



Singapore Examinations and Assessment Board



Cambridge Assessment  
International Education

**Singapore–Cambridge General Certificate of Education  
Advanced Level Higher 1 (2025)**

# **Economics (Syllabus 8843)**

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## INTRODUCTION

### Desired Outcomes of Education and Learning of Economics in Singapore

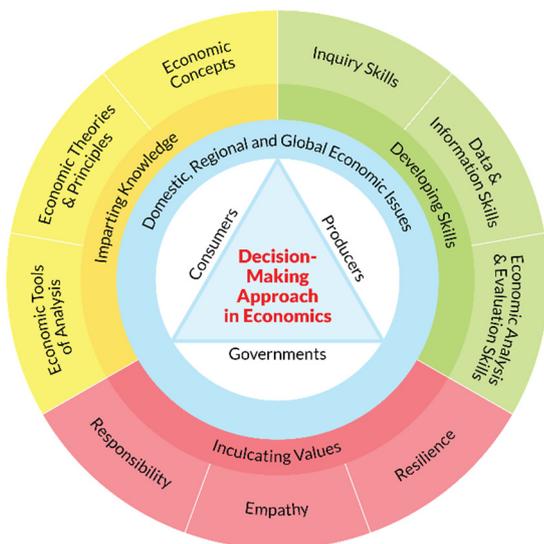
The Desired Outcomes of Education (DOE) are attributes that educators aspire for every Singaporean to have by the completion of his formal education. The person who is schooled in the Singapore Education system embodies the Desired Outcomes of Education. In sum, he is

- a **confident person** who has a strong sense of right and wrong, is adaptable and resilient, knows himself, is discerning in judgment, thinks independently and critically, and communicates effectively
- a **self-directed learner** who takes responsibility for his own learning, who questions, reflects and perseveres in the pursuit of learning
- an **active contributor** who is able to work effectively in teams, exercises initiative, takes calculated risks, is innovative and strives for excellence; and,
- a **concerned citizen** who is rooted to Singapore, has a strong civic consciousness, is informed, and takes an active role in bettering the lives of others around him.

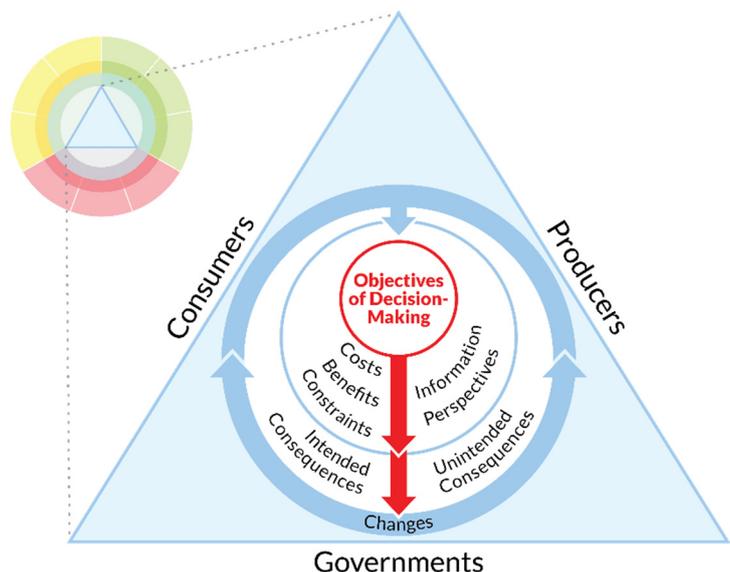
The value of learning Economics is aligned with the Desired Outcomes of Education and 21<sup>st</sup> Century Competencies (21CC). Through the inquiry of economic issues and application of concepts, theories and principles, students develop the capacity to analyse and evaluate the behaviour of economic agents in the allocation of scarce resources. In understanding domestic, regional and global economic issues, students adopt multiple perspectives, recognise trade-offs and consequences arising from decision-making and arrive at well-reasoned decisions. Students thus acquire knowledge and develop skills and values that will enable them to be active contributors and concerned citizens.

### Economics curriculum shape and decision-making approach in Economics

**Economics Curriculum Shape**



**Decision-making Approach in Economics**



### Economics Curriculum Shape

The Economics Curriculum Shape sets the direction for and encapsulates the concept of learning A-Level Economics in Singapore. At the core of the curriculum shape is the Decision-Making Approach in Economics which guides disciplinary thinking in A-Level Economics. This approach emphasises Sound Reasoning and Decision-Making, which are components under the 21CC domain of Critical and Inventive Thinking. It enables students to better analyse and evaluate how different economic agents make decisions based on the fundamental disciplinary concepts of scarcity, choice and opportunity costs.

The middle ring of the curriculum shape highlights that students learn knowledge, skills and values through inquiry of domestic, regional and global economic issues. By applying the Decision-Making Approach in Economics, students will be able to better analyse and understand the implications of policy decisions arising from these issues.

The outer ring shows the Knowledge, Skills and Values learnt through the curriculum. The Knowledge segment signifies that students will learn economic concepts, theories and principles, as well as tools of economic analysis. The Skills segment represents inquiry, data and information, and economic analysis and evaluation skills that students will develop. The Values segment highlights the values of responsibility, resilience and empathy that students will develop through the learning of Economics. Focusing on these skills and values will allow the Economics Curriculum to support the development of MOE's 21CC.

### **Decision-Making Approach in Economics**

In the light of the Central Economic Problem of scarcity, decision-making is fundamental. Scarcity leads to the inevitability of choice and trade-offs. In the context of A-Level Economics, decision-making is framed as a process where students analyse how decisions are made from the perspectives of different economic agents (consumers, producers, governments), adjusting for dynamic changes where relevant. Students will consider the benefits, costs, constraints, perspectives and other necessary information, while recognising the impact of the intended and unintended consequences arising from the decisions made and the corresponding trade-offs. Students will also recognise that decision-making by economic agents can have multifaceted implications, where decisions made by an economic agent can have an impact on other economic agents.

## **AIMS**

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The syllabus is intended to provide the basis for a broad understanding of economics, within half the curriculum time of the H2 Economics syllabus. Specifically, the syllabus aims to develop in candidates:

- 1 an understanding of fundamental economic concepts, theories and principles, and of the tools and methods of analysis used by economists
- 2 the ability to use the tools and methods of economic reasoning to explain and analyse economic issues, and to evaluate perspectives and decisions of economic agents
- 3 the habit of reading critically, from a variety of sources, to gain information about the changing economic activities and policies at the national and international levels; and
- 4 the ability to use evidence in making well-reasoned economic arguments to arrive at rational and considered decisions.

## ASSESSMENT OBJECTIVES

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Candidates are expected to:

### AO1: Knowledge and Understanding

- Demonstrate knowledge and understanding of economic concepts, theories and principles.

### AO2: Interpretation and Evaluation of Information

- Interpret economic information presented in textual, numerical or graphical form.
- Make valid inferences based on the information presented and its limitations.

### AO3: Application and Analysis

- Apply relevant economic concepts, theories and principles to analyse contemporary issues, perspectives and policy choices.
- Construct coherent economic arguments.

### AO4: Evaluation

- Evaluate critically contemporary issues, perspectives and policy choices.
- Recognise unstated assumptions and evaluate their relevance.
- Synthesise economic arguments to arrive at well-reasoned judgements and decisions

## SCHEME OF ASSESSMENT

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The assessment comprises one compulsory written examination paper: Paper 1 (Case Studies).

### Specification grid

H1 Economics	Description	Overall Marks (Weighting)	Duration
<b>Paper 1</b>	There will be two compulsory case studies.	80 marks	3 hours
<b>Case Studies</b>	Candidates are required to answer all questions for each case study.  Each case study carries 40 marks and constitutes 50% of the total marks. About 16 marks of each set of case study questions will be for data response questions, and about 24 marks will be for higher-order questions.	(100%)	
For Paper 1, questions testing AO1 + AO2 + AO3 will comprise about 40% of the marks and questions testing AO1 + AO2 + AO3 + AO4 will comprise about 60% of the marks.			

## **DESCRIPTION OF COMPONENTS**

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### **Paper 1 (Case Studies)**

The paper will include two case studies. Each of these will consist of two to three pages of data presented in textual, numerical or graphical form. Each case study will present contemporary multifaceted economic issues or policies, which may be from one or more themes in the syllabus.

The data for each case study will be followed by seven to eight part-questions, including sub-parts. These questions will require candidates to apply relevant economic concepts, theories and principles in analysing, synthesising and evaluating economic issues, perspectives or policies, with reference to the data provided.

About 16 marks of each set of case study questions will be for data response questions, and about 24 marks will be for higher-order questions.

## **USE OF CALCULATORS**

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The use of a calculator as approved by the Singapore Examinations and Assessment Board is allowed.

## SYLLABUS CONTENT

The syllabus content comprises three core themes:

- Theme 1: The Central Economic Problem
- Theme 2: Markets
- Theme 3: The National Economy

As an introduction to the study of Economics, candidates should have an awareness of the nature of Economics as a social science (as compared to the natural sciences) and the differences between positive and normative economics, microeconomics and macroeconomics.

Theme 1: The Central Economic Problem	
<p>Theme 1 introduces candidates to the Central Economic Problem of unlimited wants and limited resources. The scarcity of resources necessitates choice and leads to decision-making. Through examining the concepts of scarcity, choice and opportunity cost, candidates will be able to understand the Central Economic Problem facing societies, and how economic agents (consumers, producers and governments) use available information, and also consider benefits, costs, constraints and perspectives, to make decisions, which may have intended and unintended consequences.</p> <p>This theme provides the foundation for the study of microeconomic and macroeconomic topics in Markets (Theme 2) and the National Economy (Theme 3) respectively, where the decision-making approach and concepts of scarcity, choice and opportunity cost recur.</p>	
Theme 1.1 Scarcity as the Central Economic Problem	
Economics Content	
<p><b>1.1.1 Scarcity, choice and resource allocation</b></p> <p>a. The Central Economic Problem is scarcity, arising from limited resources and unlimited wants</p> <p>b. Scarcity implies that choices have to be made in the allocation of resources between different uses</p> <p>c. When choices are made, trade-offs and opportunity costs are incurred</p> <p>d. The concepts of scarcity, choice and opportunity cost can be explained from the perspectives of different economic agents (consumers, producers and governments)</p> <p>e. Production Possibility Curve (PPC) can be used to illustrate scarcity, choice, opportunity cost, productive efficiency, full employment, unemployment or under-utilisation of economic resources and changes in the productive capacity of an economy</p>	<p><b>Additional information</b></p>

Theme 1.1 Scarcity as the Central Economic Problem (continued)	
Economics Content (continued)	
<p><b>1.1.2 Decision-Making Process of Economic Agents</b></p> <p>a. Objectives of rational economic agents: consumers aim to maximise utility (satisfaction), producers aim to maximise profits and governments aim to maximise social welfare</p> <p>b. In the pursuit of their objectives, economic agents gather information, weigh benefits and costs, consider constraints and perspectives before making decisions. They take into account the intended and unintended consequences, and any changes occurring, before reviewing the decisions</p>	<p><b>Additional information</b></p> <p>A marginalist approach to weighing costs and benefits is expected.</p> <p>An understanding of the concept of cost-benefit analysis (CBA) as a project analysis tool is not required.</p> <p>An awareness of how consumers allocate resources to maximise utility and how producers maximise profits will suffice. Technical analyses of utility maximisation and profit maximisation are not required.</p>
Concepts and Tools of Analysis	
<ul style="list-style-type: none"> <li>• Scarcity, choice and opportunity cost</li> <li>• Production possibility curve (PPC)</li> <li>• Marginalist principle</li> </ul>	

## Theme 2: Markets

In Theme 2, candidates examine how markets deal with the Central Economic Problem and how decisions are made by economic agents in markets. Theme 2 aims to provide candidates with a microeconomic analysis of how markets function and how markets may fail to achieve efficient and equitable outcomes. Candidates will be able to understand how market forces of demand and supply interact to bring about market equilibrium. In addition, candidates will be able to understand that while decisions made by consumers and producers are necessary for the functioning of markets, these decisions may lead to inefficient and inequitable outcomes. Candidates will be able to discuss how governments may intervene through public policy measures to improve efficiency and equity while recognising limitations, unintended consequences and possible trade-offs of government intervention. This theme provides candidates with insights into real-world microeconomic issues and opportunities to deepen economic reasoning, analysis and application of microeconomic concepts to markets in Singapore and the global economy.

Microeconomic concepts, theories and principles in Themes 1 and 2 provide the foundation for candidates to extend their understanding of the micro-economy to the macro-economy in Theme 3.

### Theme 2.1 Price Mechanism and its Applications

#### Economics Content

#### 2.1.1 Price Mechanism and its Functions

- a. How the price mechanism allocates scarce resources in the free market through signalling, incentive and rationing functions

#### Additional information

#### 2.1.2 Demand and Supply Analysis and its Applications

- a. Market demand as a summation of individual demand
- b. Market supply as a summation of individual supply
- c. Changes in price of the good/service itself cause a movement along the demand/supply curve
- d. Changes in non-price determinants and how they cause shifts in the demand/supply curve
- e. The equilibrium market price and quantity are determined by the interaction of demand and supply
- f. Changes in demand and supply can affect equilibrium price and quantity, consumer expenditure and producer revenue
- g. These outcomes can be affected by price elasticities of demand and supply

#### Additional information

Application to real-world markets, including the labour market, is required.

Theory of Marginal Revenue Productivity (MRP) of Labour is not required.

#### 2.1.3 Government Intervention in Markets

- a. Governments may intervene in markets in the form of taxes, subsidies, price controls (maximum and minimum prices) and quantity controls (quotas)
- b. Government intervention in markets can affect the equilibrium price and quantity, consumer expenditure and producer revenue
- c. Impact of government intervention on markets may be affected by price elasticities of demand and supply

#### Additional information

Knowledge of 'incidence' in relation to taxes and subsidies is not required.



Theme 2.2 Microeconomic Objectives and Policies (continued)	
Economics Content (continued)	
<p><b>2.2.2 Market Failure and its Causes</b></p> <p>a. Market failure occurs when the free market is unable to allocate resources efficiently</p> <p>b. Markets may fail in terms of</p> <ul style="list-style-type: none"> <li>• non-provision of public goods due to non-rivalry and non-excludability</li> <li>• non-socially optimal levels of goods and services due to the presence of externalities and/or information failure</li> </ul>	<p><b>Additional information</b></p> <p>An awareness of non-rejectability as a characteristic of public goods is required.</p> <p>Knowledge of asymmetric information, adverse selection and moral hazard, market dominance and factor immobility are not required.</p> <p>A two-diagram approach will suffice – showing that MSC is higher than MPC for negative externalities, and MSB is higher than MPB for positive externalities.</p>
<p><b>2.2.3 Microeconomic Policies</b></p> <p>a. Microeconomic policy decisions undertaken by governments to achieve microeconomic objectives in relation to efficiency and equity</p> <p>b. Policy measures including taxes and subsidies, quotas and tradeable permits, joint and direct provision, rules and regulations, public education in achieving efficiency and equity</p> <p>c. Effectiveness of policy measures in achieving efficiency and equity</p>	<p><b>Additional information</b></p> <p>Government intervention may not always achieve efficiency and equity. Government failure is not required.</p>
Concepts and Tools of Analysis	
<ul style="list-style-type: none"> <li>• Allocative efficiency</li> <li>• Equity</li> <li>• Market failure</li> <li>• Deadweight loss</li> <li>• Marginal private benefit and cost</li> <li>• Marginal external benefit and cost</li> <li>• Marginal social benefit and cost</li> <li>• Social versus private (market) optimum</li> <li>• Public goods <ul style="list-style-type: none"> <li>– Non-excludability and non-rivalry</li> </ul> </li> <li>• Positive and negative externalities</li> </ul>	

### Theme 3: The National Economy

Theme 3 provides candidates with an overview of the workings and linkages of the national and international economy. Candidates will use the concepts, theories and principles from Themes 1 and 2 to examine the problem of scarcity of resources and the concept of trade-offs at the level of the national economy. In particular, candidates will examine how governments make policy choices at the national level to improve living standards. In doing so, candidates will discuss how governments consider competing needs, weigh costs and benefits, recognise trade-offs and consequences to make policy decisions. Candidates will first gain an understanding of aggregate demand and aggregate supply, before applying these concepts to analyse macroeconomic issues and government decisions at the national level. Candidates will also examine domestic and external factors that influence economic growth, price stability and employment, with a focus on how these factors affect a country's standard of living. In addition, candidates will also discuss the different policy choices available to governments and their effectiveness in achieving higher living standards.

#### Theme 3.1 Introduction to Macroeconomic Analysis

##### Economics Content

##### 3.1.1 Aggregate Demand and Aggregate Supply

- a. Aggregate Demand (AD) and its components: consumption (C), investment (I), government spending (G) and net exports ( $X - M$ )
- b. How AD is affected by changes in the determinants of C, I, G and ( $X - M$ )
- c. How Aggregate Supply (AS) is affected by its determinants
- d. How interaction of AD and AS determines equilibrium level of national output and general price level

##### Addition information

An understanding that trade affects standard of living significantly in Singapore through its impact on aggregate demand and aggregate supply is required.

A distinction between autonomous and induced expenditure is not required.

An awareness of an increase in AD having a multiplied effect on national income will suffice.

Knowledge of marginal propensities (of consumption, savings, taxes and imports) and the multiplier formula is not required.

##### Concepts and Tools of Analysis

- Aggregate demand
- Determinants of C, I, G and ( $X - M$ )
- Aggregate supply
- Determinants of aggregate supply
- National output
- General price level

Theme 3.2 Macroeconomic Objectives and Policies	
Economics Content	
<p><b>3.2.1 Standard of Living and Macroeconomics Indicators</b></p> <p>a. Economies are primarily concerned with improving the standard of living</p> <ul style="list-style-type: none"> <li>• Standard of living involves material and non-material aspects, as measured by real national income per capita taking into account other indicators including income distribution, leisure time, quality of environment</li> </ul> <p>b. Standard of living is affected by an economy's ability to achieve macroeconomic objectives in terms of sustainable and inclusive economic growth, low unemployment and price stability</p> <p>c. Macroeconomic indicators</p> <ul style="list-style-type: none"> <li>• Indicators of economic performance include real Gross Domestic Product (GDP) or Gross National Income (GNI), real GDP or GNI per capita, unemployment rate and Consumer Price Index (CPI)</li> <li>• Human Development Index (HDI) as an indicator to reflect standard of living</li> <li>• Gini coefficient as an indicator to reflect income distribution</li> </ul> <p>d. Comparison of living standards over time and over space (between economies)</p>	<p><b>Additional information</b></p> <p>An understanding that economic growth, price stability and full employment, and therefore the standard of living of an economy can be affected by changes in global economic conditions is required.</p> <p>An understanding of nominal and real concepts is required. An understanding of how index numbers are interpreted, including the base year and use of weights, is required. Calculation of index numbers and national income is not required.</p> <p>An understanding of the meaning of the Gini coefficient (using the Lorenz curve) and the variation of the coefficient between 0 and 1 is required.</p> <p>Calculation of HDI and Gini coefficient is not required.</p>
<p><b>3.2.2 Macroeconomic Issues</b></p> <p>a. Macroeconomic issues and their causes</p> <ul style="list-style-type: none"> <li>• Undesirable economic growth – persistently low or negative, unsustainable, non-inclusive due to factors such as changes in AD or AS, environmental degradation, inequitable income distribution</li> <li>• Unemployment – demand-deficient, structural, frictional due to factors such as lack of AD, technological changes, mismatch of skills, transition between jobs</li> <li>• Price instability – demand-pull inflation, cost-push inflation, deflation due to factors such as changes in AD, costs of production, productive capacity</li> </ul> <p>b. Consequences of undesirable economic growth, unemployment and price instability on the standard of living and its implications for economic agents</p>	<p><b>Additional information</b></p>

Theme 3.2 Macroeconomic Objectives and Policies (continued)	
Economics Content (continued)	
<p><b>3.2.3 Macroeconomic Policies</b></p> <p>a. Macroeconomic policy decisions undertaken by governments to achieve macroeconomic objectives in relation to living standards</p> <p>b. Policy measures and their effectiveness in achieving macroeconomic objectives:</p> <ul style="list-style-type: none"> <li>• Fiscal policy <ul style="list-style-type: none"> <li>– How discretionary fiscal policy can influence the level of economic activities and living standards through government spending and taxation</li> </ul> </li> <li>• Supply-side policies <ul style="list-style-type: none"> <li>– How supply-side policies can improve quantity, quality and mobility of factors of production to increase the productive capacity of an economy and hence affect living standards</li> </ul> </li> <li>• Monetary policy <ul style="list-style-type: none"> <li>– How monetary policy can influence the level of economic activities and living standards through the management of exchange rates (case of Singapore) and interest rates</li> </ul> </li> </ul>	<p><b>Additional information</b></p> <p>An understanding that governments around the world focus on different macroeconomic objectives, depending on the state of the economy and the level of development of the country, is required.</p> <p>An awareness of the desirability for a government to maintain fiscal sustainability over the long term is required.</p> <p>An understanding of how transfer payments can improve income distribution and help achieve inclusive growth is required.</p>
Concepts and Tools of Analysis	
<ul style="list-style-type: none"> <li>• Standard of living <ul style="list-style-type: none"> <li>– Material and non-material well-being</li> <li>– Gross Domestic Product (GDP) and Gross National Income (GNI)</li> <li>– Human Development Index (HDI)</li> <li>– Income inequality</li> <li>– Gini coefficient</li> </ul> </li> <li>• Economic growth <ul style="list-style-type: none"> <li>– Actual and potential growth</li> <li>– Sustainable growth</li> <li>– Inclusive growth</li> </ul> </li> <li>• Full employment and unemployment <ul style="list-style-type: none"> <li>– Demand-deficient unemployment</li> <li>– Structural unemployment</li> <li>– Frictional unemployment</li> </ul> </li> <li>• Price stability <ul style="list-style-type: none"> <li>– Demand-pull inflation</li> <li>– Cost-push inflation</li> <li>– Deflation</li> <li>– Consumer Price Index (CPI)</li> </ul> </li> <li>• Nominal and real concepts</li> <li>• Discretionary fiscal policy <ul style="list-style-type: none"> <li>– Government budget surplus and deficit</li> </ul> </li> <li>• Supply-side policies</li> <li>• Monetary policy <ul style="list-style-type: none"> <li>– Interest rates</li> <li>– Exchange rates</li> </ul> </li> </ul>	