

# Syllabus

Cambridge O Level Economics

Syllabus code 2281

For examination in June and November 2011



UNIVERSITY *of* CAMBRIDGE  
International Examinations

**Note for Exams Officers:** Before making Final Entries, please check availability of the codes for the components and options in the E3 booklet (titled "Procedures for the Submission of Entries") relevant to the exam session. Please note that component and option codes are subject to change.

# Contents

## Cambridge O Level Economics Syllabus code 2281

1. Introduction .....	2
1.1 Why choose Cambridge?	
1.2 Why choose Cambridge O Level Economics?	
1.3 How can I find out more?	
2. Assessment at a glance .....	4
3. Syllabus aims and assessment .....	5
3.1 Aims	
3.2 Assessment objectives	
3.3 Exam combinations	
4. Curriculum content.....	7
5. Resource list.....	11

# 1. Introduction

## 1.1 Why choose Cambridge?

University of Cambridge International Examinations (CIE) is the world's largest provider of international qualifications. Around 1.5 million students from 150 countries enter Cambridge examinations every year. What makes educators around the world choose Cambridge?

### Developed for an international audience

International O Levels have been designed specially for an international audience and are sensitive to the needs of different countries. These qualifications are designed for students whose first language may not be English and this is acknowledged throughout the examination process. The curriculum also allows teaching to be placed in a localised context, making it relevant in varying regions.

### Recognition

Cambridge O Levels are internationally recognised by schools, universities and employers as equivalent to UK GCSE. They are excellent preparation for A/AS Level, the Advanced International Certificate of Education (AICE), US Advanced Placement Programme and the International Baccalaureate (IB) Diploma. CIE is accredited by the UK Government regulator, the Qualifications and Curriculum Authority (QCA). Learn more at [www.cie.org.uk/recognition](http://www.cie.org.uk/recognition).

### Support

CIE provides a world-class support service for teachers and exams officers. We offer a wide range of teacher materials to Centres, plus teacher training (online and face-to-face) and student support materials. Exams officers can trust in reliable, efficient administration of exams entry and excellent, personal support from CIE Customer Services. Learn more at [www.cie.org.uk/teachers](http://www.cie.org.uk/teachers).

### Excellence in education

Cambridge qualifications develop successful students. They not only build understanding and knowledge required for progression, but also learning and thinking skills that help students become independent learners and equip them for life.

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

CIE is part of Cambridge Assessment, a not-for-profit organisation and part of the University of Cambridge. The needs of teachers and learners are at the core of what we do. CIE invests constantly in improving its qualifications and services. We draw upon education research in developing our qualifications.

# 1. Introduction

## 1.2 Why choose Cambridge O Level Economics?

International O Levels are established qualifications that keep pace with educational developments and trends. The International O Level curriculum places emphasis on broad and balanced study across a wide range of subject areas. The curriculum is structured so that students attain both practical skills and theoretical knowledge.

Cambridge O Level Economics is recognised by universities and employers throughout the world as proof of knowledge and understanding. Successful Cambridge O Level Economics candidates gain lifelong skills, including:

- an understanding of economic theory, terminology and principles
- the ability to apply the tools of economic analysis
- the ability to distinguish between facts and value judgements in economic issues
- an understanding of, and an ability to use basic economic numeracy and literacy
- the ability to take a greater part in decision-making processes in everyday life
- an understanding of the economies of developed and developing nations
- an excellent foundation for advanced study in economics for Cambridge International A & AS Level Economics.

In addition to Cambridge O Levels, CIE also offers Cambridge IGCSE and International A & AS Levels for further study. See [www.cie.org.uk](http://www.cie.org.uk) for a full list of the qualifications you can take.

## 1.3 How can I find out more?

### If you are already a Cambridge Centre

You can make entries for this qualification through your usual channels, e.g. British Council or CIE Direct. If you have any queries, please contact us at [international@cie.org.uk](mailto:international@cie.org.uk).

### If you are not a Cambridge Centre

You can find out how your organisation can become a Cambridge Centre. Email either your local British Council representative or CIE at [international@cie.org.uk](mailto:international@cie.org.uk). Learn more about the benefits of becoming a Cambridge Centre at [www.cie.org.uk](http://www.cie.org.uk).

## 2. Assessment at a glance

### Cambridge O Level Economics Syllabus code 2281

Candidates take two papers.

<b>Paper 1 Multiple choice</b>	<b>1 hour</b>
Candidates answer forty multiple choice questions. All items are of the four response 'simple completion' type.	
30% of total marks	
<b>Paper 2 Structured questions</b>	<b>2 hours</b>
Candidates answer one compulsory question and three questions from a choice of six.	
70% of total marks	

# 3. Syllabus aims and assessment

## 3.1 Aims

The aims of this syllabus describe the educational purposes of a course in economics for the O Level exam.

The aims are to:

- 1 develop candidates' knowledge and understanding of economic terminology and principles, and elementary economic theory;
- 2 develop candidates' basic economic numeracy and literacy and their ability to handle simple data including graphs and diagrams;
- 3 develop candidates' ability to use the tools of economic analysis in particular situations;
- 4 show candidates how to identify and discriminate between differing sources of information and how to distinguish between facts and value judgements in economic issues;
- 5 develop candidates' ability to use economic skills (with reference to individuals, groups and organisations) to understand better the world in which they live;
- 6 enable candidates to participate more fully in decision-making processes as both consumers and producers and as citizens of the local, national and international community;
- 7 develop candidates' understanding of the economies of developed and developing nations and of the relationships between them; and to develop their appreciation of these relationships from the perspective of both developed and developing nations.

## 3.2 Assessment objectives

The three assessment objectives in Cambridge O Level Economics are:

- A: Knowledge with understanding
- B: Analysis
- C: Judgement and decision-making.

### A: Knowledge with understanding

Candidates should be able to:

- 1 show knowledge and understanding of economic facts, definitions, concepts, principles and theories;
- 2 use economic vocabulary and terminology confidently.

# 3. Syllabus aims and assessment

## B: Analysis

Candidates should be able to:

3. select, organise and interpret data;
4. apply economic knowledge and understanding in verbal, numerical, diagrammatic, pictorial and graphical form;
5. use economic data, to recognise patterns in such data, and to deduce relationships.

## C: Judgement and decision-making

Candidates should be able to:

6. distinguish between evidence and opinion, make reasoned judgements and communicate them in an accurate and logical manner;
7. recognise that economic theory is subject to various limitations and uncertainties;
8. evaluate the social and environmental implications of particular courses of economic action;
9. draw conclusions from economic information and critically evaluate economic data;
10. communicate conclusions in a logical and concise manner.

## 3.3 Exam combinations

Candidates can combine this syllabus in an exam session with any other CIE syllabus, except:

- syllabuses with the same title at the same level
- 0455 IGCSE Economics

Please note that O Level, Cambridge International Level 1/Level 2 Certificates and IGCSE syllabuses are at the same level.



# 4. Curriculum content

## 1 Basic economic problem: choice and the allocation of resources

Candidates should be able to:

- define the nature of the economic problem (finite resources and unlimited wants);
- define the factors of production (land, labour, capital, enterprise);
- define opportunity cost and analyse particular circumstances to illustrate the concept;
- evaluate the implications of particular courses of action in terms of opportunity cost.

## 2 The allocation of resources: how the market works; market failure

Candidates should be able to:

- describe the allocation of resources in market and mixed economic systems;
- demonstrate the principle of equilibrium price and analyse simple market situations with changes in demand and supply;
- describe the causes of changes in demand and supply conditions and analyse such changes to show effects in the market;
- define price elasticity of demand and supply and perform simple calculations;
- demonstrate the usefulness of price elasticity in particular situations such as revenue changes, consumer expenditure;
- describe the concept of market failure and explain the reasons for its occurrence;
- evaluate the merits of the market system;
- define private and social costs<sup>1</sup> and benefits and discuss conflicts of interest in relation to these costs and benefits in the short term and long term through studies of the following issues:
  - conserving resources versus using resources;
  - public expenditure versus private expenditure.

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<sup>1</sup> Social costs are equal to the sum of private costs and external costs.

# 4. Curriculum content

## 3 The individual as producer, consumer and borrower

Candidates should be able to:

- describe the functions of money and the need for exchange;
- describe the functions of central banks, stock exchanges, commercial banks;
- identify the factors affecting an individual's choice of occupation (wage factors and non-wage factors);
- describe likely changes in earnings over time for an individual;
- describe the differences in earnings between different occupational groups (male/female; skilled/unskilled; private/public; agricultural/manufacturing/services);
- describe trade unions and their role in an economy;
- describe the benefits and disadvantages of specialisation for the individual;
- analyse the different motives for spending, saving and borrowing;
- discuss how and why different income groups have different expenditure patterns (spending, saving and borrowing).

## 4 The private firm as producer and employer

Candidates should be able to:

- describe the type of business organisation in the public and private sectors: sole proprietors, partnerships, private companies, public companies, multi-nationals, co-operatives, public corporations;
- describe and evaluate the effects of changes in structure of business organisations;
- describe what determines the demand for factors of production;
- define total and average cost, fixed and variable cost and perform simple calculations;
- analyse particular situations to show changes in total and average cost as output changes;
- define total and average revenue and perform simple calculations;
- describe the principle of profit maximisation as a goal;
- describe pricing and output policies in perfect competition and monopoly;
- describe the main reasons for the different sizes of firms (size of market, capital, organisation);
- describe and evaluate integration, economies and diseconomies of scale;
- discuss the advantages and disadvantages of monopoly.

# 4. Curriculum content

## 5 Role of government in an economy

Candidates should be able to:

- describe the government as a producer of goods and services and as an employer;
- describe the aims of government policies, such as full employment, price stability, economic growth, redistribution of income, balance of payments stability;
- discuss the possible conflicts between government aims;
- describe the types of taxation (direct, indirect, progressive, regressive, proportional) and the impact of taxation;
- discuss the government's influence (regulation, subsidies, taxes) on private producers.

## 6 Economic indicators

With regards to **prices** candidates should be able to:

- describe how the retail price index is calculated;
- discuss the causes and consequences of inflation.

With regards to **employment** candidates should be able to:

- describe the changing patterns and levels of employment;
- discuss the causes and consequences of unemployment.

With regards to **output** candidates should be able to:

- define Gross Domestic Product (GDP);
- describe simple measures and indicators of comparative living standards, such as GDP per head, Human Development Index (HDI).

# 4. Curriculum content

## 7 Developed and developing economies: trends in production, population and living standards

Candidates should be able to:

- describe why some countries are classified as developed and others are not;
- recognise and discuss policies to alleviate poverty;
- describe the factors that affect population growth (birth rate, death rate, fertility rate, net migration) and discuss reasons for the different rates of growth in different countries;
- analyse the problems and consequences of these population changes for countries at different stages of development;
- describe the effects of changing size and structure of population on an economy;
- discuss differences in living standards within countries and between countries, both developed and developing.

## 8 International aspects

Candidates should be able to:

- describe the benefits and disadvantages of specialisation at regional and national levels;
- describe the structure of the current account of the Balance of Payments;
- define exchange rates;
- discuss the causes and consequences of exchange rate fluctuations;
- describe methods of protection;
- discuss the merits of free trade and protection.

# 5. Resource List

This is **NOT** a list of prescribed texts, but provides a range of alternatives from which teachers may wish to choose.

Author	Title	Publisher	ISBN
	<i>Longman GCSE Study Guides</i> Does not include multiple choice questions.	Longman Group UK	0582452023
A.G. Anderton	<i>Economics for GCSE</i> Includes data response questions (but not multiple choice).	Collins Education	0003274292
Matthew Andrews	<i>HIGCSE Economics</i> <i>Module 3</i> Covers 'Determining National Income', 'The Components of National Income' and 'Factors Influencing National Income'. <i>Module 4</i> Covers 'Income, Growth and Development', 'Internal Development Concerns and Policies' and 'International Development Concerns and Policies'. Designed for a higher level examination taken in southern African countries but contain much material helpful for O Level.	Cambridge University Press	0521595266  0521595258
Susan Grant	<i>IGCSE &amp; O Level Economics</i>	Cambridge University Press India Pvt Ltd	9780521720038
Dan Moynihan & Brian Titley	<i>Economics: A Complete Course for IGCSE &amp; O Level</i> <i>Economics: A Complete Course (3rd edition)</i> Comprehensive topic coverage with assignments and data response material.	Oxford University Press	9780199151349 0199134138
Robert Paisley & John Quillfeldt	<i>GCSE Economics</i> Divided into 38 'units', each with activities including stepped questions and data response (but not multiple choice).	Longman Group UK	0582005205
John Pratten	<i>GCSE Economics</i>	Liverpool Academic Press	1872807739

# 5. Resource List

Jason Probert	<i>HIGCSE Economics</i> <i>Module 1,</i> Covers 'What is Economics?' and 'Basic Economic Concepts'. <i>Module 2,</i> Covers 'Supply and Demand', 'Firms and Production' and 'Markets' Designed for a higher level examination taken in southern African countries, but contain much material helpful for O Level.	Cambridge University Press	0521595282  0521595274
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