ST MARY'S COLLEGE
FORM SIX
CAPE ECONOMICS UNIT ONE
Course Outline

Term 1: September-December

Proposed Weeks	Unit/Section/ Module	Main Topic	Sub Topic
1-2	**1**	**TOPIC 1: Central Problem of Economics**	• scarcity; • opportunity cost • production possibilities frontier (PPF); • positive and normative economics; • Advantages and disadvantages of the alternative mechanisms by which resources are allocated.
2-3	**1**	**TOPIC 2: Theory of Consumer Demand**	• Utility, the law of diminishing marginal utility and the limitation of marginal utility theory Indifference curves and budget lines; • Consumer equilibrium using the marginal utility approach; • Consumer equilibrium using the indifference curve approach; • Income and substitution effects of a price change
3-4	**1**	**TOPIC 2: Theory of Consumer Demand (continued)**	• Effective demand • Demand curve using both the marginal utility and indifference curve approaches • Normal, inferior and Giffen goods • Shifts of the demand curve and movements along the demand curve • Factors that affect demand • Consumer surplus • Price elasticity, income elasticity and cross elasticity of demand • Calculate and interpret numerical values of elasticity • Assess the implications of price elasticity of demand for total spending and revenue • Factors that determine the price elasticity of demand.
5-6	**1**	**TOPIC 3: Theory of Supply**	• Explain why supply curves are usually positively sloped • Explain the concept of producer surplus • Explain the shape of the short run and long run supply curves; • Distinguish between a movement along the supply curve and a shift in the supply curve • Elasticity of supply • Calculate and interpret elasticity of supply
6-7	**1**	**TOPIC 3: Theory of Supply**	• The factors of production • Production function • The short run and long run • The law of diminishing returns Total, average and marginal physical product • The relationships among total, average and marginal physical product • The stages of production as they relate to total, average and marginal product
8	**1**	**TOPIC 3: Theory of Supply**	• Average, marginal and other costs • The relationship among total, average and marginal costs • Explain returns to scale and the concepts of economies and diseconomies of scale
9	**1**	**TOPIC 4: Market Equilibrium**	• The concept of the market and market equilibrium • Outline factors that cause changes in equilibrium

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10	**1**	**TOPIC 4: Market Equilibrium**	• Evaluate the impact of price controls on market equilibrium • Analyse the effects of taxation and subsidies on market equilibrium
11 - 12	**2**	**TOPIC 1: Market Structure (Part 1)**	• Outline the goals of the firm • Explain how firms measure profits • Explain the concepts of average, marginal and total revenue • Explain the concept of market structure • Outline the characteristics of the different market structures

Term 2: January-March

Proposed Weeks	Unit/Section /Module	Main Topic	Sub Topic
1-2	**2**	**TOPIC 1: Market Structure (Part 2)**	• Distinguish among the different market structures • Factors that influence the pricing and output decisions of the firm • Calculate and interpret measures of industrial concentration
3	**2**	**TOPIC 2: Market Failure**	• The concept of economic efficiency • Distinguish among private goods, public goods and merit goods • Distinguish between social costs and private costs and social benefits and private benefits • Explain the concept and causes of market failure • Explain what is meant by deadweight loss
4	**2**	**TOPIC 3: Intervention**	• Measures used by government to correct market failure; • Measures used by the private sector to correct market failure.
5-6	**3**	**TOPIC 1: The Demand for and Supply of Factors**	• Marginal productivity theory • *Analyse* the factors affecting the supply of land, capital and labour • *Analyse* the factors determining rent, interest and wages; • Distinguish between transfer earnings and economic rent.
6-7	**3**	**TOPIC 2: *Wage Differentials***	• The concept of wage differentials • Imperfections in the labour market • The effect of labour mobility on wages • The concept of compensating wage differentials • The role of Government, Trade Unions and Employers' Associations in the pricing of labour.
8-9	**3**	**TOPIC 3: *Income inequality, Poverty and Poverty Alleviation***	• Size and functional distribution of income • Measures of income inequality • Measures used to reduce income inequality • Absolute and relative poverty • Factors that contribute to poverty • Explain why certain categories of people are more susceptible to poverty than others • *Evaluate* the different ways used to measure poverty • Strategies used by Governments to alleviate poverty • The economic costs of poverty • *T*he economic benefits of government intervention to alleviate poverty

TERM THREE – Revision until dismissed for exams