

SYLLABUS

Cambridge IGCSE[®]

Economics (US)

0437

For examination in June and November 2015

**This syllabus is available only to Centers taking part in the
Board Examination Systems (BES) Pilot.**

**If you have any questions about this syllabus, please contact Cambridge at
info@cie.org.uk quoting syllabus code 0437.**

Changes to syllabus for 2015

This syllabus has been updated, but there are no significant changes.

Note

The subject content of this syllabus is the same as the international version. The range of components available is limited to make coursework, if applicable, a mandatory part of the syllabus.

Administration materials appear in UK English and are standard for all our international customers. Please read the *Cambridge Glossary* alongside this syllabus. This is available from our website.

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1. Introduction

1.1 Why Choose Cambridge?

Recognition

Cambridge International Examinations is the world's largest provider of international education programs and qualifications for students aged 5 to 19. We are part of Cambridge Assessment, a department of the University of Cambridge, trusted for excellence in education. Our qualifications are recognized by the world's universities and employers.

Cambridge IGCSE® (International General Certificate of Secondary Education) is internationally recognized by schools, universities, and employers as equivalent in demand to UK GCSEs. Learn more at www.cie.org.uk/recognition

Excellence in Education

Our mission is to deliver world-class international education through the provision of high-quality curricula, assessment, and services.

More than 9,000 schools are part of our Cambridge learning community. We support teachers in over 160 countries who offer their students an international education based on our curricula and leading to our qualifications. Every year, thousands of students use Cambridge qualifications to gain admission to universities around the world.

Our syllabi are reviewed and updated regularly so that they reflect the latest thinking of international experts and practitioners and take into account the different national contexts in which they are taught.

Cambridge programs and qualifications are designed to support students in becoming:

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

Support for Teachers

A wide range of materials and resources is available to support teachers and students in Cambridge schools. Resources suit a variety of teaching methods in different international contexts. Through subject discussion forums and training, teachers can access the expert advice they need for teaching our qualifications. More details can be found in Section 2 of this syllabus and at www.cie.org.uk/teachers

Support for Exams Officers

Exams officers can trust in reliable, efficient administration of exam entries and excellent personal support from our customer services. Learn more at www.cie.org.uk/examsOfficers

Nonprofit, Part of the University of Cambridge

We are a nonprofit organization where the needs of the teachers and students are at the core of what we do. We continually invest in educational research and respond to feedback from our customers in order to improve our qualifications, products, and services.

Our systems for managing the provision of international qualifications and education programs for students aged 5 to 19 are certified as meeting the internationally recognized standard for quality management, ISO 9001:2008. Learn more at www.cie.org.uk/ISO9001

1.2 Why Choose Cambridge IGCSE?

Cambridge IGCSEs are international in outlook but retain a local relevance. The syllabi provide opportunities for contextualized learning, and the content has been created to suit a wide variety of schools, avoid cultural bias and develop essential lifelong skills, including creative thinking and problem solving.

Our goal is to balance knowledge, understanding, and skills in our programs and qualifications to enable candidates to become effective students and to provide a solid foundation for their continuing educational journey.

Through our professional development courses and our support materials for Cambridge IGCSEs, we provide the tools to enable teachers to prepare students to the best of their ability and work with us in the pursuit of excellence in education.

Cambridge IGCSEs are considered to be an excellent preparation for Cambridge International AS and A Levels, the Cambridge AICE (Advanced International Certificate of Education) group award, Cambridge Pre-U, and other education programs, such as the US Advanced Placement program and the International Baccalaureate Diploma program. Learn more about Cambridge IGCSEs at www.cie.org.uk/cambridgesecondary2

Guided Learning Hours

Cambridge IGCSE syllabi are designed with the assumption that candidates have about 130 guided learning hours per subject over the duration of the course, but this is for guidance only. The number of hours required to gain the qualification may vary according to local curricular practice and the candidates' prior experience of the subject.

1.3 Why Choose Cambridge IGCSE Economics?

Cambridge IGCSE Economics is accepted by universities and employers as proof of knowledge and understanding of economics. Successful Cambridge IGCSE 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 judgments 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.

Prerequisites

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

Progression

Cambridge IGCSE Certificates are general qualifications that enable candidates to progress either directly to employment or to proceed to further qualifications.

Candidates who are awarded grades C to A* in Cambridge IGCSE Economics are well prepared to follow courses leading to Cambridge International AS and A Level Economics, or the equivalent.

1.4 Cambridge ICE (International Certificate of Education)

Cambridge ICE is a group award for Cambridge IGCSE. It gives schools the opportunity to benefit from offering a broad and balanced curriculum by recognizing the achievements of candidates who pass examinations in at least seven subjects. To qualify for the Cambridge ICE award candidates are required to have studied subjects from five groups: two languages from Group I and one subject from each of the remaining four groups. The seventh subject can be taken from any of the five subject groups.

Economics (0437) is in Group II, Humanities and Social Sciences.

Learn more about Cambridge ICE at www.cie.org.uk/cambridgesecondary2

The Cambridge ICE is awarded from examinations administered in the June and November series each year.

Detailed timetables are available from www.cie.org.uk/examsOfficers

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 info@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 info@cie.org.uk to find out how your organization can register to become a Cambridge school.

2. Teacher support

2.1 Resources

Syllabi, past question papers, and examiner reports to cover the last examination series are on the *Syllabus and Support Materials DVD*, which we send to all Cambridge schools. These materials are also on our public website.

Go to our public website at www.cie.org.uk/igcse to download the following materials:

- current and future syllabi
- past question papers, mark schemes, and examiner reports from one series
- specimen papers and mark schemes
- frequently asked questions
- resource lists

For teachers at registered Cambridge schools additional support materials for specific syllabi are available. For our Teacher Support website go to <http://teachers.cie.org.uk> (username and password required) to find the following:

- syllabi
- past question papers, mark schemes, and examiner reports from past series
- grade thresholds for past series
- specimen papers and mark schemes
- frequently asked questions
- schemes of work (unit lesson plans)
- online discussion forums
- example candidate responses
- teacher guides
- training materials
- resource lists

2.2 Resource Lists

We work with publishers providing a range of resources including textbooks, websites, CDs, etc. Lists of endorsed, recommended, and suggested resources are available on our website as soon as they are published. The resource lists can be accessed from our public and Teacher Support websites. The resource lists can be filtered to show all resources or just those that are endorsed or recommended by Cambridge. Resources endorsed by Cambridge go through a detailed quality assurance process and are written to align closely with the Cambridge syllabus they support.

2.3 Training

We offer a range of support activities for teachers to make sure they have the relevant knowledge and skills to deliver our qualifications. See www.cie.org.uk/events for further information.

3. Curriculum Content at a Glance

All candidates study the following topics.

Section	Topics
1. Basic economic problem: choice and the allocation of resources	<ul style="list-style-type: none"> • economic problem • factors of production • opportunity cost • resource allocation • choice • production possibility curves.
2. The allocation of resources: how the market works; market failure	<ul style="list-style-type: none"> • market and mixed economic systems • demand and supply analysis • price elasticity • market failure • social and private costs and benefits.
3. The individual as producer, consumer and borrower	<ul style="list-style-type: none"> • functions of money • exchange • central banks, stock exchanges and commercial banks • labor market • motives for spending, saving and borrowing.
4. The private firm as producer and employer	<ul style="list-style-type: none"> • types and sizes of business organization • demand for factors of production • costs and revenue • profit maximization and other business goals • perfect competition • monopoly • advantages and disadvantages of increased scale.
5. Role of government in economy	<ul style="list-style-type: none"> • government as a producer and an employer • aims of government economic policy • fiscal, monetary and supply-side policies • types of taxation • possible policy conflicts • government's influence on private producers.

6. Economic indicators	<ul style="list-style-type: none">• price indices• inflation and deflation• employment and unemployment• GDP, economic growth and recession• GDP and other measures of living standards.
7. Developed and developing economies: trends in production, population and living standards	<ul style="list-style-type: none">• developed and developing countries• absolute and relative poverty• alleviating poverty• population growth• differences in living standards.
8. International aspects	<ul style="list-style-type: none">• specialization• absolute and comparative advantage• current account of the balance of payments• current account deficits and surpluses• exchange rate fluctuations• protectionism and free trade.

4. Assessment at a Glance

The assessment has two components, Paper 1: Multiple choice and Paper 2: Structured questions. Candidates must take both papers. Candidates receive grades from A* to G.

Component 1: Paper 1: Multiple choice	45 minutes
Candidates answer thirty multiple-choice questions. Weighted at 30% of total available marks.	
Component 2: Paper 2: Structured questions	2 hours, 15 minutes
Candidates answer one mandatory question, which requires them to interpret and analyze previously unseen data relevant to a real economic situation, and three optional questions from a choice of six. Weighted at 70% of total available marks.	

Availability

This syllabus is examined in the June exam series and the November exam series.

Detailed timetables are available from www.cie.org.uk/examsOfficers

Combining This with Other Syllabi

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

- syllabi with the same title at the same level.

5. Syllabus Goals and Assessment Objectives

5.1 Syllabus Goals

The goals below describe the educational purposes of a course in economics for the Cambridge IGCSE exam.

The goals are to:

1. develop candidates' knowledge and understanding of economic terminology, principles, and theories
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 judgments in economic issues
5. develop candidates' ability to use economic skills (with reference to individuals, groups, and organizations) to understand better the world in which they live
6. 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.

5.2 Assessment Objectives and Their Weightings

The three assessment objectives in Cambridge IGCSE Economics are:

AO1: Knowledge with understanding

AO2: Analysis

AO3: Critical evaluation and decision making.

AO1: Knowledge with Understanding

Candidates should be able to:

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

AO2: Analysis

Candidates should be able to:

- select, organize, and interpret data
- apply economic knowledge and understanding in written, numerical, diagrammatic, and graphical form
- use economic data, to recognize patterns in such data, and to deduce relationships.

AO3: Critical Evaluation and Decision Making

Candidates should be able to:

- distinguish between evidence and opinion, make reasoned judgments, and communicate those judgments in an accurate and logical manner
- recognize that economic theory has various limits and uncertainties
- evaluate the social and environmental implications of particular courses of economic action
- draw conclusions from economic information and critically evaluate economic data
- communicate conclusions in a logical and clear manner.

The weightings given to the assessment objectives are:

Assessment objective	Paper 1 (%)	Paper 2 (%)	Overall (%)
AO1: Knowledge with understanding	45 ± 5	20 ± 5	28 ± 5
AO2: Analysis	55 ± 5	35 ± 5	41 ± 5
AO3: Critical evaluation and decision making	0	45 ± 5	31 ± 4

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

6. Curriculum Content

6.1 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, labor, capital, enterprise)
- define opportunity cost and analyze particular circumstances to illustrate the concept
- demonstrate how production possibility curves can be used to illustrate choice and resource allocation
- evaluate the implications of particular courses of action in terms of opportunity cost.

6.2 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 analyze simple market situations with changes in demand and supply
- describe the causes of changes in demand and supply conditions and analyze 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
- evaluate the merits of the market system
- describe the concept of market failure and explain the reasons for its occurrence
- define private and social costs¹ 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.

¹ Social costs are equal to the sum of private costs and external costs.

6.3 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 groups of workers (male/female; skilled/unskilled; private/public; agricultural/manufacturing/services)
- describe labor unions and analyze their role in an economy
- describe the benefits and disadvantages of specialization for the individual
- analyze the different motives for spending, saving, and borrowing
- discuss how and why different income groups have different expenditure patterns (spending, saving, and borrowing).

6.4 The Private Firm as Producer and Employer

Candidates should be able to:

- describe the types of business organization in the public and private sectors: sole proprietors, partnerships, private limited companies, public limited companies, multinationals, cooperatives, public corporations
- describe and evaluate the effects of changes in the structure of business organizations
- describe what determines the demand for factors of production
- distinguish between labor-intensive and capital-intensive production
- define productivity and recognize the difference between productivity and production
- define total and average cost, fixed and variable cost, and perform simple calculations
- analyze 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 maximization as a goal and recognize that business organizations may have different goals
- describe the characteristics of perfect competition and monopoly
- describe pricing and output policies in perfect competition and monopoly
- describe the main reasons for the different sizes of firms (size of market, capital, organization)
- describe and evaluate integration, economies, and diseconomies of scale
- discuss the advantages and disadvantages of monopoly.

6.5 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
- explain fiscal, monetary, and supply-side policies
- analyze the use of fiscal, monetary, and supply-side policies
- 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.

6.6 Economic Indicators

With regard to **prices**, candidates should be able to:

- describe how a consumer prices index/retail prices index is calculated
- discuss the causes and consequences of inflation
- discuss the causes and consequences of deflation.

With regard to **employment**, candidates should be able to:

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

With regard to **output**, candidates should be able to:

- define Gross Domestic Product (GDP)
- describe and have a general understanding of the causes and consequences of economic growth
- define the term recession
- describe and evaluate measures and indicators of comparative living standards, such as GDP per head, Human Development Index (HDI).

6.7 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
- describe the difference between absolute and relative poverty
- recognize 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
- analyze 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 standards of living within countries and between countries, both developed and developing.

6.8 International Aspects

Candidates should be able to:

- describe the benefits and disadvantages of specialization at regional and national levels
- describe the structure of the current account of the balance of payments
- discuss the causes and consequences of current account deficits and surpluses
- define exchange rates
- discuss the causes and consequences of exchange rate fluctuations
- describe methods of trade protection
- discuss the merits of free trade and protection.

7. Grade Descriptions

Cambridge provides grade descriptions to give a general indication of what a candidate must achieve for a particular grade. The actual grade given to the candidate will depend on how well they have met the assessment objectives overall. A candidate's weakness in one aspect of the exam may be balanced by above average performance in some other aspect.

Grade A

To achieve a Grade A, a candidate must show mastery of the syllabus and an outstanding performance on the more academic problems. Within the separate assessment objectives, a candidate awarded a Grade A must show:

AO1: Knowledge with understanding

- an excellent ability to identify detailed facts and principles in relation to the content of the syllabus
- an excellent ability to describe clearly graphs, diagrams, tables
- a thorough ability to define the concepts and ideas of the syllabus.

AO2: Analysis

- an excellent ability to classify and comment on information
- an ability to apply this information in a logical and well-structured manner to illustrate the application of economic analysis to a particular situation.

AO3: Critical evaluation and decision making

- a thorough ability to classify and order information
- a sound ability to discriminate between varied sources of information and to distinguish clearly between facts and opinions
- a sound ability to make clear, reasoned judgments and to communicate them in an accurate and logical manner.

Grade C

To achieve a Grade C, a candidate must show a good understanding of the syllabus and some ability to answer questions that are pitched at a more academic level. Within the separate assessment objectives, a candidate awarded a Grade C must show:

AO1: Knowledge with understanding

- a sound ability to identify detailed facts and principles in relation to the content of the syllabus
- a sound ability to describe clearly graphs, diagrams, tables
- a sound ability to define the concepts and ideas of the syllabus.

AO2: Analysis

- an ability to use and comment on information
- an ability to apply this information to illustrate the application of economic analysis to a particular situation.

AO3: Critical evaluation and decision making

- an ability to interpret information accurately
- an ability to discriminate between varied sources of information and to distinguish clearly between facts and opinions
- an ability to evaluate and make reasoned judgments.

Grade F

To achieve a Grade F, a candidate must show some familiarity with the central concepts and ideas in the syllabus. Within the separate assessment objectives, a candidate awarded a Grade F must show:

AO1: Knowledge with understanding

- some ability to identify specific facts or principles in relation to the content of the syllabus
- some ability to describe graphs, diagrams, tables.

AO2: Analysis

- some ability to classify data in a simple way and some ability to select relevant information from a set of data
- some ability to apply the tools of economic analysis to particular situations.

AO3: Critical evaluation and decision making

- a limited ability to discriminate between different sources of information and to describe the difference between facts and opinions
- some ability to use information relating to a particular topic.

8. Other Information

Equality and Inclusion

Cambridge has taken great care in the preparation of this syllabus and assessment materials to avoid bias of any kind. To comply with the UK Equality Act (2010), Cambridge International Examinations has designed this qualification with the aim of avoiding direct and indirect discrimination.

The standard assessment arrangements may present unnecessary barriers for candidates with disabilities or learning difficulties. Arrangements can be put in place for these candidates to enable them to access the assessments and receive recognition of their attainment. Access arrangements will not be agreed to if they give candidates an unfair advantage over others or if they compromise the standards being assessed.

Candidates who are unable to access the assessment of any component may be eligible to receive an award based on the parts of the assessment they have taken.

Information on access arrangements is found in the *Cambridge Handbook* which can be downloaded from the website www.cie.org.uk

Language

This syllabus and the associated assessment materials are available in English only.

Grading and Reporting

Cambridge IGCSE Certificate results are shown by one of the grades A*, A, B, C, D, E, F, or G indicating the standard achieved, grade A* being the highest and grade G the lowest. "Ungraded" indicates that the candidate's performance fell short of the standard required for grade G. "Ungraded" will be reported on the statement of results but not on the certificate. The letters Q (result pending), X (no results), and Y (to be issued) may also appear on the statement of results but not on the certificate.

Entry Codes

To maintain the security of our examinations we produce question papers for different areas of the world, known as "administrative zones". Where the component entry code has two digits, the first digit is the component number given in the syllabus. The second digit is the location code, specific to an administrative zone. Information about examination timetables, administrative instructions, and entry codes for your administrative zone can be found in the *Cambridge Guide to Making Entries*.

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