Public money is a scarce resource and deciding how it is allocated involves difficult choices and the inevitable associated opportunity costs. More often than not, the government has to borrow money which adds to the nation's national debt.
students know where the government spends its income
students know the sources of government revenue, including direct taxes and indirect taxes
students know what is meant by a balanced government budget, budget surplus and budget deficit
students know what is meant by fiscal policy
students know how fiscal policy can be used to achieve the macroeconomic objectives
students know how to calculate the government's budget position
students know how taxes and government spending can affect markets as well as the overall economy</td><td>Analysing public sector income and expenditure data;

Analysing the impact on the macro economy/the macroeconomic objectives of a budget deficit, budget surplus, and a balanced budget;

Using diagrams to model the impact of different tax systems;

Evaluating the costs, including opportunity cost, and the benefits of fiscal policy on the economy to achieve economic objectives; and

Evaluating economic consequences of measures to redistribute income and</td></tr>
</table>

	students know the costs, including opportunity cost, and the benefits of fiscal policy on the economy to achieve economic objectives students know the economic consequences of measures to redistribute income and wealth, including progressive taxes • *Monetary policy* **The Bank of England is independent of the government. Its key objective is to target an inflation rate of 2% and it uses the levers of monetary policy, primarily the base rate, to achieve this.** **Whilst the Bank's primary focus is inflation, it is not blinkered, and has a close eye on the broader macro economy, such as economic growth and employment. In recent times, the target rate of inflation has rarely been achieved; however, this can usually be explained by short-run pass through events such as oil price shocks or exchange rate movements.** students know what is meant by monetary policy students know how monetary policy can affect growth, employment and price stability students know how monetary policy affects consumer spending, borrowing, saving and investment • *Supply side policies* **The third lever of macroeconomic management. Maintaining the supply side of the economy is essential in ensuring a nation is competitive in the context of a globalised world.** **Supply side policies are often very long-term and can be difficult to enact as political parties seek short-term gains. Current examples include HS2 and the Heathrow airport expansion. Supply side policies are intended to increase the productive capacity/potential of an economy.** students know what is meant by supply side policy students know how supply side policies can be used to achieve economic objectives students know the costs, including opportunity cost, and the benefits of supply side policies for the economy • *Limitations of markets* **Left to its own devices, the free market has a tendency to overproduce goods and services which are bad for us, and under produce goods and services which are good for us. The government, in a paternal role, intervenes in the free market to decrease/increase production and consumption as appropriate. The government does not always get it right; sometimes it exacerbates a problem, and this is known as government failure.** students know what is meant by positive and negative externalities	wealth, including progressive taxes. Analysing base rate data; Modelling the impact of changes in the base rate on the macro economy; and Evaluating the effects of monetary policy on consumer spending, borrowing, saving, and investment. Analysing data regarding supply side policies; Modelling the impact of supply side policies using aggregate demand and supply analysis; and Evaluating the costs, including opportunity cost, and the benefits of supply side policies for the economy. Using current examples by way of context to explain what is meant by positive and negative externalities; Using demand and supply analysis to model the effects of policies which are intended to correct market failure. Policies include taxes, subsidies, state provision, information provision, and legislation. Analysing the extent to which government failure exists; Evaluating the use and impact of government policies to

	students know how government policies are used to correct positive and negative externalities, including taxation and subsidies, state provision, legislation and regulation and information provision students know the impact of government policies to correct positive and negative externalities students know the costs, including opportunity cost, and the benefits of government policies to correct positive and negative externalities	correct positive and negative externalities; and Evaluating the costs, including opportunity cost, and the benefits of government policies to correct positive and negative externalities.
Vocabulary	Price Stability: when the general level of prices stays constant over time Rate of inflation: the percentage rise in the general price level over time Real Terms: taking the effects of inflation into account Nominal Terms: money value – ignoring the effects of inflation Cost of Living: the price level of goods and services bought by the average family Consumer Price Index: an index number which measures inflation from a base year Government Spending: the total amount of money spent by the government in a given period of time Direct Tax: a tax on income or wealth Government Revenue: the source of finance for government spending Indirect Tax: a tax on spending often defined as a tax on goods and services Balanced Budget: when tax revenue is equal to government spending Budget Deficit: when government spending is greater than tax revenue Budget Surplus: when tax revenue is greater than government spending Fiscal Policy: a policy that uses government spending and taxation to affect the whole economy Income and Wealth Redistribution: government action, using mainly taxation and benefits, to reduce inequalities of income and wealth Progressive Tax: a tax which takes a greater percentage of tax the higher the income Monetary Policy: a policy that aims to control the total supply of money in the economy to try to achieve the government's economic objectives, particularly price stability Supply-Side Policy: a policy that increases the productive potential; i.e. the ability of the economy to supply more goods and services Externality: an effect of an economic activity on a third party Negative Externality: harmful effect of an economic activity on third parties, also known as external cost Positive Externality: beneficial effect of an economic activity on third parties, also known as external benefit	

	State Provision: goods and services provided directly by the government Legislation: laws to control the way people and organisations behave Regulation: rules, directives or government orders to control the way people and organisations behave Information Provision: the provides information to encourage people (especially consumers) and organisations to change their behaviour
Assessment Focus	OCR MCQs and past paper questions; Questions written for the new specification in light of feedback from the June 2019 exam series; Data analysis – interpretation of charts (up-to-date data from David Smith and Financial Times); and Extended writing – to include AO1 to AO4. Textbook questions and other questions written specifically with regard to current economic policy.

Summer Term		
Unit Title : Macroeconomics : International trade and exchange rates		
Construct : 'No man is an island'. Similarly, all countries trade with one another, to a greater or lesser extent, dependent upon their comparative advantage. In the same way as firms have to manage their income and expenditure, nations have to manage their money flows generated from international trade. If nations fail to balance the books, they have to borrow from other nations. Consequently, nations are increasingly interdependent, and this process of globalisation, whilst bringing many benefits, also heightens systemic risks.		
Source of knowledge (e.g. text, textbook, works of music or art etc.)	**Teacher, textbook, journal and newspaper articles, videos (https://www.youtube.com/playlist?list=PLrMxxM6D1vUGSsrkSlzoZzUGvlrCkg9S7) , business engagement partners, co-curricular events, Your Money Matters by Martin Lewis**	
Knowledge	• *Importance of international trade* **Not for a generation, has the movement of goods, capital and labour been at the forefront of daily news bulletins. During the 19th century, English political economist, David Ricardo, developed the theory of comparative advantage whereby countries specialise in what they are best at and then engage in trade.** **For the most part, the theory is still as relevant today; however, the extent to which goods, capital and labour can move freely, is increasingly being questioned.** students know why countries import and export goods and services students know the benefits of this for consumers and producers students know what is meant by a free trade agreement; e.g. the European Union • *Balance of payments* **The money flows generated from exports and imports of goods and services are important to a nation's economic growth and financial sustainability.** **Whilst inflows and outflows of money are an obvious accompaniment to exports and imports of goods and services, so too are money flows from investment, and government transfers into accumulated funds, such as the EU budget. The current account measures these money flows in net terms.** students know the components of the current account students know what is meant by a balanced current account, a current account surplus and a current account deficit students know how to calculate deficits and surpluses students know recent and historical data on exports and imports	Students will **apply** the knowledge by: Explaining why countries import and export goods and services. Answers may be in the context of the Nissan plant in Sunderland, London's comparative advantage in financial services, or Newcastle/Gateshead's comparative advantage in online games development; Analysing the UK's position within the European Union; and Analysing the arguments for and against Brexit. Calculating deficits and surpluses on the current account Interpreting charts which identify the value of each component of the current account Analysing recent and historical data on exports and imports Evaluating the importance of the balance of payments on current account to the UK economy' particularly the extent to which a current account deficit is sustainable Evaluating the causes of surpluses and deficits of the

<table>
<tr>
<td></td>
<td>students know the importance of the balance of payments on current account to the UK economy

students know the causes of surpluses and deficits of the balance of payments on current account

• Exchange rates
The exchange rate is fundamental to a nation's international competitiveness. In an increasingly globalised world, currency manipulation by a government or central bank can be a quick fix to restoring or enhancing export competitiveness.

Most nations tend not to intervene in the foreign exchange markets, leaving market forces to determine the exchange rate, and hence the price of exports and imports.
students know how exchange rates are determined through the interaction of supply and demand
students know the factors which shift the demand curve for a currency
students know the factors which shift the supply curve of a currency
students know how to calculate currency conversion
students know the difference between an appreciation and a depreciation of a currency
students know the effect of changes in the exchange rate on consumers and producers

• Globalisation
Globalisation is a process in which national economies have become increasingly integrated and inter-dependent. This has brought many benefits, including the shake-up of established industries and organisations; e.g. Uber, Amazon, and AirBnB.

However, many economic imbalances, such as wealth inequality, still exist, and have been exacerbated by the process of globalisation.
students know the factors driving globalisation
students know how development is measured (Human Development Index), including GDP per capita, life expectancy, access to health care, technology and education
students know the costs and benefits of globalisation to producers, workers and consumers in developed countries, including the impact on economic, social and environmental sustainability
students know the costs and benefits of globalisation to producers, workers and consumers in less developed countries, including the impact on economic, social and environmental sustainability</td>
<td>balance of payments on current account

Using exchange rates data to calculate the price of a typical basket of goods in multiple currencies

Drawing and analysing exchange rate diagrams

Using diagrams to analyse the factors which shift the demand for and supply of a currency

Interpreting charts which highlight exchange rate movements, particularly with regard to exports and imports, and their respective demand

Evaluating the effect of changes in the exchange rate on consumers and producers

Analysing global trade volumes and changing global trade networks

Analysing the benefits of globalisation

Interpreting Human Development Indices

Analysing the financial and economic imbalances caused by globalisation

Evaluating the costs and benefits of globalisation to producers, workers and consumers in developed countries, including the impact on economic, social and environmental sustainability

Evaluating the costs and benefits of globalisation to producers, workers and consumers in less developed</td>
</tr>
</table>

		countries, including the impact on economic, social and environmental sustainability
Vocabulary	Exports: goods and services sold abroad Imports: goods and services bought from abroad International Trade: the exchange of goods and services between countries European Union: an economic and political group of countries in Europe that have free trade with each other Free Trade Agreement: free movement of goods and services between countries, without any restrictions Balance of Payments: the record of all financial transactions between one country and the rest of the world Current Account: the record of trade in goods and services, income flows and transfers between one country and the rest of the world Balance of Payments on the Current Account: the total of net trade in goods and services, income flows and transfers between one country and the rest of the world Balanced Current Account: where the sum of exports plus the inflow of income and transfers is equal to the sum of imports plus the outflow of income and transfers Current Account Deficit: where the sum of exports plus the inflow of income and transfers is less than the sum of imports plus the outflow of income and transfers Current Account Deficit: where the sum of exports plus the inflow of income and transfers is greater than the sum of imports plus the outflow of income and transfers Currency: the system of money used in a country or group of countries Exchange Rate: the price of one currency in terms of another currency Globalisation: the expansion of world trade in goods and services, together with capital flows, leading to greater international interdependence Development: the process of increasing people's standard of living and wellbeing over time Developed Country: a country with high GDP per capita and developed industry and service sectors Less Developed Country: a country with a developing economy that has lower GDP per capita, lower levels of industrialisation and weaker indicators of wellbeing	
Assessment Focus	OCR MCQs and past paper questions; Questions written for the new specification in light of feedback from the June 2019 exam series; Data analysis – interpretation of charts (up-to-date data from David Smith and Financial Times); and Extended writing – to include AO1 to AO4. Textbook questions and other questions written specifically with regard to current economic policy.	