# GRADE: 10 ECON

# SUBJECT: ECONOMICS

# CONTENT/ SYLLABUS

# TEACHER: MISS. D. FAGAN

## SECTION 1: THE NATURE OF ECONOMICS

***Specific Objectives and Content***

Students should be able to:

1. Define the term “economics”;
   Economics as a Social Science:

2. Explain the branches of economics;
   Branches of Economics: (a) Microeconomics; and, (b) Macroeconomics.

3. Explain the meaning of an economy;
   An economy as a mechanism:

4. Describe the main economic agents in an economy;
   Main agents in an economy: (a) households; (b) firms; and, (c) Government.

5. Explain the concepts of scarcity, choice and opportunity cost within an economy;

5. Use the production possibility frontier to illustrate basic economic concepts, principles and approaches;
   (a) Illustration of Production Possibility Curve. (b) Scarcity, choice, opportunity cost, shifts, efficiency and inefficiency. (c) Shifts of Production Possibility Curve (causes and illustration).

6. Describe the main factors that affect the decisions made by economic agents.

***SECTION 2: PRODUCTION, ECONOMIC RESOURCES AND RESOURCE ALLOCATION***

***Specific Objectives and Content***

Students should be able to:

1. Explain the difference between production and productivity;
    - Definition of production. (b) Differences between production and productivity.

2. Describe the factors of production;
    - Factors of production: (a) land; (b) labour; (c) capital; and, (d) entrepreneurial talent.
    - Rewards of factors of production: (a) rent; (b) wages and salaries; (c) interest; and, (d) profit.
    - Description of the factors of production: (i) definition; (ii) characteristics; (iii) types; (iv) importance; and, (v) productivity.

3. Describe the main sectors in an economy;
    - (a) primary; (b) secondary; and, (c) tertiary.

4. Explain the difference between short run and long run;
    - Differences between short run and long run.

5. Identify the costs associated with production;
    - Fixed, variable, total, average and marginal costs: Definitions.

7. Calculate the costs associated with production;
    - Calculation of costs.

7. Illustrate the curves associated with the cost of production; Cost curves.

8. Explain the difference between goods and services;
    - Goods (tangible) and services (intangible).

9. Explain the concept of resource allocation;
    - Resource allocation: what to produce; how much to produce and for whom to produce.

10. Describe the main types of economic systems;

- Types of economic systems: (a) traditional (subsistence farming, bartering); (b) command or planned (socialist); (c) free or capitalist (market); and, (d) mixed (public and private sectors).
- Characteristics of each economic system in relation to ownership of the factors of production, role of government and role of the private sector.
- How each economic system allocates resources.

11. Discuss the merits and demerits of each economic system;
    - Merits and demerits of each economic system in terms of its efficiency in allocating scarce resources and in providing goods and services to each sector of the population.

12. Describe how firms operate under different market structures; and,
    - Types of business organisations in a free market.
    - How firms in general operate under different market structures as profit maximisers.

13. Explain the concepts of economies of scale and diseconomies of scale.
    - Concept of economies of scale: Technical, Marketing, Financial, Managerial, and Risk-bearing economies.
    - Control, communication and Industrial problems.
    - Concept of diseconomies of scale.
    - Diminishing returns to scale.
    - Social and economic benefits of producing goods in large quantities.

## *SECTION 3: DEMAND AND SUPPLY*

***Specific Objectives and Content***

Students should be able to:

1. Explain the term “market”;
    - o Concept of a market:

2. Identify the market forces;
    - o The market forces: (a) The forces of demand and supply. (b) Conditions, non-price factors, determinants of demand and supply.

3. Use diagrams to describe the relationship between price and demand and price and supply;
    The relationship between price and quantity demanded, and price and quantity supplied: (a) the first two laws of demand and supply respectively; and, (b) the schedules and diagrammatic representations of demand curve and supply curves.

4. Explain the concept of ceteris paribus;
    - o The concept of ceteris paribus and its use in illustrating the effect of price on demand and supply.

5. Explain the concept of market equilibrium and disequilibrium;
    - o Market equilibrium: (a) equilibrium point – the point where the demand and supply curves intersect;
    - o (b) equilibrium price – price where quantity demanded is equal to the quantity supplied;
    - o (c) equilibrium quantities – consumer and supplier quantities are equal. No surplus, no shortage. (The 3rd Law);

6. Illustrate market equilibrium and disequilibrium;
    - o Diagrammatic representation of market equilibrium:
    - o (a) schedules and graphs to illustrate the occurrences of shortages and surpluses respectively; and,
    - o (b) explain the effects of shortages and surpluses – price will rise towards the equilibrium or fall towards the equilibrium respectively.

7. Use diagrams to explain the non-price determinants of demand and supply;
    - o The non-price determinants of demand such as income, taste, and size of population.

- The non-price determinants of supply such as number of firms in the industry, producers consumption of his own good/service, and weather conditions for agricultural products.

8. Illustrate how changes to the determinants affect equilibrium, price and quantity;

   Diagrammatic representations and analyses of how changes to the determinants affect demand and supply curves.

   Movements along demand and supply curves versus shifts of the curves. Changes in market equilibrium occur when demand, supply or both shift. Consider also the effects of the shifts (the 4th and 5th laws of demand and supply) on price and quantity.

9. Explain the concept of price, income and cross-price elasticities of demand;
   - Price elasticity of demand: (a) concept of price elasticity of demand and its determinants;
   - (b) concept of income and cross elasticity of demand and their determinants; and,
   - (c) measurements of each.

10. Calculate the price, income and cross-price elasticities of demand;
    - Calculations using the simple formulae for price, income, and cross price elasticities.

11. Interpret the price, income and cross-price elasticities of demand;
    - Interpretation of calculations; For example, for price elasticity of demand: 1(elastic), =1(unitary) and extremes, =0 and =infinity etc.

12. Outline the factors affecting price, income and cross-price elasticities of demand;
    - Factors affecting price income and cross-price elasticities of demand.
    - Illustration, by graphs, of elastic and inelastic demand.

13. Explain the concept of price elasticity of supply;
    - Price elasticity of supply: what happens to quantity supplied following a change in price.
    - Illustration, by graphs and tables, of elastic and inelastic supply.
    - Illustration, by graphs and tables, of changes in conditions of demand and supply.

14. calculate price elasticity of supply;
    - Calculations of price elasticity of supply using the simple formula.

15. Interpret price elasticity of supply; and,
    - Interpretation of the results of calculations of price elasticity of supply using the simple formula.

16. Outline the factors affecting price elasticity of supply.
    - The factors affecting price elasticity of supply. Time is the greatest influence on price elasticity of supply.

## *SECTION 4: MARKET STRUCTURE AND MARKET FAILURE*

***Specific Objectives Content***

Students should be able to:

1. Define the term “market structure”;
    - Definition of market structure.
    - Market structure: behaviour and performance of firms in a variety of situations:
    - (a) number of buyers and sellers;
    - (b) types of goods;
    - (c) freedom of entry and exit; and,
    - (d) control on price.

2. Describe the main types of market structures;
    - Define main types of market structures:
    - (a) perfect competition; (b) monopoly; (c) oligopoly; and, (d) monopolistic competition.
    - Outline the characteristics of the main types of market structures in terms of behaviour and performance of the firms in the industry:
    - (a) number of buyers and sellers; (b) types of goods; (c) freedom of entry and exit; (d) control over price;
    - (e) barriers to entry and exit in the long run; and,
    - (f) short run and long run equilibrium – including graphs.
    - Advantages and disadvantages of each market structure.

3. Illustrate graphs related to the main market structures;
    - Graphs related to short run and long run equilibrium showing profit maximising output, price and profit/loss.

4. Interpret graphs related to the main market structures;

5. Define the term “market failure”;

6. Outline the main causes of market failure; and, Causes of market failure:
    - monopoly; (b) merit goods and public goods; and,
    - (c) negative or positive externalities.

7. Discuss the main consequences of market failure.
    - Consequences of market failure:

- (a) retrenchment;
- (b) unemployment;
- (c) economic depression;
- (d) rise in levels of poverty;
- (e) decline in provisions for societal welfare; and,
- (f) micro consequences such as over or under pricing, inefficiency in production in terms of over or underproduction, and inefficient use of resources.

***SECTION 5: THE FINANCIAL SECTOR***

***Specific Objectives Content***

Students should be able to:

1. Explain the concept of the Financial Sector;

2. Discuss the role of the Financial Sector;
    - The role of the Financial Sector in mobilising and making loanable funds available from savers to spenders for consumption and investment purposes.

3. Discuss the concept of money;
    - Money as an item considered acceptable to be used as payment for goods and services, and for settling debts.
    - (b) The steps in the development of money: From bartering to modern forms of payments.
    - (c) The qualities of money: (i) acceptability; (ii) scarce or limited in supply; (iii) homogeneity; (iv) divisibility; (v) portability; and, (vi) durability.
    - (d) Four main functions of money. (i) as a medium of exchange; (ii) as a store of value; (iii) as a measure of value; and, (iv) as a standard of deferred payments.

4. Explain the concepts "demand for money" and "money supply";
    - Demand for money: transactionary, precautionary, and speculative motives.
    - (b) Money supply: the total stock of money in the economy at any moment.
    - (c) Supply of money in terms of M0, M1 and M2.

5. Describe the role of the Central Bank;
    - Roles of the Central Bank including its role in:
    - (a) monetary policies: (i) interest rate; (ii) reserve requirement; (iii) open market operation; and, (iv) moral suasion.
    - (b) supervising other financial institutions.

6. Describe the role of financial institutions and arrangements other than the Central Bank;
    - Commercial Bank;
    - (b) Stock Exchange;
    - (c) Credit Union;
    - (d) Development Bank;
    - (e) Insurance Company;
    - (f) Mutual Fund;

- (g) Building Society;
- (h) Investment Trust Company; and,
- (i) Informal credit institutions (Sou Sou, Box, Partner, Sindicatos, Meeting Turns).

7. Explain the differences among the types of financial instruments.
   - Financial instruments: (a) treasury bills, notes and bonds;
   - (b) corporate bonds;
   - (c) municipal bonds;
   - (d) equity securities;
   - (e) share and stock certificates; and,
   - (f) certificates of deposit.