

ECONOMICS
Intermediate 1

Published — July 2006

National Course Specification

ECONOMICS (INTERMEDIATE 1)

COURSE NUMBER C038 10

COURSE STRUCTURE

This Course has three mandatory Units, as follows:

DM4W 10	<i>Microeconomics (Intermediate 1)</i>	<i>1 credit (40 hours)</i>
DM4X 10	<i>The UK Economy (Intermediate 1)</i>	<i>1 credit (40 hours)</i>
DM4Y 10	<i>The International Economy (Intermediate 1)</i>	<i>1 credit (40 hours)</i>

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 Foundation level
- and**
- ◆ Standard Grade English at Foundation level

PROGRESSION

The Course or its Units may provide progression to:

- ◆ Intermediate 2 Economics
- ◆ further education
- ◆ training or employment

Administrative Information

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National Course Specification (cont)

COURSE Economics (Intermediate 1)

CREDIT VALUE

The Intermediate 1 Course in Economics is allocated 24 SCQF points at SCQF level 4*.

**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 Course.

National Course Specification: course details

COURSE Economics (Intermediate 1)

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 1 Course in Economics is concerned with developing an understanding and awareness of the ways in which choices about the use of resources are made and with some of the consequences of these choices. It will build on candidates' own experiences as consumers and potential members of the labour force. It is designed to help them recognise and identify economic concepts and to understand how they can be used in the study of economic events which affect what they, and others, do. The Course will help candidates to think logically, and to consider the reasons for and the effects of economic events.

Candidates will, therefore, gain an appreciation of the many decisions which affect the way markets work and which 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, for 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 1 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 Economics or other related subjects such as business management and social studies. 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 1)* examines the basic economic problem and the related ideas of scarcity, choice and opportunity cost and goes on to consider supply, demand and markets. *The UK Economy (Intermediate 1)* Unit looks at the national economic environment and covers national income, inflation and unemployment plus the use of the Budget as an instrument of government economic policy. Finally, *The International Economy (Intermediate 1)* Unit extends the coverage of the Course to include the international economic environment. It looks at international trade from a UK perspective but also introduces the European Union and developing countries, both of which are key aspects of the world economy.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

AIMS

The aims of the Course are to build on knowledge and understanding gained in Foundation Level Standard Grade Economics and to:

- ◆ Develop an understanding of:
 - the basic economic problem of allocating scarce resources among alternative uses
 - the meaning and use of fundamental economic concepts
 - the national and international context of the UK economy
- ◆ Develop the skills of:
 - identifying relevant economic concepts in familiar and unfamiliar situations
 - describing economic concepts accurately in simple terms
 - simple problem solving
- ◆ 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 governments in the use and distribution of resources
 - an awareness of the 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 fundamental concepts of micro and macroeconomics
- ◆ an awareness of the international economic context
- ◆ a firm foundation for further study in economics or in business and other courses where economics is a significant part
- ◆ transferable skills such as the ability to think clearly and communicate information accurately

The Economics Courses have been designed in a hierarchical structure. The Units at Intermediate 1 and Intermediate 2 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 1 to Intermediate 2 and beyond. 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 1, the emphasis is predominantly on identifying and describing in simple terms fundamental economic concepts and recognising where they can be used; at Intermediate 2 candidates are expected to explain economic ideas and how they are used.
- ◆ The range of economic concepts at Intermediate 1 is narrower than at Intermediate 2. For example, comparative advantage appears in Intermediate 2 but not at Intermediate 1. This more restricted range is to ensure that candidates do become aware of fundamental economic concepts but are not overloaded by more complex ideas.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

- ◆ Candidates at Intermediate 1 are expected to master a more limited range of content than at Intermediate 2. The Unit specifications at Intermediate 1 contain less demanding performance criteria and less extensive evidence requirements. For example, government policy at Intermediate 1 requires candidates to tackle a narrower range of possibilities than is required in the Intermediate 2 Course.

Nevertheless, the Intermediate 1 Course is more challenging than Foundation Level Standard Grade in that:

- ◆ the economic examples and illustrations used are more comprehensive
- ◆ the integration of topics is developed more fully
- ◆ the breadth and depth of economic concepts involved are more substantial

COURSE CONTENT

The Course content has been organised into three Units: *Microeconomics (Intermediate 1)*, *The UK Economy (Intermediate 1)* and *The International Economy (Intermediate 1)*.

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

The content of the Course is summarised below.

Microeconomics (Intermediate 1)

The basic economic problem

The nature of the economic problem	The concepts of scarcity, choice and opportunity cost.
Resources	Factors of production — definition of land, labour, capital and enterprise. Substitution of labour for capital. Mobility of labour.
Goods and services	Distinction between capital and consumer goods, durable and single use goods
Choices	What to produce? How to produce? For whom to produce?
Opportunity cost	Sacrifice of the most attractive alternative at an individual level.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

Demand

Theory of demand

Effective demand.

Demand schedules.

Description of the shape of the normal demand curve.

Determinants of market demand

Price, income, prices of other goods (substitutes and complements), tastes, fashion, advertising.

Effects of changes in determinants of demand on demand.

Supply

The nature of supply

Supply schedules.

Description of the shape of the normal supply curve.

Determinants of market supply

Price, costs of factors of production, technology, weather.

Effects of changes in determinants of supply on supply.

Costs

The nature of production

Primary, secondary and tertiary.

Division of labour by product and process. Advantages and disadvantages to employees, employers and consumers.

Costs

Fixed, variable and total cost. Distinction between the short and the long run.

Average total costs.

Definition of economies of scale; examples of economies of scale

Profit

Total revenue.

Difference between total revenue and total cost.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

Markets

The nature of a market	The interaction of buyers and sellers; examples of markets.
The setting of prices by market forces of demand and supply	Market equilibrium: determination of equilibrium price and output. Use of diagrams to illustrate the effects on equilibrium price and output of changes in determinants of demand and supply.

The UK Economy (Intermediate 1)

National Income

National Income	Definition of national income. Circular flow of income. Examples of injections and withdrawals and their effects on the equilibrium level of national income.
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Inflation

Inflation	Rise in the general price level; fall in the purchasing power of money. Cost of living and standard of living; real and money changes in prices and incomes. Causes of inflation - rises in costs, excess total demand. Effects of inflation
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Unemployment

Unemployment	Definition of unemployment – rate and level. Measuring unemployment – ILO method.
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 government	Reduced level of spending; knock-on effects of lower income: for example, greater likelihood of poor health, erosion of skills, lower confidence, reduced incentive to work; changes in government revenue and expenditure.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

Economic activity of the government

Government aims	Price stability, employment.
Government expenditure	Main areas of government expenditure: provision of goods and services, grants, pensions and benefits. The distinction between capital and current expenditure.
Government income	Sources of government income including taxes and borrowing. Types of taxation: direct, indirect, progressive, regressive.
The Budget	Role of the Budget; relationship between expenditure, income and borrowing. Effect of budgetary changes on inflation and unemployment.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

The International Economy (Intermediate 1)

International Trade and Payments

Reasons for international trade	Absolute advantage — different climates, different resources. Benefits of international trade. Barriers to trade. Reasons for barriers to trade.
Balance of trade	Components: exports, imports, goods, services. Distinction between flows of goods and services and the consequent money flows. Balance of Trade in goods and services.
Patterns of UK trade	Composition of trade: examples of exports and examples of imports, countries of origin of imports and destination of exports.
Exchange rates	The price of one currency in terms of another. Examples of different currency units.
<i>The international economic environment</i>	
European Union	Single European Market, eurozone.
Developing countries	Characteristics: for example, dependence on primary production, low output, lack of capital goods, high debt. Forms of aid to developing countries

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

ASSESSMENT

To gain the award of the *Economics (Intermediate 1)* 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 identification and descriptive questions about familiar situations. There is a small amount of integration but it is restricted to some of the topics covered within the Unit.

Course assessment aims to ensure candidates can identify and describe in simple terms economic ideas and concepts through the use of interpretation items with short answer questions. The contexts will require candidates to relate economic theory to new information. 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 15 minutes	40

- ◆ The paper examines knowledge and understanding covering the Course content and also assesses problem solving.
- ◆ Questions will cover the interpretation of economic information and will require short answer responses.
- ◆ The paper will consist of two items, A and B.
- ◆ Each item is worth 20 marks.
- ◆ Each item will consist of a brief piece of stimulus material accompanied by a number of questions related to the stimulus material.
- ◆ The two pieces of stimulus material will be based on different aspects of Economics.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

- ◆ Questions for both items may focus on particular areas of Course content but there will also be some questions which integrate topics across different parts of the Course content. These integrative questions may cover topics from two or more of the three Units which comprise the Course.

Items A and B — total marks available 40

The items will assess knowledge, understanding and problem solving.

Each item will consist of a short piece of stimulus material. Each will have a number of short answer interpretation questions totalling 20 marks. Candidates will be expected to attempt all questions in each item.

The information presented to candidates may include diagrams or data in graphical or tabular form. The stimulus material supplied will not contain all the answers within it. Candidates will be required to extract and process relevant information relevant to the stimulus material. They will be expected to identify and state relevant economic concepts and reach valid conclusions about possible economic effects. The stimulus material and the economic events with which it deals will be straightforward but will involve some non-routine tasks.

Candidates may be asked to:

- ◆ define economic terms used in the stimulus material or related to the topic of the stimulus material
- ◆ describe economic effects of situations in the case study
- ◆ suggest possible reasons why economic events related to the stimulus material have occurred
- ◆ suggest possible consequences of economic problems raised in the stimulus material

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. The unit assessments 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 may involve integration of topics from more than one Unit. The interpretation items require candidates to apply their knowledge to unfamiliar contexts and to adopt a more reasoned approach than the Unit assessments to the causes and consequences of economic events and problems.

The different emphases of the Unit and Course assessments will ensure that there is no unnecessary duplication of assessment. It is possible that the same topic may feature in both assessments. However, candidates will be expected to carry forward the knowledge and understanding from the Unit assessment and apply it in familiar contexts where account must be taken of additional information and/or in association with other topics in an integrative way.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

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 assessments.

The additional demands will require candidates to:

- ◆ demonstrate the retention of knowledge from all areas of the Course content
- ◆ integrate knowledge and understanding from different areas of the Course content
- ◆ respond to questions relating to contexts where they must take account of additional new information
- ◆ describe economic concepts and issues set in contexts where they must take account of additional new information
- ◆ make use of economic information relating to contexts where they must take account of additional new information

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 1)

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 a description of a range of different economic contexts
- ◆ demonstrate some ability to integrate material drawn from any part of the Course content
- ◆ show some understanding of the main economic concepts and how they can be applied to economic behaviour
- ◆ demonstrate an ability to state simple economic problems

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

- ◆ consistently apply knowledge and understanding to describe a range of different economic context
- ◆ demonstrate an ability to integrate material drawn from any part of the Course content
- ◆ show a good basic understanding of the main economic concepts and how they can be applied to economic behaviour
- ◆ demonstrate an ability to describe simple economic problems which have a limited number of variables
- ◆ communicate economic ideas effectively

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

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.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

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.

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 1)

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 1)* Unit, moving on to *The UK Economy (Intermediate 1)* Unit and finishing with *The International Economy (Intermediate 1)* 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. Candidates at *Intermediate 1* usually benefit from practical exercises and supply and demand provide many opportunities to make use of these. At *Intermediate 1*, also, examples which relate directly to the experience of candidates are likely to help increase the relevance of the subject to candidates and increase their motivation. Using a wide range of examples should also help candidates cope with the familiar situations, including ones that contain additional information, that they will meet in the Course assessment. Where appropriate, learning and teaching should refer to the Scottish Economy.

Although it may well be the final part of the Course to be taught, *The International Economy (Intermediate 1)* 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 contemporary study of Economics 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 inter-connected.

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 basic economic data and how it can be presented in tables and charts.

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.

There are considerable resources available which can enhance teaching and learning. Simple articles from newspapers, magazines and journals, as well as television programmes, can be used to give a relevant and topical flavour to the Course. These can be supplemented by websites, some of which are devoted specifically to Economics, and by computer simulations (also available on the Internet) to help candidates develop economic competence.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

CANDIDATES WITH DISABILITIES AND/OR ADDITIONAL SUPPORT NEEDS

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. Further advice can be found in the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (www.sqa.org.uk).

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 of 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.

National Course Specification: course details (cont)

COURSE Economics (Intermediate 1)

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 as 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 1)

NUMBER DM4W 10

COURSE Economics (Intermediate 1)

SUMMARY

This Unit enables candidates to recognise the basic economic problem of scarcity and choice and to show that they understand how supply and demand forces work together in markets.

This Unit is a mandatory Unit of the *Economics (Intermediate 1)* Course and is also available as a free standing Unit.

This Unit is suitable for candidates progressing from Standard Grade Foundation Courses and provides a basis for further study.

OUTCOMES

- 1 Demonstrate awareness of the basic economic problem.
- 2 Describe demand, supply, costs and 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 Foundation level
- ◆ Standard Grade Economics at Foundation level

Administrative Information

Supeclass: EB

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National Unit Specification: general information

UNIT Microeconomics (Intermediate 1)

CREDIT VALUE

1 credit at Intermediate 1 (6 SCQF points at SCQF level 4*)

**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 1)

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

Demonstrate awareness of the basic economic problem.

Performance Criteria

- (a) Relationship between choice and opportunity cost is recognised.
- (b) Relevant economic concepts relating to the economic problem are identified.
- (c) Straightforward economic concepts relating to the economic problem are described in simple terms.
- (d) Relevant examples relating to the economic problem are identified.

OUTCOME 2

Describe demand, supply, costs and markets.

Performance Criteria

- (a) Relevant economic concepts relating to demand, supply, costs and markets are identified.
- (b) Straightforward economic concepts relating to demand, supply, costs and markets are stated.
- (c) Diagrams are used in the description.
- (d) Shifts of curves are described.
- (e) Relevant examples of demand, supply and markets are identified.

EVIDENCE REQUIREMENTS FOR THE UNIT

The mandatory content for this Unit is 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 short answer 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. 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.

National Unit Specification: statement of standards (cont)

UNIT Microeconomics (Intermediate 1)

Achievement can be determined by the use of a cut-off score. The standard to be applied, the appropriate cut-off score 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 1)

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 1 Economics Course. It looks at the nature of the basic economic problem in terms of scarcity and choice and at demand, supply and markets. It includes some elementary cost concepts and the idea of profit as revenue minus costs.

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 enable them to meet the outcomes in the Unit.

GUIDANCE ON LEARNING AND TEACHING APPROACHES FOR THIS UNIT

The Unit should be approached holistically so that candidates recognise that there is a connection between the economic problem and supply, demand, costs and markets. Wherever possible, actual examples can be used to illustrate concepts used in the Unit. Candidates should be introduced to diagrams and how they can be used to illustrate economic ideas.

There are close links with the other two Units in the Intermediate 1 Course. For example, the operation of supply and demand can be linked to exports and imports in *The International Economy (Intermediate 1)* Unit and to unemployment in *The UK Economy (Intermediate 1)* Unit. Where candidates are undertaking this Unit as part of the Intermediate 1 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 are most likely to enable candidates to generate suitable evidence for this Unit. Short answer questions allow candidates to show that they can identify and state straightforward but relevant economic terms and can allow them to state briefly how they can be used in a particular situation. In some cases, a response of one or two words may be sufficient to show that the candidate can identify or state an economic concept. For this Unit, the assessment will involve the use of diagrams to illustrate the operation of markets and supply and demand, although candidates will not necessarily be expected to draw all parts of diagrams for themselves. 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 1)

CANDIDATES WITH DISABILITIES AND/OR ADDITIONAL SUPPORT NEEDS

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. Further advice can be found in the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (www.sqa.org.uk).

National Unit Specification: statement of standards (cont)

UNIT Microeconomics (Intermediate 1)

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 demonstrate awareness of the basic economic problem.

The nature of the economic problem	The concepts of scarcity, choice and opportunity cost.
Resources	Factors of production – definition of land, labour, capital and enterprise. Substitution of labour for capital. Mobility of labour.
Goods and services	Distinction between capital and consumer goods, durable and single use goods.
Choices	What to produce? How to produce? For whom to produce?
Opportunity cost	Sacrifice of the most attractive alternative at an individual level.

Outcome 2

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

Theory of demand	Effective demand. Demand schedules. Description of the shape of the normal demand curve.
Determinants of market demand	Price, income, prices of other goods (substitutes and complements), tastes, fashion, advertising. Effects of changes in determinants of demand on demand.

National Unit Specification: statement of standards (cont)

UNIT Microeconomics (Intermediate 1)

Appendix 1 — Unit Content (cont)

The nature of supply	Supply schedules. Description of the shape of the normal supply curve.
Determinants of market supply	Price, costs of factors of production, technology, weather. Effects of changes in determinants of supply on supply.
Costs	
The nature of production	Primary, secondary and tertiary. Division of labour by product and process. Advantages and disadvantages to employees, employers and consumers.
Costs	Fixed, variable and total costs. Distinction between the short and the long run. Average total costs. Definition of economies of scale; examples of economies of scale
Profit	Total revenue. Difference between total revenue and total cost.
Markets	
The nature of a market	The interaction of buyers and sellers; examples of markets.
The setting of prices by market forces of demand and supply	Market equilibrium: determination of equilibrium price and output. Use of diagrams to illustrate the effects on equilibrium price and output of changes in determinants of demand and supply.

National Unit Specification: general information

UNIT The UK Economy (Intermediate 1)

NUMBER DM4X 10

COURSE Economics (Intermediate 1)

SUMMARY

This Unit enables candidates to understand the main aspects of the way the UK economy operates. It enables them to develop awareness of national income, inflation, unemployment and the economic role of the government, particularly through the Budget.

This Unit is a mandatory Unit of the *Economics (Intermediate 1)* Course and is also available as a free standing Unit.

This Unit is suitable for candidates progressing from Standard Grade Foundation Courses and provides a basis for further study.

OUTCOMES

- 1 Demonstrate awareness of National Income.
- 2 Describe inflation and unemployment.

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 Foundation level
- ◆ Standard Grade Economics at Foundation level

Administrative Information

Supeclass: EB

Publication date: July 2006

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National Unit Specification: general information (cont)

UNIT The UK Economy (Intermediate 1)

CREDIT VALUE

1 credit at Intermediate 1 (6 SCQF points at SCQF level 4*)

**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 1)

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

Demonstrate awareness of National Income

Performance Criteria

- (a) A simple model of the circular flow of income is recognised.
- (b) Relevant economic concepts relating to National Income are outlined.
- (c) Relevant examples relating to National Income are identified.

OUTCOME 2

Describe inflation and unemployment

Performance Criteria

- (a) Relevant economic concepts relating to inflation and unemployment are outlined.
- (b) Relevant causes and effects are outlined.
- (c) Role of government is outlined.

EVIDENCE REQUIREMENTS FOR THE UNIT

The mandatory content for this Unit is 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 short answer 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. 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, the appropriate cut-off score 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 1)

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 1 Economics Course. It begins by exploring the basic model of the circular flow of income and moves on to look at inflation and unemployment. It finishes with the economic role of the government.

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 enable them to demonstrate awareness of National Income and to describe inflation, unemployment and the role of the government.

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. Examples can be used to enable candidates to recognise the everyday importance of the material in the Unit and how economic events can affect them and others. Newspapers, business magazines, television news and the internet can provide many suitable and current examples which could be used as stimulus material for class exercises and other learning and teaching activities.

There are close links with the other two Units at Intermediate 1 level. For example, the circular flow of income is affected by international trade from *The International Economy (Intermediate 1)* Unit while unemployment can be related to demand and supply from *Microeconomics (Intermediate 1)* Unit. Where candidates are undertaking this Unit as part of the Intermediate 1 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 are most likely to enable candidates to generate suitable evidence for this Unit. Short answer questions allow candidates to show that they can outline straightforward relevant economic terms and can allow them to state briefly what happens in the UK economy. In some cases, a response of one or two words may be sufficient to demonstrate understanding or to show that the candidate can outline economic concepts. For this Unit, candidates should be able to recognise a simple diagram of 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 1)

CANDIDATES WITH DISABILITIES AND/OR ADDITIONAL SUPPORT NEEDS

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. Further advice can be found in the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (www.sqa.org.uk).

National Unit Specification: statement of standards (cont)

UNIT The UK Economy (Intermediate 1)

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 demonstrate awareness of national income.

National Income	Definition of national income.
	Circular flow of income.
	Examples of injections and withdrawals and their effects on the equilibrium level of national income.

Outcome 2

Candidates should be able to make use of the economic concepts listed below to describe inflation and unemployment.

Inflation	Rise in the general price level; fall in the purchasing power of money.
	Cost of living and standard of living; real and money changes in prices and incomes.
	Causes of inflation - rises in costs, excess total demand.
	Effects of inflation
Unemployment	Definition of unemployment – rate and level.
	Measuring unemployment – ILO method.
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 government	Reduced level of spending; knock-on effects of lower income: for example, greater likelihood of poor health, erosion of skills, lower confidence, reduced incentive to work; changes in government revenue and expenditure.

National Course Specification: statement of standards (cont)

COURSE Economics (Intermediate 1)

Appendix 1 — Unit Content (cont)

Government aims	Price stability, employment.
Government expenditure	Main areas of government expenditure: provision of goods and services, grants, pensions and benefits. The distinction between capital and current expenditure.
Government income	Sources of government income including taxes and borrowing. Types of taxation: direct, indirect, progressive, regressive.
The Budget	Role of the Budget; relationship between expenditure, income and borrowing. Effect of budgetary changes on inflation and unemployment.

National Unit Specification: general information

UNIT The International Economy (Intermediate 1)

NUMBER DM4Y 10

COURSE Economics (Intermediate 1)

SUMMARY

This Unit enables candidates to show that they are aware of international trade, the balance of trade and exchange rates as well as the place of the UK in the international economy, with particular reference to the European Union and developing countries.

This Unit is a mandatory Unit of the *Economics (Intermediate 1)* Course and is also available as a free standing Unit.

This Unit is suitable for candidates progressing from Standard Grade Courses and provides a basis for further study.

OUTCOMES

- 1 Demonstrate awareness of international trade and the balance of trade.
- 2 Demonstrate awareness of 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 Foundation level
- ◆ Standard Grade Economics at Foundation level

Administrative Information

Supeclass: EB

Publication date: July 2006

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Version: 01

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National Unit Specification: general information (cont)

UNIT The International Economy (Intermediate 1)

CREDIT VALUE

1 credit at Intermediate 1 (6 SCQF points at SCQF level 4*)

**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 1)

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

Demonstrate awareness of international trade and the balance of trade.

Performance Criteria

- (a) Relevant economic concepts relating to international trade and the balance of trade are outlined.
- (b) Relevant examples relating to international trade and the balance of trade are identified.

OUTCOME 2

Demonstrate awareness of the international economic environment.

Performance Criteria

- (a) Relevant economic concepts relating to the international trade economic environment are outlined.
- (b) Relevant examples relating to the European Union and developing countries are identified.

EVIDENCE REQUIREMENTS FOR THE UNIT

The mandatory content for this Unit is 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 short answer 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. 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, the appropriate cut-off score 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 1)

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 1 Economics Course. It looks at international trade and the balance of trade from a UK perspective but also covers economic aspects of the European Union (EU) and developing countries. It includes the reasons for and the benefits of international trade as well reasons for barriers to trade. It aims also to build awareness of the international context of the UK economy by looking at aspects of the EU and of developing economies.

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. Examples can be used to enable candidates to recognise the everyday importance of the material in the Unit and how economic events can affect them and others. Newspapers, business magazines, television news and the internet can provide many suitable and current examples which could be used as stimulus material for class exercises and other learning and teaching activities.

There are close links with the other two Units at Intermediate 1 level. For example, international trade is an aspect of the circular flow of income in *The UK Economy (Intermediate 1)* Unit and exports and imports can be related to the study of demand and supply in *Microeconomics (Intermediate 1)* Unit. Where candidates are undertaking this Unit as part of the Intermediate 1 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 are most likely to enable candidates to generate suitable evidence for this Unit. Short answer questions allow candidates to show that they can outline relevant economic terms and can allow them to describe in simple terms what happens in the international economic environment. In some cases, a response of one or two words may be sufficient to demonstrate understanding or to show that the candidate can outline straightforward economic concepts.

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 DISABILITIES AND/OR ADDITIONAL SUPPORT NEEDS

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. Further advice can be found in the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (www.sqa.org.uk).

National Unit Specification: statement of standards (cont)

UNIT The International Economy (Int 1)

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 demonstrate awareness of international trade and the balance of trade.

Reasons for international trade	Absolute advantage – different climates, different resources. Benefits of international trade. Barriers to trade. Reasons for barriers to trade.
Balance of trade	Components: exports, imports, goods, services. Distinction between flows of goods and services and the consequent money flows. Balance of Trade in goods and services.
Patterns of UK trade	Composition of trade: examples of exports and examples of imports, countries of origin of imports and destination of exports.
Exchange rates	The price of one currency in terms of another. Examples of different currency units.

Outcome 2

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

European Union	Single European Market, eurozone.
Developing countries	Characteristics: for example, dependence on primary production, low output, lack of capital goods, high debt. Forms of aid to developing countries.