

## Global Economic Activity

**SCQF:** level 6 (6 SCQF credit points)

**Unit code:** J296 76

### Unit outline

The general aim of this Unit is to enable learners to analyse the global nature of economics. Learners will explore global trade and the balance of payments and their importance in the UK economy. They will also examine exchange rates. Lastly, learners will consider economic features of the European Union, developing economies and emerging economies, and their impact on the UK economy.

Learners who complete this Unit will be able to:

- 1 Assess how global trade and the global economy affect the UK economy
- 2 Explain the UK balance of payments and exchange rate systems
- 3 Analyse the role of the global economy in relation to the EU, developing economies and emerging economies

This Unit is available as a free-standing Unit. The Unit Specification should be read in conjunction with the *Unit Support Notes*, which provide advice and guidance on delivery, assessment approaches and development of skills for learning, skills for life and skills for work. Exemplification of the standards in this Unit is given in the *Unit Assessment Support*.

## **Recommended entry**

Entry to this Unit is at the discretion of the centre. However, learners would normally be expected to have attained the skills, knowledge and understanding required by one or more of the following or equivalent qualifications and/or experience:

- ◆ National 5 Economics Course or relevant Units
- ◆ Numeracy (National 5) Unit
- ◆ Literacy (National 5) Unit

Examples of other such relevant prior learning and experiences would include an interest in the economy and/or current affairs.

## **Equality and inclusion**

This Unit Specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence. For further information, please refer to the *Unit Support Notes*.

# Standards

## Outcomes and assessment standards

### Outcome 1

The learner will:

#### **1 Assess how global trade and the global economy affect the UK economy by:**

- 1.1 Explaining why countries choose to specialise and trade with one another
- 1.2 Explaining disadvantages of global trade
- 1.3 Describing recent trends in UK imports and exports

### Outcome 2

The learner will:

#### **2 Explain the UK balance of payments and exchange rate systems by:**

- 2.1 Describing the effects of exchange rate changes on the current account
- 2.2 Identifying and describing components of the current account and capital account/financial account of the balance of payments
- 2.3 Explaining measures that the UK Government may use to address imbalances on the current account

### Outcome 3

The learner will:

#### **3 Analyse the role of the global economy in relation to the EU, developing economies and emerging economies by:**

- 3.1 Describing economic features of the EU and their impact on the UK economy
- 3.2 Describing the types of assistance given to developing economies and their effect on the developing economy
- 3.3 Analysing the impact of emerging economies on UK firms and the UK economy

## Evidence Requirements for the Unit

Assessors should use their professional judgement, subject knowledge and experience, and understanding of their learners, to determine the most appropriate ways to generate evidence and the conditions and contexts in which they are used.

Evidence can be drawn from a variety of sources and presented in a variety of formats including short written responses and/or recorded oral evidence. Learners should use appropriate economic terminology in their responses at all times and, where appropriate, make use of relevant examples.

Evidence may be presented for individual Outcomes or it may be gathered for the Unit as a whole through combining assessment in one single activity. If the latter approach is used, it must be clear how the evidence covers each Outcome.

Exemplification of assessment is provided in *Unit Assessment Support*. Advice and guidance on possible approaches to assessment is provided in the *Unit Support Notes*.

## Assessment standard thresholds

If a candidate successfully meets the requirements of the specified number of Assessment Standards they will be judged to have passed the Unit overall and no further re-assessment will be required.

The specific requirements for this Unit is as follows:

- ◆ 7 out of 9 Assessment Standards must be achieved.

It should be noted that there will still be the requirement for candidates to be given the opportunity to meet all Assessment Standards. The above threshold has been put in place to reduce the volume of re-assessment where that is required.

# Development of skills for learning, skills for life and skills for work

It is expected that learners will develop broad, generic skills through this Unit. The skills that learners will be expected to improve on and develop through the Unit are based on SQA's *Skills Framework: Skills for Learning, Skills for Life and Skills for Work* and drawn from the main skills areas listed below. These must be built into the Unit where there are appropriate opportunities.

## **1 Literacy**

1.2 Writing

## **2 Numeracy**

2.3 Information Handling

## **4 Employability, enterprise and citizenship**

4.6 Citizenship

## **5 Thinking skills**

5.3 Applying

5.4 Analysis and Evaluating

Amplification of these is given in SQA's *Skills Framework: Skills for Learning, Skills for Life and Skills for Work*. The level of these skills should be at the same SCQF level of the Unit and be consistent with the SCQF level descriptor. Further information on building in skills for learning, skills for life and skills for work is given in the *Unit Support Notes*.

## Approaches to learning and teaching

Topic	Skills, knowledge and understanding	Suggested experiences and activities
Understanding global trade	<p>Learners should be aware of:</p> <ul style="list-style-type: none"> <li>◆ reasons for global specialisation eg absolute and comparative advantage</li> <li>◆ the advantages and disadvantages of global trade</li> <li>◆ the main UK imports and UK exports</li> <li>◆ recent trends in the value of UK imports and the value of UK exports</li> </ul>	<ul style="list-style-type: none"> <li>◆ Researching different aspects of global trade, eg information on the UK's main trading partners, the goods traded and how trading patterns have changed in recent years, potential impact of China and India on world trade patterns, and then creating graphs/charts and/or presentations of their findings and presenting them to the other groups.</li> <li>◆ Investigating any recent trade activity in relation to barriers to trade and retaliation.</li> <li>◆ Giving groups of learners a list of traded commodities, eg manufactured goods, fuels, chemicals, machinery, food, beverages. The learners must decide whether each commodity is a major import or export (or both) for the UK. Responses can be used as a basis for studying absolute and comparative advantage and the advantages and disadvantages of free trade.</li> <li>◆ The reasons for, and effects of, trade protection can be studied by examining recent trade disputes such as the banana wars, bra wars and air wars (over the EU airline carbon cap).</li> <li>◆ Giving the class a list of our main export partners and asking them to rank them in order of importance. Doing the same with our import partners. Discussing their responses and then discussing which countries might have increased/decreased in importance over the last 10 years and why.</li> </ul>
Multinationals	<p>Learners should be aware of:</p> <ul style="list-style-type: none"> <li>◆ reasons for a foreign multinational locating in the UK and a UK multinational locating abroad</li> </ul>	<ul style="list-style-type: none"> <li>◆ Giving learners a list of the top ten UK-owned multinationals and asking the class to rank them in order of importance. Discussing possible reasons for these companies producing abroad and for foreign companies</li> </ul>

	<ul style="list-style-type: none"> <li>◆ the effects on the home and host countries</li> </ul>	<p>producing in the UK. The effects of multinationals can be explained by studying recent multinational activity, eg Wal-Mart setting up in Africa (despite local opposition).</p> <ul style="list-style-type: none"> <li>◆ Choosing a UK/Scottish multinational to investigate which has operations in Europe or a developing country to explain their reasons for doing so and briefly reporting their findings to the other groups.</li> <li>◆ Undertaking a project on the location of a multinational in Scotland (eg Avaloq), calculating the jobs/wealth that would be created in Scotland and the reasons why the company chose Scotland to locate to.</li> </ul>
Exchange rates	<p>Learners should be aware of:</p> <ul style="list-style-type: none"> <li>◆ the definition of exchange rate — fixed and floating</li> <li>◆ how an exchange rate can be determined</li> <li>◆ the causes of changes in an exchange rate</li> <li>◆ the effects of changes in an exchange rate on individuals, firms and the current account</li> </ul>	<ul style="list-style-type: none"> <li>◆ Explaining exchange rates (and the effective exchange rate of sterling), then splitting learners into groups and give each group the following scenarios: <ul style="list-style-type: none"> <li>— an increase in UK interest rates</li> <li>— an increase in the UK inflation rate</li> <li>— a sustained increase in the UK's trade deficit</li> <li>— an IMF report predicting a significant increase in the UK's rate of economic growth</li> </ul> </li> <li>◆ Discussing the likely effect of each scenario on the UK's exchange rate and how the resultant change would affect national income, employment, prices and imports and exports. Their conclusions are then shared with the other groups.</li> <li>◆ Analysing a graph showing the effective exchange rate of sterling for the last 10 years and asking them to give possible reasons for the trends.</li> <li>◆ Allowing learners to investigate the currencies of a range of countries and analysing how the exchange rate of these countries have changed over a specific period of time. Learners could draw demand and supply diagrams to analyse exchange rate determination.</li> </ul>

<p>Balance of payments</p>	<p>Learners should be aware of:</p> <ul style="list-style-type: none"> <li>◆ the components of the balance of payments current and capital/financial accounts</li> <li>◆ recent trends in current account surpluses and deficits</li> <li>◆ methods of reducing current account deficits (including barriers to trade)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Explaining the structure of the balance of payments and asking learners, in groups, to examine the factors which can affect the current account balance, eg the value of the pound, the UK's growth rate, the UK's international competitiveness.</li> <li>◆ Analysing charts or graphs showing the UK's situation over the last 20 years or so. It is useful to have separate charts or graphs for goods, services, investment income and the current account. The groups should discuss the reasons for, and consequences of, the trends.</li> <li>◆ The class can research the latest figures and analyse them in terms of causes (why, at a time of low growth, has our current balance not improved?), and implications for the UK economy in terms of growth and unemployment.</li> <li>◆ Suggesting methods of reducing the UK's current account deficit and discussing which ones are likely to be the most effective, and why, for the UK.</li> </ul>
<p>Understanding the impact of global economy</p>	<p>Learners should be aware of:</p> <ul style="list-style-type: none"> <li>◆ the main economic features of the EU (eg CAP, CET, Single Market) and the effects of these on the UK economy</li> <li>◆ the role of global institutions such as World Trade Organisation, World Bank, International Monetary Fund</li> <li>◆ the economic characteristics of developing economies</li> <li>◆ the forms of assistance given to developing economies</li> <li>◆ the long term and short term effects of assistance given to developing economies</li> <li>◆ the long and short term effects of developing economies on the UK economy and UK firms</li> <li>◆ the economic characteristics of emerging economies</li> <li>◆ the effect of emerging economies on UK firms and the</li> </ul>	<ul style="list-style-type: none"> <li>◆ Researching the main economic features of the EU by accessing the official EU website, Europa. The impact of these features on the UK economy can then be debated.</li> <li>◆ Researching, in groups, a developing country. The groups should find out as many economics facts about the country as they can. From their results it should be possible to ascertain the common characteristics of developing economies (and maybe also discover their differences).</li> <li>◆ Choosing a developing country and suggesting what could be done to promote economic growth in that country.</li> <li>◆ Devising measures that rich countries could take to increase the rate of growth in developing countries. These measures, and their possible effectiveness, should be discussed by the class.</li> </ul>



	UK economy	♦ Splitting the class into four groups, each group should research one of the emerging economies (BRICs). From their findings it should be possible to deduce the characteristics of emerging economies. Each group should discuss the effect on the UK economy of continued high growth of the emerging economy researched, and report their findings to the class.
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## **Combining assessment within Units**

Assessment could be combined in this Unit by holistically assessing all the Outcomes of the Unit in a single assessment. When assessment within the Unit is holistic, teachers and lecturers should take particular care to track the evidence for each individual Outcome.

# Administrative information

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**Superclass:** EB

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## History of changes to National Unit Specification

Version	Description of change	Authorised by	Date
1.1	Minor wording changes in Unit outline section and AS 1.1, AS 1.2, AS 1.3, AS 2.2 and AS 3.2 to clarify meaning.	Qualifications Development Manager	April 2014
2.0	Level changed from Higher to SCQF level 6. Unit support notes added. Assessment standard threshold added.	Qualifications Manager	September 2018
3.0	Unit code updated	Qualifications Manager	July 2019

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