**1. Introductory to Economics**

1. The Nature of Economics

a) Economics as a social science: inability to conduct scientific experiments.

b) The development of models in economics based on assumptions.

c) The use of the ceteris paribus assumption in building models and drawing conclusions based on them.

2. Positive and Normative Economics

a) The distinction between positive statements and value judgements on economic issues.

b) The role of value judgements in influencing economic decision-making and policy.

3. Scarcity

a) The problem of unlimited wants and finite resources.

b) The distinction between renewable and non-renewable resources.

c) The link between scarcity and opportunity cost.

d) The distinction between free goods and economic goods.

4. Production possibility frontiers

a) The use of production possibility frontiers to depict:

• the maximum productive potential of an economy

• efficient or inefficient allocation of resources

• possible and unobtainable production

• opportunity cost (using marginal analysis)

• economic growth and decline.

b) The distinction between movements along, and shifts in, production possibility frontiers, and their possible causes.

c) The distinction between capital goods and consumer goods.

d) The significance of capital goods for productivity and economic growth.

5. Specialisation and the role of money and financial markets

a) The advantages and disadvantages of specialisation and the division of labour in organising production; Adam Smith’s views on the division of labour.

b) The function of money as a medium of exchange, a measure and store of value, and a method of deferred payment; the significance of these functions for specialisation.

c) The role of financial markets:

• to facilitate saving

• to make funds available to businesses and individuals

• to facilitate the exchange of goods and services

• to provide forward markets in commodities and currencies

• to provide a market for equities

6. Free market, mixed and command economies

a) The distinction between free market, mixed and command economies.

b) The advantages and disadvantages of free market and command economies.

c) The role of the state in a mixed economy.