

-SQA-SCOTTISH QUALIFICATIONS AUTHORITY

**Hanover House
24 Douglas Street
GLASGOW G2 7NQ**

NATIONAL CERTIFICATE MODULE DESCRIPTOR

-Module Number-	6120120	-Session-	1990-91
-Superclass-	EB		

-Title-	ECONOMICS OF THE MARKET
----------------	--------------------------------

-DESCRIPTION-

Purpose	This module is for students in or entering employment in business or administrative careers who have some basic knowledge of economics.
---------	---

It enables the student to develop an awareness of the concepts of demand and supply using a practical approach relating to current issues. It also heightens awareness of: firms as decision makers; resource allocation; decisions at the margin.

Students may most usefully take this module in a programme which also includes: 6120110 Economic Structure of Industry and 6120220 Contemporary Macro Economic Issues. The programme may also include 6120320 Providing Financial Services for students intending a career in the financial sector.

This module is also relevant to those wishing to progress to more advanced economics study, eg. HNC/HND courses.

Preferred Entry Level	7010040 Communication 3 or Standard Grade in English at 3, and 6120020 The Individual in the Economy or a basic knowledge of economics.
-----------------------	---

Outcomes	The student should: <ol style="list-style-type: none">1. explain the basic economic problem;2. explain the determinants of demand;3. explain the determinants of supply;4. interpret the interaction of demand and supply in a given situation.
----------	--

Assessment Procedures Acceptable performance in the module will be satisfactory achievement of all the Performance Criteria specified for each Outcome.

The following abbreviations are used below:

PC Performance Criteria
IA Instrument of Assessment

Note: The Outcomes and PCs are mandatory and cannot be altered. The IA may be altered by arrangement with SQA. (Where a range of performance is indicated, this should be regarded as an extension of the PCs and is therefore mandatory.)

OUTCOME 1 EXPLAIN THE BASIC ECONOMIC PROBLEM

- PCs
- (a) The explanation of the concepts of, and relationships between, scarcity, choice and opportunity cost is accurate in economic terms.
 - (b) The explanation of scarcity is accurate in terms of the factors of production and their characteristics.

IA Restricted Response Questions

The student will be given a set of seven questions distributed as follows:

- (i) performance criterion (a) - one question on scarcity, one question on opportunity costs and one question on the relationships between scarcity, opportunity cost and choice;
- (ii) performance criterion (b) - one question on each of the four factors of production.

Satisfactory performance will be based on all Performance Criteria being met. This will be demonstrated by an accurate response of a few lines for each question.

OUTCOME 2 EXPLAIN THE DETERMINANTS OF DEMAND

- PCs
- (a) The description of the shape of the demand curve is accurate in terms of consumer decision making.
 - (b) The explanation of the main determinants of demand is accurate in terms of the effect on quantity demanded.
 - (c) Movements along, and shifts of, the demand curve are accurate in terms of relevant determinants.

IA Multiple Choice Questions

The student will be given a set of nine questions distributed as follows:

- (i) one question on performance criterion (a);
- (ii) four questions on each of performance criteria (b) and (c).

Each question will contain a stem, along with one correct response and three plausible distractors.

Satisfactory performance will be correct responses to all questions.

OUTCOME 3 EXPLAIN THE DETERMINANTS OF SUPPLY

PCs

- (a) The explanation of the main determinants of supply is accurate in terms of the effect on quantity supplied.
- (b) Movements along, and shifts of, the supply curve are accurate in terms of relevant determinants.

IA Multiple Choice Questions

The student will be given a set of eight questions. Four questions will relate to each performance criterion.

Each question will contain a stem, along with one correct response and three plausible distractors.

Satisfactory performance will be correct responses to all questions.

OUTCOME 4 INTERPRET THE INTERACTION OF DEMAND AND SUPPLY IN A GIVEN SITUATION

PCs

- (a) The demand and supply curves accurately depict the situation.
- (b) The equilibrium positions are stated accurately in terms of price and quantity.
- (c) The explanation of the process by which the market tends towards equilibrium is accurate in terms of the interaction of demand and supply.
- (d) The calculation of price elasticity of demand is correct.
- (e) The explanation of the effects of price elasticity is accurate in terms of revenue generation.

IA Case Study

The student will be given a case study based on a real life situation which includes details of one change in either supply or demand.

From this information the student will determine the initial equilibrium position, the new equilibrium position and how the market tends towards the new position.

Satisfactory performance will be the production of a report in which all diagrams are accurate and correctly labelled; calculations of elasticity and change in revenue are correct; and movements to and from equilibrium are accurately expressed in terms of the given situation.

**The following sections of the descriptor are offered as guidance.
They are not mandatory.**

CONTENT/CONTEXT

Corresponding to Outcomes 1-4:

1. The concepts of scarcity, choice and opportunity cost.
The factors of production and their characteristics.
2. The market, the margin and the marginal unit.
The structure and behaviour of demand curves: effects of determinants such as price, complementary goods, substitute goods, income, population, tastes and fashions.
3. The application of supply and demand in determining price and output.
Price and income elasticity and their effect on revenue.
The structure and behaviour of supply curves: effects of determinants such as price, costs, technology, extraneous factors.
4. Shifts in demand and supply curves and their causes. Elasticity, its calculation and importance. Factors such as price legislation, tax incidence and subsidies.

SUGGESTED LEARNING AND TEACHING APPROACHES

The tutor may provide a significant input of economic theory throughout. The development of understanding of concepts should be achieved through a wide variety of practical examples and illustrations. The teaching approach should be activity based and student centred, and use may be made of a wide variety of resources which might include newspapers, computer programmes, TV and videos. The students should work in groups to analyse and then present reports on selected case studies.

© Copyright SQA 1989
