

ECONOMICS

GCE Ordinary Level (2017)

(Syllabus 2286)

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AIMS

The purpose of the syllabus is to encourage Centres to devise courses that will enable candidates to:

1. develop a sound knowledge and understanding of economic terminology and principles and elementary economic theory
2. develop basic economic numeracy and literacy and the ability to handle simple data including graphs and diagrams
3. use the tools of economic analysis in particular situations
4. identify and discriminate between differing sources of information and to distinguish between facts and value judgements in economic issues
5. employ economic skills, with reference to individuals, groups and organisations in order to understand better the world in which they live
6. develop an understanding of the economies of developed and developing nations and of the relationships between them; and to appreciate these relationships from the perspective of both developed and developing nations.

ASSESSMENT OBJECTIVES

AO1 *Knowledge with understanding*

Students should be able to demonstrate their knowledge and understanding in relation to:

- economic facts, definitions, concepts, principles and theories
- economic vocabulary and terminology.

AO2 *Analysis*

Students should be able to:

- select, organise and interpret data
- apply economic knowledge and understanding in written, numerical, diagrammatic and graphical form
- use economic data, recognise patterns in such data, and deduce relationships.

AO3 *Critical evaluation and decision making*

Students should be able to:

- distinguish between evidence and opinion, make reasoned judgements and communicate them in an accurate and logical manner
- recognise that economic theory is subject to various limitations and uncertainties
- evaluate the social and environmental implications of particular courses of economic action
- draw conclusions from economic information and critically evaluate economic data
- communicate conclusions in a logical and clear manner.

CONTENT

Students should be able to do the following:

1 Basic economic problem: choice and the allocation of resources

- Define the nature of the economic problem (finite resources and unlimited wants).
- Define the factors of production (land, labour, capital, enterprise).
- Define opportunity cost and analyse particular circumstances to illustrate the concept.
- Demonstrate how production possibility curves can be used to illustrate choice and resource allocation.
- Evaluate the implications of particular courses of action in terms of opportunity cost.

2 The allocation of resources: how the market works; market failure

- Describe the allocation of resources in market and mixed economic systems.
- Demonstrate the principle of equilibrium price and analyse simple market situations with changes in demand and supply.
- Describe the causes of changes in demand and supply conditions and analyse such changes to show effects in the market.
- Define price elasticity of demand and supply and perform simple calculations.
- Demonstrate the usefulness of price elasticity in particular situations, e.g. revenue changes, consumer expenditure.
- Describe the concept of market failure and explain the reasons for its occurrence.
- Evaluate the merits of the market system.
- Define private and social costs* and benefits and discuss conflicts of interest in relation to these costs and benefits in the short term and long term through studies of the following issues:
 - conserving resources versus using resources
 - public expenditure versus private expenditure.

3 The individual as producer, consumer and borrower

- Describe the functions of money and the need for exchange.
- Describe the functions of central banks, stock exchanges, commercial banks.
- Identify the factors affecting an individual's choice of occupation (wage factors and non-wage factors).
- Describe likely changes in earnings over time for an individual.
- Describe the differences in earnings between different groups of workers (male/female; skilled/unskilled; private/public; agricultural/manufacturing/services).
- Describe trade unions and analyse their role in an economy.

* Social costs are equal to the sum of private costs and external costs.

- Describe the benefits and disadvantages of specialisation for the individual.
- Analyse the different motives for spending, saving and borrowing.
- Discuss how and why different income groups have different expenditure patterns (spending, saving, borrowing).

4 The private firm as producer and employer

- Describe the type of business organisation in the public and private sectors: sole proprietors, partnerships, private companies, public companies, multi-nationals, co-operatives, public corporations.
- Describe and evaluate the effects of changes in structure of business organisations.
- Describe what determines the demand for factors of production.
- Distinguish between labour-intensive and capital-intensive production.
- Define productivity and recognise the difference between productivity and production.
- Define total and average cost, fixed and variable cost and perform simple calculations.
- Analyse particular situations to show changes in total and average cost as output changes.
- Define total and average revenue and perform simple calculations.
- Describe the principle of profit maximisation as a goal and recognise that business organisations may have different goals.
- Describe the characteristics of perfect competition and monopoly.
- Describe pricing and output policies in perfect competition and monopoly.
- Describe the main reasons for the different sizes of firms (size of market; capital; organisation).
- Describe and evaluate integration, economies and diseconomies of scale.
- Discuss the advantages and disadvantages of monopoly.

5 Role of government in an economy

- Describe the government as a producer of goods and services and as an employer.
- Describe the aims of government policy, e.g. full employment, price stability, economic growth, redistribution of income, balance of payments stability.
- Explain fiscal, monetary and supply-side policies.
- Analyse the use of fiscal, monetary and supply-side policies.
- Discuss the possible conflicts between government aims.
- Describe the types of taxation (direct, indirect, progressive, regressive, proportional) and the impact of taxation.
- Discuss the government's influence (regulation, subsidies, taxes) on private producers.

6 Economic indicators

- Prices
- describe how a consumer prices index/retail price index is calculated
 - discuss the causes and consequences of inflation
 - discuss the causes and consequences of deflation.
- Employment
- describe the changing patterns and levels of employment
 - discuss the causes and consequences of unemployment.
- Output
- define Gross Domestic Product (GDP)
 - describe and have a general understanding of the causes and consequences of economic growth
 - define the term recession
 - describe simple measures and indicators of comparative living standards, e.g. GDP per head, Human Development Index (HDI).

7 Developed and developing economies: trends in production, population and living standards

- Describe why some countries are classified as developed and others are not.
- Describe the difference between absolute and relative poverty.
- Recognise and discuss policies to alleviate poverty.
- Describe the factors that affect population growth (birth rate, death rate, fertility rate, net migration) and discuss reasons for the different rates of growth in different countries.
- Analyse the problems and consequences of these population changes for countries at different stages of development.
- Describe the effects of changing size and structure of population on an economy.
- Discuss differences in living standards within countries and between countries, both developed and developing.

8 International aspects

- Describe the benefits and disadvantages of specialisation at regional and national levels.
- Describe the structure of the current account of the Balance of Payments.
- Discuss the causes and consequences of current account deficits and surpluses.
- Define exchange rates.
- Discuss the causes and consequences of exchange rate fluctuations.
- Describe methods of protection.
- Discuss the merits of free trade and protection.

SCHEME OF ASSESSMENT

Two compulsory papers will be set as follows:

Paper	Duration	Assessment details	Maximum raw mark	Mark Weighting
1 Multiple choice	45 minutes	Candidates answer 30 multiple choice items. All items will be of the four response 'simple completion' type.	30	30%
2 Structured Questions	2 hours 15 minutes	Candidates answer one compulsory question, worth 30 marks, requiring them to interpret and analyse <u>unseen</u> data relevant to a real economic situation. Candidates also answer 3 optional questions, each worth 20 marks, from a choice of 6.	90	70%

BOOK LIST

This is **NOT** a list of prescribed texts, but merely an attempt to provide a range of alternatives from which teachers may like to choose.

Alain Anderton	<i>Economics for GCSE</i> Collins Education Includes data response questions (but not multiple choice).	9780003274295
Matthew Andrews	<i>HIGCSE Economics</i> Cambridge University Press <i>Module 3:</i> covers national income <i>Module 4:</i> covers development Designed for a higher level examination taken in southern African countries but contains much material helpful for O Level.	9780521595261 9780521595254
Robert Dransfield, Terry Cook and Jane King	<i>Economics for Cambridge IGCSE</i> Nelson Thornes	9781408506578
Susan Grant	<i>IGCSE and O Level Economics</i> Cambridge University Press India <i>IGCSE and O Level Economics Workbook</i>	9780521720038 9780521059466
Barry Harrison and Robert Nutter	<i>GCSE Economics Study Guide</i> Longman	9780582452002
Dan Moynihan and Brian Titley	<i>Economics: A Complete Course for IGCSE and O Level</i> Oxford University Press <i>Economics: A Complete Course (3rd Edition)</i> Comprehensive topic coverage with assignments and data response material.	9780199151349 9780199134137
John Pratten and N Proctor	<i>GCSE Economics</i> Tudor Educational	9781872807737

Jason Probert	<i>HIGCSE Economics</i> Cambridge University Press <i>Module 1:</i> covers the basic economic concepts <i>Module 2:</i> covers firms, production, markets and market forces Designed for a higher level examination taken in southern African countries, but contains much material helpful for O Level.	9780521595285 9780521595278
Brian Titley and Helen Carrier	<i>Economics for Cambridge IGCSE and O Level Revision Guide</i> Oxford University Press	9780199154869