

# MARINA INTERNATIONAL SCHOOL

## ECONOMICS SCHEME OF WORK

### FORM 7 - TERM 1

WEEK	TOPIC	TOPIC DETAILS
1.1	BASIC ECONOMIC IDEAS & RESOURCE ALLOCATION: Efficient resource allocation	Define Efficiency with reference to Market Economy Analyse and demonstrate each of the following as aspect of Economic Efficiency: productive and allocative efficiency
1.2	Externalities and market failure	Define Market failure; outline the reasons for market failure Demonstrate the concepts of positive and negative externalities for both consumers and firms. Give examples of inefficient resource
2.1	Social costs and benefits; cost-benefit analysis	Explain social costs as the sum of private costs and external costs Explain social benefits as the sum of private benefits and external benefits Explain the use of cost-benefit analysis in decision-making
3.1	Law of diminishing marginal utility	Explain & illustrate the law of diminishing marginal utility and its relationship to derivation of an individual demand schedule Analyse the concept of Equi-marginal principle with regard to consumer equilibrium. Identify the limitations of the marginal utility theory, including rational behaviour versus behavioural economic models
4.1	Indifference curves and budget lines	Define, draw and explain the properties of Indifference curves and budget lines. Using the two concepts, establish consumer equilibrium; and how a change in price leads to a new equilibrium (a change in quantity). Distinguish between income, substitution and price effects for various types of goods following a price change.
5.1	Types of cost, revenue and profit, short-run and long-run production	Define and illustrate the short-run production function. KEY WORDS: fixed and variable factors of production, total product, average product and marginal product. Show how to calculate each. Explain and illustrate the law of diminishing returns as a short-run production concept

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6.1	Types of cost, revenue and profit, short-run and long-run production (cont'd)	<p>Explain the following short-run production function concepts:  marginal cost and average cost  short-run cost function – fixed costs versus variable costs  explanation of shape of Short-Run Average Cost (SRAC)</p>
7.1	Types of cost, revenue and profit, short-run and long-run production (cont'd)	<p>Define and illustrate the long-run production function w.r.t.  returns to scale  long-run cost function  explanation of shape of Long-Run Average</p> <p>Define, Explain and Illustrate the LRAC, and relate to economies of scale and decreasing costs.  Distinguish between internal and external economies of scale and diseconomies of scale  Define revenue and establish how to derive each of the following revenue concepts: total, average and marginal.  Define/Explain profit as different in economics from the Accountant's view point. Distinguish between normal and abnormal (supernormal)</p>
8.1	Different market structures	<p>Define market structure, use the competition roadmap to identify the following: perfect competition, imperfect competition (monopoly, monopolistic competition, oligopoly, natural monopoly)</p>
9.1	Different market structures	<p>Show the different market structures as explained by number of buyers and sellers, nature of product, degree of freedom of entry and nature of information  Analyse contestable markets and their implications for price, output, monopolies  Explain the meaning of concentration ratio with respect to size of firms and market share</p>
10.1	Growth and survival of firms	<p>Explain the reasons for the continued existence of small firms.  Define integration and show how it relates to the growth of firms; the different types of integration Explain diversifications as a way of growth and survival. Show the need for, and features, of cartels</p>

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11.1	Differing objectives of a firm	<p>Explain the traditional profit maximising objective of firm: – and distinguish between normal and abnormal profit.  Show the relationship between PED and revenue. Diagrams are necessary.</p> <p>Explain the need for other objectives of the firm:  – survival, strategic, satisficing, sales maximisation  –The meaning of principal agent problem, for example the divorce of ownership from control.</p> <p>A good knowledge of the behavioural analysis approach to the decision-making of a firm in terms of the Prisoner’s Dilemma, 2 player Pay-off Matrix, kinked demand curve.</p> <ul style="list-style-type: none"> <li>•Identify different pricing policies:</li> </ul> <p>– including price discrimination, limit pricing, price leadership and mutual interdependence in the case of oligopoly (including game theory)</p> <p>Compare the performance of firms in terms of: – revenue, output, profits, efficiency, X-inefficiency, barriers to entry and exit, price competition, non-price competition and collusion</p>
12.1	Policies to achieve efficient resource allocation and correct market failure	<p>Show the meaning of each of the undermentioned policy measure; analyse and evaluate how each works to achieve efficient resource allocation:</p> <p>application of indirect taxes and subsidies. evaluate price and output decisions under nationalisation and privatisation prohibitions and licences</p> <ul style="list-style-type: none"> <li>• property rights</li> <li>• information</li> <li>• regulatory bodies, deregulation and direct provision of goods and services</li> <li>• pollution permits; behavioural insights and ‘nudge’ theory</li> </ul>
13.1	Equity and policies towards income and wealth redistribution	<p>Describe what each of the measures below is, and how it is used to achieve redistribution of income:</p> <p>Equity versus efficiency (illustrate how achieving equity may go against efficiency and vice versa)</p> <ul style="list-style-type: none"> <li>• price stabilisation</li> <li>• means tested benefits</li> <li>• transfer payments</li> <li>• progressive income taxes, inheritance and capital taxes</li> <li>• negative income tax</li> <li>• poverty trap analysis</li> <li>• Gini coefficient and the Lorenz curve; inter-generational equity</li> </ul>

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14.1	Labour market forces and government intervention:	<p>Explain factors affecting demand for labour</p> <p>Explain how marginal revenue product theory is used to derive the individual firm's demand for labour.</p> <p>Explain factors affecting supply for labour</p> <p>Explain net advantages and the long-run supply of labour</p> <p>Analyse competitive product and factor market forces determining wage differentials, transfer earnings and economic rent</p> <p>Explain the influence of trades unions on wage determination</p> <p>Analyse the influence of government on wage determination</p> <ul style="list-style-type: none"> <li>• Explain monopsony market and wage rate determination</li> </ul>
15.1	Government failure in microeconomic intervention	<p>Demonstrate why/how the various policies measures of the government may themselves be inefficient or may even fail to work altogether (government failure rather than market failure)</p>

# ECONOMICS SCHEME OF WORK

## FORM 7 - TERM 2

<b>WEEK</b>	<b>TOPIC</b>	<b>TOPIC DETAILS</b>
1.1	Economic growth, economic development and sustainability	Define economic growth, economic development and sustainability; Distinguish between actual growth and potential growth in national output Explain/illustrate the business (trade) cycle Analyse factors contributing to economic growth the costs and benefits of growth, including using and conserving resources
2.1	National Income statistics	Describe how the national figures are measured, and use of the National Income statistics as measures of economic growth and living standards Differentiate between Gross Domestic Product (GDP)/Gross National Product (GNP)/Gross National Income (GNI). Describe what constitutes the national debt (government or public sector debt)
3.1	Classification of countries	Explain the various indicators of living standards and economic development both monetary and non-monetary; describe alternative measures of living standards and quality of life such as: Human Development Index (HDI), Measure of Economic Welfare (MEW), Human Poverty Index (HPI), later supplanted by the Multidimensional Poverty Index (MPI), and the Kuznets curve

WEEK	TOPIC	TOPIC DETAILS
4.1	Employment/unemployment	<p>Show what constitutes each of the following:</p> <ul style="list-style-type: none"> <li>--the size and components of labour force</li> <li>--labour productivity</li> <li>--full employment and natural rate of unemployment</li> <li>--types of unemployment</li> </ul> <p>Describe the various consequences of unemployment</p> <ul style="list-style-type: none"> <li>□ Unemployment rate; patterns and trends in (un)employment</li> <li>□ difficulties involved in measuring</li> </ul> <p>State the difficulties involved in measuring unemployment</p> <p>Explain the various government policies to correct unemployment</p>
5.1	The circular flow of income	<p>Distinguish between closed and open economies</p> <p>illustrate the circular flow of income between households, firms, government and the international economy.</p> <p>Define the concept of the multiplier, the average and marginal propensities to save and consume</p> <p>State the meaning of Aggregate Expenditure (AE) function: state the meaning.</p> <p>State the components of AE and describe their determinants</p> <p>Analyse the concept of income determination using a) AE and income approach;</p> <p>and withdrawal (leakage) and injection approach</p> <p>Illustrate the concepts of inflationary and deflationary gaps; full employment level of income and equilibrium level of income.</p> <p>Distinguish between autonomous and induced investment; show what the accelerator is and how it is linked to the trade cycle.</p>
6.1	Money supply (theory	<p>Explain Quantity theory of money (<math>MV = PT</math>)</p> <p>Distinguish between broad and narrow money supply</p> <p>Explain the various sources of money supply in an open economy (commercial banks and credit creation, role of central bank, deficit financing, quantitative easing, total currency flow)</p> <p>Explain the transmission mechanism of monetary policy</p>
7.1	Keynesian and Monetarist schools	<p>Describe the two different theoretical approaches to how the macro economy functions</p>
8.1	The demand for money and interest rate determination	<p>Explain Liquidity Preference theory as the basis for keeping/holding money.</p>

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9.1	Policies towards developing economies; policies of trade and aid	Describe a) the types of aid, nature of dependency b) trade and investment, role of multinationals and Foreign Direct Investment (FDI) in a national economic growth; Explain the impact of external debt, role of IMF and World Bank on an economy; limpact of corruption, and importance of the legal framework in an economy.
10.1	Government Macro Policy Aims	Analyse/examine how government macroeconomic policies work to control inflation, balance of payments, exchange rates, unemployment, growth and development
10.2	Inter-Connectedness of problems	Identify the links between macroeconomic problems, for example: relationship between internal and external value of money; relationship between balance of payments and inflation; trade-off between inflation and unemployment using the Phillips curve
11.1	Effectiveness of policy options to meet all macroeconomic objectives	Analyse problems arising from conflicts between policy objectives on inflation, unemployment, economic growth, balance of payments, exchange rates and the redistribution of income and wealth Identify the existence of government failure in macroeconomic policies Describe how Laffer curve analysis helps in identifying how tax cuts affect the total economy and the total government tax revenue
12.1	MOCK EXAMS	mock Exams

# ECONOMICS SCHEME OF WORK

FORM 7 - TERM 3

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