

ST. MARY'S COLLEGE

FORM 6

SUBJECT- Economics Unit 2

Course Outline 2014-2015

Term 1: September-December 2014

Proposed Date/Weeks	Unit/Section/Module	Main Topic	Sub Topic
1-2	1 	TOPIC 1: National Income <i>Accounting</i>	<ul style="list-style-type: none">• The circular flow of income;• The concept of National Income Accounting;• Different ways of deriving National Income Accounts;• Use National Income accounts to analyze the performance on an economy as a whole;• Derive real GDP from nominal GDP;• The limitations of GDP.
2-3	1	TOPIC 2: Classical models of the Macroeconomy	<ul style="list-style-type: none">• Voluntary unemployment in the classical model• The factors that influence aggregate demand;• The factors that influence aggregate supply;• The classical long run supply curve;• Price level determination within the classical model;• The classical aggregate demand and supply model to show changes in the price level and employment.
4-5	1	TOPIC 3: Basic Keynesian Models	<ul style="list-style-type: none">• The consumption function;• The relationship between saving and consumption;• Calculate the simple multiplier;• The effect of changes in investment on national income;• The effect of government spending on national income;• The effect of withdrawals and injections on national income• The relationship between net exports and national income;• The equilibrium level of national income;• Inflationary and deflationary gaps

Proposed Date/Weeks	Unit/Section/Module	Main Topic	• Sub Topic
6	1	TOPIC 4: Investment	<ul style="list-style-type: none"> • The concept of investment; • Differentiate between the investment demand curve and the investment curve; • The accelerator theory; • The factors that account for the volatility of investment.
7-8	2	TOPIC 1: Unemployment and Inflation	<ul style="list-style-type: none"> • The labour force; • The unemployment rate; • Unemployment and underemployment; • The costs of unemployment; • The causes of unemployment; • The policies used to reduce unemployment; • The causes of inflation; • Real and nominal variables • How inflation is measured; • The causes of inflation; • The effects of inflation
9-10	2	TOPIC 2: <i>Monetary Theory and Policy</i>	<ul style="list-style-type: none"> • The concept and functions of money; • The demand and supply for/of money; • Monetary policy; • How the money supply is created controlled; • Explain why residents substitute foreign for domestic currency; • The Quantity Theory of Money; • The types of monetary policy; • The effects of monetary policy on national income; • The limitations of monetary policy.
11-12	2	TOPIC 3: Fiscal Policy	<ul style="list-style-type: none"> • The concept and goals of fiscal policy; • The nature of the budget; • The balanced budget multiplier; • Methods of financing budget deficits; • The limitations of fiscal policy; • Discretionary and non-discretionary fiscal policy
13	2	TOPIC 4: Public Debt	<ul style="list-style-type: none"> • The national debt • Causes and effects of the national debt; • The burden of the national debt; • Ways of reducing the debt burden; • The debt service ratio;

ST. MARY'S COLLEGE

FORM 6

SUBJECT- Economics Unit 2

Course Outline 2014-2015

Term 2: January-March 2015

Proposed Date/Weeks	Module	Main Topic	Sub Topic
1-2	3 	TOPIC 1: Growth and Sustainable Development	<ul style="list-style-type: none">• Economic growth and development;• The concept of sustainable development;• The factors that determine growth;• The factors that contribute to sustainable development;• The concept of human development;• The structural characteristics of Caribbean economies;• The impact of the region's structural characteristics on sustainable economic development.
3	3	TOPIC 2: International Trade	<ul style="list-style-type: none">• The role of imports and exports in a small open economy;• The factors that influence exports and imports;• The effects of foreign exchange earnings on a small open economy;• The theory of comparative advantage;• The arguments for protection;• The arguments for Trade Liberalisation;• Methods of trade protection;• The Commodity terms of trade• Calculate and interpret changes in the commodity terms of trade;
4	3	TOPIC 3: Balance of Payments and Exchange Rates	<ul style="list-style-type: none">• The balance of payments;• The current account and capital account;• The causes and consequences of balance of payments disequilibria;• Policy measures for correcting balance of payments disequilibria;• Explain exchange rates determination;• Fixed and floating exchange rate regimes;• Effects of the exchange rate changes.

5-6	3	TOPIC 4: Economic Integration	<ul style="list-style-type: none"> • The main forms of economic integration; • The costs and benefits of economic integration; • The objectives of Caribbean integration; • The implications of international integration arrangements for Caribbean economies
6-7	3 	TOPIC 5: International Economic Relations 	<ul style="list-style-type: none"> • The role and functions of the World Trade Organisation (WTO); • The role of international financial institutions (IFI's); • The term multinational (transnational) corporation; • The nature of foreign direct investment; • The potential benefits and disadvantages of foreign direct investment; • The factors responsible for globalisation; • The effects of globalisation on developing countries.