



UNIVERSITY *of* CAMBRIDGE
International Examinations

Cambridge
International
AS & A Level

SYLLABUS

**Cambridge International AS and A Level
Economics**

9708

For examination in June and November 2014

University of Cambridge International Examinations retains the copyright on all its publications. Registered Centres are permitted to copy material from this booklet for their own internal use. However, we cannot give permission to Centres to photocopy any material that is acknowledged to a third party even for internal use within a Centre.

© University of Cambridge International Examinations 2011

Contents

1. Introduction.....	2
1.1 Why choose Cambridge?	
1.2 Why choose Cambridge International AS and A Level?	
1.3 Why choose Cambridge International AS and A Level Economics?	
1.4 Cambridge AICE (Advanced International Certificate of Education) Diploma	
1.5 How can I find out more?	
2. Assessment at a glance.....	5
3. Syllabus aims and assessment.....	7
3.1 Aims	
3.2 Assessment objectives	
4. Curriculum content.....	10
4.1 Core (AS Level and A Level)	
4.2 Supplement (A Level only)	
5. Appendix: Resource list.....	24
6. Additional information.....	27
6.1 Guided learning hours	
6.2 Recommended prior learning	
6.3 Progression	
6.4 Component codes	
6.5 Grading and reporting	
6.6 Access	
6.7 Resources	

1. Introduction

1.1 Why choose Cambridge?

University of Cambridge International Examinations is the world's largest provider of international education programmes and qualifications for 5 to 19 year olds. We are part of the University of Cambridge, trusted for excellence in education. Our qualifications are recognised by the world's universities and employers.

Recognition

A Cambridge International AS or A Level is recognised around the world by schools, universities and employers. The qualifications are accepted as proof of academic ability for entry to universities worldwide, though some courses do require specific subjects.

Cambridge International A Levels typically take two years to complete and offer a flexible course of study that gives students the freedom to select subjects that are right for them. Cambridge International AS Levels often represent the first half of an A Level course but may also be taken as a freestanding qualification. They are accepted in all UK universities and carry half the weighting of an A Level. University course credit and advanced standing is often available for Cambridge International A/AS Levels in countries such as the USA and Canada.

Learn more at www.cie.org.uk/recognition

Excellence in education

We understand education. We work with over 9000 schools in over 160 countries who offer our programmes and qualifications. Understanding learners' needs around the world means listening carefully to our community of schools, and we are pleased that 98 % of Cambridge schools say they would recommend us to other schools.

Our mission is to provide excellence in education, and our vision is that Cambridge learners become confident, responsible, innovative and engaged.

Cambridge programmes and qualifications help Cambridge learners to become:

- **confident** in working with information and ideas – their own and those of others
- **responsible** for themselves, responsive to and respectful of others
- **innovative** and equipped for new and future challenges
- **engaged** intellectually and socially, ready to make a difference.

Support in the classroom

We provide a world-class support service for Cambridge teachers and exams officers. We offer a wide range of teacher materials to Cambridge schools, plus teacher training (online and face-to-face), expert advice and learner-support materials. Exams officers can trust in reliable, efficient administration of exams entry and excellent, personal support from our customer services. Learn more at www.cie.org.uk/teachers

Not-for-profit, part of the University of Cambridge

We are a part of Cambridge Assessment, a department of the University of Cambridge and a not-for-profit organisation.

We invest constantly in research and development to improve our programmes and qualifications.

1.2 Why choose Cambridge International AS and A Level?

Cambridge International AS and A Levels have a proven reputation for preparing students well for university, employment and life. They help develop the in-depth subject knowledge and understanding which are so important to universities and employers.

You can offer almost any combination of 55 subjects. Students can specialise or study a range of subjects, ensuring breadth. Giving students the power to choose helps motivate them throughout their studies.

Cambridge International AS and A Level gives you building blocks to build an individualised curriculum that develops your learners' knowledge, understanding and skills in:

- in-depth subject content
- independent thinking
- applying knowledge and understanding to new as well as familiar situations
- handling and evaluating different types of information sources
- thinking logically and presenting ordered and coherent arguments
- making judgements, recommendations and decisions
- presenting reasoned explanations, understanding implications and communicating them clearly and logically
- working and communicating in English.

The syllabuses are international in outlook, but retain a local relevance. They have been created specifically for an international student body with content to suit a wide variety of schools and avoid cultural bias.

1.3 Why choose Cambridge International AS and A Level Economics?

Success in Cambridge International AS Level and A Level Economics is accepted by universities and employers as proof of essential knowledge and ability. Successful Cambridge International AS and A Level candidates gain lifelong skills, including:

- the ability to explain and analyse economic issues and arguments
- the ability to evaluate economic information and organise, present and communicate ideas and judgements clearly
- a sound foundation of economic ideas including an introduction to the price system and government intervention, international trade and exchange rates, the measurement of employment and inflation and the causes and consequences of inflation.

1.4 Cambridge AICE (Advanced International Certificate of Education) Diploma

Cambridge AICE (Advanced International Certificate of Education) Diploma is the group award of Cambridge International AS and A Level.

Cambridge AICE Diploma involves the selection of subjects from three curriculum groups – Mathematics and Science; Languages; Arts and Humanities.

A Cambridge International A Level counts as a double-credit qualification and a Cambridge International AS Level as a single-credit qualification within the Cambridge AICE Diploma award framework.

To be considered for an AICE Diploma, a candidate must earn the equivalent of six credits by passing a combination of examinations at either double credit or single credit, with at least one course coming from each of the three curriculum areas.

The AICE Diploma is comprised of examinations administered in May/June and October/November series each year.

Economics (9708) falls into Group 3, Arts and Humanities.

Learn more about the AICE Diploma at <http://www.cie.org.uk/qualifications/academic/uppersec/aice>

1.5 How can I find out more?

If you are already a Cambridge school

You can make entries for this qualification through your usual channels. If you have any questions, please contact us at international@cie.org.uk

If you are not yet a Cambridge school

Learn about the benefits of becoming a Cambridge school at www.cie.org.uk/startcambridge.
Email us at international@cie.org.uk to find out how your organisation can become a Cambridge school.

2. Assessment at a glance

No previous study of the subject is assumed by the syllabus.

Centres and candidates may choose to:

- take all Advanced Level (Cambridge International A Level) and Advanced Subsidiary Level (Cambridge International AS Level) components at one exam series, leading to the full Cambridge International A Level qualification (Papers 1, 2, 3 and 4)
- take the Cambridge International AS Level components (Papers 1 and 2) at one exam series and, having received the AS qualification, take both Cambridge International A Level components (Papers 3 and 4) at a later series, leading to the full Cambridge International A Level qualification
- take the Cambridge International AS Level components only (Papers 1 and 2) at one exam series, leading to the AS qualification.

Paper	Weighting	
	AS Level	A Level
Paper 1 30 multiple choice questions (Core)	1 hour 40%	20%
Paper 2 (a) Data response (Core) 1 question (b) Structured essay (Core) 1 from a choice of 3	1 hour 30 mins 30%	15%
Paper 3 30 multiple choice questions (Supplement)	1 hour	15%
Paper 4 (a) Data response (Supplement) 1 question (b) Essays (Supplement) 2 from a choice of 6	2 hours 15 mins	10%
		25%

Papers 1 and 2 are for both AS Level and A Level candidates. Papers 3 and 4 test the topics in the Supplement, but also require a knowledge and understanding of the topics in the Core.

Availability

This syllabus is examined in the May/June examination series and the October/November examination series.

This syllabus is available to private candidates.

Centres in the UK that receive government funding are advised to consult the Cambridge website **www.cie.org.uk** for the latest information before beginning to teach this syllabus.

Combining this with other syllabuses

Candidates can combine this syllabus in an examination series with any other Cambridge syllabus, except:

- syllabuses with the same title at the same level

3. Syllabus aims and assessment

3.1 Aims

The Cambridge International AS and A Level Economics syllabus aims to:

- provide a basis of factual knowledge of economics
- encourage the student to develop:
 - a facility for self-expression, not only in writing but also in using additional aids, such as statistics and diagrams, where appropriate
 - the habit of using works of reference as sources of data specific to economics
 - the habit of reading critically to gain information about the changing economy we live in
 - an appreciation of the methods of study used by the economist, and of the most effective ways economic data may be analysed, correlated, discussed and presented.

3.2 Assessment objectives

There are five Assessment Objectives (AOs) for Cambridge International AS and A Level economics.

Students are expected to:

AO1: **Demonstrate knowledge and understanding** of the specified content.

AO2: **Interpret** economic information presented in verbal, numerical or graphical form.

AO3: **Explain and analyse** economic issues and arguments, using relevant economic concepts, theories and information.

AO4: **Evaluate** economic information, arguments, proposals and policies, taking into consideration relevant information and theory, and distinguishing facts from hypothetical statements and value judgements.

AO5: **Organise, present and communicate** economic ideas and informed judgements in a clear, logical and appropriate form.

The multiple choice components (Papers 1 and 3) will particularly test Assessment Objectives 1, 2 and 3.

The data response part of Papers 2 and 4 will particularly test Assessment Objectives 2 and 3, and to a lesser extent Assessment Objectives 1, 4 and 5.

The essay part of Papers 2 and 4 will particularly test Assessment Objectives 1, 3, 4 and 5, and to a lesser extent Assessment Objective 2.

The marks as a % available for each group of skills are as follows:

Component	Assessment Objectives				
	A01 Demonstrate knowledge and understanding	A02 Interpret	A03 Explain and analyse	A04 Evaluate	A05 Organise, present and communicate
Paper 1	40%	25%	25%	10%	–
Paper 2	15%	20%	30%	20%	15%
Paper 3	40%	25%	25%	10%	–
Paper 4	20%	15%	25%	20%	20%

The skills are weighted to give an indication of their relative importance. They are not intended to provide a precise statement of the number of marks allocated to particular skills.

BLANK PAGE

4. Curriculum content

Overview of the curriculum topics for AS Level and A Level Economics

	Core: AS and A Level	Supplement: A Level only (Additional material for A Level)
1. Basic economic ideas	<ul style="list-style-type: none"> • Scarcity, choice and resource allocation • Production possibility curves • Different allocative mechanisms • Problems of transition • Positive and normative statements • Division of labour • Money: functions and characteristics 	<ul style="list-style-type: none"> • Efficient resource allocation • Concept of economic efficiency
2. The price system and the theory of the firm	<ul style="list-style-type: none"> • Individual and market demand curves • Price, income and cross elasticities of demand • Firms' supply curves • Price elasticity of supply • Interaction of demand and supply • Consumer and producer surplus • Prices as rationing and allocative mechanisms 	<ul style="list-style-type: none"> • Law of Diminishing Marginal Utility • Budget lines • Short-run and long-run production and cost functions • Demand and supply for labour • Wage determination • Types of cost, revenue and profit • Growth and survival of firms • Differing objectives of a firm • Different market structures • Contestable markets • Conduct and performance of firms
3. Government intervention in the price system	<ul style="list-style-type: none"> • Externalities • Social costs and social benefits • Decision making using cost-benefit analysis • Private and public goods • Merit and demerit goods • Examples of government intervention 	<ul style="list-style-type: none"> • Sources of market failure • Objectives of government microeconomic policy • Additional policies to correct market failure and policies towards income and wealth redistribution • Effectiveness of government policies • Privatisation

	Core: AS and A Level	Supplement: A Level only (Additional material for A Level)
4. International trade	<ul style="list-style-type: none"> Principles of absolute and comparative advantage Arguments for free trade and motives for protection Types of protection Types of economic integration Terms of trade Components of the balance of payments 	<ul style="list-style-type: none"> <i>There are no additional international trade topics</i>
5. Theory and measurement in the macroeconomy	<ul style="list-style-type: none"> Employment statistics General price level: price indices Money and real data Shape and determinants of Aggregate Demand (AD) and Aggregate Supply (AS) Interaction of AD and AS 	<ul style="list-style-type: none"> The circular flow of income National income statistics Money supply and the Quantity Theory of Money Keynesian and Monetarist schools Aggregate Expenditure function The demand for money and interest rate determination Liquidity Preference theory and Loanable Funds theory
6. Macroeconomic problems	<ul style="list-style-type: none"> Inflation Balance of payments problems Fluctuations in foreign exchange rates 	<ul style="list-style-type: none"> Economic growth and development Unemployment Inter-connectedness of problems
7. Macroeconomic policies	<ul style="list-style-type: none"> Policies to correct balance of payments disequilibrium or influence the exchange rate Comment on possible conflicts between macroeconomic policy objectives 	<ul style="list-style-type: none"> Objectives of macroeconomic policies Policies towards developing economies Types of policy Evaluating policy options

Candidates for Cambridge International AS Level should study only the Core Material.
Candidates for Cambridge International A Level should study both Core and Supplementary topics.

4.1 Core (AS Level and A Level)

1. Basic economic ideas (AS and A Level)

- | | |
|---|---|
| <ul style="list-style-type: none"> • Scarcity, choice and resource allocation
 • Different allocative mechanisms
 <p style="margin-left: 20px;">Plus the problems of transition when central planning in an economy is reduced</p> • Production possibility curve – shape and shifts • The margin: decision making at the margin • Positive and normative statements • <i>Ceteris paribus</i> • Factors of production: land, labour, capital, enterprise • Division of labour • Money: its functions and characteristics | <ul style="list-style-type: none"> – Meaning of scarcity and the inevitability of choices at all levels (individual, firms, governments) – Opportunity cost – Basic questions of what will be produced, how and for whom
 – Market economies – Planned economies – Mixed economies |
|---|---|

Examples of other concepts and terms included

barter cheques coincidence of wants command economy costs of production division of labour economic goods economic growth economic problem entrepreneur fixed capital fixed capital formation free goods interest	investment law (economic) liquidity macroeconomics market market system maximisation measure of value medium of exchange microeconomics needs other things being equal primary sector production frontier	production transformation curve resources secondary sector Smith, Adam specialisation standard of deferred payments store of wealth tertiary sector unit of account value judgement wants working capital
--	--	--

2. The price system and the theory of the firm (AS and A Level)

- | | |
|---|--|
| <ul style="list-style-type: none"> • Individual demand curves • Aggregation of individual demand curves to give market demand • Factors influencing demand • Movements along and shifts of a demand curve
 • Price, income and cross-elasticities of demand

 • Firms' supply curves
Aggregation of individual firms' supply curves to give market supply • Factors influencing market supply, including indirect taxes and subsidies
Movements along and shifts of a supply curve • Price elasticity of supply: determinants, implications for speed/ease with which businesses react to changed market conditions
 • Interaction of demand and supply: equilibrium price and quantity

 • Consumer surplus and producer surplus • Prices as rationing and allocative mechanisms | <ul style="list-style-type: none"> – Meaning and calculation – Factors affecting – Implications for revenue and business decisions

 – Meaning of equilibrium and disequilibrium – Effects of changes in supply and demand on equilibrium price and quantity – Applications of demand and supply analysis |
|---|--|

2. The price system and the theory of the firm (AS and A Level) – continued

Examples of other concepts and terms included

ad valorem tax	equilibrium	normal good
change in demand	equilibrium price	perfectly elastic
change in quantity demanded	equilibrium quantity	perfectly inelastic
complementary goods	impact of tax	perishability
composite demand	incidence of tax	price mechanism
demand conditions	income tax	rectangular hyperbola
demand schedule	inelastic	specific tax
derived demand	inferior good	stocks
direct taxation	joint demand	substitute goods
disequilibrium	joint supply	supply conditions
effective demand	law of demand	total revenue
elastic	law of supply	unitary elasticity

3. Government intervention in the price system (AS and A Level)

- Externalities
- Social costs as the sum of private costs and external costs
Social benefits as the sum of private benefits and external benefits
- Decision making using cost-benefit analysis
- Private goods and public goods
Merit goods and demerit goods
- Government intervention via maximum price controls, price stabilisation, taxes, subsidies, direct provision of goods and services

Examples of other concepts and terms included

excise duties	imperfections	non-rejectability
external benefit	information failure	non-rivalness
external cost	market failure	positive externality
free rider	negative externality	
government expenditure	non-excludability	

4. International Trade (AS and A Level)

- Principles of absolute and comparative advantage, and their real-world limitations
Other explanations/determinants of trade flows
Opportunity cost concept allied to trade
- Arguments for free trade and motives for protection
- Types of protection and their effects
- Economic integration: free trade area, customs union, economic union, monetary union
- Terms of trade
- Components of the balance of payments

Examples of other concepts and terms included

bilateral trade capital account of balance of payments comparative costs current account of balance of payments current transfers deficit dumping embargoes exports	external balance financial account of balance of payments globalisation imports infant industry argument invisible balance multilateral trade net errors and omissions net investment income quota	sunrise/sunset industries surplus tariff trade creation trade diversion trading possibility curve visible balance Voluntary Export Restraints (VERs) World Trade Organisation (WTO)
---	---	---

5. Theory and measurement in the macroeconomy (AS and A Level)

- Employment statistics
 - Size and components of labour force
 - Labour productivity
 - Definition of unemployment
 - Unemployment rate; patterns and trends in (un)employment
 - Difficulties involved in measuring unemployment
- General price level: price indices
- Money and real data
- Shape and determinants of Aggregate Demand (AD)
 - Shape and determinants of Aggregate Supply (AS)
 - Interaction of AD and AS: determination of level of output, prices and employment

Examples of other concepts and terms included

base year	household expenditure	Retail Prices Index
claimant count	labourforce survey	sampling
Consumer Price Index	nominal value	weights
cost of living	participation rate	working population
dependency ratio	real value	

6. Macroeconomic problems (AS and A Level)

- | | |
|---|---|
| <ul style="list-style-type: none"> • Inflation
 • Balance of payments problems
 • Fluctuations in foreign exchange rates | <ul style="list-style-type: none"> – Definition of inflation; degrees of inflation; types of inflation – Causes of inflation – Consequences of inflation
 – Meaning of balance of payments equilibrium and disequilibrium – Causes of balance of payments disequilibrium – Consequences of balance of payments disequilibrium on domestic and external economy
 – Definitions and measurement of exchange rates – nominal, real, trade-weighted exchange rates – Determination of exchange rates – floating, fixed, managed float – Factors underlying fluctuations in exchange rates – Effects of changing exchange rates on the economy |
|---|---|

Examples of other concepts and terms included

anticipated inflation appreciation cost-push inflation deflation demand-pull inflation depreciation devaluation 'dirty float' fiscal boost	fiscal drag foreign exchange Forex Market hyperinflation IMF J-curve Marshall-Lerner condition menu costs monetary inflation	purchasing power parity Quantity Theory of Money reflation revaluation shoe leather costs stagflation unanticipated inflation velocity of circulation
--	--	--

7. Macroeconomic policies (AS and A Level)

Policies designed to correct balance of payments disequilibrium or influence the exchange rate
 Comment on possible conflicts between policy objectives on inflation, balance of payments and exchange rate

Examples of other concepts and terms included

exchange controls expenditure dampening	expenditure switching interest rate policy	trade-off(s)
--	---	--------------

4.2 Supplement (A Level only)

1. Basic economic ideas (A Level only)

Efficient resource allocation

Concept of economic efficiency: productive and allocative efficiency

Examples of other concepts and terms included

optimum resource allocation

Pareto optimality

2. The price system and the theory of the firm (A Level only)

- Law of diminishing marginal utility and its relationship to derivation of an individual demand schedule and curve
 - Equi-marginal principle
 - Limitations of marginal utility theory
- Budget lines
 - Income and substitution effects.
- Short-run production function: fixed and variable factors of production, total product, average product and marginal product
 - Law of diminishing returns (law of variable proportions)
- Demand for labour:
 - meaning and factors affecting demand for labour
 - derivation of individual firm's demand for a factor using marginal revenue product theory
- Supply of labour – meaning and factors affecting supply
 - Net advantages and the long-run supply of labour
- Wage determination under free market forces (competitive product and factor markets)
 - The role of trade unions and government in wage determination
 - Wage differentials and economic rent
- Long-run production function
 - Returns to scale
- Economist's versus accountant's definition of costs and profits
 - Marginal cost and average cost
 - Short-run cost function – fixed costs versus variable costs
 - Explanation of shape of Short-Run Average Cost (SRAC)
- Long-run cost function
 - Explanation of shape of Long-Run Average Cost (LRAC)
 - Relationship between economies of scale and decreasing costs
 - Internal and external economies of scale
- Survival of small firms
 - Growth of firms

2. The price system and the theory of the firm (A Level only) – continued

- Relationship between elasticity, marginal, average and total revenue for a downward-sloping demand curve
- Concepts of firm and industry
- Traditional objective of firm – profit maximisation
Normal and abnormal profit
An understanding of other objectives of firm
- Different market structures – perfect competition, monopoly, monopolistic competition, oligopoly
Structure of markets as explained by number of buyers and sellers, nature of product, degree of freedom of entry and nature of information
Contestable markets
- Conduct of firms – pricing policy and non-price policy, including price discrimination, price leadership models and mutual interdependence in the case of oligopolies
- Performance of firms – in terms of output, profits and efficiency
Comparisons with regard to economic efficiency, barriers to entry, price competition, non-price competition and collusion

Examples of other concepts and terms included

average fixed cost	immobility of labour	predatory pricing
average variable cost	imperfect competition	price agreements
barriers to exit	increasing returns	risk-bearing economies of scale
break-even point	industrial concentration	sales maximisation
cartel	integration	sales revenue maximisation
closed shop	marginal physical product	satisficing profits
collective bargaining	minimum efficient scale (MES)	second-best theory
concentration ratio	mobility of labour	shares
decreasing returns	monopsony	supernormal profit
diseconomies of scale	natural monopoly	technical economies
diversification	non-pecuniary advantages	transfer earnings
economies of large dimensions	occupational mobility	vertical integration
financial economies of scale	paradox of value	wage drift
horizontal integration	pecuniary advantages	

3. Government intervention in the price system (A Level only)

- Sources of market failure
- Meaning of deadweight losses
Market imperfections – existence of monopolistic elements
- Objectives of government microeconomic policy: efficiency, equity
- Additional policies to correct market failure: regulation
Policies towards income and wealth redistribution
Effectiveness of government policies
- Privatisation

Examples of other concepts and terms included

contracting out
deregulation
government failure
means tested benefits

negative income tax
price stabilisation
supply-side economics
tax credits

technical monopoly
the poverty trap
universal benefits
x-inefficiency

4. International Trade (A Level only)

THERE IS NO SUPPLEMENT SECTION FOR INTERNATIONAL TRADE

5. Theory and measurement in the macroeconomy (A Level only)

- National income statistics
 - Use of national income statistics as measures of economic growth and living standards
 - GDP deflator
 - Comparison of economic growth rates and living standards over time and between countries
 - Other indicators of living standards and economic development

- Money supply
 - Broad and narrow money supply
 - Government accounts: government budget, deficit financing
- The circular flow of income between households, firms, government and the international economy
- Main schools of thought on how the macroeconomy functions – Keynesian and Monetarist
- Aggregate Expenditure function (AE)
 - Meaning, components of AE and their determinants
 - Income determination using AE-income approach and withdrawal/injection approach
 - Inflationary and deflationary gaps; full employment level of income versus equilibrium level of income
 - The multiplier
 - Autonomous and induced investment; the accelerator
- Sources of money supply in an open economy (commercial banks/credit creation, central bank, deficit financing, total currency flow)
 - Relationship between money supply, price level and output as explained by the Quantity Theory of Money
- The demand for money
 - Interest rate determination
 - Liquidity Preference theory and Loanable Funds theory

5. Theory and measurement in the macroeconomy (A Level only) – continued

Examples of other concepts and terms included

<ul style="list-style-type: none"> active balances at constant prices at current prices average propensity balanced budget budget surplus/deficit capital:output ratio closed economy consumption credit multiplier depreciation (of capital) dissaving 	<ul style="list-style-type: none"> distribution of income gross domestic product gross national product idle balances leakage liquidity trap marginal propensity National Debt net domestic product net national product net property income from abroad 	<ul style="list-style-type: none"> output gap paradox of thrift precautionary demand for money quality of life saving speculative demand for money transactions demand for money yield
---	---	--

6. Macroeconomic problems (A Level only)

<ul style="list-style-type: none"> • Economic growth and development 	<ul style="list-style-type: none"> – Definition of economic growth and development – Indicators of comparative development and underdevelopment in the world economy – economic, monetary, non-monetary and demographic indicators – Characteristics of developing economies: population growth and structure, income distribution, economic structure, employment composition, external trade and urbanisation in developing economies, the nature of dependency, including the role of multinational corporations and external debt – Actual versus potential growth in national output – Factors contributing to economic growth – Costs and benefits of growth, including using and conserving resources
<ul style="list-style-type: none"> • Unemployment 	<ul style="list-style-type: none"> – Full employment and natural rate of unemployment – Causes of unemployment – Consequences of unemployment – Types of unemployment
<ul style="list-style-type: none"> • Inter-connectedness of problems <p>Links between macroeconomic problems and their interrelatedness, for example</p>	<ul style="list-style-type: none"> – relationship between internal and external value of money – relationship between balance of payments and inflation – relationship between inflation and unemployment; trade-off between inflation and unemployment

6. Macroeconomic problems (A Level only) – continued

Examples of other concepts and terms included

birth rate cyclical unemployment death rate demand-deficiency unemployment disguised unemployment (underemployment)	frictional unemployment general unemployment migration natural increase optimum population seasonal unemployment	structural unemployment sustainability technological unemployment trade (business) cycle voluntary unemployment
---	---	---

7. Macroeconomic policies (A Level only)

- | | |
|--|--|
| <ul style="list-style-type: none"> Objectives of macroeconomic policy: stabilisation, growth Policies towards developing economies; policies of trade and aid Types of policy: aims and instruments of each policy; how each is used to control inflation, stimulate employment, stimulate growth and development, correct balance of payments disequilibrium; the effectiveness of each Evaluating policy options to deal with problems arising from conflicts between policy objectives on inflation, unemployment, economic growth, balance of payments, exchange rates and the redistribution of income and wealth | <ul style="list-style-type: none"> Fiscal policy Monetary policy Exchange rate policy Supply side policy |
|--|--|

Examples of other concepts and terms included

automatic stabiliser canons of taxation flat tax laffer curve	marginal tax rates open market operations poverty trap progressive taxation	proportional taxation quantitative easing (QE) regressive taxation work disincentives
--	--	--

5. Appendix: Resource list

Text books

This is not a list of compulsory texts, but a range of alternatives which teachers may like to choose from.

Author	Title	Publisher	Date	ISBN
Anderton, AG	<i>Economics A Level (5th edition)</i>	Causeway	2008	1405892358
Bamford, Colin and Grant, Susan	<i>Cambridge International AS and A Level Economics (2nd edition)</i>	Cambridge	2010	0521126657
Beardshaw, J	<i>Economics: A Student's Guide</i>	Longman	2001	0273651404
Begg, David <i>et al</i>	<i>Economics (9th edition)</i>	McGraw Hill	2008	0077117875
Gillespie, A	<i>Economics AS and A Level Through Diagrams</i>	OUP Oxford	2009	019918089X
Grant, Susan	<i>Stanlake's Introductory Economics</i>	Longman	2000	0582405483
Ison, Stephen and Wall, Stuart	<i>Economics (4th edition)</i>	FT Prentice Hall	2006	0273681079
Sloman, John	<i>Essentials of Economics</i>	FT Prentice Hall	2009	1408241560

Dictionaries

Author	Title	Publisher	Date	ISBN
Bannock, Graham <i>et al</i> (eds)	<i>Penguin Dictionary of Economics</i>	Penguin	2004	0141010754
Rutherford, Donald	<i>Routledge Dictionary of Economics (2nd edition)</i>	Routledge	2002	0415250919
Wall, Nancy	<i>The Complete A-Z Economics Handbook (3rd edition)</i>	Philip Allan	2009	0340991011

Internet

Teachers will also find useful material on the following websites:

www.bized.co.uk

www.tutor2u.net

and the Useful Websites page on the Subject Page for Economics on the Cambridge Students website:

www.cambridgestudents.org.uk

Resources are also listed on Cambridge's public website at **www.cie.org.uk**. Please visit this site on a regular basis as the Resource lists are updated through the year.

Access to teachers' email discussion groups, suggested schemes of work and regularly updated resource lists may be found on the Cambridge Teacher Support website at **<http://teachers.cie.org.uk>**. This website is available to teachers at registered Cambridge Centres.

Key Directive Words

Directive Word	What it means
Calculate	Work out using the information provided
Define	Give the exact meaning of
Describe	Give a description of, explain the main features of
Illustrate	Give examples, use a diagram
Outline	Describe the key points without detail
Analyse	Explain the main points in detail, examine closely, separate into parts and show how all the parts connect and link
Compare	Explain the similarities and differences between
Explain	Give clear reasons or make clear the meaning of, use examples and explain the theory behind the question
Consider	Give your thoughts about, with some justification
Assess	Show how important something is, give your judgement on
Comment upon	Give your reasoned opinion on, with explanations
Criticise	Give an opinion but support it with evidence
Discuss	Give the important arguments for and against, often requires a conclusion
Evaluate	Discuss the importance of, judge the overall worth of, make an attempt to weigh up your opinions
To what extent	Give reasons for and against, come to a conclusion with a justification of which arguments are strongest and which are weakest

6. Additional information

6.1 Guided learning hours

Cambridge International A Level syllabuses are designed on the assumption that candidates have about 360 guided learning hours per subject over the duration of the course. Cambridge International AS Level syllabuses are designed on the assumption that candidates have about 180 guided learning hours per subject over the duration of the course. ('Guided learning hours' include direct teaching and any other supervised or directed study time. They do not include private study by the candidate.)

However, these figures are for guidance only, and the number of hours required may vary according to local curricular practice and the candidates' prior experience of the subject.

6.2 Recommended prior learning

Candidates beginning this course are not expected to have studied Economics previously.

6.3 Progression

Cambridge International A Level Economics provides a suitable foundation for the study of Economics or related courses in higher education. Equally it is suitable as part of a course of general education.

Cambridge International AS Level Economics constitutes the first half of the Cambridge International A Level course in Economics and therefore provides a suitable foundation for the study of Economics at Cambridge International A Level and thence for related courses in higher education. Depending on local university entrance requirements, it may permit or assist progression directly to university courses in Economics or some other subjects. It is also suitable as part of a course of general education.

Teachers and Learners should take into account that, in some countries, universities advise that some combinations of subjects with similar content should be avoided where possible, for example Economics, Business Studies and Accounting. Learners are advised to contact universities in advance of making decisions about subject combinations that include two or more of these subjects.

6.4 Component codes

Because of local variations, in some cases component codes will be different in instructions about making entries for examinations and timetables from those printed in this syllabus, but the component names will be unchanged to make identification straightforward.

6.5 Grading and reporting

Cambridge International A Level results are shown by one of the grades A*, A, B, C, D or E indicating the standard achieved, Grade A* being the highest and Grade E the lowest. 'Ungraded' indicates that the candidate has failed to reach the standard required for a pass at either Cambridge International AS Level or A Level. 'Ungraded' will be reported on the statement of results but not on the certificate.

If a candidate takes a Cambridge International A Level and fails to achieve grade E or higher, a Cambridge International AS Level grade will be awarded if both of the following apply:

- the components taken for the Cambridge International A Level by the candidate in that series included all the components making up a Cambridge International AS Level
- the candidate's performance on these components was sufficient to merit the award of a Cambridge International AS Level grade.

For languages other than English, Cambridge also reports separate speaking endorsement grades (Distinction, Merit and Pass), for candidates who satisfy the conditions stated in the syllabus.

Percentage uniform marks are also provided on each candidate's statement of results to supplement their grade for a syllabus. They are determined in this way:

- A candidate who obtains...
 - ... the minimum mark necessary for a Grade A* obtains a percentage uniform mark of 90%.
 - ... the minimum mark necessary for a Grade A obtains a percentage uniform mark of 80%.
 - ... the minimum mark necessary for a Grade B obtains a percentage uniform mark of 70%.
 - ... the minimum mark necessary for a Grade C obtains a percentage uniform mark of 60%.
 - ... the minimum mark necessary for a Grade D obtains a percentage uniform mark of 50%.
 - ... the minimum mark necessary for a Grade E obtains a percentage uniform mark of 40%.
 - ... no marks receives a percentage uniform mark of 0%.

Candidates whose mark is none of the above receive a percentage mark in between those stated according to the position of their mark in relation to the grade 'thresholds' (i.e. the minimum mark for obtaining a grade). For example, a candidate whose mark is halfway between the minimum for a Grade C and the minimum for a Grade D (and whose grade is therefore D) receives a percentage uniform mark of 55%.

The percentage uniform mark is stated at syllabus level only. It is not the same as the 'raw' mark obtained by the candidate, since it depends on the position of the grade thresholds (which may vary from one series to another and from one subject to another) and it has been turned into a percentage.

Cambridge International AS Level results are shown by one of the grades a, b, c, d or e indicating the standard achieved, Grade a being the highest and Grade e the lowest. 'Ungraded' indicates that the candidate has failed to reach the standard required for a pass at Cambridge International AS Level. 'Ungraded' will be reported on the statement of results but not on the certificate.

For languages other than English, Cambridge will also report separate speaking endorsement grades (Distinction, Merit and Pass) for candidates who satisfy the conditions stated in the syllabus.

The content and difficulty of a Cambridge International AS Level examination is equivalent to the first half of a corresponding Cambridge International A Level.

Percentage uniform marks are also provided on each candidate's statement of results to supplement their grade for a syllabus. They are determined in this way:

- A candidate who obtains...
 - ... the minimum mark necessary for a Grade a obtains a percentage uniform mark of 80%.
 - ... the minimum mark necessary for a Grade b obtains a percentage uniform mark of 70%.
 - ... the minimum mark necessary for a Grade c obtains a percentage uniform mark of 60%.
 - ... the minimum mark necessary for a Grade d obtains a percentage uniform mark of 50%.
 - ... the minimum mark necessary for a Grade e obtains a percentage uniform mark of 40%.
 - ... no marks receives a percentage uniform mark of 0%.

Candidates whose mark is none of the above receive a percentage mark in between those stated according to the position of their mark in relation to the grade 'thresholds' (i.e. the minimum mark for obtaining a grade). For example, a candidate whose mark is halfway between the minimum for a Grade c and the minimum for a Grade d (and whose grade is therefore d) receives a percentage uniform mark of 55%.

The percentage uniform mark is stated at syllabus level only. It is not the same as the 'raw' mark obtained by the candidate, since it depends on the position of the grade thresholds (which may vary from one series to another and from one subject to another) and it has been turned into a percentage.

6.6 Access

Reasonable adjustments are made for disabled candidates in order to enable them to access the assessments and to demonstrate what they know and what they can do. For this reason, very few candidates will have a complete barrier to the assessment. Information on reasonable adjustments is found in the *Cambridge Handbook* which can be downloaded from the website **www.cie.org.uk**

Candidates who are unable to access part of the assessment, even after exploring all possibilities through reasonable adjustments, may still be able to receive an award based on the parts of the assessment they have taken.

6.7 Resources

Copies of syllabuses, the most recent question papers and Principal Examiners' reports for teachers are on the Syllabus and Support Materials CD-ROM, which we send to all Cambridge International Schools. They are also on our public website – go to **www.cie.org.uk/alevel**. Click the Subjects tab and choose your subject. For resources, click 'Resource List'.

You can use the 'Filter by' list to show all resources or only resources categorised as 'Endorsed by Cambridge'. Endorsed resources are written to align closely with the syllabus they support. They have been through a detailed quality-assurance process. As new resources are published, we review them against the syllabus and publish their details on the relevant resource list section of the website.

Additional syllabus-specific support is available from our secure Teacher Support website **http://teachers.cie.org.uk** which is available to teachers at registered Cambridge schools. It provides past question papers and examiner reports on previous examinations, as well as any extra resources such as schemes of work or examples of candidate responses. You can also find a range of subject communities on the Teacher Support website, where Cambridge teachers can share their own materials and join discussion groups.

University of Cambridge International Examinations
1 Hills Road, Cambridge, CB1 2EU, United Kingdom
Tel: +44 (0)1223 553554 Fax: +44 (0)1223 553558
Email: international@cie.org.uk www.cie.org.uk

© University of Cambridge International Examinations 2011

