

Department: Business

Grade level: 12

Title of Course: Economics

Duration: September 2024-April 2025

Description of the Course:

This course offers a comprehensive introduction to Economics, exploring how societies efficiently use scarce resources to enhance both private and social welfare. Students will examine the roles of individuals, households, firms, governments, and international institutions in resource allocation. The course aims to deepen understanding of economic issues and foster informed commentary, preparing students for further specialization or careers in related fields such as finance, accounting, or law. By introducing fundamental economic philosophies and developing logical, critical, and impartial thinking, this course equips students to contribute effectively to economic and social development both locally and globally.

Course Prerequisites:

- Strong verbal and written communication skills.
- A solid background in Mathematics and CSEC Economics would be an asset.

Course Objectives: Upon completion of this course, students will have the ability to:

1. ***Comprehend Economic Principles:*** Promote understanding of fundamental economic principles and concepts widely accepted by economists while acknowledging the field's ongoing evolution.
2. ***Analyze Economic Problems:*** Develop an appreciation for the diverse methods economists use to analyze economic issues and challenges.
3. ***Understand Global Economics:*** Cultivate an understanding of the global economy, focusing on the relationships between affluent and developing nations, international trade, finance, and key international financial institutions.
4. ***Apply Economic Theory:*** Encourage the application of economic principles, theories, and tools to real-world problems such as inflation, unemployment, environmental degradation, sustainable development, and exchange rate instability.
5. ***Address Caribbean Economic Issues:*** Guide students in applying economic theory to the specific challenges faced by small, open Caribbean economies.
6. ***Evaluate Economic Issues:*** Foster the ability to critically assess contentious economic issues, enabling informed decision-making through logical and critical thinking.
7. ***Promote Ethical Behavior:*** Sensitize students to the importance of ethical conduct in economic transactions and decision-making.

Student Learning Outcomes:

Students will be able to:

- demonstrate a thorough understanding of fundamental economic principles and concepts, recognizing their significance and adaptability in a continually evolving field.
- effectively apply various analytical methods used by economists to evaluate and solve economic problems.
- articulate the dynamics of the global economy, including the relationships between rich and poor nations, and the roles of international trade, finance, and key financial institutions.
- apply economic theories and principles to analyze and address real-world issues such as inflation, unemployment, environmental challenges, sustainable development, and exchange rate instability.
- apply economic theories to critically assess and address the specific economic issues facing small, open Caribbean economies.
- critically evaluate contentious economic issues, using logical and analytical thinking to inform and justify decision-making.
- recognize and advocate for ethical behavior in economic transactions and decision-making processes.
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Topical Outline of the Course Content:

Module 1: Methodology: Demand and Supply

Duration: September -November 2024

Topic 1: Central Problems of Economics

1. **Scarcity and Opportunity Cost:** Scarcity refers to the limited nature of resources. Opportunity cost is the value of the next best alternative forgone when a decision is made.
2. **Production Choices:** Decisions on what, how, and for whom to produce involve choosing between different goods and methods of production, and determining the distribution of output.
3. **Production Possibilities Frontier (PPF):** The PPF illustrates the maximum possible output combinations given full employment and technology. It shows attainable, unattainable, efficient, and inefficient production levels and shifts due to growth or technological change.
4. **Economic Systems:** Includes traditional (custom-based), market (supply and demand-driven), planned (government-controlled), and mixed (combines market and government elements).
5. **Positive vs. Normative Statements:** Positive statements are objective and testable (e.g., "The unemployment rate is 5%"), while normative statements are subjective and opinion-based (e.g., "The government should reduce unemployment").

Topic 2: Theory of Consumer Demand

1. **Utility and Marginal Utility:** Utility: Satisfaction or benefit from consuming goods. Law of Diminishing Marginal Utility: Additional satisfaction decreases as more of a good is consumed.
2. **Indifference Curves and Budget Lines:** Indifference Curves: Represent combinations of goods that provide the same level of satisfaction. Budget Lines: Show the combinations of goods that can be purchased given the consumer's income.
3. **Consumer Equilibrium:** Marginal Utility Approach: Achieved when the ratio of marginal utility to price is equal for all goods. Indifference Curve Approach: Occurs where the budget line is tangent to the highest indifference curve.
4. **Demand and Elasticity:** Demand Curve: Derived from both marginal utility and indifference curve approaches. Elasticity: Includes price elasticity (response to price changes), income elasticity (response to income changes), and cross elasticity (response to changes in prices of related goods). Elasticity is influenced by factors like the availability of substitutes and the proportion of income spent.

Topic 3: Theory of Supply

1. **Factors of Production:** These include land, labor, capital, and entrepreneurship—the essential inputs needed for production.
2. **Production Function and Returns:** Describes the relationship between input factors and output. Additional input leads to progressively smaller increases in output.
3. **Short Run vs. Long Run:** Short Run—Some production factors are fixed. Long Run—All production factors can be adjusted.
4. **Costs and Production Outputs:** Total Product is the overall output; Average Product is output per unit of input; Marginal Product is the additional output from an extra unit of input. Total Cost is the sum of all production costs; Average Cost is Total Cost divided by output; Marginal Cost is the cost of producing one more unit.
5. **Supply Curve and Elasticity:** Typically positively sloped due to increasing marginal costs with higher production. Elasticity—definition, calculation, interpretation, factors influencing PES.

Topic 4: Market Equilibrium

1. **Market and Market Equilibrium:** Market - A system where buyers and sellers interact to exchange goods and services. Market Equilibrium - Occurs when the quantity demanded equals the quantity supplied at a specific price, resulting in no surplus or shortage.
2. **Equilibrium Price and Quantity:** Determined by setting the quantity demanded equal to the quantity supplied. The price at which this balance occurs is the equilibrium price, and the corresponding quantity is the equilibrium quantity.
3. **Factors Affecting Equilibrium:** Changes in Equilibrium: Shifts in demand or supply curves caused by factors such as changes in consumer preferences, production costs, or external conditions can alter equilibrium price and quantity. Price Controls: Price ceilings (maximum prices) and price floors (minimum prices) can lead to shortages or surpluses, disrupting market equilibrium.
4. **Taxation and Subsidies:** Taxes can decrease supply or increase prices, while subsidies can increase supply or lower prices, both affecting equilibrium.

Module 2: Market Structure, Market Failure and Intervention

Duration: December 2024 - February 2025

Topic 1: Market Structure

1. **Goals of the Firm:** Firms aim to maximize profits, ensure long-term growth, and achieve market dominance.
2. **Measuring Profits:** Profits are measured as total revenue minus total costs. This includes calculating gross, operating, and net profits.
3. **Revenue Concepts:**
 - Total Revenue: The total income from sales of goods or services.
 - Average Revenue: Total revenue divided by the quantity sold, often equal to the price.
 - Marginal Revenue: The additional revenue from selling one more unit of output.
4. **Market Structure and Characteristics:**
 - Market Structure: Refers to the organization of a market based on the number of firms, product differentiation, and ease of entry.
 - Types: Includes perfect competition, monopolistic competition, oligopoly, and monopoly, each with distinct characteristics like the number of firms, product uniqueness, and pricing power.
5. **Pricing and Output Decisions:**
 - Factors Influencing Decisions: Include market structure, production costs, demand elasticity, and competitive pressures.
 - Industrial Concentration: Measures how market share is distributed among firms, using indicators like the concentration ratio and Herfindahl-Hirschman Index (HHI), which help assess the level of competition and market power.

Topic 2: Market Failure:

1. Economic Efficiency and Pareto Efficiency
2. Types of Goods and Issues of Rivalry and Exclusion:
3. Social and Private Costs and Benefits:
4. Market Failure and Deadweight Loss:
 - Market Failure: Occurs when the market does not allocate resources efficiently, often due to issues like monopolies, public goods, or externalities.
 - Deadweight Loss: Represents the loss of economic efficiency when the market equilibrium is not achieved, due to distortions such as taxes or monopolies. Graphical representations can show how deadweight loss arises from deviations from the efficient equilibrium.
 - Causes of Market Failure:

Topic 3: Intervention:

1. Measures used by the government to correct market failure
2. Measures used by private sector to correct market failure

Module 3: Distribution Theory

Duration: March 2025- April 2025

Topic 1: The demand for and supply of factors

1. Rewards of the Factors of Production
2. Derived Demand
3. Marginal Productivity Theory
4. Application and Factors Influencing Rewards
 - Factors Affecting Supply
 - Transfer Earnings vs. Economic Rent

Topic 2: Wage Differential

1. Wage differences within and among industries
2. Imperfections in the labour market
3. Labour mobility: geographical and occupational
4. Compensation wage differentials
5. The role of government, Trade Unions and Employer's Associations in wage determination: minimum wage, monopsonies, migration, collective bargaining trade union strategies, efficiency wage, employer's association

Topic 3: Income inequality, Poverty and Poverty Alleviation

1. Income Distribution: size and function
2. **Income inequality**: definition, Lorenz curve and Gini coefficient, methods to reduce
3. **Poverty**: absolute vs relative poverty, causes, measurement, strategies to alleviate poverty, economic cost of poverty and the benefits of government intervention.

Guidelines/Suggestions for Teaching Methods and Student Learning

Activities:

- Lectures: Provide contextual background and detailed analysis of each topic.
- Group Discussions: Facilitate discussions on primary source documents and historical interpretations.
- Graphical representation and analysis of graphs
- Research Projects.
- Video presentations
- Case Studies
- Tutorial sessions
- Field Trips: Visits to local business, and government institutions, where applicable.
- Differentiated Instruction: Tailoring instruction to meet the needs, strengths, and interests of each student.
- Lecture-Demonstration: Combining lectures with demonstrations to enhance understanding through verbal and visual learning

- Peer Teaching: Students teach their peers, which can reinforce their own learning and enhance their understanding.
- Socratic Method: Teaching by asking thought-provoking questions to challenge assumptions and encourage critical thinking.

Guidelines/Suggestions for Methods of Student Evaluation:

- Quizzes and Tests: Regular assessments to check understanding of key concepts.
- Classwork: Assignments completed during class that help monitor ongoing student progress and understanding.
- Homework Assignments: Tasks assigned for completion outside of class, reinforcing concepts taught and promoting independent study.
- Research Papers: In-depth analysis of a specific historical event or theme.
- Class Participation: Assessment based on engagement in discussions and activities.
- Presentations: Students present their research findings to the class.
- Final Exam: A comprehensive exam covering all course material.
- Group Projects: Team assignments that assess collaborative and interpersonal skills along with individual contributions.
- Peer Reviews: A process where students evaluate each other's work, providing feedback and gaining insights from peers.
- Reflections: Written insights by students on their learning experiences, often discussing what they learned and areas for improvement.
- Self-Grading: Allowing students to evaluate their own work, fostering self-reflection and critical thinking about their performance.
- Online Quizzes and Exams: Digital tests that make use of technology to assess students' understanding in a more flexible or remote setting.

Suggested Readings, Texts, Objects of Study:

- Anderton, A. Economics, 4 th Edition, Causeway Press, 2006.
- Baumol, W. and Blinder, A. Economic Principles and Policy, Florida: Harcourt Brace and Company, 1998.
- Begg, D., Fisher, S. and Dornbusch, R. Economics, 8 th Edition, London: McGraw-Hill International (UK) Limited, 2005.
- Hosein, R., and Gookool, R. Cape Economics Study Guide Unit 1, Caribbean Examinations Council, 2007.
- Lipsey, R. and Chrystal, K. Principles of Economics, 13 th Edition, New York: Oxford University Press Inc., 2006. McConnell, C. and Brue, S. Economics: Principles, Problems and Policies, New York: McGraw-Hill Inc., 1992.
- Sloman, J. Economics, 6 th Edition, Prentice Hall, 2006.
- Todaro, M. Economics for a Developing World, New York: Longman, 1986.

Bibliography of Supportive Texts and Other Materials:

- Periodicals such as Businessweek, Newsweek, Fortune, Economist, Forbes and the business pages of newspapers such as Jamaica Gleaner, Trinidad Guardian or Express, Barbados Advocate.

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