

SEC SYLLABUS (2009)

ECONOMICS

SEC 10

SYLLABUS

Economics SEC 10 Syllabus	(Not available in September) Paper I (2 hrs.) + Paper II (2 hrs.)
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A Aims

The syllabus aims to:

1. provide candidates with an understanding of basic economic concepts, theories and principles.
2. prepare candidates for effective participation in society as citizens, producers and consumers.
3. develop candidates' personal effectiveness through an understanding of contemporary economic issues.

B Assessment Objectives

Candidates will be expected to:

1. demonstrate a *knowledge* and an *understanding* of the basic concepts, theories and principles of economics.
2. *apply* appropriate theory to the solution of problems.
3. carry out an *analysis* of economic problems using the appropriate economic principles, theories and concepts.
4. *interpret* economic information presented in verbal, numerical or graphical form;

Although no specific allocation of marks is given to spelling, punctuation and grammar, candidates will inevitably penalise themselves if they fail to express and present information, ideas, descriptions, diagrams and arguments clearly.

C Scheme of Assessment

The syllabus is divided into two parts: micro economics and macro economics. The eight units in each part are common to all candidates.

Micro Economics

1. The nature of the economic problem and economic systems
2. Production and costs
3. The different forms of enterprise and the reason for the differences in their scale and organisation
4. Industrial location
5. The price mechanism
6. Market structures
7. Theory of Distribution
8. International Trade – Micro economic analysis

Macro Economics

9. Elementary National Income analysis
10. Money and the role of and contribution of financial institutions in an economy
11. The structure of and the reasons for government's revenue and expenditure
12. Inflation
13. Unemployment
14. Economic Growth
15. International Trade – Balance of Payments, Exchange rates and levels of economic integration in Europe
16. Population

Students should be familiar with the basic economic indicators of Maltese Islands such as national income, inflation, unemployment, balance of payments, and population.

General Guidelines

The syllabus will be assessed by means of two papers of two hours duration each, each paper carrying the same weight.

In each paper, candidates should be strongly advised to spend the first few minutes reading the questions in order to choose those questions the candidate feels he or she can answer best.

In all papers, where questions are subdivided, the allocation of marks within each question will be given on the question paper so that candidates can allocate their time on each part accordingly.

The use of non-programmable electronic calculators is permitted. In calculations, candidates are advised to show all their workings.

PAPER I

Paper I is a core paper to be taken by all candidates. It will consist of six questions from which candidates will be required to answer **four**. Questions will be based upon various forms of data, including, for example, extracts, tabulated schedules and different types of graphs. Data will be extracted from real-world sources and/or simulated.

PAPER II

There will be two versions of Paper II – A and B. Candidates are required to indicate on the registration form which Paper they wish to sit for. No change in the choice of paper will be allowed after the registration period.

PAPER IIA

Paper IIA will consist of **two sections**: Section A and Section B. **Section A covers Micro Economics (Topics 1 to 8)** while **Section B covers Macro Economics (topics 9 to 16)**. Each of the two Sections will have four essay type questions. Candidates are required to answer **one question from each Section** and **any other two** questions. All questions carry equal marks. The allocation of marks for different sections in each essay will be indicated on the question paper.

PAPER IIB

Paper IIB will similarly consist of **two sections**: Section A – **Micro Economics (Topics 1 to 8)** and Section B – **Macro Economics (topics 9 to 16)**. Each of the two Sections will have four questions. Candidates are required to answer **one question from each Section** and **any other two** questions. All questions carry equal marks. This allows 30 minutes for each question. Questions will test the same content areas as in Paper IIA but will be structured differently. Each question will be based on economic data presented in a variety of forms such as numerical material and prose passage. Each question will be sub-divided into various parts. The allocation of marks within each question will be provided on the question paper.

Students are to answer in the booklets provided, both in Paper I and Papers IIA and IIB.

D Results

Candidates sitting for Paper I and Paper IIA may qualify for Grades 1 to 5. The results of candidates who do not obtain at least a Grade 5 shall remain Unclassified (U).

Candidates sitting for Paper I and Paper IIB may qualify for Grades 4 to 7. The results of candidates who do not obtain at least a Grade 7 shall remain Unclassified (U).

E The Syllabus - Subject Content

The syllabus content specifies the material which will be examined. It is not intended that the structure of the syllabus represents a specific teaching order. Teachers are free to adopt any teaching sequence they deem suitable for their students and the educational context in which they operate.

Micro Economics

1. The nature of the economic problem and economic systems

1.1 The basic economic problem – scarcity, choice and opportunity cost.

Candidates should be able to:

- show an appreciation of the basic problems of scarcity, choice and allocation of resources;
- apply the concept of opportunity cost to economic decision making.

1.2 The factors of production.

Candidates should be able to:

- define production and factors of production.

1.3 Different classification of goods.

Candidates should be able to:

- identify different types of goods.

1.4 Production Possibilities Curve.

Candidates should be able to:

- interpret production possibility curves.

1.5. Three different types of economic systems

Candidates should be able to:

- analyze the main features of market, planned and mixed economies;
- assess the advantages and disadvantages of each;
- explain the role of the government in a mixed economy;
- distinguish between merit goods, demerit goods, public goods, externalities.
- explain possible government action to remedy market failure.

2. Production and Costs

2.1. Stages of production

Candidates should be able to:

- distinguish between primary, secondary and tertiary stages of production.

2.2. Specialisation and division of labour.

Candidates should be able to:

- identify the advantages and disadvantages of specialisation of resources.

2.3. Law of diminishing returns

Candidates should be able to:

- explain this law and illustrate it with examples.

2.4. Costs of production

Candidates should be able to:

- distinguish between different types of costs;
- interpret graphically different types of costs.

2.5. Small firms and their survival

Candidates should be able to:

- understand the importance of small firms in an economy;

- identify the reasons for the existence of small firms;
- show the awareness of institutions like The Malta Enterprise.

3. The different forms of enterprise and the reason for the differences in their scale and organisation

3.1. Private sector and public sector

Candidates should be able to:

- distinguish between private and public sector.

3.2. Growth of firms

Candidates should be able to:

- describe different ways of growth of firms;
- explain reasons for growth.

3.3. Business finance

Candidates should be able to:

- show understanding of different sources of finances, both internal and external for different types of business organisations.

3.4. Different types of firms in private sector

Candidates should be able to:

- distinguish between different ways of organising production in the private sector: sole trader, partnership, companies and co-operative.

3.5. The role of public enterprise and the arguments for and against privatization.

Candidates should be able to:

- give examples of public enterprise and privatisation;
- assess the arguments for and against privatisation.

4. Industrial location

4.1. Location of firms in relation to primary, secondary and tertiary industries

Candidates should be able to:

- identify, account for and analyse effects of location decisions of firms including multinationals.

4.2. The causes and consequences of changing location patterns

Candidates should be able to:

- identify the patterns of employment in primary, secondary and tertiary sectors;
- understand the meaning and effects of occupational and geographical immobility of labour.

4.3. Government policy towards location of industry

Candidates should be able to:

- discuss the role of government in influencing industrial location and employment patterns;
- show awareness of the role of institutions like Malta Environment and Planning Authority and The Malta Enterprise.

5. The price mechanism

Candidates should be able to:

- calculate and interpret the values of price elasticity of demand, price elasticity of supply, income elasticity of demand and cross elasticity of demand;
- describe factors affecting price elasticity of demand and price elasticity of supply;
- show awareness of the importance of the concept of elasticity for the business community and for the government;
- explain price elasticity of demand and price elasticity of supply in diagrammatic way.

6. Market structures

• Comparison between perfect competition, monopoly, monopolistic competition and oligopoly.

Candidates should be able to:

- explain the main features of different types of market structures; (knowledge of diagrams is not required);
- illustrate knowledge of advantages and disadvantages of competition and monopoly;
- understand the factors which determine market structure and the application to real life situations, (an awareness of the firm's profit-maximizing and loss-minimizing price and output in each structure is not required).

7. Theory of Distribution

7.1 Determinants of the demand for and the supply of labour

Candidates should be able to:

- identify factors affecting the demand for and the supply of labour;
- explain diagrams of the demand for labour and the supply of labour including the backward bending supply curve.

7.2. Wage differentials

Candidates should be able to:

- explain wage differentials and the determination of wage rate in competitive markets;
- explain the role of government in the labour market.

7.3. The role of trade unions in labour market

Candidates should be able to:

- discuss the role of trade unions and employers' associations in the labour market.

7.4. Interest and Rent

Candidates should be able to:

- show understanding of factors affecting interest rates and rent.

8. International Trade

8.1. Specialisation and the principle of comparative advantage

Candidates should be able to:

- understand the advantages and disadvantages of specialisation in international trade;
- demonstrate the knowledge of absolute advantage and comparative advantage.

8.2. Reasons for international trade

Candidates should be able to:

- identify the reasons for international trade.

8.3. Restrictions on free trade

Candidates should be able to:

- show the knowledge of different methods of protectionism;
- identify the arguments for and against free trade.

Macro Economics

9. Elementary National Income analysis

Candidates should be able to:

- describe the simple circular flow of income with withdrawals and injections;
- distinguish between GDP, GNP and NNP;
- understand the three methods of measuring National Income, and to detect changes in trends;
- understand the problems associated with calculating, interpreting and comparing National Income statistics;
- understand the economic effects of a change in the structure of the population on GDP and on the standard of living.

10. Money and the role of and contribution of financial institutions in an economy

10.1 The nature, functions and importance of money

Candidates should be able to:

- understand the weakness of the barter system and the role of money;
- distinguish between the characteristics and functions of money;
- know the different forms of money in today's world and consider the advantages and disadvantages of each form.

10.2 The main functions of the major financial institutions in an economy

Candidates should be able to:

- describe some of the main financial functions of financial institutions in Malta like the Malta Financial Services Authority, Malta Stock Exchange, Central Bank of Malta and commercial banks.

11. The structure of and the reasons for government's revenue and expenditure

Candidates should be able to:

- identify the different sources of government revenue;
- understand the different types of taxation in Malta;
- identify the main principles and effects of taxation;
- identify the main areas of government expenditure and the reasons for changes in patterns of government expenditure;
- understand the reasons for a budget deficit or surplus;
- understand how a budget deficit is financed;
- explain what is meant by national debt.

12. Inflation

Candidates should be able to:

- understand what is meant by inflation;
- describe the causes and effects of inflation;
- identify the tools to control inflation.

13. Unemployment

Candidates should be able to:

- identify the different types of unemployment;
- identify the social and economic effects of unemployment;
- describe the cures for the different types of unemployment.

14. Economic Growth

Candidates should be able to:

- understand what is meant by economic growth;
- to identify the factors that influence economic growth;
- describe the benefits and costs of economic growth.

15. International Trade – Balance of Payments, Exchange rates and levels of economic integration in Europe

15.1 Balance of Payments

Candidates should be able to:

- understand the main components of the Balance of Payments;
- suggest possible explanations for a Balance of Payments surplus or deficit;
- suggest ways of correcting a deficit/surplus.

15.2 Exchange Rates

Candidates should be able to:

- compare different exchange rates;
- identify and give reasons for an appreciation or depreciation of a currency;
- analyze the effects of an appreciation or depreciation on the economy e.g. Balance of payments, employment, inflation.

15.3 European Union

Candidates should be able to:

- describe the European Union (EU) and its objectives;
- explain European and Monetary Union (EMU) and what member countries must do to achieve it;
- describe the European Exchange Rate Mechanism (ERM);
- understand the role of the European Central Bank (ECB);
- assess the arguments for and against a single European currency.

16. Population

16.1 The main determinants in size and composition of a country's population

Candidates should be able to:

- understand the effects of changes in birth rate, death rate and migration on a population;
- interpret population pyramids.

16.2 The main causes and consequences of changes in population

Candidates should be able to:

- identify the main trends in the size, sex, age, occupational and geographical distribution;
- understand the causes and consequences of these trends;
- understand the effects of government policy on the occupational and geographical distribution of population.

F Grade Descriptions

The following matrix gives a description of levels of response for each of the four assessment objectives.

Assessment Objectives	Grade 1	Grade 5	Grade 7
Knowledge and Understanding	Wide ranging knowledge and a thorough understanding of economic principles, concepts and theories.	Good basic knowledge and a sound understanding of economic principles, concepts and theories.	Elementary knowledge and understanding of economic principles, concepts and theories.
Application	A comprehensive capacity to select and apply economic principles, concepts, and theories and to relate these to economic problems.	Can apply some economic principles, concepts and theories which are relevant to economic problems.	A limited ability to apply economic principles, concepts and theories.
Analysis	Identification of appropriate economic principles, theories and concepts to carry out rigorous analysis of economic problems	Can identify some economic principles, concepts and theories in order to carry out analysis of different economic problems	Some ability to identify economic ideas in order to carry out limited analysis of economic problems.
Interpretation	An excellent ability to interpret data.	Can interpret some data	Limited ability to interpret data

G Suggested list of useful websites

www.borzamalta.com.mt
www.centralbankmalta.com
www.consumersinternational.org/members/malta1.html
www.etc.org.mt
www.investinmalta.com
www.mepa.org.mt
www.mfsc.com.mt
www.nso.gov.mt

H Suggested Textbooks

Moynihan, D. and Titley, B. (19--), *Economics – A Complete Course*, Oxford.
 Anderton, A.(1993), *Economics for GCSE*, Collins
 Candidates are also encouraged to use a dictionary of economics for reference.