



Syllabus

Cambridge International AS & A Level Economics 9708

Use this syllabus for exams in 2023, 2024 and 2025.

Exams are available in the June and November series.

Exams are also available in the March series in India only.



Why choose Cambridge International?

Cambridge International prepares school students for life, helping them develop an informed curiosity and a lasting passion for learning. We are part of the University of Cambridge.

Our Cambridge Pathway gives students a clear path for educational success from age 5 to 19. Schools can shape the curriculum around how they want students to learn – with a wide range of subjects and flexible ways to offer them. It helps students discover new abilities and a wider world, and gives them the skills they need for life, so they can achieve at school, university and work.

Our programmes and qualifications set the global standard for international education. They are created by subject experts, rooted in academic rigour and reflect the latest educational research. They provide a strong platform for students to progress from one stage to the next, and are well supported by teaching and learning resources.

We review all our syllabuses regularly, so they reflect the latest research evidence and professional teaching practice – and take account of the different national contexts in which they are taught.

We consult with teachers to help us design each syllabus around the needs of their learners. Consulting with leading universities has helped us make sure our syllabuses encourage students to master the key concepts in the subject and develop the skills necessary for success in higher education.

Our mission is to provide educational benefit through provision of international programmes and qualifications for school education and to be the world leader in this field. Together with schools, we develop Cambridge learners who are confident, responsible, reflective, innovative and engaged – equipped for success in the modern world.

Every year, nearly a million Cambridge students from 10 000 schools in 160 countries prepare for their future with the Cambridge Pathway.

'We think the Cambridge curriculum is superb preparation for university.'

Christoph Guttentag, Dean of Undergraduate Admissions, Duke University, USA



Quality management

Cambridge International is committed to providing exceptional quality. In line with this commitment, our quality management system for the provision of international qualifications and education programmes for students aged 5 to 19 is independently certified as meeting the internationally recognised standard, ISO 9001:2015. Learn more at www.cambridgeinternational.org/ISO9001

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Important: Changes to this syllabus

For information about changes to this syllabus for 2023, 2024 and 2025, go to page 39.



1 Why choose this syllabus?

Key benefits

The best motivation for a student is a real passion for the subject they're learning. By offering students a variety of Cambridge International AS & A Levels, you can give them the greatest chance of finding the path of education they most want to follow. With over 50 subjects to choose from, students can select the ones they love and that they're best at, which helps motivate them throughout their studies.

Following a Cambridge International AS & A Level programme helps students develop abilities which universities value highly, including:

- a deep understanding of their subjects
- higher order thinking skills – analysis, critical thinking, problem-solving
- presenting ordered and coherent arguments
- independent learning and research.



Cambridge International AS & A Level Economics provides learners with the skills needed to use economics in work or further study, including how to explain and analyse economic issues and arguments, evaluate economic information, and organise, present and communicate ideas and judgements clearly.

Our approach in Cambridge International AS & A Level Economics encourages learners to be:

confident, in using the terminology, concepts, theories and principles of economics, building a solid foundation in the subject

responsible, by making judgements that weigh up all factors, including the potential impacts of economic decisions on people and on the environment

reflective, through reading widely and critically, making links between the different aspects of the subject and considering the impact of changing conditions, assumptions and uncertainty on economic outcomes

innovative, through the application of economic knowledge and understanding to solving both familiar and unfamiliar problems, using unseen source material drawn from a constantly changing economic world

engaged, by developing economic awareness and an appreciation of the subject's relevance to everyday decision-making by individuals, firms and governments, leading to real-life application, and possible further study.

'Cambridge students develop a deep understanding of subjects and independent thinking skills.'

Principal, Rockledge High School, USA

Key concepts

Key concepts are essential ideas that help students develop a deep understanding of their subject and make links between different aspects. Key concepts may open up new ways of thinking about, understanding or interpreting the important things to be learned.

Good teaching and learning will incorporate and reinforce a subject's key concepts to help students gain:

- a greater depth as well as breadth of subject knowledge
- confidence, especially in applying knowledge and skills in new situations
- the vocabulary to discuss their subject conceptually and show how different aspects link together
- a level of mastery of their subject to help them enter higher education.

The key concepts identified below, carefully introduced and developed, will help to underpin the course you will teach. You may identify additional key concepts which will also enrich teaching and learning.

The key concepts for Cambridge International AS & A Level Economics are:

- **Scarcity and choice**
The fundamental problem in economics is that resources are scarce and wants are unlimited, so there is always a choice required between competing uses for the resources and an opportunity cost in making this choice.
- **The margin and decision-making**
In economic theory, decision-making by consumers, firms and governments is based on choices at the margin – for example firms will produce up to the point where the revenue generated by an extra unit of output is equal to the cost of producing it. However, economic decision-making can be based on facts, theory, effectiveness, priorities/objectives and values/ethical judgements.
- **Equilibrium and disequilibrium**
Individual markets and the economy as a whole are always moving into and out of equilibrium, constantly altering the allocation of resources.
- **Time**
Economic conditions change in different time periods, such as the short run and the long run. Individuals, firms, markets and governments are able to respond to these changes in different ways depending on the time frame. Some economic decisions have a time frame element – trading off a cost in the present for a benefit in the future, for example.
- **Efficiency and inefficiency**
Individual markets and the economy as a whole can be both efficient and inefficient in different ways when using scarce resources.
- **The role of government and the issues of equality and equity**
There is a trade-off between, on one side, freedom for firms and individuals in unregulated markets and, on the other side, greater social equality and equity through government regulation of individuals and markets.
- **Progress and development**
Economics studies how societies can progress in measurable money terms and develop in a wider more normative sense regarding living standards, inclusivity and sustainability.

International recognition and acceptance

Our expertise in curriculum, teaching and learning, and assessment is the basis for the recognition of our programmes and qualifications around the world. Every year thousands of students with Cambridge International AS & A Levels gain places at leading universities worldwide. Our programmes and qualifications are valued by top universities around the world including those in the UK, US (including Ivy League universities), Europe, Australia, Canada and New Zealand.

UK NARIC, the national agency in the UK for the recognition and comparison of international qualifications and skills, has carried out an independent benchmarking study of Cambridge International AS & A Level and found it to be comparable to the standard of AS & A Level in the UK. This means students can be confident that their Cambridge International AS & A Level qualifications are accepted as equivalent, grade for grade, to UK AS & A Levels by leading universities worldwide.

Cambridge International AS Level Economics makes up the first half of the Cambridge International A Level course in economics and provides a foundation for the study of economics at Cambridge International A Level. Depending on local university entrance requirements, students may be able to use it to progress directly to university courses in economics or some other subjects. It is also suitable as part of a course of general education.

Cambridge International A Level Economics provides a foundation for the study of economics or related courses in higher education. Equally it is suitable as part of a course of general education.

For more information about the relationship between the Cambridge International AS Level and Cambridge International A Level see the 'Assessment overview' section of the Syllabus overview.

We recommend learners check the Cambridge recognition database and university websites to find the most up-to-date entry requirements for courses they wish to study.

Learn more at www.cambridgeinternational.org/recognition

'The depth of knowledge displayed by the best A Level students makes them prime targets for America's Ivy League universities.'

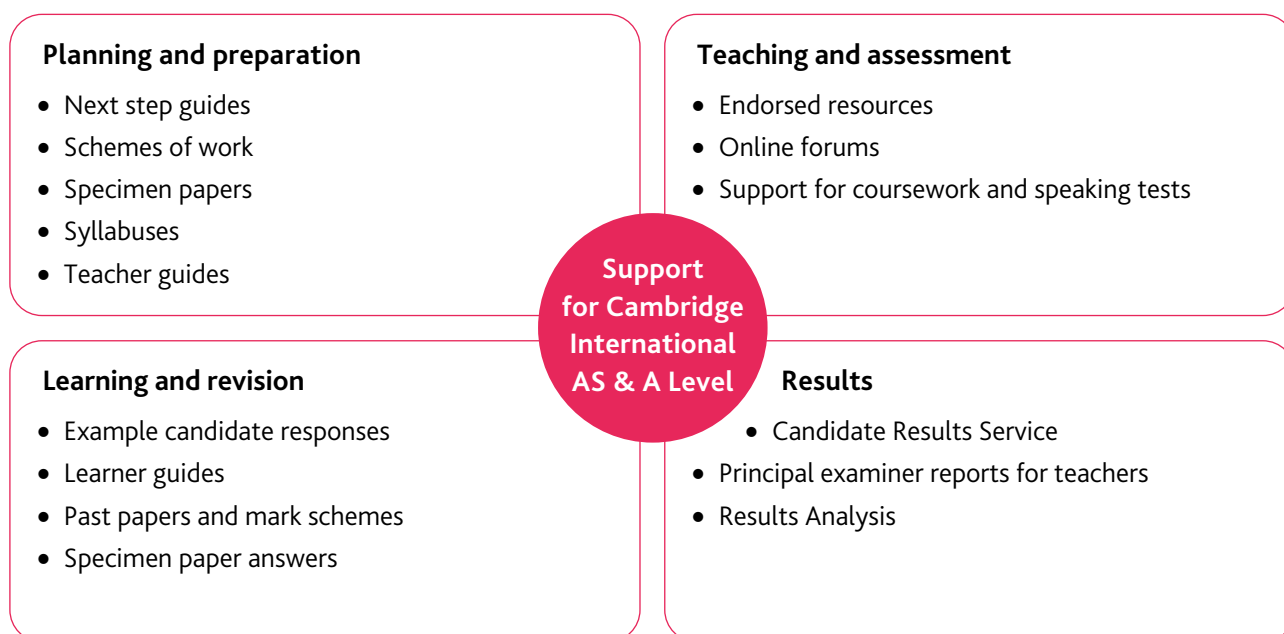
Yale University, USA

Supporting teachers

We provide a wide range of resources, detailed guidance and innovative training and professional development so that you can give your students the best possible preparation for Cambridge International AS & A Level. To find out which resources are available for each syllabus go to our School Support Hub.

The School Support Hub is our secure online site for Cambridge teachers where you can find the resources you need to deliver our programmes. You can also keep up to date with your subject and the global Cambridge community through our online discussion forums.

Find out more at www.cambridgeinternational.org/support



Sign up for email notifications about changes to syllabuses, including new and revised products and services at www.cambridgeinternational.org/syllabusupdates

Professional development

We support teachers through:

- Introductory Training – face-to-face or online
- Extension Training – face-to-face or online
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Supporting exams officers

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2 Syllabus overview

Aims

The aims describe the purposes of a course based on this syllabus.

The aims are to enable students to:

- know and understand the terminology, concepts, theories and principles of economics
- express ideas in writing and using statistics and diagrams, or other methods, where appropriate
- develop the habit of using works of reference as sources of information specific to economics
- read critically to gain information about the changes in the wider economic and social environment
- appreciate the methods of study that economists use, and the most effective ways economic information may be analysed, correlated, discussed, evaluated and presented
- develop an interest in and enthusiasm for economics that could lead to further study.

Cambridge Assessment International Education is an education organisation and politically neutral. The contents of this syllabus, examination papers and associated materials do not endorse any political view. We endeavour to treat all aspects of the exam process neutrally.



Content overview

Cambridge International AS Level students study topics 1.1–6.5.

Cambridge International A Level students study all topics 1.1–11.6.

	AS Level topics	A Level topics
Basic economic ideas and resource allocation	1.1 Scarcity, choice and opportunity cost 1.2 Economic methodology 1.3 Factors of production 1.4 Resource allocation in different economic systems 1.5 Production possibility curves 1.6 Classification of goods and services	
The price system and the microeconomy	2.1 Demand and supply curves 2.2 Price elasticity, income elasticity and cross elasticity of demand 2.3 Price elasticity of supply 2.4 The interaction of demand and supply 2.5 Consumer and producer surplus	7.1 Utility 7.2 Indifference curves and budget lines 7.3 Efficiency and market failure 7.4 Private costs and benefits, externalities and social costs and benefits 7.5 Types of cost, revenue and profit, short-run and long-run production 7.6 Different market structures 7.7 Growth and survival of firms 7.8 Differing objectives and policies of firms
Government microeconomic intervention	3.1 Reasons for government intervention in markets 3.2 Methods and effects of government intervention in markets 3.3 Addressing income and wealth inequality	8.1 Government policies to achieve efficient resource allocation and correct market failure 8.2 Equity and redistribution of income and wealth 8.3 Labour market forces and government intervention
The macroeconomy	4.1 National income statistics 4.2 Introduction to the circular flow of income 4.3 Aggregate Demand and Aggregate Supply analysis 4.4 Economic growth 4.5 Unemployment 4.6 Price stability	9.1 The circular flow of income 9.2 Economic growth and sustainability 9.3 Employment/unemployment 9.4 Money and banking

	AS Level topics	A Level topics
Government macroeconomic intervention	5.1 Government macroeconomic policy objectives 5.2 Fiscal policy 5.3 Monetary policy 5.4 Supply-side policy	10.1 Government macroeconomic policy objectives 10.2 Links between macroeconomic problems and their interrelatedness 10.3 Effectiveness of policy options to meet all macroeconomic objectives
International economic issues	6.1 The reasons for international trade 6.2 Protectionism 6.3 Current account of the balance of payments 6.4 Exchange rates 6.5 Policies to correct imbalances in the current account of the balance of payments	11.1 Policies to correct disequilibrium in the balance of payments 11.2 Exchange rates 11.3 Economic development 11.4 Characteristics of countries at different levels of development 11.5 Relationship between countries at different levels of development 11.6 Globalisation

'Cambridge International AS & A Levels prepare students well for university because they've learnt to go into a subject in considerable depth. There's that ability to really understand the depth and richness and the detail of a subject. It's a wonderful preparation for what they are going to face at university.'

US Higher Education Advisory Council

Assessment overview

Paper 1

AS Level Multiple Choice 1 hour
 30 marks
 30 multiple-choice questions
 Questions are based on the AS Level subject content.
 Externally assessed
 33% of the AS Level
 17% of the A Level

Paper 3

A Level Multiple Choice 1 hour 15 minutes
 30 marks
 30 multiple-choice questions
 Questions are based on the A Level subject content; knowledge of material from the AS Level subject content is assumed.
 Externally assessed
 17% of the A Level

Paper 2

AS Level Data Response and Essays 2 hours
 60 marks
 Section A: one data response question (20 marks)
 Section B: one essay from a choice of two focusing mainly on microeconomics; there are two parts to each essay question (20 marks)
 Section C: one essay from a choice of two focusing mainly on macroeconomics; there are two parts to each essay question (20 marks)
 Questions are based on the AS Level subject content.
 Externally assessed
 67% of the AS Level
 33% of the A Level

Paper 4

A Level Data Response and Essays 2 hours
 60 marks
 Section A: one data response question (20 marks)
 Section B: one essay from a choice of two focusing mainly on microeconomics; the essay questions are unstructured with no parts (20 marks)
 Section C: one essay from a choice of two focusing mainly on macroeconomics; the essay questions are unstructured with no parts (20 marks)
 Questions are based on the A Level subject content; knowledge of material from the AS Level subject content is assumed.
 Externally assessed
 33% of the A Level

Information on availability is in the **Before you start** section.

There are three routes for Cambridge International AS & A Level Economics:

Route	Paper 1	Paper 2	Paper 3	Paper 4
1 AS Level only (Candidates take all AS components in the same exam series)	✓	✓		
2 A Level (staged over two years) Year 1 AS Level*	✓	✓		
Year 2 Complete the A Level			✓	✓
3 A Level (Candidates take all components in the same exam series)	✓	✓	✓	✓

* Candidates carry forward their AS Level result subject to the rules and time limits described in the *Cambridge Handbook*.

Candidates following an AS Level route are eligible for grades a–e. Candidates following an A Level route are eligible for grades A*–E.

Assessment objectives

The assessment objectives (AOs) are:

AO1 Knowledge and understanding

- Show knowledge of syllabus content, recalling facts, formulae and definitions.
- Demonstrate understanding of syllabus content, giving appropriate explanations and examples.
- Apply knowledge and understanding to economic information using written, numerical and diagrammatic forms.

AO2 Analysis

- Examine economic issues and relationships, using relevant economic concepts, theories and information.
- Select, interpret and organise economic information in written, numerical and diagrammatic form.
- Use economic information to recognise patterns, relationships, causes and effects.
- Explain the impacts and consequences of changes in economic variables.

AO3 Evaluation

- Recognise assumptions and limitations of economic information and models.
- Assess economic information and the strengths and weaknesses of arguments.
- Recognise that some economic decisions involve consideration of factors such as priorities and value judgements.
- Communicate reasoned judgements, conclusions and decisions, based on the arguments.

Weighting for assessment objectives

The approximate weightings allocated to each of the assessment objectives (AOs) are summarised below.

Assessment objectives as a percentage of each qualification

Assessment objective	Weighting in AS Level %	Weighting in A Level %
AO1 Knowledge and understanding	35	35
AO2 Analysis	40	40
AO3 Evaluation	25	25
Total	100	100

Assessment objectives as a percentage of each component

Assessment objective	Weighting in components %			
	Paper 1	Paper 2	Paper 3	Paper 4
AO1 Knowledge and understanding	47	33	47	33
AO2 Analysis	40	37	40	37
AO3 Evaluation	13	30	13	30
Total	100	100	100	100

3 Subject content

This syllabus gives you the flexibility to design a course that will interest, challenge and engage your learners. Where appropriate you are responsible for selecting subject contexts, resources and examples to support your learners' study. These should be appropriate for the learners' age, cultural background and learning context as well as complying with your school policies and local legal requirements.

Cambridge International AS Level candidates study topics 1.1–6.5.

Cambridge International A Level candidates study all topics 1.1–11.6.

The AS Level content is assumed knowledge for A Level Paper 3 and Paper 4.

Each topic description includes the key concepts important to teaching and learning in that topic.

AS Level content

1 Basic economic ideas and resource allocation (AS Level)

Candidates will explore the fundamental problem that underpins economics and a model highlighting some of the main issues that arise from this problem. They will examine the factors of production, their rewards and the advantages and disadvantages of specialisation in the use of resources. Candidates will assess the different economic systems that are used to allocate scarce resources, considering the strengths and weaknesses of these systems, and they will be introduced to some of the terms and methodology used by economists. The key concepts that are the main focus for this topic are: scarcity and choice; the margin and decision-making; time.

1.1 Scarcity, choice and opportunity cost

- 1.1.1 fundamental economic problem of scarcity
- 1.1.2 need to make choices at all levels (individuals, firms, governments)
- 1.1.3 nature and definition of opportunity cost, arising from choices
- 1.1.4 basic questions of resource allocation:
 - what to produce
 - how to produce
 - for whom to produce

1.2 Economic methodology

- 1.2.1 economics as a social science
- 1.2.2 positive and normative statements (the distinction between facts and value judgements)
- 1.2.3 meaning of the term *ceteris paribus*
- 1.2.4 importance of the time period (short run, long run, very long run)

1.3 Factors of production

- 1.3.1 nature and definition of factors of production: land, labour, capital and enterprise
- 1.3.2 difference between human capital and physical capital
- 1.3.3 rewards to the factors of production
- 1.3.4 division of labour and specialisation
- 1.3.5 role of the entrepreneur in contemporary economies: risk and organisation of the other factors of production

1 Basic economic ideas and resource allocation (AS Level) continued

1.4 Resource allocation in different economic systems

- 1.4.1 decision-making in market, planned and mixed economies
- 1.4.2 resource allocation in these economic systems

1.5 Production possibility curves

- 1.5.1 nature and meaning of a production possibility curve (PPC)
- 1.5.2 shape of the PPC: constant and increasing opportunity costs
- 1.5.3 causes and consequences of shifts in a PPC
- 1.5.4 significance of a position within a PPC

1.6 Classification of goods and services

- 1.6.1 nature and definition of free goods and private goods (economic goods)
- 1.6.2 nature and definition of public goods
- 1.6.3 nature and definition of merit goods: under-consumption as a result of imperfect information in the market
- 1.6.4 nature and definition of demerit goods: over-consumption as a result of imperfect information in the market

2 The price system and the microeconomy (AS Level)

Candidates will examine how markets and the price mechanism determine the allocation of resources, with particular emphasis on these key concepts: scarcity and choice; equilibrium and disequilibrium. The importance of elasticity within the market will be analysed drawing on the key concept of time. Candidates should use the model of demand and supply to analyse markets for a range of commodities, for example primary products, foodstuffs, transport and foreign currency. Candidates will also consider the significance of consumer surplus and producer surplus, which are of relevance to the key concept of efficiency and inefficiency.

2.1 Demand and supply curves

- 2.1.1 effective demand
- 2.1.2 individual and market demand and supply
- 2.1.3 determinants of demand
- 2.1.4 determinants of supply
- 2.1.5 causes of a shift in the demand curve (D)
- 2.1.6 causes of a shift in the supply curve (S)
- 2.1.7 distinction between the shift in the demand or supply curve and the movement along these curves

2 The price system and the microeconomy (AS Level) continued

2.2 Price elasticity, income elasticity and cross elasticity of demand

- 2.2.1 definition of price elasticity, income elasticity and cross elasticity of demand (PED, YED, XED)
- 2.2.2 formulae for and calculation of price elasticity, income elasticity and cross elasticity of demand
- 2.2.3 significance of relative percentage changes, the size and sign of the coefficient of:
 - price elasticity of demand
 - income elasticity of demand
 - cross elasticity of demand
- 2.2.4 descriptions of elasticity values: perfectly elastic, (highly) elastic, unitary elasticity, (highly) inelastic, perfectly inelastic
- 2.2.5 variation in price elasticity of demand along the length of a straight-line demand curve
- 2.2.6 factors affecting:
 - price elasticity of demand
 - income elasticity of demand
 - cross elasticity of demand
- 2.2.7 relationship between price elasticity of demand and total expenditure on a product
- 2.2.8 implications for decision-making of price elasticity, income elasticity and cross elasticity of demand

2.3 Price elasticity of supply

- 2.3.1 definition of price elasticity of supply (PES)
- 2.3.2 formula for and calculation of price elasticity of supply
- 2.3.3 significance of relative percentage changes, the size and sign of the coefficient of price elasticity of supply
- 2.3.4 factors affecting price elasticity of supply
- 2.3.5 implications for speed and ease with which firms react to changed market conditions

2.4 The interaction of demand and supply

- 2.4.1 definition of market equilibrium and disequilibrium
- 2.4.2 effects of shifts in demand and supply curves on equilibrium price and quantity
- 2.4.3 relationships between different markets:
 - joint demand (complements)
 - alternative demand (substitutes)
 - derived demand
 - joint supply
- 2.4.4 functions of price in resource allocation; rationing, signalling (transmission of preferences) and incentivising

2 The price system and the microeconomy (AS Level) continued

2.5 Consumer and producer surplus

- 2.5.1 meaning and significance of consumer surplus
- 2.5.2 meaning and significance of producer surplus
- 2.5.3 causes of changes in consumer and producer surplus
- 2.5.4 significance of price elasticity of demand and of supply in determining the extent of these changes

3 Government microeconomic intervention (AS Level)

Candidates will explore the reasons for government intervention in individual markets, the methods of intervention deployed, the advantages and disadvantages of the methods and their effectiveness. Candidates will also consider why market economies create income and wealth inequality, and will evaluate the strengths and weaknesses of policies designed to redistribute income and wealth. The key concepts that support these topics are: the margin and decision-making; efficiency and inefficiency; the role of government and the issues of equality and equity.

3.1 Reasons for government intervention in markets

- 3.1.1 addressing the non-provision of public goods
- 3.1.2 addressing the over-consumption of demerit goods and the under-consumption of merit goods
- 3.1.3 controlling prices in markets

3.2 Methods and effects of government intervention in markets

- 3.2.1 impact and incidence of specific indirect taxes
- 3.2.2 impact and incidence of subsidies
- 3.2.3 direct provision of goods and services
- 3.2.4 maximum and minimum prices
- 3.2.5 buffer stock schemes
- 3.2.6 provision of information

3.3 Addressing income and wealth inequality

- 3.3.1 difference between income as a flow concept and wealth as a stock concept
- 3.3.2 measuring income and wealth inequality:
 - Gini coefficient (calculation not required)
- 3.3.3 economic reasons for inequality of income and wealth
- 3.3.4 policies to redistribute income and wealth:
 - minimum wage
 - transfer payments
 - progressive income taxes, inheritance and capital taxes
 - state provision of essential goods and services

4 The macroeconomy (AS Level)

Candidates will consider national income as the most important measurement of macroeconomic performance and analyse its determination by the two main macroeconomic models: the circular flow of income, and Aggregate Demand and Aggregate Supply (AD/AS). The key concepts central to this work are: equilibrium and disequilibrium; time. Candidates will examine the measurement, causes and consequences of three key indicators of a country's macroeconomic performance: economic growth, unemployment and price stability. These key concepts will provide useful contexts here: progress and development; equilibrium and disequilibrium.

4.1 National income statistics

4.1.1 meaning of national income

4.1.2 measurement of national income:

- Gross Domestic Product (GDP)
- Gross National Income (GNI)
- Net National Income (NNI)

4.1.3 adjustment of measures from market prices to basic prices

4.1.4 adjustment of measures from gross values to net values

4.2 Introduction to the circular flow of income

4.2.1 circular flow of income in a closed economy and an open economy: the flow of income between households, firms and government and the international economy

4.2.2 injections and leakages (multiplier not required)

4.2.3 equilibrium and disequilibrium (marginal and average propensities not required)

4.3 Aggregate Demand and Aggregate Supply analysis

4.3.1 definition of Aggregate Demand (AD)

4.3.2 components of AD and their meanings: $AD = C + I + G + (X - M)$

4.3.3 determinants of AD (detailed knowledge of the components of AD is not required)

4.3.4 shape of the AD curve (downward sloping)

4.3.5 causes of a shift in the AD curve

4.3.6 definition of Aggregate Supply (AS)

4.3.7 determinants of AS

4.3.8 shape of the AS curve in the short run (SRAS, upward sloping line or sweeping curve) and the long run (LRAS, either a vertical line or in three sections – highly elastic, upward sloping, vertical)

4.3.9 causes of a shift in the AS curve in the short run (SRAS) and in the long run (LRAS)

4.3.10 distinction between a movement along and a shift in AD and AS

4.3.11 establishment of equilibrium in the AD/AS model and the determination of the level of real output, the price level and employment

4.3.12 effects of shifts in the AD curve and the AS curve on the level of real output, the price level and employment

4 The macroeconomy (AS Level) continued

4.4 Economic growth

- 4.4.1 meaning of economic growth
- 4.4.2 measurement of economic growth
- 4.4.3 distinction between growth in nominal GDP and real GDP
- 4.4.4 causes of economic growth
- 4.4.5 consequences of economic growth

4.5 Unemployment

- 4.5.1 meaning of unemployment
- 4.5.2 measures of unemployment, with reference to possible difficulties in measurement
- 4.5.3 causes and types of unemployment: frictional, structural, cyclical, seasonal and technological
- 4.5.4 consequences of unemployment

4.6 Price stability

- 4.6.1 definition of inflation, deflation and disinflation
- 4.6.2 measurement of changes in the price level:
 - consumer price index (CPI)
 - possible difficulties in measurement
- 4.6.3 distinction between money values (nominal) and real data
- 4.6.4 causes of inflation: cost-push and demand-pull inflation
- 4.6.5 consequences of inflation

5 Government macroeconomic intervention (AS Level)

Candidates will investigate government macroeconomic policy objectives and the three main types of policy available with which to meet these objectives: fiscal, monetary and supply-side policy. Candidates will consider what constitutes expansionary policy and contractionary policy and when it is appropriate to use each policy. They will also analyse the impact of each policy on the main macroeconomic performance indicators. The key concepts used here will be: the margin and decision-making; time; equilibrium and disequilibrium; progress and development.

5.1 Government macroeconomic policy objectives

- 5.1.1 use of government policy to achieve macroeconomic objectives: price stability, low unemployment, economic growth (policy conflicts and trade-offs are not required)

5 Government macroeconomic intervention (AS Level) continued

5.2 Fiscal policy

- 5.2.1 meaning of government budget
- 5.2.2 distinction between a government budget deficit and a government budget surplus
- 5.2.3 meaning and significance of the national debt
- 5.2.4 taxation:
 - types of taxes: direct/indirect, progressive/regressive/proportional
 - rates of tax: marginal and average rates of taxation (mrt, art)
 - reasons for taxation
- 5.2.5 government spending:
 - types of spending: capital (investment) and current
 - reasons for government spending
- 5.2.6 distinction between expansionary and contractionary fiscal policy
- 5.2.7 AD/AS analysis of the impact of expansionary and contractionary fiscal policy on the equilibrium level of national income and the level of real output, the price level and employment

5.3 Monetary policy

- 5.3.1 definition of monetary policy
- 5.3.2 tools of monetary policy: interest rates, money supply and credit regulations
- 5.3.3 distinction between expansionary and contractionary monetary policy
- 5.3.4 AD/AS analysis of the impact of expansionary and contractionary monetary policy on the equilibrium national income and the level of real output, the price level and employment

5.4 Supply-side policy

- 5.4.1 meaning of supply-side policy, in terms of its effect on LRAS curves
- 5.4.2 objectives of supply-side policy: increasing productivity and productive capacity
- 5.4.3 tools of supply-side policy, for example training, infrastructure development, support for technological improvement
- 5.4.4 AD/AS analysis of the impact of supply-side policy on the equilibrium national income and the level of real output, the price level and employment

6 International economic issues (AS Level)

Candidates will explore the theory of international trade between countries and its implications for an economy. They will assess the case for free trade, the reasons for protectionism and the advantages and disadvantages of different protectionist measures. This will draw on these key concepts: the margin and decision-making; progress and development. Candidates will consider the current account of the balance of payments as a means of recording a country's trading performance. They will analyse the roles of a floating exchange rate and the current account of the balance of payments within the economy's macroeconomic performance. This will draw on these key concepts: equilibrium and disequilibrium; time.

6.1 The reasons for international trade

- 6.1.1 distinction between absolute and comparative advantage
- 6.1.2 benefits of specialisation and free trade (trade liberalisation), including the trading possibility curve
- 6.1.3 exports, imports and the terms of trade:
 - measurement of the terms of trade
 - causes of changes in the terms of trade
 - impact of changes in the terms of trade
- 6.1.4 limitations of the theories of absolute and comparative advantage

6.2 Protectionism

- 6.2.1 meaning of protectionism in the context of international trade
- 6.2.2 different tools of protection and their impact:
 - tariffs
 - import quotas
 - export subsidies
 - embargoes
 - excessive administrative burdens ('red tape')
- 6.2.3 arguments for and against protectionism

6.3 Current account of the balance of payments

- 6.3.1 components of the current account of the balance of payments:
 - current account: trade in goods, trade in services, primary income and secondary income
 - definition of balance and imbalances (deficit and surplus) in the current account of the balance of payments
- 6.3.2 calculation of:
 - balance of trade in goods
 - balance of trade in services
 - balance of trade in goods and services
 - current account balance (CAB)
- 6.3.3 causes of imbalances in the current account of the balance of payments
- 6.3.4 consequences of imbalances in the current account of the balance of payments for the domestic and external economy

6 International economic issues (AS Level) continued

6.4 Exchange rates

- 6.4.1 definition of exchange rate
- 6.4.2 determination of a floating exchange rate
- 6.4.3 distinction between depreciation and appreciation of a floating exchange rate
- 6.4.4 causes of changes in a floating exchange rate: demand and supply of the currency
- 6.4.5 AD/AS analysis of the impact of exchange rate changes on the domestic economy's equilibrium national income and the level of real output, the price level and employment

6.5 Policies to correct imbalances in the current account of the balance of payments

- 6.5.1 government policy objective of stability of the current account
- 6.5.2 effect of fiscal, monetary, supply-side and protectionist policies on the current account

A Level content

7 The price system and the microeconomy (A Level)

Candidates will examine the motivation and behaviour of individual consumers and firms in markets to gain a more detailed understanding of market forces and the price mechanism. They will consider the efficiency of markets and their participants, and the market failures that can arise from their activities. Both perfectly competitive and imperfect market structures will be analysed and appraised. This work will draw on these key concepts: scarcity and choice; the margin and decision-making; equilibrium and disequilibrium; efficiency and inefficiency; time.

7.1 Utility

- 7.1.1 definition and calculation of total utility and marginal utility
- 7.1.2 diminishing marginal utility
- 7.1.3 equi-marginal principle
- 7.1.4 derivation of an individual demand curve
- 7.1.5 limitations of marginal utility theory and its assumptions of rational behaviour

7.2 Indifference curves and budget lines

- 7.2.1 meaning of an indifference curve and a budget line
- 7.2.2 causes of a shift in the budget line
- 7.2.3 income, substitution and price effects for normal, inferior and Giffen goods
- 7.2.4 limitations of the model of indifference curves

7.3 Efficiency and market failure

- 7.3.1 definitions of productive efficiency and allocative efficiency
- 7.3.2 conditions for productive efficiency and allocative efficiency
- 7.3.3 Pareto optimality
- 7.3.4 definition of dynamic efficiency
- 7.3.5 definition of market failure
- 7.3.6 reasons for market failure

7.4 Private costs and benefits, externalities and social costs and benefits

- 7.4.1 definition and calculation of social costs (SC) as the sum of private costs (PC) and external costs (EC), including marginal social costs (MSC), marginal private costs (MPC) and marginal external costs (MEC)
- 7.4.2 definition and calculation of social benefits (SB) as the sum of private benefits (PB) and external benefits (EB), including marginal social benefits (MSB), marginal private benefits (MPB) and marginal external benefits (MEB)
- 7.4.3 definition of positive externality and negative externality
- 7.4.4 positive and negative externalities of both consumption and production
- 7.4.5 deadweight welfare losses arising from positive and negative externalities
- 7.4.6 asymmetric information and moral hazard
- 7.4.7 use of costs and benefits in analysing decisions (knowledge of net present value is not required)

7 The price system and the microeconomy (A Level) continued

7.5 Types of cost, revenue and profit, short-run and long-run production

7.5.1 short-run production function:

- fixed and variable factors of production
- definition and calculation of total product, average product and marginal product
- law of diminishing returns (law of variable proportions)

7.5.2 short-run cost function:

- definition and calculation of fixed costs (FC) and variable costs (VC)
- definition and calculation of total, average and marginal costs (TC, AC, MC), including average total cost (ATC), total and average fixed costs (TFC, AFC) and total and average variable costs (TVC, AVC)
- explanation of shape of short-run average cost and marginal cost curves

7.5.3 long-run production function:

- no fixed factors of production
- returns to scale

7.5.4 long-run cost function:

- explanation of shape of long-run average cost curve
- concept of minimum efficient scale

7.5.5 relationship between economies of scale and decreasing average costs

7.5.6 internal and external economies of scale

7.5.7 internal and external diseconomies of scale

7.5.8 definition and calculation of revenue: total, average and marginal revenue (TR, AR, MR)

7.5.9 definition of normal, subnormal and supernormal profit

7.5.10 calculation of supernormal and subnormal profit

7.6 Different market structures

7.6.1 perfect competition and imperfect competition: monopoly, monopolistic competition, oligopoly, natural monopoly

7.6.2 structure of the listed markets as explained by number of buyers and sellers, product differentiation, degree of freedom of entry and availability of information

7.6.3 barriers to entry and exit:

- legal barriers
- market barriers
- cost barriers
- physical barriers

7 The price system and the microeconomy (A Level) continued

7.6 Different market structures continued

7.6.4 performance of firms in different market structures:

- revenues and revenue curves
- output in the short run and the long run
- profits in the short run and the long run
- shutdown price in the short run and the long run
- derivation of a firm's supply curve in a perfectly competitive market
- efficiency and X-inefficiency in the short run and the long run
- contestable markets: features and implications
- price competition and non-price competition
- collusion and the Prisoner's Dilemma in oligopolistic markets, including a two-player pay-off matrix

7.6.5 definition and calculation of the concentration ratio

7.7 Growth and survival of firms

7.7.1 reasons for different sizes of firms

7.7.2 internal growth of firms: organic growth and diversification

7.7.3 external growth of firms – integration (mergers and takeovers):

- methods of integration:
 - horizontal
 - vertical (forwards and backwards)
 - conglomerate
- reasons for integration
- consequences of integration

7.7.4 cartels:

- conditions for an effective cartel
- consequences of a cartel

7.7.5 principal–agent problem arising from differing objectives of shareholders/owners and managers

7 The price system and the microeconomy (A Level) continued

7.8 Differing objectives and policies of firms

7.8.1 traditional profit-maximising objective of firms

7.8.2 an understanding of other objectives of firms:

- survival
- profit satisficing
- sales maximisation
- revenue maximisation

7.8.3 price discrimination – first, second and third degree:

- conditions for effective price discrimination
- consequences of price discrimination

7.8.4 other pricing policies:

- limit pricing
- predatory pricing
- price leadership

7.8.5 relationship between price elasticity of demand and a firm's revenue:

- in a normal downward sloping demand curve
- in a kinked demand curve

8 Government microeconomic intervention (A Level)

Candidates will evaluate the various policy options available to government to tackle different forms of market failure, considering the advantages and disadvantages of the policies and how they improve the efficiency of resource allocation. They will also consider government failure and its causes and implications for economic efficiency. Candidates will develop a deeper understanding of income and wealth distribution by exploring equality, equity and efficiency and aspects of poverty. This will lead candidates to examine the operation of labour markets under both perfectly competitive and imperfect conditions and how government intervention can affect labour markets. The key concepts that underpin much of this work are: the margin and decision-making; equilibrium and disequilibrium; efficiency and inefficiency; time; the role of government and the issues of equality and equity.

8.1 Government policies to achieve efficient resource allocation and correct market failure

8.1.1 application and effectiveness of measures to tackle different forms of market failure:

- specific and *ad valorem* indirect taxes
- subsidies
- price controls
- production quotas
- prohibitions and licences
- regulation and deregulation
- direct provision
- pollution permits
- property rights
- nationalisation and privatisation
- provision of information
- behavioural insights and 'nudge' theory

8 The price system and the microeconomy (A Level) continued

8.1 Government policies to achieve efficient resource allocation and correct market failure continued

8.1.2 government failure in microeconomic intervention:

- definition of government failure
- causes of government failure
- consequences of government failure

8.2 Equity and redistribution of income and wealth

8.2.1 difference between equity and equality

8.2.2 difference between equity and efficiency

8.2.3 distinction between absolute poverty and relative poverty

8.2.4 the poverty trap

8.2.5 policies towards equity and equality, for example:

- negative income tax
- universal benefits and means-tested benefits
- universal basic income

8.3 Labour market forces and government intervention

8.3.1 demand for labour as a derived demand

8.3.2 factors affecting demand for labour in a firm or an occupation

8.3.3 causes of shifts in and movement along the demand curve for labour in a firm or an occupation

8.3.4 marginal revenue product (MRP) theory:

- definition and calculation of marginal revenue product
- derivation of an individual firm's demand for labour using marginal revenue product

8.3.5 factors affecting the supply of labour to a firm or to an occupation:

- wage and non-wage factors

8.3.6 causes of shifts in and movement along the supply curve of labour to a firm or an occupation

8.3.7 wage determination in perfect markets:

- equilibrium wage rate and employment in a labour market

8.3.8 wage determination in imperfect markets:

- influence of trade unions on wage determination and employment in a labour market
- influence of government on wage determination and employment in a labour market using a national minimum wage
- influence of monopsony employers on wage determination and employment in a labour market

8.3.9 determination of wage differentials by labour market forces

8.3.10 transfer earnings and economic rent:

- definition of transfer earnings
- definition of economic rent
- factors affecting transfer earnings and economic rent in an occupation

9 The macroeconomy (A Level)

Candidates will develop a more detailed appreciation of the workings of the macroeconomy by studying the determinants of Aggregate Demand, the multiplier process and the role of money and banking. The cyclical nature of economic performance will be examined along with its implications for the main macroeconomic performance indicators: economic growth, low unemployment, price stability and balance of payments stability. Consideration will also be given to the sustainability and inclusivity of economic growth. Key concepts that are fundamental to these issues are: the margin and decision-making; time; equilibrium and disequilibrium; progress and development.

9.1 The circular flow of income

9.1.1 the multiplier process:

- definition of the multiplier
- formulae for and calculation of multiplier in a closed and open economy, with and without a government sector
- calculation of:
 - average and marginal propensities to save (aps and mps)
 - average and marginal propensities to consume (apc and mpc)
 - average and marginal propensities to import (apm and mpm)
 - average and marginal rates of tax (art and mrt)
- national income determination using AD and income approach with the multiplier process
- calculation of effect of changing AD on national income using the multiplier

9.1.2 components of Aggregate Demand (AD) and their determinants:

- consumption function: autonomous and induced consumer expenditure
- savings function: autonomous and induced savings
- autonomous and induced investment; the accelerator
- government spending
- net exports (exports minus imports)

9.1.3 full employment level of national income and equilibrium level of national income:

- inflationary and deflationary gaps

9.2 Economic growth and sustainability

9.2.1 actual growth versus potential growth in national output

9.2.2 positive and negative output gaps

9.2.3 business (trade) cycle:

- phases of the cycle
- causes of the cycle
- role of automatic stabilisers

9.2.4 policies to promote economic growth and their effectiveness

9 The macroeconomy (A Level) continued

9.2 Economic growth and sustainability continued

9.2.5 inclusive economic growth:

- definition of inclusive economic growth
- impact of economic growth on equity and equality
- policies to promote inclusive growth

9.2.6 sustainable economic growth:

- definition of sustainable economic growth
- using and conserving resources
- impact of economic growth on the environment and climate change
- policies to mitigate the impact of economic growth on the environment and climate change

9.3 Employment/unemployment

9.3.1 definition of full employment

9.3.2 equilibrium and disequilibrium unemployment (including hysteresis)

9.3.3 voluntary and involuntary unemployment

9.3.4 natural rate of unemployment:

- definition
- determinants
- policy implications

9.3.5 patterns and trends in (un)employment

9.3.6 mobility of labour:

- forms of labour mobility: geographical and occupational
- factors affecting labour mobility

9.3.7 policies to reduce unemployment and their effectiveness

9.4 Money and banking

9.4.1 definition, functions and characteristics of money

9.4.2 definition of money supply

9.4.3 quantity theory of money ($MV = PT$)

9.4.4 functions of commercial banks:

- providing deposit accounts (demand deposit account, savings account)
- lending money (overdrafts, loans)
- holding or providing cash, securities, loans, deposits, equity
- reserve ratio and capital ratio
- objectives of commercial banks: liquidity, security, profitability

9 The macroeconomy (A Level) continued

9.4 Money and banking continued

9.4.5 causes of changes in the money supply in an open economy:

- commercial banks as sources of credit creation and the bank credit multiplier
- role of a central bank
- government deficit financing
- quantitative easing
- changes in the balance of payments

9.4.6 policies to reduce inflation and their effectiveness

9.4.7 demand for money: liquidity preference theory

9.4.8 interest rate determination: loanable funds theory and Keynesian theory

10 Government macroeconomic intervention (A Level)

Candidates will develop their understanding of macroeconomic intervention by considering the challenges encountered by a government when trying to manage the macroeconomy to achieve its chosen macroeconomic objectives. Important trade-offs like the Phillips curve will be analysed along with other policy conflicts, and candidates will evaluate the effectiveness of different macroeconomic policies with regard to different macroeconomic objectives. The possibility of macroeconomic government failure will also be considered. These issues encompass the key concepts: scarcity and choice; the margin and decision-making; equilibrium and disequilibrium; efficiency and inefficiency; time; progress and development.

10.1 Government macroeconomic policy objectives

10.1.1 objectives in terms of inflation, balance of payments, unemployment, growth, development, sustainability and redistribution of income and wealth

10.2 Links between macroeconomic problems and their interrelatedness

10.2.1 relationship between the internal value of money and the external value of money

10.2.2 relationship between the balance of payments and inflation

10.2.3 relationship between growth and inflation

10.2.4 relationship between growth and the balance of payments

10.2.5 relationship between inflation and unemployment:

- traditional Phillips curve
- expectations-augmented Phillips curve (short- and long-run Phillips curve)

10.3 Effectiveness of policy options to meet all macroeconomic objectives

10.3.1 effectiveness of different policies in relation to different macroeconomic objectives:

- fiscal policy including Laffer curve analysis
- monetary policy
- supply-side policy including market-based and interventionist policies
- exchange rate policy
- international trade policy

10.3.2 problems and conflicts arising from the outcome of these policies

10.3.3 existence of government failure in macroeconomic policies

11 International economic issues (A Level)

Candidates will explore the international aspects of an economy further by considering the balance of payments in full and the strengths and weaknesses of using fixed and managed exchange rate systems. The process of economic development, the characteristics of countries at different levels/stages of development and the relationships between high-income and low-income countries will be investigated. Major issues examined include the appraisal of living standards, the role of international aid, the influence of multinational companies, the burden of external debt on many low-income countries and the process of globalisation. The key concepts most relevant to this work are: progress and development; scarcity and choice; time.

11.1 Policies to correct disequilibrium in the balance of payments

11.1.1 components of the balance of payments accounts: current account, financial account and capital account

11.1.2 effect of fiscal, monetary, supply-side, protectionist and exchange rate policies on the balance of payments

11.1.3 difference between expenditure-switching and expenditure-reducing policies

11.2 Exchange rates

11.2.1 measurement of exchange rates:

- distinction between nominal and real exchange rates
- trade-weighted exchange rates

11.2.2 determination of exchange rates under fixed and managed systems

11.2.3 distinction between revaluation and devaluation of a fixed exchange rate

11.2.4 changes in the exchange rate under different exchange rate systems

11.2.5 the effects of changing exchange rates on the external economy using Marshall-Lerner and J curve analysis

11.3 Economic development

11.3.1 classification of economies in terms of their level of development

11.3.2 classification of economies in terms of their level of national income

11.3.3 indicators of living standards and economic development:

- monetary indicators including real per capita national income statistics (GDP, GNI, NNI) and purchasing power parity
- issues of comparison using monetary indicators
- non-monetary indicators
- composite indicators:
 - Human Development Index (HDI)
 - Measure of Economic Welfare (MEW)
 - Multidimensional Poverty Index (MPI)
- the Kuznets curve

11.3.4 comparison of economic growth rates and living standards:

- over time
- between countries

11 International economic issues (A Level) continued

11.4 Characteristics of countries at different levels of development

11.4.1 population growth and structure:

- measurement and causes of changes in birth rate, death rate, infant mortality and net migration
- optimum population
- level of urbanisation

11.4.2 income distribution:

- calculation of Gini coefficient and Lorenz curve analysis

11.4.3 economic structure:

- employment composition: primary, secondary and tertiary sectors
- pattern of trade at different levels of development

11.5 Relationship between countries at different levels of development

11.5.1 international aid:

- forms of aid
- reasons for giving aid
- effects of aid
- importance of aid

11.5.2 trade and investment

11.5.3 role of multinational companies (MNCs):

- definition of MNC
- activities of MNCs
- consequences of MNCs

11.5.4 Foreign Direct Investment (FDI):

- definition of FDI
- consequences of FDI

11.5.5 external debt:

- causes of debt
- consequences of debt

11.5.6 role of the International Monetary Fund (IMF)

11.5.7 role of the World Bank

11.6 Globalisation

11.6.1 meaning of globalisation and its causes and consequences

11.6.2 distinction between a free trade area, a customs union, a monetary union and full economic union

11.6.3 trade creation and trade diversion

4 Details of the assessment

Calculators

Calculators may be used for all papers.

Formulae

Formulae are **not** given in the question papers.

Paper 1 – AS Level Multiple Choice

Multiple choice paper, 1 hour, 30 marks

Candidates answer all 30 questions and indicate their answers on the answer sheet provided.

The questions are based on the AS Level subject content.

Paper 1 assesses AO1 Knowledge and understanding, AO2 Analysis and AO3 Evaluation.

Paper 2 – AS Level Data Response and Essays

Written paper, 2 hours, 60 marks

This paper contains three sections.

Section A has one compulsory data response question (20 marks).

Section B has two questions focusing mainly on microeconomics (20 marks each); candidates answer one question.

Section C has two questions focusing mainly on macroeconomics (20 marks each); candidates answer one question.

Section A includes source material containing data in written, numerical and/or diagrammatic form. Candidates should answer the question using relevant and appropriate information from the source material to support their answer. Section A has approximately six parts. Answers to part questions should show evidence of evaluation (AO3), where appropriate.

Section B and C questions have two parts. Answers should show evidence of evaluation (AO3). Candidates should familiarise themselves with the assessment criteria in the levels-based mark scheme.

The questions are based on the AS Level subject content. Candidates are encouraged to use clearly labelled diagrams to illustrate their answers where appropriate.

Paper 2 assesses AO1 Knowledge and understanding, AO2 Analysis and AO3 Evaluation.

Paper 3 – A Level Multiple Choice

Multiple choice paper, 1 hour 15 minutes, 30 marks

Candidates answer all 30 questions and indicate their answers on the answer sheet provided.

The questions are based on the A Level subject content. The content of the AS Level is assumed knowledge for the assessment of Paper 3. The AS Level content will not be the direct focus of questions on Paper 3.

Paper 3 assesses AO1 Knowledge and understanding, AO2 Analysis and AO3 Evaluation.

Paper 4 – A Level Data Response and Essays

Written paper, 2 hours, 60 marks

This paper contains three sections.

Section A has one compulsory data response question (20 marks).

Section B has two questions focusing mainly on microeconomics (20 marks each); candidates answer one question.

Section C has two questions focusing mainly on macroeconomics (20 marks each); candidates answer one question.

Section A includes source material containing data in written, numerical and/or diagrammatic form. Candidates should answer the question using relevant and appropriate information from the source material to support their answer. Section A has four parts. Answers to part questions should show evidence of evaluation (AO3), where appropriate.

Section B and C questions are not divided into parts. Answers should show evidence of evaluation (AO3).

Candidates should familiarise themselves with the assessment criteria in the levels-based mark scheme for Sections B and C.

The questions are based on the A Level subject content. The content of the AS Level is assumed knowledge for the assessment of Paper 4. The AS Level content will not be the direct focus of questions on Paper 4. Candidates are encouraged to use clearly labelled diagrams to illustrate their answers, where appropriate.

Paper 4 assesses AO1 Knowledge and understanding, AO2 Analysis and AO3 Evaluation.

Command words

Command words and their meanings help candidates know what is expected from them in the exam. The table below includes command words used in the assessment for this syllabus. The use of the command word will relate to the subject context.

Command word	What it means
Analyse	examine in detail to show meaning, identify elements and the relationship between them
Assess	make an informed judgement
Calculate	work out from given facts, figures or information
Comment	give an informed opinion
Compare	identify/comment on similarities and/or differences
Consider	review and respond to given information
Define	give precise meaning
Demonstrate	show how or give an example
Describe	state the points of a topic / give characteristics and main features
Discuss	write about issue(s) or topic(s) in depth in a structured way
Evaluate	judge or calculate the quality, importance, amount, or value of something
Explain	set out purposes or reasons / make the relationships between things evident / provide why and/or how and support with relevant evidence
Give	produce an answer from a given source or recall/memory
Identify	name/select/recognise
Justify	support a case with evidence/argument
Outline	set out main points
State	express in clear terms

5 What else you need to know

This section is an overview of other information you need to know about this syllabus. It will help to share the administrative information with your exams officer so they know when you will need their support. Find more information about our administrative processes at www.cambridgeinternational.org/eoguide

Before you start

Previous study

We recommend that learners starting this course have studied a Cambridge IGCSE™ (Extended) or Cambridge O Level course in Mathematics or the equivalent.

Guided learning hours

We design Cambridge International AS & A Level syllabuses based on learners having about 180 guided learning hours for each Cambridge International AS Level and about 360 guided learning hours for a Cambridge International A Level. The number of hours a learner needs to achieve the qualification may vary according to local practice and their previous experience of the subject.

Availability and timetables

All Cambridge schools are allocated to one of six administrative zones. Each zone has a specific timetable.

You can view the timetable for your administrative zone at www.cambridgeinternational.org/timetables

You can enter candidates in the June and November exam series. If your school is in India, you can also enter your candidates in the March exam series.

Check you are using the syllabus for the year the candidate is taking the exam.

Private candidates can enter for this syllabus. For more information, please refer to the *Cambridge Guide to Making Entries*.

Combining with other syllabuses

Candidates can take this syllabus alongside other Cambridge International syllabuses in a single exam series. The only exceptions are:

- syllabuses with the same title at the same level.

Group awards: Cambridge AICE

Cambridge AICE (Advanced International Certificate of Education) is a group award for Cambridge International AS & A Level. It allows schools to offer a broad and balanced curriculum by recognising the achievements of learners who pass exams in a range of different subjects.

Learn more about Cambridge AICE at www.cambridgeinternational.org/aice

Making entries

Exams officers are responsible for submitting entries to Cambridge International. We encourage them to work closely with you to make sure they enter the right number of candidates for the right combination of syllabus components. Entry option codes and instructions for submitting entries are in the *Cambridge Guide to Making Entries*. Your exams officer has a copy of this guide.

Exam administration

To keep our exams secure, we produce question papers for different areas of the world, known as administrative zones. We allocate all Cambridge schools to one administrative zone determined by their location. Each zone has a specific timetable. Some of our syllabuses offer candidates different assessment options. An entry option code is used to identify the components the candidate will take relevant to the administrative zone and the available assessment options.

Support for exams officers

We know how important exams officers are to the successful running of exams. We provide them with the support they need to make your entries on time. Your exams officer will find this support, and guidance for all other phases of the Cambridge Exams Cycle, at www.cambridgeinternational.org/eoguide

Retakes and carry forward

Candidates can retake Cambridge International AS Level and Cambridge International A Level as many times as they want to. Information on retake entries is at www.cambridgeinternational.org/entries. To confirm what entry options are available for this syllabus, refer to the *Cambridge Guide to Making Entries* for the relevant series.

Candidates can carry forward the result of their Cambridge International AS Level assessment from one series to complete the Cambridge International A Level in a following series, subject to the rules and time limits described in the *Cambridge Handbook*.

Regulations for carrying forward entries for staged assessment (Cambridge International AS & A Level) can be found in the *Cambridge Handbook* for the relevant year of assessment at www.cambridgeinternational.org/eoguide

Equality and inclusion

We have taken great care to avoid bias of any kind in the preparation of this syllabus and related assessment materials. In our effort to comply with the UK Equality Act (2010) we have taken all reasonable steps to avoid any direct and indirect discrimination.

The standard assessment arrangements may present barriers for candidates with impairments. Where a candidate is eligible, we may be able to make arrangements to enable that candidate to access assessments and receive recognition of their attainment. We do not agree access arrangements if they give candidates an unfair advantage over others or if they compromise the standards being assessed.

Information on access arrangements is in the *Cambridge Handbook* at www.cambridgeinternational.org/eoguide

Language

This syllabus and the related assessment materials are available in English only.

After the exam

Grading and reporting

Grades A*, A, B, C, D or E indicate the standard a candidate achieved at Cambridge International A Level. A* is the highest and E is the lowest grade.

Grades a, b, c, d or e indicate the standard a candidate achieved at Cambridge International AS Level. 'a' is the highest and 'e' is the lowest grade.

'Ungraded' means that the candidate's performance did not meet the standard required for the lowest grade (E or e). 'Ungraded' is reported on the statement of results but not on the certificate. In specific circumstances your candidates may see one of the following letters on their statement of results:

- Q (PENDING)
- X (NO RESULT).

These letters do not appear on the certificate.

If a candidate takes a Cambridge International A Level and fails to achieve grade E or higher, a Cambridge International AS Level grade will be awarded if both of the following apply:

- the components taken for the Cambridge International A Level by the candidate in that series included all the components making up a Cambridge International AS Level
- the candidate's performance on the AS Level components was sufficient to merit the award of a Cambridge International AS Level grade.

On the statement of results and certificates, Cambridge International AS & A Levels are shown as General Certificates of Education, GCE Advanced Subsidiary Level (GCE AS Level) and GCE Advanced Level (GCE A Level).

'Cambridge International A Levels are the 'gold standard' qualification. They are based on rigorous, academic syllabuses that are accessible to students from a wide range of abilities yet have the capacity to stretch our most able.'

Director of Studies, Auckland Grammar School, New Zealand

How students, teachers and higher education can use the grades

Cambridge International A Level

Assessment at Cambridge International A Level has two purposes:

- to measure learning and achievement

The assessment:

- confirms achievement and performance in relation to the knowledge, understanding and skills specified in the syllabus, to the levels described in the grade descriptions.

- to show likely future success

The outcomes:

- help predict which students are well prepared for a particular course or career and/or which students are more likely to be successful
- help students choose the most suitable course or career.

Cambridge International AS Level

Assessment at Cambridge International AS Level has two purposes:

- to measure learning and achievement

The assessment:

- confirms achievement and performance in relation to the knowledge, understanding and skills specified in the syllabus.

- to show likely future success

The outcomes:

- help predict which students are well prepared for a particular course or career and/or which students are more likely to be successful
- help students choose the most suitable course or career
- help decide whether students part way through a Cambridge International A Level course are making enough progress to continue
- guide teaching and learning in the next stages of the Cambridge International A Level course.

Grade descriptions

Grade descriptions are provided to give an indication of the standards of achievement candidates awarded particular grades are likely to show. Weakness in one aspect of the examination may be balanced by a better performance in some other aspect.

Grade descriptions for Cambridge International A Level Economics will be published after the first assessment of the A Level in 2023. Find more information at www.cambridgeinternational.org/alevel

Changes to this syllabus for 2023, 2024 and 2025

The syllabus has been updated. This is version 2, published August 2021.

You must read the whole syllabus before planning your teaching programme.

Changes to version 2, published August 2021

- | | |
|------------------------------|---|
| Changes to assessment | <ul style="list-style-type: none"> • On pages 9, 32, 33 and 39 we have changed the syllabus to indicate that: • A new Section C has been added to Papers 2 and 4, with Section B being essay questions focusing mainly on microeconomics, and Section C being essay questions focusing mainly on macroeconomics. • Note it may be necessary to refer to some microeconomics concepts in Section C, or some macroeconomics concepts in Section B. |
|------------------------------|---|

Changes to version 1, published September 2020

From 2023, the A Level components will assume knowledge of the **revised** AS Level content. All candidates should therefore be familiar with the AS Level content in this syllabus.

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| Changes to syllabus content | <ul style="list-style-type: none"> • Learner attributes have been added at the beginning of the syllabus. • The key concepts have been revised and the key concept of time has been added. • There have been minor amendments to the aims. • The structure of the subject content has changed, so the AS Level topics and A Level topics are numbered separately, with six main topics at AS Level and five at A Level. • A new International section has been added in both the AS Level and A Level to focus on global issues. • For each topic, the subject content has been rewritten to provide greater clarity. At first glance, there may seem to be more subject content but this is because more detail has been provided. • Some content has moved from AS Level to A Level and vice versa, so will need to be studied earlier or later in the course. • Some content has been removed and some content has been added to ensure the subject content is coherent and relevant. • In some cases, the terminology used has been updated and aligned with other AS & A Level subjects. • Topic introductions have been added to highlight how the content in each topic can be applied in the real world and how it links to the key concepts. • The command words have been updated with revised definitions that apply across all subjects. |
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**Changes to assessment
(including changes to
specimen papers)**

- The number of assessment objectives (AOs) has been reduced to three, with Application integrated into AO1 and AO2.
- The AO descriptions have been revised and the AO weightings adjusted.
- The total marks have changed for Papers 2 and 4; they each have 60 marks.
- The duration has changed for Papers 2 and 4; they are each 2 hour examinations.
- A new Section C has been added to Papers 2 and 4, with Section B being a microeconomics essay, and Section C being a macroeconomics essay.
- The number of optional essay questions has changed. In both Paper 2 and Paper 4, candidates choose one out of two microeconomics questions, and one out of two macroeconomics questions.
- Paper 2 essay questions are split into two parts. Paper 4 essay questions are unstructured with no part divisions.
- The mark schemes for Paper 2 and Paper 4 have been revised.
- The specimen assessment materials have been updated.

In addition to reading the syllabus, you should refer to the updated specimen papers. The specimen papers will help your students become familiar with exam requirements and command words in questions. The specimen mark schemes explain how students should answer questions to meet the assessment objectives.

Any textbooks endorsed to support the syllabus for examination from 2023 are suitable for use with this syllabus.



'While studying Cambridge IGCSE and Cambridge International A Levels, students broaden their horizons through a global perspective and develop a lasting passion for learning.'

Zhai Xiaoning, Deputy Principal, The High School Affiliated to Renmin University of China

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