

**ECONOMICS**  
**Intermediate 2**

**First edition – published 2005**

## National Course Specification

### ECONOMICS (INTERMEDIATE 2)

**COURSE NUMBER** C038 11

#### COURSE STRUCTURE

This Course has three mandatory Units, as follows:

<b>DM4W 11</b>	<b><i>Microeconomics (Intermediate 2)</i></b>	<b><i>1 credit (40 hours)</i></b>
<b>DM4X 11</b>	<b><i>The UK Economy (Intermediate 2)</i></b>	<b><i>1 credit (40 hours)</i></b>
<b>DM4Y 11</b>	<b><i>The International Economy (Intermediate 2)</i></b>	<b><i>1 credit (40 hours)</i></b>

All Courses include 40 hours over and above the 120 hours for the Units. This may be used for induction, extending the range of learning and teaching approaches, support, consolidation, integration of learning and preparation for Course assessment.

#### RECOMMENDED ENTRY

While entry is at the discretion of the centre, candidates will normally be expected to have attained one of the following, or equivalent:

- ◆ Standard Grade Economics at General level
- ◆ Economics Units at Intermediate 1 – *The Economics of the Market (Intermediate 1)*, *The Individual and Employment (Intermediate 1)* and *Macroeconomic Concepts (Intermediate 1)*

**and**

- ◆ Standard Grade English at General level, or
- ◆ Intermediate 1 English or its Units.

#### PROGRESSION

The Course or its Units may provide progression to:

- ◆ Higher Economics
- ◆ further education
- ◆ training or employment.
- ◆

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#### Administrative Information

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## **National Course Specification (cont)**

**COURSE**                Economics (Intermediate 2)

### **CREDIT VALUE**

The Intermediate 2 Course in Economics is allocated 24 SCQF points at SCQF level 5\*.

\*SCQF points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.

### **CORE SKILLS**

This Course gives automatic certification of the following:

**Core Skills components for the Course**

Critical Thinking at Intermediate 2

## National Course Specification: course details

**COURSE** Economics (Intermediate 2)

### RATIONALE

This Course is designed to promote an understanding of the economic environment. Business and enterprise are at the heart of national growth and development and this is reflected in the important place that business education assumes in the curriculum. The provision offers opportunities for candidates to develop the crucial skills and knowledge which allow them to access, understand and contribute to the dynamic and complex business and information environment. Whatever the career pathway or progression route, business education can provide a valuable context which enhances individual effectiveness.

All societies, organisations and individuals face the basic economic problem of allocating scarce resources among competing uses. Economics is the social science which provides the knowledge base and the range of skills that promote an understanding of the economic dimension of life which revolves around the production and consumption of goods and services. Economics is, therefore, concerned with decisions made by individuals, businesses, government and other organisations, and the environment in which they operate. The Intermediate 2 Course in Economics is concerned with the ways in which such choices about the use of resources are made and the implications which these choices have for individuals in particular and for organisations and society in general. It will build on candidates' own experiences as consumers and, in addition, help them to interpret economic events through the application of basic economic principles and ideas. The Course will help candidates to think logically, and to consider the reasons for and the effects of economic events and economic policies.

Candidates will, therefore, gain an appreciation of the many decisions which affect the working of markets and influence the living conditions in Scotland and the United Kingdom. They will also develop an awareness of the importance of the international dimension, for example, the European Union, in influencing the UK economy. As a result, the Course will enable candidates to become better-informed citizens, producers and consumers, who will be able to make a greater contribution to society.

The study of economics at Intermediate 2 looks at both the world of business and the economic environment in which business is set. It will provide a good basis for further study in general areas such as business, social studies and management, and for professional qualifications in areas like financial services and accounting. It will also be of benefit for anyone contemplating a career in central or local government, commerce or industry.

The three Units of the Course reflect this rationale. *Microeconomics (Intermediate 2)* examines the basic economic problem of unlimited wants and limited resources and considers the way in which supply and demand forces operating through markets bring about an effective system of resource allocation. *The UK Economy (Intermediate 2)* Unit explores the macroeconomic environment within which market behaviour occurs. It pays particular attention to factors such as inflation and unemployment and the government policies associated with them. Finally, *The International Economy (Intermediate 2)* Unit extends the coverage of the Course to ensure that it takes account of the international nature of economic events. It looks at the position of the UK in international economic terms and pays particular attention to the economic aspects of the European Union.

## National Course Specification: course details (cont)

### COURSE Economics (Intermediate 2)

#### AIMS

The aims of the Course are to build on the knowledge and understanding gained in General Level Standard Grade Economics or the Intermediate 1 units in Economics, and to:

- ◆ develop an understanding of:
  - the basic economic problem of the allocation of scarce resources among alternative uses
  - the use of economic theory to explain economic issues
  - the national and international economic context and the economic relationships between countries
- ◆ develop the skills of:
  - describing economic problems and suggesting possible solutions
  - communicating economic ideas clearly
- ◆ promote and encourage:
  - an awareness of the economic roles and responsibilities of the individual in society as a consumer, employee, producer and citizen
  - an awareness of the economic roles and responsibilities of firms and governments in the use and distribution of resources
  - an awareness of the environmental and social costs involved in economic decisions

and to provide a foundation for future education and training.

Satisfactory completion of the Course will provide candidates with:

- ◆ a grounding in the main principles of micro- and macroeconomics
- ◆ an awareness of the international economic context
- ◆ a sound basis for further study in economics or in business and other courses where economics is a significant part
- ◆ transferable skills such as the ability to communicate information clearly.

The Economics Courses have been designed in a hierarchical structure. The Units at Intermediate 2 and Higher have similar Outcomes. This should facilitate delivery of the Courses and permit candidates to move between levels where this is appropriate. It also ensures a clear progression from Intermediate 2 to Higher. It is important, however, to distinguish between the two levels for learning, teaching and assessment purposes and also to meet the needs of learners. There are a number of aspects of this distinction:

- ◆ at Intermediate 2, the emphasis is predominantly on the explanation of economic ideas and how they are used; at Higher, candidates are expected to provide a certain amount of economic analysis, for example, in the study of markets. For more difficult topics such as costs, the Intermediate 2 Course concentrates on description whereas, at Higher, candidates are expected to provide explanations

## National Course Specification: course details (cont)

### COURSE Economics (Intermediate 2)

- ◆ the range of economic concepts at Intermediate 2 has been kept relatively narrow to allow candidates to describe and explain economic situations from an economic perspective, but also to ensure that they are not overwhelmed by theory.
- ◆ candidates at Intermediate 2 are expected to master a more limited range of content than at Higher and are not expected to demonstrate the same level of understanding of the concepts covered. Thus, the Unit specifications at Intermediate 2 contain less demanding performance criteria and less extensive evidence requirements.

Nevertheless, the Intermediate 2 Course is more challenging than General Level Standard Grade or the Units at Intermediate 1 in that:

- ◆ the economic situations considered are more complex
- ◆ the integration of topics is developed to a more considerable extent
- ◆ the breadth and depth of content and understanding is more substantial.

### COURSE CONTENT

The Course content has been organised into three Units: *Microeconomics (Intermediate 2)*, *The UK Economy (Intermediate 2)* and *The International Economy (Intermediate 2)*.

All of the Course content will be subject to sampling in the Course assessment.

The content of the Course is summarised below.

#### Microeconomics (Intermediate 2)

##### *The basic economic problem*

The nature of the economic problem	The concepts of scarcity, choice and opportunity cost.
Resources	Factors of production - land, labour, capital and enterprise.  Substitution of resources. Mobility of resources. Measures to improve and mobility.
Choices	What to produce? How much to produce? How to produce? For whom to produce?  The meaning of economic efficiency - satisfaction of maximum wants from available resources.
Opportunity cost	Sacrifice of the most attractive alternative.  Individuals, firms, governments.

## National Course Specification: course details (cont)

### COURSE Economics (Intermediate 2)

#### *Demand*

Theory of demand	Effective demand.  Demand schedules.  Total, marginal and diminishing marginal utility.  The shape of the demand curve.
Determinants of market demand	Price, income, prices of other goods (substitutes and complements), tastes, fashion, advertising, population.  Effects of changes in determinants of demand on quantity demanded.

#### *Supply*

The nature of supply	Supply schedules.  The shape of the supply curve.
Determinants of market supply	Price, prices of factors of production, technology, weather, taxes and subsidies.  Effects of changes in determinants of supply on quantity supplied.

#### *Costs*

The nature of production	Specialisation and the division of labour by product and process.  Advantages and disadvantages to employees, employers and consumers.
Costs	Distinction between the short and the long run.  Total, average and marginal costs.  Optimum output.  Fixed and variable costs. The relationship between short run output and average cost.  The relationship between long run output and average cost - increasing, decreasing and constant returns to scale.

## National Course Specification: course details (cont)

### COURSE Economics (Intermediate 2)

Total, average and marginal revenue.

Difference between total revenue and total cost.

The importance of profit.

#### *Markets*

The nature of a market

The interaction of buyers and sellers.

Markets for goods and services.

The setting of prices by market forces of demand and supply

Market equilibrium: determination of equilibrium price and output.

Effects on equilibrium price and output of changes in determinants of demand and supply.

Use of diagrams to illustrate market behaviour.

Market intervention

Types of intervention - taxes, subsidies, price fixing.

Reasons for intervention.



## National Course Specification: course details (cont)

### COURSE Economics (Intermediate 2)

#### The UK Economy (Intermediate 2)

##### *National Income*

Components of National Income	Consumption, investment, government expenditure, exports, imports, savings and taxes.
Uses of National Income statistics	Measurement of economic growth, comparison of standard of living over time, and between countries.  Problems of measuring National Income, for example, double counting, the shadow economy.
The determination of National Income	The circular flow of income.  Injections and withdrawals.  Equilibrium level of national income.

##### *Inflation*

Inflation	Definition and measurement of inflation. .  Causes of inflation - increases in the prices of imports, rises in factor costs, excess aggregate demand, excess supply of money.  Real and money changes in prices and incomes.  Effects of inflation on individuals, firms and the economy.
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##### *Unemployment*

Unemployment	Definition of unemployment – rate and level.  Ways of measuring unemployment – claimant count, labour force surveys, seasonally adjusted.
Causes of unemployment	For example, lack of demand, changes in demand, foreign competition, seasonal factors, immobility of labour.
Effects of unemployment on individuals and the economy	For example, social costs, reduced living standards, reduction in tax revenue, increase in government expenditure, loss of output.

## National Course Specification: course details (cont)

### COURSE Economics (Intermediate 2)

#### *Economic activity of the government*

Role of government	Government aims: employment, price stability, economic growth, balance of payments, distribution of incomes and wealth.
Government expenditure	Main areas of government expenditure.  Capital and current expenditure. Transfer payments.  Reasons for government expenditure: for example, financing of non-marketed goods and services (such as health and education), strategic reasons (such as defence), welfare provision, redistribution of income.  Trends in public provision of goods and services.
Government income	Sources of government income including taxes and borrowing.  Types of taxation: direct, indirect, progressive, regressive.  Balance between direct and indirect taxation.
Government policy	Role of the Budget; relationship between expenditure, income and borrowing.  Effect of budgetary changes on aggregate demand, employment and price level.  Effect of interest rate changes on aggregate demand, employment and price level.

## National Course Specification: course details (cont)

### COURSE Economics (Intermediate 2)

#### The International Economy (Intermediate 2)

##### *International Trade and Payments*

Reasons for international trade	Absolute advantage – for example, different climates, different resources. Comparative advantage.  Benefits of international trade to countries and consumers.  Barriers to trade, for example, tariffs, quotas. Reasons for barriers to trade.
Current balance	Components: exports, imports, goods, services, transfers, interest, profits, dividends.  Distinction between flows of goods and services and the consequent money flows.  Balance of Trade in goods and services.  Balance on Current Account.
Patterns of UK trade	Composition of trade, main trading partners, for example, European Union, USA.
Exchange rates	The price of one currency in terms of another.  Demand for £ sterling from foreign currency buyers of UK goods and services.  The supply of £ sterling from UK buyers of foreign goods and services.  Effects of changes in exchange rate on UK citizens travelling abroad, on foreign visitors to the UK, and on prices of exports and imports.
<b><i>The international economic environment</i></b>	
European Union	Main economic features of EU: for example, single market, social chapter, Common Agricultural Policy.
Developing countries	Characteristics: for example, dependence on primary production, low levels of GNP and productivity, poor infrastructure, fluctuations in export earnings.
Newly industrialised countries	Forms of aid to developing countries Characteristics: for example, high growth rates, rapid industrialisation, concentration on exports.

## National Course Specification: course details (cont)

**COURSE** Economics (Intermediate 2)

### ASSESSMENT

To gain the award of the *Economics (Intermediate 2)* Course, candidates must pass all the units and the Course assessment. The candidate's grade is based on the Course assessment.

#### Assessment Objectives

The key objective of assessment is to ensure that candidates have achieved the aims of the Course. In particular, assessment seeks to ensure that candidates have understood and can apply the Course content and that they can communicate their understanding.

Unit assessment aims to ensure candidates can complete a range of descriptive and explanatory questions about familiar situations. There is some limited integration but it is restricted to the topics covered within the Unit.

Course assessment aims to ensure candidates can describe and explain economic issues in less familiar and more complex contexts through the use of interpretation items and extended response questions. There is some integration of topics and this integration applies across the whole of the Course content.

#### Unit Assessment

The Unit assessment for each of the three Units will be a closed book assessment which should take place at an appropriate time. The maximum time allowed for each assessment is 60 minutes.

Each Unit is assessed against the standards set out in the *National Unit Specification: statement of standards* for each unit. Full details of the Outcomes, Performance Criteria and evidence requirements may be found in the Unit Specifications.

Further details about Unit assessment for this Course can be found in the National Assessment Bank materials produced in conjunction with each of the three Unit Specifications.

#### Course Assessment

The Course assessment is a Question Paper.

Paper	Time allocation	Mark allocation
1	1 hour 45 minutes	60

- ◆ The paper examines knowledge and understanding covering the Course content and also assesses evaluation and problem solving.
- ◆ Questions will cover the interpretation of economic information and some will require an extended response.
- ◆ The paper will consist of two sections, A and B.
- ◆ Section A will cover interpretation items while Section B will be extended response questions.
- ◆ Questions in both sections may focus on particular areas of Course content but there will also be questions which provide an opportunity to integrate topics across all areas of the Course content. These integrative questions may cover topics from two or more of the three Units which comprise the Course.

## **National Course Specification: course details (cont)**

### **COURSE**                      Economics (Intermediate 2)

#### **Section A – total marks available 40**

This section of the paper will assess evaluation and problem solving.

It will consist of two brief interpretation items. Each will have a number of questions totalling 20 marks. Candidates will be expected to attempt all questions for both interpretation items.

The information presented to candidates may take a number of forms, including extracts from newspapers or magazines, or articles from relevant economic publications. It may incorporate data in tabular, graphical or diagrammatic form. The stimulus material supplied will not contain all the answers within it.

Candidates will be required to consider basic economic problems and issues by identifying the key features of them and extracting and processing relevant information to reach valid conclusions. They will also be required to suggest appropriate courses of action to be taken on economic issues.

#### **Section B – total marks available 20**

This section of the paper will assess knowledge and understanding.

It will consist of five questions drawn from any part of the Course content. Each question will require extended answers and will be worth 20 marks. Each question will normally contain three sub-sections. Candidates should attempt any one question.

#### **Relationship between Unit and Course assessment**

The Unit assessments sample the knowledge and understanding gained during the learning and teaching process. Each Unit assessment is self-contained and covers only the content relevant to that Unit. A significant purpose of the Unit assessment is to enable candidates to demonstrate that they have grasped the essential aspects of economics introduced during a Unit. They do involve some application of knowledge and understanding but in contexts which are familiar to candidates. As such, they provide an on-going benchmark against which candidates can measure their progress.

The Course assessment samples all aspects of the Course content and thus covers material from all three Units. It also tests knowledge and understanding but does so in a way which involves integration of topics from more than one Unit. The interpretation items require candidates to apply their knowledge to unfamiliar contexts and to adopt a greater problem solving approach than the Unit assessments.

The different emphases of the Unit and Course assessments will ensure that there is no unnecessary duplication of assessment. On occasions, it is possible that the same topic may feature in both assessments but candidates will be expected to carry forward the knowledge and understanding of a specific topic from the Unit assessment and apply it in unfamiliar contexts and/or in association with other topics in an integrative way.

## **National Course Specification: course details (cont)**

### **COURSE**                      Economics (Intermediate 2)

#### **The ‘added value’ of the Course**

The Unit and the Course assessments complement each other. Candidates may undertake Units on a stand-alone basis. Because of the holistic approach to unit assessment, those who take this route will be able to demonstrate specific achievement in a particular area of Economics within a familiar context. Candidates who undertake the Course will have additional demands imposed upon them which will enable them to gain significant benefits over and above those gained by completing Unit assessment.

The additional demands will require candidates to:

- ◆ demonstrate the retention of knowledge from all areas of the Course content
- ◆ integrate knowledge and understanding from all areas of the Course content
- ◆ respond to questions relating to less familiar and more complex contexts
- ◆ explain economic issues set in less familiar and more complex contexts
- ◆ make use of economic information relating to less familiar and more complex contexts.

The additional 40 hours for the Course is to allow these additional demands to be met. It also gives those delivering the Course the opportunity to make use of a wide range of teaching and learning strategies to assist candidates in meeting these additional demands.

## **National Course Specification: course details (cont)**

**COURSE**                      Economics (Intermediate 2)

### **GRADE DESCRIPTIONS**

The candidate's grade will be based on the total score obtained from the Course assessment.

The descriptions below indicate the nature of achievement required for an award at Grade C and Grade A in the Course.

For an award at Grade C, candidates should be able to:

- ◆ apply knowledge and understanding to an explanation of a range of different economic contexts
- ◆ demonstrate some ability to integrate material drawn from the Course content
- ◆ show a basic understanding of the main economic concepts and how they can be applied to economic behaviour
- ◆ demonstrate an ability to explain straightforward economic problems
- ◆ communicate economic ideas effectively.

For an award at Grade A, candidates should be able to:

- ◆ consistently apply knowledge and understanding to an explanation of a range of different economic contexts, some of which may be complex
- ◆ demonstrate a high degree of ability to integrate material drawn from any part of the Course content
- ◆ show an understanding, using examples, of the main economic concepts and how they can be applied to economic behaviour
- ◆ demonstrate an ability to explain straightforward economic problems, some of which may contain a limited number of variables
- ◆ demonstrate clarity and logic in the communication of economic ideas.

## **National Course Specification: course details (cont)**

**COURSE**            Economics (Intermediate 2)

### **ESTIMATES AND APPEALS**

#### **Estimates**

In preparing estimates, evidence must take account of performance across the Course and must be judged against the Grade Descriptions. Further advice on the preparation of estimates is given in the Course Assessment Specification.

#### **Appeals**

Evidence assembled in support of an Assessment appeal should cover the content of the Course. Ideally, this will comprise evidence generated by a properly constructed, integrated prelim which matches the Course assessment in both format and standard.

Although a prelim is not mandatory it is desirable. This is because it provides evidence of how well a candidate can perform in conditions which replicate the Course assessment. The prelim can test retention of knowledge and understanding across all areas of the Course content, provide opportunities for integration and allow candidates to apply their knowledge in unfamiliar and more complex contexts. It can also result in evidence which is produced within the same time constraint as that specified by the Course assessment.

When developing prelim papers, centres should bear in mind that past papers, including SQA past papers, will not be accepted in their entirety. However, questions selected carefully from a minimum of three past papers, preferably adapted (to ensure the breadth and depth of coverage required to satisfy the Course Grade Descriptions) can be combined to form a valid assessment instrument for a prelim. Centres must also be certain that the question paper used for a prelim is not in the public domain and has not been previously seen by candidates. It is the responsibility of centres to ensure the validity, reliability and security of assessment instruments used as a basis for estimates and appeals.

High scoring evidence generated through Unit assessments can lend weight to an appeal. However, evidence from Unit assessment cannot on its own generate sufficient evidence of how a candidate can perform against the Course Grade Descriptions because it does not fully replicate the Course Assessment with respect, for example, to retention and integration.

If evidence from Unit assessment is submitted in support of an appeal, therefore, it should be supplemented by additional evidence which is comparable in depth and breadth to that required in the Course assessment. This could take the form of evidence from performance in integrated tasks/questions based on the Grade Descriptions for the Course and undertaken in closed book conditions. A supplementary prelim may also be a source of evidence.

### **QUALITY ASSURANCE**

All National Courses are subject to external marking and/or moderation. External markers, visiting examiners and moderators are trained by SQA to apply national standards.

The units of all Courses are subject to internal moderation and may also be chosen for external moderation. This is to ensure that national standards are being applied across all subjects.



## **National Course Specification: course details (cont)**

### **COURSE**            Economics (Intermediate 2)

Courses may be assessed by a variety of methods. Marking is undertaken by trained markers. Markers' meetings and central marking ensure that a consistent standard is applied. The work of all markers is supported throughout and subject to scrutiny by the Principal Assessor.

To assist centres, Principal Assessor and Senior Moderator reports are published on the SQA's website *www.sqa.org.uk*.

## National Course Specification: course details (cont)

**COURSE** Economics (Intermediate 2)

### APPROACHES TO LEARNING AND TEACHING

The sequencing of the Units and the Course content in this document represents one possible way in which the learning and teaching could be structured. However, this arrangement does not imply that there is a rigid teaching order, or that the Units would not benefit from an integrated delivery.

The teaching approach implicit in the ordering of the Units is to begin with the basic economic principles contained in *Microeconomics (Intermediate 2)* Unit, moving on to *The UK Economy (Intermediate 2)* Unit and finishing with *The International Economy (Intermediate 2)* Unit. This has the advantage of dealing first with the economic problem and the market system of resource allocation which underpin the whole Course. In this way, candidates begin with the basic economic principles of scarcity, choice and opportunity cost and move through the working of markets to consider the wider economy and its international context. A focus on individuals and current economic events should be used. This approach should help to integrate the theoretical and practical aspects of all parts of the Course, and to reflect its issue-based nature. In this way, candidates will be more able to apply general economic concepts to a whole range of issues. As a result, the learning and teaching strategy will be less abstract than that at Higher level and the use of realistic examples will increase the relevance of the subject to candidates and increase their motivation, particularly if use is made of up-to-date statistics and reference is made to topical events. Where appropriate, learning and teaching should refer to the Scottish Economy.

An alternative approach may be to begin with National Income theory and progress through macroeconomic issues of *The UK Economy (Intermediate 2)* Unit to supply and demand and markets in *Microeconomics (Intermediate 2)*. This also means that *The International Economy (Intermediate 2)* becomes the final Unit. Whichever approach is chosen, care should be taken to integrate the theoretical and practical aspects of all parts of the Course, and to reflect its issue-based nature.

Although it may well be the final part of the Course to be taught, *The International Economy (Intermediate 2)* is a significant Unit, particularly as it covers the European Union (EU) and its increasing significance for the operation of the UK economy. This is particularly important in the study of government policies and international trade and payments where the economic situation in the UK is greatly influenced by membership of the EU.

Whichever sequence of material is taken for learning and teaching, candidates should be encouraged to see the natural links which exist within and between the various parts of the Course. Each Unit can itself be approached holistically and an integrative approach to the learning and teaching process can help candidates recognise the importance of each Unit to all aspects of their study of Economics. The additional 40 hours available for the Course can be used to help to promote integration and synthesis between the individual topics and to allow for a wider range of contexts to be employed. It can also assist candidates in making links between the three Units and to see how they are interconnected.

Throughout the learning and teaching process, candidates should be aware of the importance of diagrams in illustrating the economic concepts involved. They should also be made aware of relevant statistical and other information and how it can be used in the study of economics.

The Course recognises that economic issues are influenced by a range of local, national and international factors and learning and teaching approaches should take account of these perspectives.

## **National Course Specification: course details (cont)**

### **COURSE**                      Economics (Intermediate 2)

An important element of following an issue-based approach is the use of current events to illustrate and to highlight the relevance of economic ideas and principles. Wherever possible, learning and teaching should make reference to current economic events and to actual examples and candidates should be encouraged to keep abreast of current economic developments.

There are considerable resources available which can enhance teaching and learning. Traditionally, the learning and teaching process in Economics has made considerable use of articles from newspapers, magazines and journals, as well as television programmes, to give a relevant and topical flavour to the Course. These sources remain important but are now supplemented by a number of comprehensive websites, some devoted specifically to Economics. Computer simulations of the economy and the increasing number of databases of economic statistics (also available on the Internet) can provide learning resources to help candidates develop economic competence.

### **CANDIDATES WITH ADDITIONAL SUPPORT NEEDS**

This Course Specification is intended to ensure that there are no artificial barriers to learning or assessment. The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative Outcomes for Units. For information on these, please refer to the document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (SQA, 2004).

## National Course Specification: course details (cont)

### COURSE Economics (Intermediate 2)

#### ECONOMICS IN A BROADER CONTEXT

A number of national initiatives and programmes promote themes that are important to contemporary society such as citizenship and enterprise. These themes contribute to individual subjects and Courses by making connections beyond the subject boundaries and enrich the learning experience of candidates. Similarly, the specialist knowledge and skills developed through study of a particular subject contributes to the understanding of these themes.

Economics is a subject which by its very nature deals with matters which impact on the everyday life of everyone in society. It covers things which most people do every day like making decisions about buying goods and services. Economic issues like inflation, trade and employment are regularly reported in the national and local news. As such, therefore, it permeates throughout all aspects of life.

It is, too, a subject of international significance. There is, for example, a Nobel Prize for Economics. It is a subject with a long and distinguished history in Scotland. Adam Smith is widely regarded as the leading figure in the early development of economic ideas.

All parts of the Economics Courses at all levels contribute to building a wider awareness of contemporary society. In particular, candidates who complete the Course will be better informed citizens who, as a result, will be able to participate in an enterprise economy and have a basis for life long learning. They will also have a strong awareness and appreciation of the place of the UK in the European and the world economy and the effect that global economic events can have on the UK. Examples of each of these are given below.

Education for citizenship – Economics increases awareness of key social and political issues like inflation and unemployment. As such, those who have studied the subject are better able to understand and make sense of current events. They are thus able to make better-informed decisions and to ask more careful questions. The teaching and learning approaches for this subject actively encourage candidates to keep up to date with current developments.

Education for enterprise – Economics is the basis for the study of many business subjects. It itself deals directly with the economic environment within which businesses operate which means that it promotes skills in identifying relevant information for business and in analysing this information. In addition it provides key underpinning knowledge on factors like demand, costs and profit which are of great significance to business and particularly important in assessing the likely success of a new business venture. Further, Economics provides important skills relevant to decision making in business such as predicting the likely effect of changes in the price of a product/service or of changes in the income of consumers.

Lifelong learning – Economics increases candidate awareness of current affairs and, as already noted, the learning and teaching approaches for the subject are built around the use of current examples. These examples come from a wide variety of sources such as the Internet, newspapers, magazines and journals and well as television programmes. The study of Economics, therefore, promotes habits of being interested and aware of current developments which can last a lifetime. It also helps candidates to gain knowledge and skills which they can use throughout life in making personal decisions such as house purchase. It helps them, therefore, to deal with and prosper in a changing and developing society.

## National Unit Specification: general information

**UNIT** Microeconomics (Intermediate 2)

**NUMBER** DM4W 11

**COURSE** Economics (Intermediate 2)

### SUMMARY

This Unit enables candidates to understand the basic economic problem of scarcity and choice and the way in which markets work. Candidates will consider the way in which the forces of supply and demand operating through markets bring about an efficient system of resource allocation.

This Unit is a mandatory Unit of the *Economics (Intermediate 2)* Course and is also available as a free standing Unit.

This Unit is suitable for candidates progressing from Standard Grade or from Intermediate 1 Units in Economics and provides basis for further study.

### OUTCOMES

- 1 Describe the basic economic problem.
- 2 Describe the operation of demand and supply in markets.

### RECOMMENDED ENTRY

Entry is at the discretion of the centre. However, candidates will normally be expected to have attained one of the following or equivalent:

- ◆ Standard Grade English at General level or Intermediate 1 English
- ◆ Standard Grade Economics at General level

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### Administrative Information

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## **National Unit Specification: general information**

**UNIT**        Microeconomics (Intermediate 2)

### **CREDIT VALUE**

1 credit at Intermediate 2 (6 SCQF points at SCQF level 5\*)

*\*SCQF points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

### **CORE SKILLS**

There is no automatic certification of Core Skills or Core Skills components in this Unit

## **National Unit Specification: statement of standards**

### **UNIT           Microeconomics (Intermediate 2)**

Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to the Scottish Qualifications Authority.

#### **OUTCOME 1**

Describe the basic economic problem.

##### **Performance Criteria**

- (a) Unlimited wants and limited resources are described.
- (b) Relevant economic concepts are used in the description.
- (c) The relationship between scarcity and choice is described.
- (d) Relevant examples are used in the description of the basic economic problem.

#### **OUTCOME 2**

Describe the operation of demand and supply in markets.

##### **Performance Criteria**

- (a) Relevant economic concepts are used to support the description.
- (b) Correctly labelled diagrams are used to illustrate economic concepts.
- (c) The effects of shifts of curves are described.
- (d) Cost concepts are stated.
- (e) Examples of demand and supply in markets are used to support the description.

#### **EVIDENCE REQUIREMENTS FOR THE UNIT**

The contents for this Unit are specified in Appendix 1 – Unit Content

Evidence is required to demonstrate that candidates have met the requirements of both Outcomes and all Performance Criteria.

Candidates are required to demonstrate knowledge and understanding of the Unit content by answering a combination of short answer and extended response questions drawn from all areas of the Unit content and covering both Outcomes.

Evidence will be produced by candidates completing a number of short answer questions in a closed book assessment. In some cases, short answer questions may be supplemented by a minority of extended response questions. Candidates must attempt this assessment in controlled conditions on a single occasion. The maximum time allowed is 60 minutes.

If re-assessment is required, it should consist of a different instrument of assessment with a different sample from the range of Unit content.

Achievement can be determined by the use of a cut-off score. The standard to be applied and the breadth of coverage are illustrated in the National Assessment Bank items available for this Unit. If a centre wishes to design its own assessment for this Unit, it should be of a comparable standard.

## **National Unit Specification: support notes**

### **UNIT            Microeconomics (Intermediate 2)**

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

#### **GUIDANCE ON THE CONTENT AND CONTEXT FOR THIS UNIT**

This Unit is one of three mandatory Units in the Intermediate 2 Economics Course. It looks at the basic economic problem in terms of scarcity and choice and the operation of demand and supply in markets. It includes an examination of some of the factors which influence the shape of demand and supply curves.

The extent of the knowledge required for each Outcome of the Unit is detailed in Appendix 1 – Unit Content. Candidates should be made aware of the economic concepts and principles associated with the topics listed and how they can be used to describe the economic problem and to explain market behaviour in terms of demand and supply.

#### **GUIDANCE ON LEARNING AND TEACHING APPROACHES FOR THIS UNIT**

The Unit should be approached holistically so that candidates appreciate the relationship between the economic problem and the way in which supply and demand operate in markets. Wherever possible, actual examples can be used to illustrate the way in which markets work.

Candidates should be aware of the importance of diagrams in illustrating the economic concepts involved.

There are close links with the other two Units in the Intermediate 2 Course. For example, the operation of supply and demand connects with the exchange rates in *The International Economy (Intermediate 2)* Unit and to unemployment and the supply and demand for labour in *The UK Economy (Intermediate 2)* Unit. Where candidates are undertaking this Unit as part of the Intermediate 2 Course, the learning and teaching approaches for this Unit should assist them to make connections between the three Units and to recognise that they are interdependent.

#### **GUIDANCE ON APPROACHES TO ASSESSMENT FOR THIS UNIT**

Short answer questions supplemented by some extended response questions are most likely to enable candidates to generate suitable evidence for this Unit. Short answer questions allow candidates to explain the meaning of relevant terms and to state or explain briefly what happens in a particular situation. In a minority of questions, candidates should present a fuller explanation or description and in these situations, extended response questions can be used. For this Unit, the assessment will involve the candidate in drawing suitable diagrams to illustrate the working of supply and demand. These questions are to be attempted in controlled conditions so candidates should be given assistance to help them prepare for such an assessment event.



## **National Unit Specification: support notes**

### **UNIT        Microeconomics (Intermediate 2)**

#### **CANDIDATES WITH ADDITIONAL SUPPORT NEEDS**

This Unit specification is intended to ensure that there are no artificial barriers to learning or assessment. The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative Outcomes for Units. For information on these, please refer to the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (SQA, 2004).

## National Unit Specification: statement of standards (cont)

### UNIT Microeconomics (Intermediate 2)

#### Appendix 1 – Unit Content

*NB: This Appendix is within the statement of standards ie the mandatory requirements of the Unit.*

#### Outcome 1

Candidates must be able to make use of the following economic concepts to describe the basic economic problem.

The nature of the economic problem	The concepts of scarcity, choice and opportunity cost.
Resources	Factors of production - land, labour, capital and enterprise.  Substitution of resources. Mobility of resources. Measures to improve and mobility.
Choices	What to produce? How much to produce? How to produce? For whom to produce?  The meaning of economic efficiency - satisfaction of maximum wants from available resources.
Opportunity cost	Sacrifice of the most attractive alternative.  Individuals, firms, governments.

#### Outcome 2

Candidates must be able to make use of the economic concepts listed below to describe the operation of demand and supply in markets.

Theory of demand	Effective demand.  Demand schedules.  Total, marginal and diminishing marginal utility.  The shape of the demand curve.
Determinants of market demand	Price, income, prices of other goods (substitutes and complements), tastes, fashion, advertising, population.  Effects of changes in determinants of demand on quantity demanded.

## Appendix 1 – Unit Content (cont)

The nature of supply

Supply schedules.

The shape of the supply curve.

Determinants of market supply

Price, prices of factors of production, technology, weather, taxes and subsidies.

Effects of changes in determinants of supply on quantity supplied.

The nature of production

Specialisation and the division of labour by product and process.

Advantages and disadvantages to employees, employers and consumers.

Costs

Distinction between the short and the long run.

Total, average and marginal costs.

Optimum output.

Fixed and variable costs. The relationship between short run output and average cost.

The relationship between long run output and average cost - increasing, decreasing and constant returns to scale.

Total, average and marginal revenue.

Difference between total revenue and total cost.

The importance of profit.

The nature of a market

The interaction of buyers and sellers.

Markets for goods and services.

The setting of prices by market forces of demand and supply

Market equilibrium: determination of equilibrium price and output.

Effects on equilibrium price and output of changes in determinants of demand and supply.

Use of diagrams to illustrate market behaviour.

Market intervention

Types of intervention - taxes, subsidies, price fixing.

Reasons for intervention.

## National Unit Specification: general information

**UNIT** The UK Economy (Intermediate 2)

**NUMBER** DM4X 11

**COURSE** Economics (Intermediate 2)

### SUMMARY

This Unit enables candidates to describe the economic concepts underlying the working of the UK economy and how the government may influence the way the economy works. It explores the macroeconomic environment within which market behaviour occurs. It pays particular attention to factors such as inflation and unemployment and government policies associated with them.

This Unit is a mandatory Unit of the *Economics (Intermediate 2)* Course and is also available as a free standing Unit.

This Unit is suitable for candidates progressing from Standard Grade or from Intermediate 1 Units in Economics and provides basis for further study.

### OUTCOMES

- 1 Describe National Income.
- 2 Describe the macroeconomic environment of the UK.

### RECOMMENDED ENTRY

Entry is at the discretion of the centre. However, candidates will normally be expected to have attained one of the following or equivalent:

- ◆ Standard Grade English at General level or Intermediate 1 English
- ◆ Standard Grade Economics at General level

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### Administrative Information

**Supeclass:** EB

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## **National Unit Specification: general information (cont)**

**UNIT**        The UK Economy (Intermediate 2)

### **CREDIT VALUE**

1 credit at Intermediate 2 (6 SCQF points at SCQF level 5\*)

*\*SCQF points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

### **CORE SKILLS**

There is no automatic certification of Core Skills or Core Skills components in this Unit

## **National Unit Specification: statement of standards**

### **UNIT        The UK Economy (Intermediate 2)**

Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to the Scottish Qualifications Authority.

#### **OUTCOME 1**

Describe National Income.

##### **Performance Criteria**

- (e) Relevant economic concepts are used in the description.
- (f) A diagram illustrating the circular flow of income is labelled and described.
- (g) Injections and withdrawals are described.
- (h) Relevant examples of National Income concepts are outlined.

#### **OUTCOME 2**

Describe the macroeconomic environment of the UK.

##### **Performance Criteria**

- (f) Relevant economic concepts are used in the description.
- (g) The effects of an economic issue affecting the UK economy are described.
- (h) A policy to address an economic issue affecting the UK economy is outlined.
- (i) Relevant examples of macroeconomic issues are outlined.

### **EVIDENCE REQUIREMENTS FOR THE UNIT**

The contents for this Unit are specified in Appendix 1 – Unit Content

Evidence is required to demonstrate that candidates have met the requirements of both Outcomes and all Performance Criteria.

Candidates are required to demonstrate knowledge and understanding of the Unit content by answering a combination of short answer and extended response questions drawn from all areas of the Unit content and covering both Outcomes.

Evidence will be produced by candidates completing a number of short answer questions in a closed book assessment. In some cases, short answer questions may be supplemented by a minority of extended response questions. Candidates must attempt this assessment in controlled conditions on a single occasion. The maximum time allowed is 60 minutes.

If re-assessment is required, it should consist of a different instrument of assessment with a different sample from the range of Unit content.

Achievement can be determined by the use of a cut-off score. The standard to be applied and the breadth of coverage are illustrated in the National Assessment Bank items available for this Unit. If a centre wishes to design its own assessment for this Unit, it should be of a comparable standard.

## **National Unit Specification: support notes**

### **UNIT           The UK Economy (Intermediate 2)**

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

#### **GUIDANCE ON THE CONTENT AND CONTEXT FOR THIS UNIT**

This Unit is one of three mandatory Units in the Intermediate 2 Economics Course. It covers the macroeconomic concepts used to describe the working of the UK economy. It begins by exploring the basic principles underlying the circular flow of income theory and the measurement of National Income. It moves on to look at inflation and unemployment and role of government policy with respect to both of these issues.

The extent of the knowledge required for each Outcome of the Unit is detailed in Appendix 1 – Unit Content. Candidates should be made aware of the economic concepts and principles associated with the topics listed and how they can be used to describe National Income and the macroeconomic environment of the UK including government policies to influence the economy.

#### **GUIDANCE ON LEARNING AND TEACHING APPROACHES FOR THIS UNIT**

The Unit should be approached holistically. There is considerable scope to make use of current examples to illustrate and explain the material which comprises this Unit. Candidates can be encouraged to find examples for themselves by referring to newspapers, business magazines and television news. These, and the internet, may also provide sources of case studies and other stimulus material which can be used for class discussion, comprehension exercises and other learning and teaching activities.

The Unit also offers an opportunity to make considerable use of data relating to the UK economy. Candidates should be aware of trends in unemployment and inflation over the last ten years.

There are close links with the other two Units at Intermediate 2 level. For example, the circular flow of income can involve international trade from *The International Economy (Intermediate 2)* Unit while unemployment can be related to demand and supply from *Microeconomics (Intermediate 2)* Unit. Where candidates are undertaking this Unit as part of the Intermediate 2 Course, the learning and teaching approaches for this Unit should assist them to make connections between the three Units and to recognise that they are interdependent.

#### **GUIDANCE ON APPROACHES TO ASSESSMENT FOR THIS UNIT**

Short answer questions supplemented by some extended response questions are most likely to enable candidates to generate suitable evidence for this Unit. Short answer questions allow candidates to describe the meaning of relevant terms and to state briefly what happens in a particular situation. In a minority of questions, candidates should present a fuller description and in these situations, extended response questions can be used. For this Unit, the assessment will involve the candidate in drawing a suitable diagram to illustrate the circular flow of income. These questions are to be attempted in controlled conditions so candidates should be given assistance to help them prepare for such an assessment event.

## **National Unit Specification: support notes (cont)**

**UNIT**        The UK Economy (Intermediate 2)

### **CANDIDATES WITH ADDITIONAL SUPPORT NEEDS**

This Unit specification is intended to ensure that there are no artificial barriers to learning or assessment. The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative Outcomes for Units. For information on these, please refer to the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (SQA, 2004).



## National Unit Specification: statement of standards (cont)

### UNIT The UK Economy (Intermediate 2)

#### Appendix 1 – Unit Content

*NB: This Appendix is within the statement of standards ie the mandatory requirements of the Unit.*

#### Outcome 1

Candidates should be able to make use of the following economic concepts to describe national income.

Components of National Income	Consumption, investment, government expenditure, exports, imports, savings and taxes.
Uses of National Income statistics	Measurement of economic growth, comparison of standard of living over time, and between countries.  Problems of measuring National Income, for example, double counting, the shadow economy.
The determination of National Income	The circular flow of income.  Injections and withdrawals.  Equilibrium level of national income.
Inflation	Definition and measurement of inflation. .  Causes of inflation - increases in the prices of imports, rises in factor costs, excess aggregate demand, excess supply of money.  Real and money changes in prices and incomes.  Effects of inflation on individuals, firms and the economy.
Unemployment	Definition of unemployment – rate and level.  Ways of measuring unemployment – claimant count, labour force surveys, seasonally adjusted.
Causes of unemployment	For example, lack of demand, changes in demand, foreign competition, seasonal factors, immobility of labour.
Effects of unemployment on individuals and the economy	For example, social costs, reduced living standards, reduction in tax revenue, increase in government expenditure, loss of output.

## Appendix 1 – Unit Content (cont)

### Outcome 2

Candidates should be able to make use of the economic concepts listed below to describe the macroeconomic environment of the UK.

Role of government	Government aims: employment, price stability, economic growth, balance of payments, distribution of incomes and wealth.
Government expenditure	Main areas of government expenditure.  Capital and current expenditure. Transfer payments.  Reasons for government expenditure: for example, financing of non-marketed goods and services (such as health and education), strategic reasons (such as defence), welfare provision, redistribution of income.  Trends in public provision of goods and services.
Government income	Sources of government income including taxes and borrowing.  Types of taxation: direct, indirect, progressive, regressive.  Balance between direct and indirect taxation.
Government policy	Role of the Budget; relationship between expenditure, income and borrowing.  Effect of budgetary changes on aggregate demand, employment and price level.  Effect of interest rate changes on aggregate demand, employment and price level.

## National Unit Specification: general information

**UNIT** The International Economy (Intermediate 2)

**NUMBER** DM4Y 11

**COURSE** Economics (Intermediate 2)

### SUMMARY

This Unit enables candidates to describe international trade and how it relates to the balance of payments and exchange rates in the context of important aspects of the international economic environment. The Unit takes account of the international nature of economic events. It looks at the position of the UK in international economic terms and pays particular attention to the economic aspects of the European Union.

This Unit is a mandatory Unit of the *Economics (Intermediate 2)* Course and is also available as a free standing Unit.

This Unit is suitable for candidates progressing from Standard Grade or from Intermediate 1 Units in Economics and provides basis for further study.

### OUTCOMES

- 3 Describe international trade and the balance of payments.
- 4 Describe the international economic environment.

### RECOMMENDED ENTRY

Entry is at the discretion of the centre. However, candidates will normally be expected to have attained one of the following or equivalent:

- ◆ Standard Grade English at General level or Intermediate 1 English
- ◆ Standard Grade Economics at General level

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### Administrative Information

**Supeclass:** EB

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## **National Unit Specification: general information (cont)**

**UNIT**        The International Economy (Intermediate 2)

### **CREDIT VALUE**

1 credit at Intermediate 2 (6 SCQF points at SCQF level 5\*)

*\*SCQF points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

### **CORE SKILLS**

There is no automatic certification of Core Skills or Core Skills components in this Unit

## **National Unit Specification: statement of standards**

### **UNIT        The International Economy (Intermediate 2)**

Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to the Scottish Qualifications Authority.

#### **OUTCOME 1**

Describe international trade and the balance of payments.

##### **Performance Criteria**

- (i) Relevant economic concepts are used in the description.
- (j) The effects of a change in exchange rates are described.
- (k) Relevant examples of international trade and payments are used in the description.

#### **OUTCOME 2**

Describe the international economic environment.

##### **Performance Criteria**

- (j) Relevant economic concepts are used in the description.
- (k) The economic characteristics of different aspects of the international economic environment are stated.
- (l) Relevant examples taken from the international economic environment are used in the description.

#### **EVIDENCE REQUIREMENTS FOR THE UNIT**

The contents for this Unit are specified in Appendix 1 – Unit Content.

Evidence is required to demonstrate that candidates have met the requirements of both Outcomes and all Performance Criteria.

Candidates are required to demonstrate knowledge and understanding of the Unit content by answering a combination of short answer and extended response questions drawn from all areas of the Unit content and covering both Outcomes.

Evidence will be produced by candidates completing a number of short answer questions in a closed book assessment. In some cases, short answer questions may be supplemented by a minority of extended response questions. Candidates must attempt this assessment in controlled conditions on a single occasion. The maximum time allowed is 60 minutes.

If re-assessment is required, it should consist of a different instrument of assessment with a different sample from the range of Unit content.

Achievement can be determined by the use of a cut-off score. The standard to be applied and the breadth of coverage are illustrated in the National Assessment Bank items available for this Unit. If a centre wishes to design its own assessment for this Unit, it should be of a comparable standard.

## National Unit Specification: support notes

### UNIT        The International Economy (Intermediate 2)

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

#### **GUIDANCE ON THE CONTENT AND CONTEXT FOR THIS UNIT**

This Unit is one of three mandatory Units in the Intermediate 2 Economics Course. It looks at the trade and the balance of payments with particular reference to the position of the UK but also covers the wider international economic environment of which the UK is part. It begins by exploring the basic reasons for international trade and the benefits it brings and the barriers which are imposed. It goes on to look at the balance of payments and exchange rates. The main focus is the UK but the Unit also looks at other types of economies and pays particular attention to developments in the European Union and their effect on the UK economy.

#### **GUIDANCE ON LEARNING AND TEACHING APPROACHES FOR THIS UNIT**

The Unit should be approached holistically. There is considerable scope to make use of current examples to illustrate and explain the material which comprises this Unit. Candidates can be encouraged to find examples for themselves by referring to newspapers, business magazines and television news. These, and the Internet, may also provide sources of case studies and other stimulus material which can be used for class discussion, comprehension exercises and other learning and teaching activities.

The Unit also offers an opportunity to make considerable use of data such as balance of payments figures and trends in UK trade. Candidates should also be aware of recent trends in relevant economic factors such as exchange rates.

There are close links with the other two Units at Intermediate 2 level. For example, international trade is an aspect of the circular flow of income in *The UK Economy (Intermediate 2)* Unit and exchange rates can be related to the study of demand and supply in *Microeconomics (Intermediate 2)* Unit. Where candidates are undertaking this Unit as part of the Intermediate 2 Course, the learning and teaching approaches for this Unit should assist them to make connections between the three Units and to recognise that they are interdependent.

#### **GUIDANCE ON APPROACHES TO ASSESSMENT FOR THIS UNIT**

Short answer questions supplemented by some extended response questions are most likely to enable candidates to generate suitable evidence for this Unit. Short answer questions allow candidates to describe the meaning of relevant terms and to state briefly what happens in a particular situation. In a minority of cases, candidates should present a fuller description and, in these situations, extended response questions can be used. These questions are to be attempted in controlled conditions so candidates should be given assistance to help them prepare for such an assessment event.

## **National Unit Specification: support notes (cont)**

### **CANDIDATES WITH ADDITIONAL SUPPORT NEEDS**

This Unit specification is intended to ensure that there are no artificial barriers to learning or assessment. The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative Outcomes for Units. For information on these, please refer to the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (SQA, 2004).

## National Unit Specification: statement of standards (cont)

### UNIT The International Economy (Int 2)

#### Appendix 1 – Unit Content

*NB: This Appendix is within the statement of standards ie the mandatory requirements of the Unit.*

#### Outcome 1

Candidates should be able to make use of the following economic concepts to describe international trade and payments.

Reasons for international trade	Absolute advantage – for example, different climates, different resources. Comparative advantage.  Benefits of international trade to countries and consumers.  Barriers to trade, for example, tariffs, quotas. Reasons for barriers to trade.
Current balance	Components: exports, imports, goods, services, transfers, interest, profits, dividends.  Distinction between flows of goods and services and the consequent money flows.  Balance of Trade in goods and services.  Balance on Current Account.
Patterns of UK trade	Composition of trade, main trading partners, for example, European Union, USA.
Exchange rates	The price of one currency in terms of another.  Demand for £ sterling from foreign currency buyers of UK goods and services.  The supply of £ sterling from UK buyers of foreign goods and services.  Effects of changes in exchange rate on UK citizens travelling abroad, on foreign visitors to the UK, and on prices of exports and imports.



## Appendix 1 – Unit Content (cont)

### Outcome 2

Candidates should be able to make use of the following economic concepts to describe the international economic environment.

European Union	Main economic features of EU: for example, single market, social chapter, Common Agricultural Policy.
Developing countries	Characteristics: for example, dependence on primary production, low levels of GNP and productivity, poor infrastructure, fluctuations in export earnings.  Forms of aid to developing countries
Newly industrialised countries	Characteristics: for example, high growth rates, rapid industrialisation, concentration on exports.