

ECONOMICS
Advanced Higher

Fourth edition – published July 2003

**NOTE OF CHANGES TO ADVANCED HIGHER ARRANGEMENTS
FOURTH EDITION PUBLISHED JULY 2003**

COURSE TITLE: Economics (Advanced Higher)

COURSE NUMBER: C038 13

National Course Specification

Minor changes

National Unit Specification

Minor changes

National Course Specification

ECONOMICS (ADVANCED HIGHER)

COURSE NUMBER C038 13

COURSE STRUCTURE

This course comprises two mandatory units as follows:

D206 13	<i>Microeconomics (AH)</i>	<i>1 credit (40 hours)</i>
D207 13	<i>Applied Economics (AH)</i>	<i>2 credits (80 hours)</i>

In common with all courses, this course includes 40 hours over and above the 120 hours for the component units. This is for induction, extending the range of learning and teaching approaches, support, consolidation, integration of learning and preparation for external assessment. This time is an important element of the course and advice on its use is included in the course details.

RECOMMENDED ENTRY

While entry is at the discretion of the centre, candidates would normally be expected to have achieved one of the following:

- Higher Economics or
- the component units of Higher Economics – Microeconomics (H) and The Economy (H) and
- Higher English or its component units.

Administrative Information

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National Course Specification: general information (cont)

COURSE Economics (Advanced Higher)

CORE SKILLS

This course gives automatic certification of the following:

Complete core skills for the course	None
Additional core skills components for the course	Critical Thinking H
	Reviewing and Revaluating H

For information about the automatic certification of core skills for any individual unit in this course, please refer to the general information section at the beginning of the unit.

Additional information about core skills is published in *Automatic Certification of Core Skills in National Qualifications* (SQA, 1999).

National Course Specification: course details

COURSE Economics (Advanced Higher)

RATIONALE

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 post-16 curriculum. The provision offers opportunities for individuals 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 which 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 Advanced Higher in Economics is concerned with the application of economic concepts to the ways in which choices about the use of resources are made. It concentrates particularly on the analysis and evaluation of current economic issues and the implications which these have for individuals, organisations and society as a whole. It develops skills in interpreting, analysing and evaluating the processes of economic change and development in contemporary society. The methodology of the subject encourages candidates to use the processes of deductive and inductive reasoning to assess and evaluate various types of data and to weigh up the benefits and costs of alternative courses of action. The course will enable candidates to appreciate that economic problems can be considered from a number of different perspectives. Hence, at this level, candidates are encouraged to think independently and to take greater responsibility for their own learning.

The aims of the course build on Higher Economics and are to:

- apply a knowledge of the basic economic problem to issues involving the allocation of scarce resources among alternative uses
- develop an understanding of the effects of economic events on the individual in society as a consumer, employee, producer and citizen
- develop an understanding of the economic concepts involved in an analysis of the behaviour of firms
- extend understanding of the social costs involved in economic decisions
- extend the ability to analyse current economic issues arising from UK membership of the European Union
- extend the ability to analyse current international economic issues
- develop an ability to analyse and discuss current problems of an economic nature from a number of perspectives and to suggest possible solutions
- extend the ability to communicate economic ideas in a logical and effective manner.

National Course Specification: course details (cont)

COURSE Economics (Advanced Higher)

As a result, candidates will develop an ability to analyse critically the many public and private decisions which affect the working of markets and influence the living conditions in Scotland, the United Kingdom, the European Union and the wider world today. It will also enable them to develop further as informed citizens, producers and consumers, able to contribute to the society in which they live.

The study of Economics at Advanced Higher level will provide a strong foundation for those wishing to undertake further study in Economics. It will also be beneficial to those intending to progress into courses in areas such as business, social studies and management, and into professional qualifications in law, accountancy, etc. It will also be of benefit for anyone contemplating a career in central or local government, commerce or industry.

COURSE CONTENT

It is important that candidates wishing to succeed in the course as distinct from its individual units should see the holistic nature of the whole course. The purpose of the extra 40 hours is to enable this to be achieved. There are two complementary aspects to this. The first is that additional demands will be placed on candidates, while the second involves the use of a variety of learning and teaching strategies. These additional demands will require candidates to:

- integrate the course content
- apply knowledge and skills in a greater range of economic contexts
- apply knowledge and skills in more complex economic contexts.

A range of learning and teaching strategies can be used to help candidates meet these additional demands; some illustrations follow.

Candidates taking this course should have exposure to a variety of learning strategies which help them to see the holistic nature of the whole course. This can be done in a number of different ways. One is to use the extra 40 hours available in the course to integrate the content across the two units and the various outcomes. For example, ideas drawn from the Microeconomics unit can be applied to the analysis of economic issues considered in the Applied Economics unit.

The study of the whole course also gives greater opportunities for a more in-depth consideration of the course content. This process should involve further development of the understanding gained at Higher level which, with some additional knowledge, will help to integrate the Advanced Higher course as a whole. For example, in the study of macroeconomic issues such as unemployment, candidates could build on the theory introduced in the Higher by reviewing the issue from a variety of economic viewpoints, for example, monetarist and neo-Keynesian. The structure of the course is such that a wide range of contexts can be used to help exemplify topics to candidates, allowing them to appreciate the value of applying economic concepts to the analysis of important current events.

Therefore use should be made of the extra 40 hours time available, if the course award is being undertaken, to employ the strategies outlined above. In this way, candidates will be better prepared for the external assessment which samples across the entire course content.

National Course Specification: course details (cont)

COURSE Economics (Advanced Higher)

The course content has been organised into two units: Microeconomics and Applied Economics.

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

Microeconomics (AH)

Perfect competition

Underpinning assumptions: large number of buyers and sellers, perfect knowledge, homogeneous product, freedom of entry and exit to the market.

Equilibrium in the short and long run for the firm and the industry.

Advantages and disadvantages of perfect competition.

Monopoly

Underpinning assumptions, for example, single supplier, total barriers to entry.

Equilibrium in the short and long run.

Advantages and disadvantages of monopolies.

Price discrimination.

Monopolistic competition

Underpinning assumptions, for example, independence of firms, product differentiation.

Equilibrium in the short and long run.

Oligopoly

Underpinning assumptions, for example, existence of barriers to entry, interdependence between firms.

Behaviour of firms in oligopoly – kinked demand, collusion (for example, cartel, price leadership), non-collusive behaviour, non-price competition.

Externalities

Marginal private costs, marginal social costs, marginal private benefits, marginal social benefits. Government intervention to address externalities.

Applied Economics (AH)

This unit is based on the application of economic knowledge gained at Higher level. Candidates will use their existing knowledge to analyse current economic issues and their background.

National Course Specification: course details (cont)

COURSE Economics (Advanced Higher)

ASSESSMENT

To gain the award of the course, candidates must pass the unit assessments as well as the external assessment. External assessment will provide the basis for grading attainment in the course award.

When units are taken as component parts of a course, candidates will have the opportunity to achieve at levels beyond that required to demonstrate competence for each of the unit outcomes. This attainment may, where appropriate, be recorded and used to contribute towards course estimates, and to provide evidence for appeals. Further information on the key principles of assessment are provided in the paper *Assessment* published by HSDU in May 1996.

DETAILS OF THE INSTRUMENTS FOR EXTERNAL ASSESSMENT

External course assessment will consist of two components:

Dissertation

Candidates will write a Dissertation on a topic from the Applied Economics unit. The Dissertation will be allocated 25% of the total marks available for the external assessment, i.e. 25 marks out of a total of 100 marks.

In order to prepare the dissertation, the candidates will have to select a topic which will include a number of complex issues. The candidate will then carry out research, analysing the issues, deciding on an approach and planning and organising the structure and content of the dissertation.

It will be necessary for the candidate to research a range of sources. Evidence will be gathered and presented and a conclusion will be reached, based on the evaluation of complex evidence.

An annotated bibliography should also be submitted giving a list of sources consulted by the candidate. This will be taken into account in the assessment of the Dissertation.

The Dissertation, excluding footnotes and bibliography, should be between 3,500 and 4000 words in length. The Dissertation will be externally marked. Centres will be informed by the SQA of the date by which dissertations should be received.

National Course Specification: course details (cont)

COURSE Economics (Advanced Higher)

The External Examination

External assessment will be based on one written paper of 2 hours 15 minutes duration consisting of two sections. Candidates will be required to attempt both sections.

Section A – Interpretation item (25 marks)

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

In this section, one interpretation item (25 marks) will be provided, upon which candidates will answer set questions. 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 and will broadly cover material taken from the Microeconomics Unit.

Candidates will be required to analyse economic issues by identifying the key features of these and extracting and processing relevant information to reach valid conclusions.

Section B – Extended Answers (50 marks)

This section will assess knowledge and understanding.

Candidates will attempt any two questions from a choice of six questions (25 marks each) drawn from any part of the course content. However, at least one of these questions will concentrate on the microeconomics section of the course content. The other questions will be concerned with the major economic events and issues which have become prominent in the 18 months prior to the examination. These economic events and issues will not be confined to the UK. The questions will require extended answers.

GRADE DESCRIPTIONS

The descriptions below are of expected performance at grade C and at grade A. They are intended to assist candidates, teachers, lecturers and users of the certificate and to help establish standards when question papers are being set. The grade of the award will be based on the total score obtained in the examination.

In order to obtain a grade C for Advanced Higher Economics, a candidate must:

- apply knowledge and understanding to the analysis of current economic issues
- demonstrate ability to integrate material drawn from the course content
- show an understanding of different economic perspectives and how they can be applied to economic behaviour
- demonstrate an ability to suggest and analyse solutions to current economic problems
- communicate economic ideas effectively

National Course Specification: course details (cont)

COURSE Economics (Advanced Higher)

In addition, candidates who achieve a grade A must demonstrate the ability to:

- consistently apply knowledge and understanding to the analysis and evaluation of current economic issues
- demonstrate a high degree of ability to integrate material drawn from the course content
- compare the ways in which different economic perspectives can be used to analyse economic behaviour
- demonstrate an ability to suggest and analyse solutions to current economic problems taking account of different economic perspectives
- communicate complex economic ideas effectively
- demonstrate clarity and logic in the presentation of their answers

APPROACHES TO LEARNING AND TEACHING

The course presents opportunities for candidate-centred learning, with an emphasis on critical thinking and the practical application of economic analysis. It is designed to build on the knowledge, understanding and skills introduced at Higher level and learning and teaching approaches should reflect this progression. Thus, while the acquisition of additional content is a feature of the course, its emphasis is much more towards the application of economic concepts and the use of different perspectives in analysing economic issues.

The course is built around the study of current economic issues. This is taken to mean issues which have arisen in the preceding 18 months and generally three types of issues can be identified – international, European and domestic. From a learning and teaching point of view, it is important to ensure that the course is contemporary and institutions may find it helpful over time to build up files on those economic issues which are of constant concern to society, for example, inflation, unemployment, and workings of markets.

Learning and teaching approaches should be geared towards candidates taking responsibility for the selection of suitable economic issues and the collection of material relevant to them. For example, in Applied Economics (AH), they would be expected to identify an issue and collect and organise data on it. Learning and teaching approaches should encourage them to make use of suitable resources, for example, CD ROMs, libraries, businesses and the Internet and to maintain a lively interest in current economic events, through reading newspapers and magazines, and watching appropriate television programmes.

In any group of candidates, there is likely to be a range of current economic issues being explored. While it is essential that each candidate specialises in two topics, breadth should be achieved by ensuring that all are aware of a broad range of current issues. Learning and teaching approaches can take advantage of this. For example, candidates could present their findings on their topic to other group members in a suitable form such as a handout, diagram or oral presentation. In this way, all candidates in the group would be exposed to a variety of current issues.

National Course Specification: course details (cont)

COURSE Economics (Advanced Higher)

This can also contribute greatly to the development of study skills among individual candidates and to the development of patterns of independent learning. In this way, learning and teaching approaches can also act as useful preparation for future study in higher education.

Detailed Subject Guides for each subject will be developed for publication along with final documents. These guides will give further advice and information on:

- support materials for each course
- appropriate learning and teaching approaches
- core skills as they relate to the subject
- assessment
- ensuring appropriate access for candidates with special educational needs.

SPECIAL NEEDS

This course specification is intended to ensure that there are no artificial barriers to learning or assessment. Special 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 Special Assessment and Certification Arrangements for Candidates with Special Needs/Candidates whose First Language is not English* (SQA, 1998).

SUBJECT GUIDES

A Subject Guide to accompany the Arrangements documents has been produced by the Higher Still Development Unit (HSDU) in partnership with the Scottish Consultative Council on the Curriculum (SCCC) and Scottish Further Education Unit (SFEU). The Guide provides further advice and information about:

- support materials for each course
- learning and teaching approaches in addition to the information provided in the Arrangements document
- assessment
- ensuring appropriate access for candidates with special educational needs

The Subject Guide is intended to support the information contained in the Arrangements document. The SQA Arrangements documents contain the standards against which candidates are assessed.

National Unit Specification: general information

UNIT	Microeconomics (Advanced Higher)
NUMBER	D206 13
COURSE	Economics (Advanced Higher)

SUMMARY

This unit enables candidates to develop and extend knowledge and understanding of the fundamental economic problem of resource allocation and to relate this to the theory of the firm.

OUTCOMES

- 1 Explain perfect competition.
- 2 Explain monopoly.
- 3 Explain monopolistic competition and oligopoly.
- 4 Analyse the allocation of resources in a market.

RECOMMENDED ENTRY

While entry is at the discretion of the centre, the candidate would normally be expected to have achieved one of the following:

- Higher Grade Economics, or
 - a coherent group of units such as Microeconomics (H) and The Economy (H)
- and
- Higher Grade English or its component units.

Administrative Information

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National Unit Specification: general information (cont)

UNIT Microeconomics (Advanced Higher)

CREDIT VALUE

1 credit at Advanced Higher

CORE SKILLS

There is no automatic certification of core skills or core skills components in this unit.

Additional information about core skills is published in *Automatic Certification of Core Skills in National Qualifications* (SQA, 1999).

National Unit Specification: statement of standards

UNIT Microeconomics (Advanced Higher)

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

Explain perfect competition.

Performance criteria

- (a) Explanation of a perfectly competitive market is accurate in terms of the accepted assumptions.
- (b) Explanation of the price and output for a firm in perfect competition in the short run is accurate and refers to abnormal profits or losses.
- (c) Explanation of equilibrium price and output for a firm in perfect competition in the long run is accurate and related to long run equilibrium of the industry.
- (d) Explanation of advantages and disadvantages of perfect competition is accurate.

Evidence requirements

Evidence including diagrammatic evidence in the form of answers to extended response questions to cover the performance criteria and the range.

For PCs (b) and (c) diagrammatic evidence is required.

OUTCOME 2

Explain monopoly.

Performance criteria

- (a) Explanation of monopoly is accurate and makes reference to barriers to entry.
- (b) Explanation of the equilibrium price and output in a monopoly in the short and long run is accurate and makes reference to abnormal profits.
- (c) Explanation of advantages and disadvantages of a monopoly is accurate.

Evidence requirements

Evidence including diagrammatic evidence in the form of answers to extended response questions to cover the performance criteria.

For PC (b) diagrammatic evidence is required.

National Unit Specification: statement of standards (cont)

UNIT Microeconomics (Advanced Higher)

OUTCOME 3

Explain monopolistic competition and oligopoly.

Performance criteria

- (a) Explanation of monopolistic competition is accurate and includes reference to product differentiation and freedom of entry and exit to the industry.
- (b) Explanation of the price and output of a firm in monopolistic competition in the short and long run is accurate and makes reference to normal and abnormal profits.
- (c) Explanation of oligopoly is accurate and includes reference to barriers to entry and interdependence of firms.
- (d) Explanation of the behaviour of firms in an oligopolistic market is accurate and makes reference to the kinked demand curve.

Evidence requirements

Evidence including diagrammatic evidence in the form of answers to an extended response question to cover the performance criteria.

For PCs (b) and (d) diagrammatic evidence is required.

OUTCOME 4

Analyse the allocation of resources in a market.

Performance criteria

- (a) Analysis of private and social costs is accurate and related to the allocation of resources.
- (b) Analysis of government intervention to address externalities in markets is accurate.

Evidence requirements

Evidence including diagrammatic evidence in the form of answers to extended response questions to cover the performance criteria and the range.

For PC (a) diagrammatic evidence is required.

National Unit Specification: support notes

UNIT Microeconomics (Advanced Higher)

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

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

GUIDANCE ON CONTENT AND CONTEXT FOR THIS UNIT

This unit is largely theoretical and is designed to enable candidates to understand the concepts underpinning the theory of the firm and to set them in the context of the allocation of resources. It will enable candidates to reflect in greater depth on their previous study and develop a strong foundation in microeconomic theory. Despite the theoretical thrust of the unit, candidates should be encouraged to relate it to their own experiences and to practical examples drawn from the UK economy. For instance, there are a number of UK industries which can provide good examples of oligopoly.

Further details are provided in the course specification.

GUIDANCE ON LEARNING AND TEACHING APPROACHES FOR THIS UNIT

The learning and teaching approaches which can be adopted for this unit are influenced by its theoretical emphasis. It is important that candidates are aware of the importance of theory in the study of economics but that they also recognise that the theory is an essential prerequisite for the understanding of actual events from an economic point of view. Candidates should be made aware of the importance of diagrams in illustrating the relevant economic concepts. However, this should be done in a way which enhances candidate comprehension, rather than concentrating on mechanical manipulation of diagrammatic material.

SPECIAL NEEDS

This unit specification is intended to ensure that there are no artificial barriers to learning or assessment. Special 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 Special Assessment and Certification Arrangements for Candidates with Special Needs/Candidates whose First Language is not English* (SQA, 1998).

National Unit Specification: general information

UNIT	Applied Economics (Advanced Higher)
NUMBER	D207 13
COURSE	Economics (Advanced Higher)

SUMMARY

This unit enables candidates to apply knowledge and understanding of economic theories to current issues relevant to the UK economy, Europe and the wider international economy.

OUTCOME

- 1 Apply economic perspectives to the analysis of a current economic issue.

RECOMMENDED ENTRY

While entry is at the discretion of the centre, the candidate would normally be expected to have achieved one of the following:

- Higher Grade Economics, or
 - the component units of Higher Economics - Microeconomics (H) and The Economy (H)
- and
- Higher Grade English or its component units.

Administrative Information

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National Unit Specification: general information (cont)

UNIT Applied Economics (Advanced Higher)

CREDIT VALUE

2 credits at Advanced Higher.

CORE SKILLS

This unit gives automatic certification of the following:

Complete core skills for the unit	None
Core skills components for the unit	Critical Thinking H Reviewing and Evaluating H

Additional information about core skills is published in *Automatic Certification of Core Skills in National Qualifications* (SQA, 1999).

National Unit Specification: statement of standards

UNIT Applied Economics (Advanced Higher)

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

Apply economic perspectives to the analysis of a current economic issue.

Performance criteria

- (a) Relevant data is collected from a variety of sources.
- (b) Data relevant to the issue is accurately analysed.
- (c) Analysis involves the application of relevant economic theories to the data collected.
- (d) Conclusions of the analysis are valid and consistent with the data and the economic theories.
- (e) Analysis is coherent and has a logical structure.

Evidence requirements

Evidence in the form of a dissertation to cover all aspects of the performance criteria. The dissertation should be between 2,000 and 3,000 words in length.

National Unit Specification: support notes

UNIT Applied Economics (Advanced Higher)

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

While the time allocated to this unit is at the discretion of the centre, the notional design length is 80 hours.

GUIDANCE ON CONTENT AND CONTEXT FOR THIS UNIT

This unit is designed to enable candidates to apply the economic knowledge and understanding already gained in previous study to the analysis of current economic issues. 'Current', for the purpose of this unit, is taken to mean within the last 12-18 months. This could include the study of an 'ongoing' issue, such as inflation, which has its origins well before the last 12-18 months – although in this case, the emphasis should be on recent developments.

Further details are provided in the course specification.

GUIDANCE ON LEARNING AND TEACHING APPROACHES FOR THIS UNIT

Learning and teaching approaches for this unit should centre around giving candidates greater responsibility for their own learning. For example, candidates should be encouraged both to select the issue which they wish to investigate, and identify the sources of information required for themselves. Staff have a key role in guiding candidates through these processes as well as being a source of knowledge and expertise for candidates.

Although candidates could conduct their investigations individually, there are considerable opportunities for candidates to work collectively - for example, in sharing relevant information. It is anticipated that candidates will formally present their findings to other members of the learning group as a whole, for example, by giving a paper on their chosen issue or by preparing a detailed handout. In this way, candidates would become familiar with a greater range of topics, and would also gain invaluable experience in the organisation and presentation of material. Learning and teaching methods of this type would thus help to prepare candidates for the transition to higher education.

GUIDANCE ON APPROACHES TO ASSESSMENT FOR THIS UNIT

SQA guidance on the process of producing the dissertation has been published in the form of an Update Letter, available on SQA's website at www.sqa.org.uk under Economics NQ.

SPECIAL NEEDS

This unit specification is intended to ensure that there are no artificial barriers to learning or assessment. Special 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 Special Assessment and Certification Arrangements for Candidates with Special Needs/Candidates whose First Language is not English* (SQA, 1998).