

General Certificate of Education  
Ordinary Level

**Syllabus**

ECONOMICS 2281

For examination in June and November 2010

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# **ECONOMICS**

## **GCE Ordinary Level/School Certificate**

### **Subject 2281**

*(Available in the June and November examinations)*

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### **Exclusions**

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

0455 Economics



## AIMS

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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

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### (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

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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).

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\* 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**

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|------------|--|
| 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.

## **SCHEME OF ASSESSMENT**

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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

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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.

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