

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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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

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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)

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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

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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

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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)

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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)

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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.