

Syllabus

Cambridge IGCSE Economics

Syllabus code 0455

For examination in June and November 2012



UNIVERSITY *of* CAMBRIDGE
International Examinations

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1. Introduction

1.1 Why choose Cambridge?

University of Cambridge International Examinations (CIE) is the world's largest provider of international qualifications. Around 1.5 million students from 150 countries enter Cambridge examinations every year. What makes educators around the world choose Cambridge?

Recognition

Cambridge IGCSE is internationally recognised by schools, universities and employers as equivalent to UK GCSE. Cambridge IGCSE is excellent preparation for A/AS Level, the Advanced International Certificate of Education (AICE), US Advanced Placement Programme and the International Baccalaureate (IB) Diploma. Learn more at www.cie.org.uk/recognition.

Support

CIE provides a world-class support service for teachers and exams officers. We offer a wide range of teacher materials to Centres, plus teacher training (online and face-to-face) and student support materials. Exams officers can trust in reliable, efficient administration of exams entry and excellent, personal support from CIE Customer Services. Learn more at www.cie.org.uk/teachers.

Excellence in education

Cambridge qualifications develop successful students. They not only build understanding and knowledge required for progression, but also learning and thinking skills that help students become independent learners and equip them for life.

Not-for-profit, part of the University of Cambridge

CIE is part of Cambridge Assessment, a not-for-profit organisation and part of the University of Cambridge. The needs of teachers and learners are at the core of what we do. CIE invests constantly in improving its qualifications and services. We draw upon education research in developing our qualifications.

1. Introduction

1.2 Why choose Cambridge IGCSE Economics?

Cambridge IGCSE Economics is accepted by universities and employers as proof of knowledge and understanding of economics. Successful IGCSE Economics candidates gain lifelong skills, including:

- an understanding of economic theory, terminology and principles
- the ability to apply the tools of economic analysis
- the ability to distinguish between facts and value judgements in economic issues
- an understanding of, and an ability to use basic economic numeracy and literacy
- the ability to take a greater part in decision-making processes in everyday life
- an understanding of the economies of developed and developing nations
- an excellent foundation for advanced study in economics

1.3 Cambridge International Certificate of Education (ICE)

Cambridge ICE is the group award of the International General Certificate of Secondary Education (IGCSE). It requires the study of subjects drawn from the five different IGCSE subject groups. It gives schools the opportunity to benefit from offering a broad and balanced curriculum by recognising the achievements of students who pass examinations in at least seven subjects, including two languages, and one subject from each of the other subject groups.

The Cambridge portfolio of IGCSE qualifications provides a solid foundation for higher level courses such as GCE A and AS Levels and the International Baccalaureate Diploma as well as excellent preparation for employment.

A wide range of IGCSE subjects is available and these are grouped into five curriculum areas. Economics (0455) falls into Group II, Humanities and Social Sciences.

Learn more about ICE at www.cie.org.uk/qualifications/academic/middlesec/ice.

1.4 How can I find out more?

If you are already a Cambridge Centre

You can make entries for this qualification through your usual channels, e.g. CIE Direct. If you have any queries, please contact us at international@cie.org.uk.

If you are not a Cambridge Centre

You can find out how your organisation can become a Cambridge Centre. Email us at international@cie.org.uk. Learn more about the benefits of becoming a Cambridge Centre at www.cie.org.uk.

2. Assessment at a glance

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Candidates will receive grades from A* to G.

Paper 1 Multiple choice	45 minutes
Candidates answer thirty multiple choice questions. 20% of total marks	
Paper 2 Structured questions	2 hours
Candidates answer one compulsory question and three questions from a choice of six. 50% of total marks	
Paper 3 Analysis and critical evaluation	1 hour 30 minutes
Candidates answer two compulsory questions and are required to interpret and analyse previously unseen data relevant to a real economic situation. 30% of total marks	

Availability

This syllabus is examined in the May/June examination session and the October/November examination session.

This syllabus is available to private candidates.

Centres in the UK that receive government funding are advised to consult the CIE website www.cie.org.uk for the latest information before beginning to teach this syllabus.

Combining this with other syllabuses

Candidates can combine this syllabus in an examination session with any other CIE syllabus, except:

- syllabuses with the same title at the same level
- 2281 O Level Economics

Please note that IGCSE, Cambridge International Level 1/Level 2 Certificates and O Level syllabuses are at the same level.

3. Syllabus aims and objectives

3.1 Aims

The aims below describe the educational purposes of a course in economics for the IGCSE exam.

The aims are to:

- 1 develop candidates' knowledge and understanding of economic terminology and principles, and elementary economic theory;
- 2 develop candidates' basic economic numeracy and literacy and their ability to handle simple data including graphs and diagrams;
- 3 develop candidates' ability to use the tools of economic analysis in particular situations;
- 4 show candidates how to identify and discriminate between differing sources of information and how to distinguish between facts and value judgements in economic issues;
- 5 develop candidates' ability to use economic skills (with reference to individuals, groups and organisations) to understand better the world in which they live;
- 6 enable candidates to participate more fully in decision-making processes as both consumers and producers and as citizens of the local, national and international community;
- 7 develop candidates' understanding of the economies of developed and developing nations and of the relationships between them; and to develop their appreciation of these relationships from the perspective of both developed and developing nations.

3.2 Assessment objectives and their weightings

The four assessment objectives in IGCSE Economics are:

- A: Knowledge with understanding
- B: Analysis
- C: Judgement and decision-making
- D: Critical evaluation.

A: Knowledge with understanding

Candidates should be able to:

- 1 show knowledge and understanding of economic facts, definitions, concepts, principles and theories;
- 2 use economic vocabulary and terminology confidently.

3. Syllabus aims and objectives

B: Analysis

Candidates should be able to:

- 1 select, organise and interpret data;
- 2 apply economic knowledge and understanding in verbal, numerical, diagrammatic, pictorial and graphical form;
- 3 use economic data, recognise patterns in such data, and determine relationships.

C: Judgement and decision-making

Candidates should be able to:

- 1 distinguish between evidence and opinion, make reasoned judgements and communicate those judgements in an accurate and logical manner;
- 2 recognise that economic theory has various limits and uncertainties;
- 3 evaluate the social and environmental implications of particular courses of economic action.

D: Critical evaluation

Candidates should be able to:

- 1 draw conclusions from economic information and critically evaluate economic data;
- 2 communicate conclusions in a logical and concise manner.

The weightings given to the assessment objectives are:

Assessment objective	Paper 1 (%)	Paper 2 (%)	Paper 3 (%)
A: Knowledge with understanding	60	20	20
B: Analysis	40	40	20
C: Judgement and decision-making		40	20
D: Critical evaluation			40

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

4. Curriculum content

4.1 Basic economic problem: choice and the allocation of resources

Candidates should be able to:

- 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.

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

Candidates should be able to:

- 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 such as 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 costs¹ 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.

¹ Social costs are equal to the sum of private costs and external costs.

4. Curriculum content

4.3 The individual as producer, consumer and borrower

Candidates should be able to:

- 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 and borrowing).

4.4 The private firm as producer and employer

Candidates should be able to:

- 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.

4. Curriculum content

4.5 Role of government in an economy

Candidates should be able to:

- describe the government as a producer of goods and services and as an employer;
- describe the aims of government policies, such as 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.

4.6 Economic indicators

With regards to **prices** candidates should be able to:

- describe how the retail price index is calculated;
- discuss the causes and consequences of inflation.

With regards to **employment** candidates should be able to:

- describe the changing patterns and levels of employment;
- discuss the causes and consequences of unemployment.

With regards to **output** candidates should be able to:

- define Gross Domestic Product (GDP);
- describe simple measures and indicators of comparative living standards, such as GDP per head, Human Development Index (HDI).

4. Curriculum content

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

Candidates should be able to:

- 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.

4.8 International aspects

Candidates should be able to:

- 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.

5. Appendix: Grade descriptions

CIE provides grade descriptions to give a general indication of what a candidate must achieve for a particular grade. The actual grade given to the candidate will depend on how well they have met the assessment objectives overall. A candidate's weakness in one aspect of the exam may be balanced by above average performance in some other aspect.

Grade A

To achieve an A grade, a candidate must show mastery of the curriculum and an outstanding performance on the more academic problems. Within the separate assessment objectives, a candidate awarded an A grade must show:

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 clearly 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 of economic analysis to a particular situation.

C: Judgement and decision-making

- a sound ability to discriminate between complex and varied sources of information and to distinguish clearly between facts and opinions;
- a sound ability to make clear, reasoned judgements and to 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

To achieve a C grade, a candidate must show a good understanding of the curriculum and some ability to answer questions that are pitched at a more academic level. Within the separate assessment objectives, a candidate awarded a C grade must show:

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.

5. Appendix: Grade descriptions

B: Analysis

- an ability to use and comment on information in a non-verbal as well as a verbal manner;
- an ability to apply this information to illustrate the application of economic analysis to a particular situation.

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 present conclusions in a clear manner, using appropriate methods.

Grade F

To achieve an F grade, a candidate must show some familiarity with the central concepts and ideas in the curriculum. Within the separate assessment objectives, a candidate awarded an F grade must show:

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.

B: Analysis

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

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

6. Additional information

6.1 Guided learning hours

IGCSE syllabuses are designed on the assumption that candidates have about 130 guided learning hours per subject over the duration of the course. ('Guided learning hours' include direct teaching and any other supervised or directed study time. They do not include private study by the candidate.)

However, this figure is for guidance only, and the number of hours required may vary according to local curricular practice and the candidates' prior experience of the subject.

6.2 Recommended prior learning

Candidates beginning this course are not expected to have studied Economics previously.

6.3 Progression

IGCSE Certificates are general qualifications that enable candidates to progress either directly to employment, or to proceed to further qualifications.

Candidates who are awarded grades C to A* in IGCSE Economics are well prepared to follow courses leading to AS and A Level Economics, or the equivalent.

6.4 Component codes

Because of local variations, in some cases component codes will be different in instructions about making entries for examinations and timetables from those printed in this syllabus, but the component names will be unchanged to make identification straightforward.

6.5 Grading and reporting

IGCSE results are shown by one of the grades A*, A, B, C, D, E, F or G indicating the standard achieved, Grade A* being the highest and Grade G the lowest. 'Ungraded' indicates that the candidate's performance fell short of the standard required for Grade G. 'Ungraded' will be reported on the statement of results but not on the certificate. For some language syllabuses CIE also reports separate oral endorsement grades on a scale of 1 to 5 (1 being the highest).

6. Additional information

Percentage uniform marks are also provided on each candidate's Statement of Results to supplement their grade for a syllabus. They are determined in this way:

- A candidate who obtains...
 - ... the minimum mark necessary for a Grade A* obtains a percentage uniform mark of 90%.
 - ... the minimum mark necessary for a Grade A obtains a percentage uniform mark of 80%.
 - ... the minimum mark necessary for a Grade B obtains a percentage uniform mark of 70%.
 - ... the minimum mark necessary for a Grade C obtains a percentage uniform mark of 60%.
 - ... the minimum mark necessary for a Grade D obtains a percentage uniform mark of 50%.
 - ... the minimum mark necessary for a Grade E obtains a percentage uniform mark of 40%.
 - ... the minimum mark necessary for a Grade F obtains a percentage uniform mark of 30%.
 - ... the minimum mark necessary for a Grade G obtains a percentage uniform mark of 20%.
 - ... no marks receives a percentage uniform mark of 0%.

Candidates whose mark is none of the above receive a percentage mark in between those stated according to the position of their mark in relation to the grade 'thresholds' (i.e. the minimum mark for obtaining a grade). For example, a candidate whose mark is halfway between the minimum for a Grade C and the minimum for a Grade D (and whose grade is therefore D) receives a percentage uniform mark of 55%.

The uniform percentage mark is stated at syllabus level only. It is not the same as the 'raw' mark obtained by the candidate, since it depends on the position of the grade thresholds (which may vary from one session to another and from one subject to another) and it has been turned into a percentage.

6.6 Resources

Copies of syllabuses, the most recent question papers and Principal Examiners' reports are available on the Syllabus and Support Materials CD-ROM, which is sent to all CIE Centres.

Resources are also listed on CIE's public website at **www.cie.org.uk**. Please visit this site on a regular basis as the Resource lists are updated through the year.

Access to teachers' email discussion groups, suggested schemes of work and regularly updated resource lists may be found on the CIE Teacher Support website at **<http://teachers.cie.org.uk>**. This website is available to teachers at registered CIE Centres.

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