

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

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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.