ECONOMICS 2281
GCE O Level
2007

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Exclusions

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

0455 Economics

You can find syllabuses and information about CIE teacher training events on the CIE Website (www.cie.org.uk).

ECONOMICS

GCE Ordinary Level/School Certificate

Subject 2281
(*Available in the* **June** *and* **November** *examinations*)

Copies of syllabuses, past papers and Examiners' Reports are available on CD ROM and can be ordered using the Publications Catalogue, which is available at www.cie.org.uk under 'Qualifications & Diplomas' – 'Order Publications'.

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

(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, recognise patterns in such data, and 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 enquiry, and evaluate critically observations and other data;
10. communicate conclusions in a logical and concise manner.

CONTENT

Students should be able to:

1 Basic economic problem: scarcity and exercise of choice

- 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 describe particular circumstances to illustrate the concept.
- evaluate the implications of particular courses of action in terms of opportunity cost.
- describe specialisation and the need for exchange: functions and types of money.
- describe allocation of resources in market, planned and mixed economic systems.
- evaluate the relative merits of different economic systems and their effectiveness.

2 Nature and functions of organisations and institutions in an economy or economies studied

- 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 trade unions and their role in an economy.
- describe the functions of central banks, stock exchanges, commercial banks.

3 How the market works

- demonstrate the principle of equilibrium price (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 on price.
- define price elasticity of demand and supply and perform simple calculations.
- demonstrate the usefulness of elasticity in particular situations e.g. tax yields, turnover.
- describe the purposes and methods of advertising.
- describe pricing and output policies in perfect competition and monopoly.

4 The individual as producer, consumer and borrower

- identify the factors affecting an individual's choice of occupation (wage factors and non-wage factors).
- analyse changes in earnings over time between occupations and between economic sectors.
- describe the differences in earnings between different occupational groups and different economic sectors
- (male/female; skilled/unskilled; private/public; agricultural/manufacturing/services).
- analyse changes in patterns of expenditure between groups and over time.
- analyse the different motives for spending, saving and borrowing.
- describe how and why different income groups have different expenditure patterns (spending, saving, borrowing).

5 The private firm as producer and employer

- describe the principle of profit maximisation as a goal.
- describe what determines the demand for factors of production.
- define total and average cost, fixed and variable cost.
- analyse particular situations to show the effects of substituting one factor for another and to show the changes in total and average cost as output changes.
- define total and average revenue.
- describe the main reasons for the different sizes of firms (size of market; capital; organisation).
- define integration, economies and diseconomies of scale.

6 Role of government in an economy or economies studied

- describe the government as a producer of goods and services and as an employer.
- describe the aims of government policy, e.g. full employment, price stability, economic growth, redistribution of income, balance of payments stability.
- describe the types of taxation (national and local).
- discuss and reach reasoned conclusions on: the government's influence on private producers, the possible conflicts between government aims, the impact and incidence of taxation.

7 Main economic indicators: recent changes and current trends in an economy and their consequences

prices	- define retail price index and its simple calculation.
	- discuss the causes and consequences of inflation.
employment	- describe the changing patterns and levels of employment.
	- discuss the consequences of unemployment.
output	- define Gross Domestic Product as a measure of economic output.
international trade	- describe the structure of the Balance of Payments.
	- describe the changing patterns of exports and imports and effects on the balance of payments.
	- define exchange rates.
	- give reasons why exchange rates fluctuate.

8 Developed and developing economies: trends in population and in living standards

- describe developed and developing economies and reasons for different stages of development.
- trends in population and in living standards - describe the factors that affect population growth (birth rate, death rate, fertility rate, net migration) and reasons for rates of growth in different countries.
- describe the effects of changing size and structure of population on an economy.
- analyse problems and consequences for developed and developing countries.
- describe simple measures and indicators of comparative living standards.
- describe differences in living standards and reasons for disparities within nations and between nations, both developed and developing countries.

9 International aspects of interdependence and possible conflicts between the aims of individuals, firms and governments

- describe the benefits and disadvantages of specialisation at individual, regional and national levels.
- demonstrate the simple application of absolute and comparative advantage in trade.
- describe conflicts of interest in relation to social costs and benefits, private costs and benefits, short-term/long-term costs and benefits through studies of the following issues:

* conserving resources versus exploiting resources.
* free trade versus protection.
* public expenditure versus private expenditure.

SCHEME OF ASSESSMENT

Two compulsory papers will be set as follows:

Paper	*Duration*		*Mark Weighting*
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.

	Longman GCSE Study Guides Longman Group UK, 0 582 45202 3 Does not include multiple choice questions.
AG Anderton	*Economics for GCSE* Collins Education, 0 00 327429 2 Includes data response questions (but not multiple choice).
Matthew Andrews	*HIGCSE Economics* 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.
Dan Moynihan & Brian Titley	*Economics: A Complete Course* (3rd Edition) Oxford University Press 0 19 913413 8 Comprehensive topic coverage with assignments and data response material.
Robert Paisley & John Quillfeldt	*GCSE Economics* Longman Group UK, 0 582 00520 5 Divided into 38 'units', each with activities including stepped questions and data response (but not multiple choice).
John Pratten	*GCSE Economics* Liverpool Academic Press, 1872807739
Jason Probert	*HIGCSE Economics* 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.