

General Certificate of Education
Ordinary Level

Syllabus

ECONOMICS 2281

For examination in June and November 2010

CIE provides syllabuses, past papers, examiner reports, mark schemes and more on the internet. We also offer teacher professional development for many syllabuses. Learn more at www.cie.org.uk

ECONOMICS

GCE Ordinary Level/School Certificate

Subject 2281

(Available in the June and November examinations)

CONTENTS

	<i>Page</i>
AIMS	1
ASSESSMENT OBJECTIVES	1
CONTENT	2
SCHEME OF ASSESSMENT	4
BOOK LIST	5

Exclusions

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

0455 Economics

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. 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

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

CONTENT

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).

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

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.

6 Economic indicators

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

SCHEME OF ASSESSMENT

Two compulsory papers will be set as follows:

<i>Paper</i>	<i>Duration</i>		<i>Mark Weighting</i>
1 Multiple choice	1 hour	40 items, all to be attempted. All items will be of the four response 'simple completion' type.	30%
2 Structured Questions	2 hours	4 questions to be answered, including one compulsory question and 3 questions from a choice of 6.	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.

	<p><i>Longman GCSE Study Guides</i> Longman Group UK, 0 582 45202 3 Does not include multiple choice questions.</p>
AG Anderton	<p><i>Economics for GCSE</i> Collins Education, 0 00 327429 2 Includes data response questions (but not multiple choice).</p>
Matthew Andrews	<p><i>HIGCSE Economics</i> Cambridge University Press Module 3, 0521 59526 6 Covers 'Determining National Income', 'The Components of National Income' and 'Factors Influencing National Income'. Module 4, 0 521 59525 8 Covers 'Income, Growth and Development', 'Internal Development Concerns and Policies' and 'International Development Concerns and Policies'. Designed for a higher level examination taken in southern African countries but contain much material helpful for O Level.</p>
Dan Moynihan & Brian Titley	<p><i>Economics: A Complete Course</i> (3rd Edition) Oxford University Press 0 19 913413 8 Comprehensive topic coverage with assignments and data response material.</p>
Robert Paisley & John Quillfeldt	<p><i>GCSE Economics</i> Longman Group UK, 0 582 00520 5 Divided into 38 'units', each with activities including stepped questions and data response (but not multiple choice).</p>
John Pratten	<p><i>GCSE Economics</i> Liverpool Academic Press, 1872807739</p>
Jason Probert	<p><i>HIGCSE Economics</i> Cambridge University Press, Module 1, 0 521 595282 Covers 'What is Economics?' and 'Basic Economic Concepts'. Module 2, 0 521 59527 4 Covers 'Supply and Demand', 'Firms and Production' and 'Markets' Designed for a higher level examination taken in southern African countries, but contain much material helpful for O Level.</p>