

International General Certificate  
of Secondary Education

**Syllabus**

ECONOMICS 0455

For examination in June and November 2010

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# Economics

Syllabus code: 0455

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### Exclusions

This syllabus must not be offered in the same session with the following syllabus:

2281 Economics



# INTRODUCTION

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International General Certificate of Secondary Education (IGCSE) syllabuses are designed as two-year courses for examination at age 16-plus.

All IGCSE syllabuses follow a general pattern. The main sections are:

- Aims
- Assessment Objectives
- Assessment
- Curriculum Content.

The IGCSE subjects have been categorised into groups, subjects within each group having similar Aims and Assessment Objectives.

Economics falls into Group II, Humanities and Social Science, of the International Certificate of Education (ICE) subjects.

# AIMS

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The aims of the syllabus are the same for all students. The aims are set out below and describe the educational purposes of a course in Economics for the IGCSE examination. They are not listed in order of priority.

The aims are to 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. participate more fully in decision-making processes, as consumers and producers and as citizens of the local, national and international community;
7. 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

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The four assessment objectives in Economics are:

- A Knowledge with Understanding
- B Analysis
- C Judgement and Decision Making
- D Critical Evaluation.

A description of each assessment objective follows.

## A KNOWLEDGE WITH UNDERSTANDING

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

1. economic facts, definitions, concepts, principles and theories;
2. economic vocabulary and terminology.

## B ANALYSIS

Students should be able to:

3. select, organise and interpret data;
4. apply economic knowledge and understanding in verbal, numerical, diagrammatic, pictorial and graphical form;
5. use economic data, to recognise patterns in such data, and to deduce relationships.

## C JUDGEMENT AND DECISION MAKING

Students should be able to:

6. distinguish between evidence and opinion, make reasoned judgements and communicate them in an accurate and logical manner;
7. recognise that economic theory is subject to various limitations and uncertainties;
8. evaluate the social and environmental implications of particular courses of economic action.

## D CRITICAL EVALUATION

Students should be able to:

9. draw conclusions from economic information and critically evaluate economic data;
10. communicate conclusions in a logical and concise manner.

## SPECIFICATION GRID

The relationship between the assessment objectives and components of the scheme of assessment is as follows.

Paper	Assessment Objective			
	A Knowledge with Understanding	B Analysis	C Judgement and Decision Making	D Critical Evaluation
1	60%	40%		
2	20%	40%	40%	
3	20%	20%	20%	40%

The assessment objectives are weighted to give an indication of their relative importance. They are not intended to provide a precise statement of the number of marks allocated to particular assessment objectives.

# ASSESSMENT

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## ***Scheme of assessment***

Candidates who have followed the curriculum are eligible for the award of grades A\* to G.

Candidates will be required to take three papers.

Grades available: A* to G
<p><b>Paper 1</b> (45 mins) 30 multiple-choice items (all questions to be answered).</p> <p><b>Paper 2</b> (2 hours) Structured questions. Candidates must answer Section A and three questions in Section B.</p> <p><b>Paper 3</b> (1 hour 30 minutes) Analysis and Critical Evaluation. Novel data will be presented for interpretation and analysis of a real economic situation.</p>

## ***Weighting of papers***

<i>Paper</i>	<i>Weighting</i>
1	20%
2	50%
3	30%

# CURRICULUM CONTENT

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Students should be able to:

## **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.
- 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 occupational groups (male/female; skilled/unskilled; private/public; agricultural/manufacturing/services).
- describe trade unions and their role in an economy.
- 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.
- 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.
- 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 policies, e.g. full employment, price stability, economic growth, redistribution of income, balance of payments stability.
- 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.

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



## **6 Economic indicators**

- |            |   |
|------------|---|
| prices     | <ul style="list-style-type: none"><li>- describe how the retail price index is calculated.</li><li>- discuss the causes and consequences of inflation.</li></ul>  |
| employment | <ul style="list-style-type: none"><li>- describe the changing patterns and levels of employment.</li><li>- discuss the causes and consequences of unemployment.</li></ul>   |
| output     | <ul style="list-style-type: none"><li>- define Gross Domestic Product (GDP).</li><li>- describe simple measures and indicators of comparative living standards. For example, GDP per head, Human Development Index (HDI).</li></ul> |

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

- describe why some countries are classified as developed and others are not.
- 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.
- define exchange rates.
- discuss the causes and consequences of exchange rate fluctuations.
- describe methods of protection.
- discuss the merits of free trade and protection.

# GRADE DESCRIPTIONS

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The scheme of assessment is intended to encourage positive achievement by all students. Mastery of the core curriculum is required for further academic study.

A **Grade A** student must show mastery of the core curriculum and an outstanding performance on the more academic problems.

A **Grade C** student must show this mastery plus ability in answering questions which are pitched at a more academic level.

A **Grade F** student must show success in a majority of tasks set on the core curriculum.

Grade descriptions are provided to give a general indication of the standards of achievement likely to have been shown by students awarded particular grades. The grade awarded will depend in practice upon the extent to which the student has met the assessment objectives overall and it might conceal weakness in one aspect of the examination which is balanced by above average performance in some other aspect.

## Grade A

Criteria for the standard of achievement likely to have been shown by students awarded Grade A.

### A *Knowledge with Understanding*

An excellent ability to identify detailed facts and principles in relation to the content of the syllabus.

An excellent ability to describe graphs, diagrams, tables.

A thorough ability to define the concepts and ideas of the syllabus.

### B *Analysis*

An excellent ability to classify and comment on information.

An ability to apply this information in a logical and well-structured manner to illustrate the application to a particular situation of a piece of economic analysis.

### C *Judgement and Decision Making*

A sound ability to discriminate between complex and varied information and to distinguish clearly between facts and opinions.

A sound ability to make clear, reasoned judgements and communicate them in an accurate and logical manner.

### D *Critical Evaluation*

A thorough ability to classify and order information.

A sound ability to form conclusions from this information and to demonstrate these conclusions clearly and logically.

## Grade C

Criteria for the standard of achievement likely to have been shown by students awarded Grade C.

### A *Knowledge with Understanding*

A sound ability to identify detailed facts and principles in relation to the content of the syllabus.

A sound ability to describe clearly graphs, diagrams, tables.

A sound ability to define the concepts and ideas of the syllabus.

### B *Analysis*

An ability to use and comment on information present in a non-verbal as well as a verbal manner.

An ability to apply this information to illustrate economic analysis to particular situations.

*C Judgement and Decision Making*

An ability to discriminate between more complex information and to distinguish clearly between facts and opinions.

An ability to evaluate and make reasoned judgements.

*D Critical Evaluation*

An ability to use evidence accurately and draw conclusions.

An ability to draw conclusions and present these in a clear manner using appropriate methods.

**Grade F**

Criteria for the standard of achievement likely to have been shown by students awarded Grade F.

*A Knowledge with Understanding*

Some ability to identify specific facts or principles in relation to the content of the syllabus.

Some ability to describe graphs, diagrams, tables.

Some familiarity with the central concepts and ideas of the syllabus.

*B Analysis*

Some ability to classify data in a simple way and some ability to select relevant information from a set of data.

A rudimentary ability to apply the tools of economic analysis to particular situations.

*C Judgement and Decision Making*

A limited ability to discriminate between different sources of information and to describe the difference between facts and opinions.

*D Critical Evaluation*

A rudimentary ability to use information relating to a particular topic and draw some basic conclusions.