

S4E/015/0053/45

Economics

The syllabuses available are:

ORDINARY LEVEL

ECONOMICS 120

ADVANCED LEVEL

ECONOMICS 120

ADVANCED SUPPLEMENTARY LEVEL

ECONOMICS 120

This subject may be taken at the June examination only. It is NOT available to Private Candidates.

ORDINARY LEVEL

Economics 120

Aims

The aims of the syllabus are to enable candidates (i) to acquire an understanding of basic economic concepts and (ii) to relate these concepts to a knowledge of current economic structures and activities.

Objectives

At the end of the course candidates should:

- A. know the different forms of enterprise and understand the reasons for the differences in their scale and organisation in a mixed economy;
- B. understand the reasons for industrial location;
- C. know the influences determining the demand for and supply of goods and services and understand the inter-relationship between demand and supply in the formation of price;
- D. be aware of the influences at work in the markets for factors of production;
- E. know and understand the importance of the structure and distribution of population and of changes in these;
- F. appreciate the benefits obtained from, and the difficulties associated with, international trading;
- G. understand the role of financial institutions and their importance for an economy;
- H. understand the structure of and the reasons for government revenue and expenditure;

- J. appreciate the forces which influence the price level, employment, output and economic growth.

The Examination

There will be one paper of 2½ hours. The paper will be divided into two sections, A and B, as detailed below. Section A will carry 40% of the total marks and Section B 60%. The allocation of marks for the parts of each question will be given on the examination paper. Candidates will be advised to spend the first ten minutes studying the question paper.

Section A

This section will consist of a series of compulsory short answer questions, some of which will be based on stimulus material; such material may take the form of brief prose passages on economics or simple numerical data or a diagram. The stimulus material may be hypothetical. The use of simple arithmetic may be required to answer some of the questions in this section. Candidates will be advised to spend 50 minutes on this section.

Section B

The questions in this section will generally require extended answers of the essay type. Seven questions will be set, some of which will allow candidates to illustrate their answers by reference to contemporary examples. All questions will carry equal marks. Candidates will be required to answer three questions. Candidates will be advised to spend 25 to 30 minutes on each of these questions.

Syllabus

The specific, and more detailed objectives which follow focus on each of the objectives (A to J) above. For clarification, each of objectives A to J is repeated in the form of a heading for the corresponding group of detailed objectives. It is not intended that the structure of the syllabus (A to J) represents a specific teaching order.

- A. *Know the different forms of enterprise and understand the reasons for the differences in their scale and organisation in a mixed economy.*

Candidates should be able to:

- A1. describe the organisation in terms of ownership, control, management, aims and finance of different types of private and public enterprises including co-operatives, nationalised industries and municipal trading;
- A2. examine the reasons for the effects of economies and diseconomies of scale;
- A3. examine the advantages and disadvantages of small firms from the viewpoint of consumers, producers, and an economy;
- A4. analyse the economic conditions which affect the growth of a firm;
- A5. examine the aims and effects of government intervention in industry;
- A6. explain the significance of public enterprise and analyse the economic arguments for and against public ownership.

B. Understand the reasons for industrial location

Candidates should be able to:

- B1. examine location factors in relation to primary, secondary and tertiary industries;
- B2. distinguish between the factors which may affect the location of an individual firm and those which may affect the location of an industry;
- B3. analyse the effects on the location of industry of changes in industrial structure;
- B4. explain the reasons for, and analyse the effects of, government policy towards the location of industry.

- C. *Know the influences determining the demand for and supply of goods and services and understand the inter-relationship between demand and supply in the formation of price*

Candidates should be able to:

- C1. define and explain the concepts of scarcity, choice, opportunity cost and utility;
- C2. explain the factors affecting both the individual demand and the market demand for various goods and services;
- C3. define and explain the significance of price, income and cross elasticity of demand;
- C4. explain the factors which affect the supply of various types of goods and services;
- C5. define and explain the significance of elasticity of supply;
- C6. analyse the relationships between demand, supply and price, and apply this to hypothetical and actual situations.

- D. *Be aware of the influences at work in the markets for factors of production*

Candidates should be able to:

- D1. define production;
- D2. explain what is meant by 'factors of production' which are combined in the productive process;
- D3. explain what is meant by the specialisation of resources and evaluate the effects of specialisation;
- D4. analyse the inter-relationships between the demand for, supply of, and price of the factors of production.

- E. *Know and understand the importance of the structure and distribution of population and of changes in these*

Candidates should be able to:

- E1. describe the main trends in the size, sex, age, occupational and geographical distribution in their country;
- E2. examine the causes and consequences of these trends;
- E3. explain the effects of government policy on the occupational and geographical distribution of population.

F. Appreciate the benefits obtained from, and the difficulties associated with, international trading

Candidates should be able to:

- F1. explain the reasons for international trade and show the relevance of the principle of comparative costs;
- F2. explain the reasons for and operation of the foreign exchange market;
- F3. examine the advantages and disadvantages of international trade;
- F4. define the term 'trading bloc' (e.g. the Common Market; Carib) and explain the effects of such organisations on international trade;
- F5. describe the various methods of controlling international trade and explain the reasons for such control;
- F6. describe the structure of the balance of payments accounts;
- F7. describe and explain the role of major international institutions, e.g. the International Monetary Fund (I.M.F.); the World Bank (I.B.R.D.);
- F8. describe the nature and problems of international debt.

G. Understand the role of financial institutions and their importance for an economy

Candidates should be able to:

- G1. explain the nature, functions and importance of money;
- G2. describe and explain the main functions of the major financial institutions such as banks and stock exchanges;
- G3. indicate and evaluate the different sources of finance for the varying forms of business enterprise.

H. Understand the structure of and the reasons for government revenue and expenditure

Candidates should be able to:

- H1. describe the main sources of government income;
- H2. examine the effects of the main forms of taxation;
- H3. examine the reasons for and the changing nature of government expenditure.

J. Appreciate the forces which influence the price level, employment, output and economic growth

Candidates should be able to:

- J1. describe the main factors affecting the general level of prices;
- J2. describe the main effects of changes in the general level of prices;
- J3. describe the main economic factors which influence aggregate levels of output and employment;
- J4. describe and examine the factors which influence unemployment;
- J5. describe and examine the factors which influence economic growth, including overseas aid;
- J6. examine the main economic objectives and policies of the State.

Notes for Guidance

Introduction

These notes do not form part of the syllabus but are intended to help teachers prepare a curriculum for it. They are a mixture of explanation and advice, although

the examiners are well aware that no advice can apply equally well to all teaching situations or to different groups of candidates from a wide age range. All candidates are advised to use examples from their own countries, where relevant and appropriate, to illustrate their answers in the examination.

Aims of the syllabus

The syllabus is designed to foster basic economic understanding. It is based on three assumptions:

- (1) that an 'O' level in Economics can and should provide such economic understanding for candidates who will not continue their studies in this subject
- (2) that it will provide an introduction to the study of Economics at 'A' level;
- (3) that it will provide a detailed guide to teachers and candidates.

The examiners are anxious to destroy the belief that 'O' level Economics is a mere 'textbook' subject. For this reason, the syllabus is constructed in terms of objectives. In particular, the detailed objectives indicate the level of understanding required. 'Define' is clearly a lower order activity than 'examine', while 'analyse' indicates the highest order of activity which the candidate will be asked to undertake. It is intended, by this means, to indicate clearly the depth of treatment required and to encourage, by the use of contemporary material, the relating of concepts to current economic conditions.

The Examination

The examination will be of 2½ hours duration. Candidates are strongly advised to spend the first ten minutes studying the question paper carefully and making rough notes.

Section A

It must not be assumed that the questions in this section will necessarily test lower order objectives since some or all of them may be divided into parts which will require differing levels of response.

Section B

The questions in this section will be designed to allow candidates to deploy their knowledge of a substantial and important body of information in a relevant manner and in continuous prose. To obtain a satisfactory standard, candidates must answer the questions coherently and as set, illustrating their answers, where relevant and appropriate, by reference to contemporary situations.

Conclusion

The purpose of these notes is not to give a detailed interpretation of each objective; it is expected that the detailed objectives will be self-explanatory. Rather it is to inform teachers of the broad philosophy underlying the syllabus and to give general guidelines as to the examiners' expectations. Within the general framework teachers should be able to construct a curriculum and scheme of work which will enable them to deploy a wide variety of teaching strategies.

A booklist is available on request to the Secretary (see **General Information**).

A specimen paper to illustrate this syllabus has been issued to Overseas Authorities. Further copies may be obtained from the Publications Office (see **General Information**).