Higher course specification

Qualifications Scotland
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Higher Economics, SCQF Level 6 Course Specification

Course code:	C822 76
Course assessment code:	X822 76
SCQF:	level 6 (24 SCQF credit points)
Valid from:	session 2026–27

This document provides detailed information about the course and course assessment to ensure consistent and transparent assessment year on year. It describes the structure of the course and the course assessment in terms of the skills, knowledge and understanding that are assessed.

This document is for teachers and lecturers and contains all the mandatory information you need to deliver the course.

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Course overview

The course consists of 24 SCQF credit points which includes time for preparation for course assessment. The notional length of time for candidates to complete the course is 160 hours.

The course assessment has two components.

Component	Marks	Scaled mark	Duration
Component 1: question paper	70	Not applicable	2 hours
Component 2: assignment	30	20	8 hours — see 'Course assessment' section

Recommended entry	Progression
Entry to this course is at the discretion of the centre. Candidates should have achieved the National 5 Economics course or equivalent qualifications and/or experience prior to starting this course.	♦ Advanced Higher Economics course ♦ other qualifications in economics or related areas ♦ further study, employment and/or training

Conditions of award

The grade awarded is based on the total marks achieved across all course assessment components.

Course rationale

National Courses reflect Curriculum for Excellence values, purposes and principles. They offer flexibility, provide time for learning, focus on skills and applying learning, and provide scope for personalisation and choice.

Every course provides opportunities for candidates to develop breadth, challenge and application. The focus and balance of assessment is tailored to each subject area.

Economics is about choice and its impact. It relates to the economic decisions we make as individuals, firms and governments.

This course helps candidates develop an appreciation of how markets and governments work, and how decisions taken in these economic contexts affect everyday life. It develops the ability to think logically and to consider the reasons for, and the effects of, economic decisions and policies.

It helps candidates understand the key concepts of economics and apply them in real-life contexts.

Purpose and aims

The course highlights the importance of economic concepts, government policies and global trade. It builds on candidates' own experiences as consumers and helps them to interpret economic situations through the application of these concepts. Candidates have the opportunity to analyse, interpret, predict and explain the actions of individuals, firms and governments in various economic situations.

Candidates develop understanding of:

- how markets work
- how governments attempt to address economic problems
- how to analyse, interpret and communicate economic information

Who is this course for?

The course is suitable for candidates with enquiring, logical and analytical minds, who are interested in looking at ways to evaluate economic situations and issues.

Course content

The course consists of three areas of study:

Economics of the market

Candidates develop their understanding of how to analyse the basic economic problem. They examine and analyse how demand and supply drives resource allocation and economic production.

UK economic activity

Candidates develop their understanding of how to analyse government income and expenditure. They evaluate the role of the public and private sectors in the economy. Candidates develop the ability to assess the policies and other methods used by the UK government to achieve its economic aims.

Global economic activity

Candidates develop their understanding of how to analyse the global nature of economics. They explore global trade and its importance to the UK economy. Candidates examine economic features and impacts of developing, emerging and developed economies, and global institutions.

Skills, knowledge and understanding

Skills, knowledge and understanding for the course

The following provides a broad overview of the subject skills, knowledge and understanding developed in the course:

- analysing economic data, concepts and evidence from a wide range of sources
- evaluating current economic situations to make informed economic judgements
- communicating economic reasoning and conclusions effectively in familiar and unfamiliar contexts
- applying understanding of how the basic economic problem impacts on individuals, firms and governments
- analysing economic choices by considering their impact on the price mechanism
- applying understanding of the UK's economic aims and evaluating the policies used to achieve these aims
- assessing the economic relationship between the UK and Scottish governments
- analysing the impact of global trade in relation to the UK balance of payments
- analysing the importance and impact of aid and trade
- understanding the reasons for the growth of developing and emerging economies and their impact on the UK economy

Skills, knowledge and understanding for the course assessment

The following provides details of skills, knowledge and understanding sampled in the course assessment:

Economics of the market	
The economic problem	♦ concepts of scarcity, choice, and opportunity cost — their relationship and importance ♦ effect of opportunity cost on individuals, firms and governments ♦ scarcity and shortage ♦ economic goods and free goods
Production possibility diagrams	♦ how they are constructed and what they show ♦ technical efficiency and economic efficiency
Theory of demand	♦ effective demand and demand schedules/curves ♦ individual and market demand ♦ total, marginal, and diminishing marginal utility ♦ derivation of demand curve using marginal utility, income and substitution effects ♦ movements along the demand curve
Determinants of demand	♦ shifts of the demand curve ♦ effects of determinants of demand on quantity demanded
Price elasticity of demand (PED)	♦ effects of price changes on total revenue ♦ factors influencing PED
Theory of supply	♦ supply schedules/curves ♦ individual and market supply ♦ movements along the supply curve
Determinants of supply	♦ shifts of the supply curve ♦ effects of determinants of supply on quantity supplied
Markets	♦ nature of the market and setting of prices by market forces — how markets allocate resources to determine equilibrium price and quantity traded ♦ price as a basis for exchange and market clearing ♦ effects of changes in demand and supply on equilibrium level ♦ demand and supply relationships
Production	♦ specialisation, division of labour, and productivity ♦ returns to factors of production and returns to a single variable factor

Economics of the market	
Costs	♦ fixed, variable, total, average, and marginal ♦ short- and long-run average cost curves, law of diminishing returns, and economies and diseconomies of scale ♦ relationship between costs, revenue and profit ♦ factors affecting short-run shut-down decisions
Market structures	♦ characteristics of perfect competition and monopoly
Market intervention	♦ market failure — types of market failure ♦ reasons for, and types of, intervention

UK economic activity	
Government finance	♦ taxation: — reasons for — direct, indirect, progressive, and regressive — balance between direct and indirect — effects of taxation on individuals and firms ♦ government spending: — reasons for — current, capital, and transfer payments ♦ budget: — deficit, surplus, and balanced — borrowing
Government aims	♦ inflation — definition and measurement — causes of inflation — effects of inflation on individuals, firms and the UK economy — trends in inflation and reasons for trends ♦ (un)employment — definition and measurement — reasons for, and types of, unemployment — effects on individuals, firms and the UK economy — trends in (un)employment and reasons for trends ♦ growth — total output — standards of living — means of increasing output — trends in growth and reasons for trends

UK economic activity	
Government policies	♦ fiscal ♦ monetary ♦ supply-side
National income	♦ circular flow of income — injections and withdrawals ♦ effects of national income on employment and output ♦ real and nominal Gross Domestic Product (GDP) and Gross National Product (GNP) ♦ uses of national income statistics ♦ concept of the multiplier and calculation of a simple multiplier
Place of Scotland in the UK economy	♦ impact of UK economic policies on Scotland ♦ devolution powers

Global economic activity	
Understanding global trade	♦ UK imports and UK exports ♦ trends in UK imports and UK exports ♦ patterns in, and reasons for, trends ♦ advantages and disadvantages of global trade and globalisation ♦ reasons for global specialisation ♦ advantages and disadvantages of free trade ♦ advantages and disadvantages of being a member of a trading bloc ♦ types of trade barriers ♦ reasons for and against trade barriers
Multinationals	♦ location factors ♦ effects on home and host country
Exchange rates	♦ causes and effects of exchange rate changes for individuals, firms, and the current account
Balance of payments	♦ definition of current account and component elements of current account ♦ impacts that changing UK imports and UK exports have on the current account ♦ trends in, and reasons for, current account surpluses and deficits ♦ methods of reducing current account deficits ♦ definition of capital/financial account and component elements ♦ definition of balance of payments

Global economic activity	
Understanding the impact of global economy	♦ developing economies — economic characteristics, assistance to, and impact on UK firms and the UK economy ♦ emerging economies — economic characteristics, and impact on UK firms and the UK economy ♦ developed economies – economic characteristics, and economic problems ♦ the role of global institutions — World Trade Organisation (WTO), World Bank, International Monetary Fund (IMF)

Skills, knowledge and understanding included in the course are appropriate to the SCQF level of the course. The SCQF level descriptors give further information on characteristics and expected performance at each SCQF level, and can be found on the SCQF website.

Skills for learning, skills for life and skills for work

This course helps candidates to develop broad, generic skills. These skills are based on the Skills for Learning, Skills for Life and Skills for Work framework and draw from the following main skills areas:

1 Literacy

1.2 Writing

2 Numeracy

2.3 Information handling

4 Employability, enterprise and citizenship

4.1 Employability
4.6 Citizenship

5 Thinking skills

5.2 Understanding
5.3 Applying
5.4 Analysing and evaluating

You must build these skills into the course at an appropriate level, where there are suitable opportunities.

Learning for Sustainability

Qualifications Scotland is committed to identifying opportunities to develop the values, skills, knowledge and understanding of Learning for Sustainability within all National Courses.

Course assessment

Course assessment is based on the information provided in this document.

The course assessment meets the key purposes and aims of the course by addressing:

- breadth — drawing on knowledge and skills from across the course
- challenge — requiring greater depth or extension of knowledge and/or skills
- application — requiring application of knowledge and/or skills in practical or theoretical contexts as appropriate

This enables candidates to:

- research real-life economic situations, some of which may be complex, to make informed economic judgements and decisions
- select relevant economic information, some of which may be complex, to make informed economic decisions
- apply knowledge and understanding of economic concepts to real-life economic situations, including those in a Scottish context
- evaluate straightforward and complex economic data and evidence from a wide range of sources, to draw conclusions and/or recommendations
- communicate economic reasoning and conclusions and/or recommendations clearly and logically

Course assessment structure: question paper

Question paper 70 marks

The question paper gives candidates the opportunity to demonstrate their ability to:

- apply and integrate knowledge and understanding of economic concepts from all aspects of the course
- use data handling techniques to interpret economic information
- analyse economic data, evidence and issues to make economic judgements and/or decisions
- draw valid conclusions and suggest resolutions to economic-related issues

All questions are mandatory and sample from the ‘Skills, knowledge and understanding for the course assessment’ section of this document.

The question paper has a total mark allocation of 70 marks. This is scaled to represent 78% of the overall mark for the course assessment.

The question paper has two sections:

Section 1 is worth 25 marks and contains two questions worth 15 marks and 10 marks. These are multi-part questions, with each part attracting a mark from a range of 1 to 4 marks. The questions are based on two different pieces of stimulus material and sample course content from all three areas of study. In general, they assess data handling and the application of skills, knowledge and understanding.

The stimulus material can include graphs, diagrams and/or text. Questions generally relate to the stimulus, although some can be based on topics surrounding the stimulus material. Candidates may be asked to draw and explain economic graphs to support their answers.

Section 2 is worth 45 marks and contains three questions worth 15 marks each. These are multi-part questions, with each part attracting a mark from a range of 2 to 8 marks. Each question is based on a different area of study. In general, they assess breadth of knowledge and understanding from across the course.

Setting, conducting and marking the question paper

The question paper is set and marked by Qualifications Scotland, and conducted in centres under conditions specified for external examinations by Qualifications Scotland.

Candidates have 2 hours to complete the question paper.

Specimen question papers for Higher courses are published on Qualifications Scotland's website. These illustrate the standard, structure and requirements of the question papers candidates sit. The specimen papers also include marking instructions.

Course assessment structure: assignment

Assignment 30 marks

The assignment gives candidates an opportunity to demonstrate their ability to:

- select an appropriate and current economic topic or issue
- collect information/evidence relating to the context of the assignment, from a range of sources
- apply relevant economic concepts and theories to the context of the assignment
- analyse and evaluate economic data/information
- draw/make valid justified conclusions and/or recommendations based on economic data, concepts and evidence
- communicate economic reasoning and conclusions and/or recommendations
- produce an economics report relating to the context of the assignment

Candidates research and analyse information, and produce an economics report using given headings. The report is based on an analysis of the research findings and details appropriate conclusions and/or recommendations.

Candidates choose a topic or issue to research. Teachers and lecturers should encourage candidates to frame their report title as a question. Some example topics are provided in the following table for guidance. However, as the topic chosen by the candidate should be current, these examples may not be suitable in the future.

Examples of topics and issues
To what extent will rising costs of energy impact the UK economy?
What impact will the 2035 ban on petrol and diesel cars have on the UK economy?
What could the impact be of introducing a tourist tax on an economy?
What is the impact of the increase in minimum unit pricing on alcohol on the Scottish economy?
What is the economic impact of an ageing population in the UK?
What is the impact of rising interest rates on the main agents of the UK economy?

The assignment has a total mark allocation of 30 marks. This is scaled to represent 22% of the overall mark for the course assessment. Marks are awarded for:

- introduction 2 marks
- research 3 marks
- application and understanding 9 marks
- analysis and evaluation 10 marks
- conclusions/recommendations 5 marks
- structure 1 mark

Setting, conducting and marking the assignment

This assignment is:

- set by Qualifications Scotland
- conducted in centres under some supervision and control
- submitted to Qualifications Scotland for external marking

All marking is quality assured by Qualifications Scotland.

Assessment conditions

Time

The assignment is designed to be completed over a notional period of 8 hours. This includes time for research and producing the final economics report. Candidates can complete their research and write-up simultaneously.

Candidates who choose to carry out field research may need more than the notional 8 hours to complete their research.

Assessment should start at an appropriate point, normally once most of the content has been delivered.

Supervision, control and authentication

Candidates must carry out the assignment on an individual basis. Research, data collection and analysis must be completed independently.

Desk research should be carried out in centres — field research can be conducted outwith the classroom setting.

Candidates carry out the assignment under some supervision and control, to ensure that work presented is their own. Teachers and lecturers must put in place mechanisms to authenticate candidate evidence and/or research not completed within the classroom setting. For example:

- regular checkpoint meetings with candidates
- short spot-check interviews with candidates
- checklists which record activity/progress

Resources

The assignment is open-book — there are no restrictions on the resources that candidates may have access to when undertaking the assignment.

Reasonable assistance

Candidates must complete the assignment independently. However, reasonable assistance may be provided by teachers and lecturers at relevant stages in the process, as identified below. The term ‘reasonable assistance’ is used to try to balance the need for support with the need to avoid giving too much help. If any candidate requires more than what is thought to be ‘reasonable assistance’, they may not be ready for assessment, or they may have been entered for the wrong level of qualification.

Reasonable assistance may include:

- clarifying instructions/requirements of the assignment
- advising candidates on a suitable topic or issue to research
- advising candidates on the likely availability and accessibility of resources for their chosen topic or issue
- advising candidates on possible sources of information
- advising candidates on how best to structure their economics report

Reasonable assistance does not include:

- providing candidates with full exemplar assignments
- directing candidates to specific text within a source of information

- telling candidates what analysis they can draw from a research finding
- reading and marking drafts

Evidence to be gathered

Candidates produce an economics report including supporting appendices. The appendices should show a list of all the sources of information used, which may include:

- website addresses used in research
- details of newspaper and/or magazine articles (publication name, date, article title) or books (title, chapter, author)
- statistical, graphical or numerical data
- interview questions and/or responses
- questionnaire/survey questions and/or results
- notes taken from a visit or talk
- notes taken from an audio-visual source

Volume

The economics report should be no longer than 2,000 words (excluding appendices). If the word count exceeds the maximum by more than 10%, a penalty will be applied.

There should be no more than four pages of appendices attached to the report.

Grading

Candidates' overall grades are determined by their performance across the course assessment. The course assessment is graded A–D on the basis of the total mark for all course assessment components.

Grade description for C

For the award of grade C, candidates will typically have demonstrated successful performance in relation to the skills, knowledge and understanding for the course.

Grade description for A

For the award of grade A, candidates will typically have demonstrated a consistently high level of performance in relation to the skills, knowledge and understanding for the course.

Equality and inclusion

This course is designed to be as fair and as accessible as possible.

Qualifications Scotland's equality of access to qualifications policy outlines our commitment to:

- the Equality Act 2010
- anti-racist education
- protecting children's rights
- corporate parenting

You must consider the needs of individual candidates when planning learning experiences, designing learning resources, or choosing texts.

Guidance on assessment arrangements for disabled candidates and those with additional support needs is available on the assessment arrangements web page.

Further information

The following reference documents provide useful information and background.

- Higher Economics subject page
- Assessment arrangements
- Building the Curriculum 3–5
- Guidance on conditions of assessment for coursework
- Guide to Assessment
- Recent Qualifications Scotland research
- Remote assessment
- SCQF Handbook
- Know Your SCQF Level — Scottish Credit and Qualifications Framework
- Skills for Learning, Skills for Life and Skills for Work framework

Appendix: course support notes

Introduction

These support notes are not mandatory. They provide advice and guidance to teachers and lecturers on approaches to delivering the course. You should read these in conjunction with this course specification and the specimen question paper and coursework.

Developing skills, knowledge and understanding

This section provides further advice and guidance about skills, knowledge and understanding that you could include in the course. You have considerable flexibility to select contexts that will stimulate and challenge candidates, offering both breadth and depth.

The following tables suggest activities to support the delivery of the course and are suitable for candidates with different learning styles.

Approaches to learning and teaching

Economics of the market

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
The economic problem	Candidates should be aware of: ♦ the concepts of scarcity, choice, and opportunity cost — their relationship and importance: — scarcity in different economic systems (planned, mixed and market economies) — resource substitution and mobility ♦ the effect of opportunity cost on individuals, firms and governments ♦ the difference between scarcity and shortage ♦ the difference between economic goods and free goods	♦ discussing in groups what they think the most important economic problems facing the world today are and ranking them in order — follow up with a class discussion ♦ introducing opportunity cost by asking candidates to describe, and give reasons for, three choices they made that week — follow up by considering choices made by firms and governments ♦ using 'the survival game' to explore needs and wants and to illustrate aspects of limited resources ♦ discussing the main purpose and aim of economics — this should draw out that it shows how to make the best (most efficient) use of scarce resources
Production possibility diagrams	Candidates should be able to: ♦ draw and interpret production possibility diagrams: — use diagrams to explain opportunity cost, technical efficiency and economic growth ♦ distinguish between technical efficiency and economic efficiency: — use diagrams to explain changes in economic efficiency	♦ explaining the difference between technical and economic efficiency and then discussing in groups how the two are related: — construct a production possibility diagram to illustrate technical efficiency and opportunity cost — compare movements of actual production towards the curve and outward movements of the curve — using production possibility diagrams to explain concepts of scarcity, choice, and opportunity cost

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Theory of demand	Candidates should be aware of: ♦ effective demand, demand schedules and curves ♦ individual and market demand ♦ the difference between total and marginal utility ♦ diminishing marginal utility ♦ how a normal demand curve is derived using marginal utility, income and substitution effects: — exceptions to the law of demand, for example, Giffen goods and Veblen goods, and speculation ♦ movement along the demand curve as a result of changes in price Candidates should be able to: ♦ draw and analyse movements along demand curves	♦ carrying out an experiment by eating one biscuit at a time and, after each biscuit, recording satisfaction in a table (for example, first biscuit = 100): — discuss the concepts of total, marginal and diminishing marginal utility from the results — discuss the inverse relationship between price and quantity demanded and whether the demand for a specific good would increase or decrease if the price halved or doubled ♦ drawing and analysing demand curves from a demand schedule that will cause movement along the curve
Determinants of demand	Candidates should be aware of: ♦ causes of shifts in demand curves, for example, income, tastes, advertising, prices of other goods (substitutes and complements), fashion, population, availability of credit, and expectations of price changes ♦ the effects of determinants of demand on quantity demanded Candidates should be able to: ♦ draw and analyse shifts in demand curves	♦ discussing why we are likely to buy more of a good when its price falls and vice versa — relating this to (marginal) utility, real income and the price of substitutes: — what causes us to buy more of a good than we do now — how an increase in demand would affect the demand curve for the good ♦ drawing and analysing demand curves using scenarios that will cause a shift in the curve

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Price elasticity of demand (PED)	Candidates should be aware of: ♦ the factors influencing PED, for example, availability of substitutes, durability, habit-forming goods, percentage of income spent, degree of necessity ♦ the effects of price changes on total revenue: — interpret PED using the formula — the importance of PED for governments and firms Candidates should be able to: ♦ draw and analyse elastic and inelastic demand curves to illustrate the effects on total revenue	♦ using a list of goods (consisting of some that are essential, habit-forming, substitutes, cheap, and durable) and assuming that tomorrow the price of all of the goods will increase by 20%: — consider if demand will fall by more or less than 20% in each case — justify this using their results to explain PED and the factors that determine it ♦ discussing whether firms prefer price elastic or inelastic goods when prices are rising — considering the point of view of retailers
Theory of supply	Candidates should be aware of: ♦ supply schedules and curves ♦ individual and market supply ♦ movement along the supply curve as a result of changes in price Candidates should be also able to: ♦ draw and analyse movements along supply curves	♦ drawing and analysing supply curves from a supply schedule that will cause movement along the curve

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Determinants of supply	Candidates should be aware of: ♦ causes of shifts in supply curves, for example, cost of factors of production, technology, weather, taxes and subsidies, price of other goods, and expectations of price changes ♦ the effects of determinants of supply on quantity supplied Candidates should be able to: ♦ draw and analyse shifts in supply curves	♦ splitting into two groups — one group are strawberry producers; the other group are oil producers: — each group to discuss what situations can arise (other than a change in the price of their good) that would result in altering their supply (either increasing or decreasing it) Note: candidates can ignore changes in the demand for their good, as that would alter the price. — using their answers, describe the determinants of supply and the causes of shifts in a supply curve ♦ discussing: — what could happen that would cause them to supply more of a good than they do now — how the increase in supply would affect the supply curve for the good ♦ drawing and analysing supply curves using scenarios that will cause a shift in the curve

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Markets	Candidates should be aware of: ♦ the nature of the market and setting of prices by market forces — the price mechanism ♦ price as a basis for exchange and market clearing — excess demand, excess supply and the forces which return market price to equilibrium ♦ the effects of changes in demand and supply on equilibrium level ♦ joint demand and competitive demand ♦ joint supply and competitive supply Candidates should be able to: ♦ draw and analyse market diagrams to show: — a shift in demand and/or supply — upward pressure on price due to excess demand — downward pressure on price due to excess supply — the impact of taxes and subsidies on consumers and producers	♦ investigating how the price of a particular good is affected by levels of demand and supply using, for example, online sellers, such as eBay or Amazon Marketplace: — using the findings to explain market clearing, shortages, gluts and the price mechanism ♦ splitting into four groups of strawberry producers and assuming an equilibrium price of £1 a punnet: — each group to produce a demand and supply diagram to explain what would happen if one of the four following market conditions changed: increase or decrease in demand, increase or decrease in supply — join various groups together to consider the impact of two simultaneous changes and illustrate these in a series of diagrams ♦ drawing demand and supply diagrams to show what will happen in the market for: — cream, if there is a shortage of soft fruit due to a poor harvest — Shell petrol, if there is a decrease in the price of BP petrol — wool, if there is an increase in the demand for mutton

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Production	Candidates should be aware of: ♦ specialisation and the division of labour: — advantages and disadvantages ♦ productivity: — definition — measures to improve ♦ returns to factors of production (rent, wages, interest, and profit) ♦ returns to a single variable factor in the short run, for example, increasing then diminishing returns when adding units of labour	♦ using resources to illustrate specialisation, division of labour and productivity (for example, The Foundations of Wealth DVDs and the 'survival game') ♦ using a hypothetical scenario to construct a table showing what happens to the total output of workers as their number increases (for example, a farmer employing an increasing number of workers to grow potatoes): — discuss why this happens and relate it to average and marginal output
Costs	Candidates should be aware of: ♦ fixed, variable, total, average, and marginal costs ♦ short-run average costs curves: — law of diminishing returns ♦ long-run average cost curves: — economies and diseconomies of scale (internal and external) ♦ the relationship between costs, revenue and profit ♦ short-run shut-down decisions, for example, continue if price is greater than average variable cost, machinery restart costs would be incurred, customer loyalty would be lost, cost of replacing experienced or trained staff is high, investor confidence would be lost	♦ using a list of production costs of a particular firm, for example, one making wooden tables: — work out what would happen to costs if the firm increased its weekly output by 20% — using the answers to discuss the difference between fixed and variable costs ♦ constructing a table showing a firm's hypothetical total cost at increasing output levels: — using the figures to calculate average costs and marginal costs — draw average cost curves from the table and discuss their shapes

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
	Candidates should be able to: ♦ draw and analyse cost curves: — in the short run: fixed, variable, total, average variable, average fixed, average total, marginal costs — in the long run: variable, total, average variable, average total, marginal costs	♦ researching the origins of large companies, for example, Sainsbury's, Marks & Spencer: — using the results to explain the short run, the long run and economies of scale
Market structures	Candidates should be aware of: ♦ the characteristics of perfect competition ♦ the characteristics of monopoly	♦ drawing a competition spectrum with perfect competition at one end and monopoly at the other: — using pieces of paper with the name of well-known firms and markets (for example, Microsoft, Unilever, McDonald's, Tesco, BP, the stock market, a local newsagent), place the firm or market on an appropriate part of the spectrum — discuss the results to appreciate the characteristics of perfect competition and monopoly ♦ discussing a list of markets with different levels of competition (for example, electricity generator, computer software developer, window cleaner) to explain barriers to entry and their importance for monopolies

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Market intervention	Candidates should be aware of: ♦ market failure: — definition — types, for example, monopoly, negative externalities, income distribution, under-provision of merit goods (incomplete markets), lack of provision of public goods (missing markets), lack of information, overconsumption of demerit goods ♦ reasons for, and types of, government intervention to correct market failure, for example, by providing public and merit goods, using taxes, subsidies, quotas, maximum price, minimum price, legislation, privatisation, deregulation, renationalisation, and regulatory bodies (watchdogs, the Competition and Markets Authority — CMA): — the costs of government intervention — the distinction between merit goods and public goods, for example, features of rivalry and excludability in consumption	♦ debating reasons for taxes on certain goods, for example, 'This House believes that the tax on cigarettes should be increased.' ♦ discussing reasons for and against government intervention in various markets, for example: — Scottish Government subsidy to early years education with Bookbug — Scottish Government subsidy to people living in rural areas to enable broadband access — minimum price for alcohol — increasing rail fares by inflation +1% — sugar tax on soft drinks — grants given to fund research into electric cars ♦ discussing the consequences of only allocating resources through the market mechanism (using real examples)

UK economic activity

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Government finance	Candidates should be aware of: ♦ reasons for taxation and government spending **Taxation** ♦ distinctions between, and examples of, direct and indirect taxation ♦ distinctions between, and examples of, progressive and regressive taxation ♦ the balance between direct and indirect taxation: — reasons the UK government has altered this balance ♦ the effects of taxation on individuals and firms **Government spending** ♦ distinctions between, and examples of, current spending, capital spending and transfer payments: — reasons the UK government has altered the balance and/or pattern of spending, for example, austerity vs expansion **Budget** ♦ a deficit budget, a surplus budget and a balanced budget ♦ the effect of a budget surplus or deficit on the UK economy, for example, the borrowing requirement	♦ discussing media articles on types and effects of recent taxation changes and their consequences ♦ analysing tables of figures showing government finances, UK and Scottish Budget over the last 10 years and identifying trends and reasons for the trends ♦ discussing under what circumstances the UK Chancellor should budget for a surplus or deficit ♦ researching the current UK and Scottish Budget and discussing the effects on the spending and borrowing proposals

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Government aims	Candidates should be aware of: ♦ the main government macroeconomic aims, for example, low and stable inflation, low unemployment, sustainable economic growth, a balanced position on the balance of payments: — any conflicts arising when attempting to achieve any particular aim ♦ the main government microeconomic aims, for example, reducing income inequality, reducing regional disparities, correcting market failure: — any conflicts arising when attempting to achieve any particular aim **Inflation** ♦ the definition of inflation and the methods of measuring inflation ♦ types of inflation: — demand-pull, cost-push ♦ causes of inflation: — lower direct and/or indirect taxes — increased government spending — falling interest rates — monetary stimulus — rising cost of imported raw materials — rising labour costs — higher indirect taxes — increase in the money supply	♦ discussing which government aims conflicted with each other in the aftermath of the financial crisis in 2008 ♦ reading and watching news stories relevant to government aims and any conflicts arising from trying to achieve multiple aims simultaneously **Inflation** ♦ thinking of a fair method of calculating the UK rate of inflation: — use the results as a starting point to explain how the Consumer Prices Index (CPI) is calculated — compare and contrast with the CPIH and the Retail Prices Index (RPI) ♦ analysing a graph of the UK inflation rate for the last 5 or 10 years and discussing the possible reasons for the trends ♦ using a list of different people, for example, borrowers, savers, importers, exporters, governments, people on fixed incomes, pensioners, consumers: — discuss how each category would be affected by a relatively high rate of UK inflation — if appropriate, discuss how each group would be affected by deflation — using the results to highlight the effects of inflation and examining the concept of real income ♦ discussing how inflation and deflation affect prices, savings, wages, unemployment and the economy in general

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
	♦ the effects of inflation on individuals, firms and the UK economy ♦ recent trends, and the reasons for trends, in inflation (including deflation, if relevant) **(Un)employment** ♦ the definition of (un)employment and the methods of measuring (un)employment ♦ types of and reasons for (un)employment, for example, cyclical, structural, frictional, seasonal, regional ♦ the effects of (un)employment on individuals, firms and the UK economy ♦ recent trends, and the reasons for trends, in (un)employment **Growth** ♦ the definition of economic growth and measures to improve growth and output — description of the stages of the business cycle ♦ effects on standards of living ♦ recent trends, and the reasons for trends, in economic growth — the costs and benefits of economic growth	**(Un)employment** ♦ discussing which groups of people would be classed as (un)employed, for example, full-time students, homemakers, children, people in the armed forces, the retired, the self-employed, prisoners, unpaid charity workers, people not actively seeking a job ♦ discussing the concept of being economically inactive and the relationship between activity rates, the labour force and the population level ♦ researching the two main ways of measuring (un)employment and discuss their advantages and disadvantages ♦ splitting into four groups (workers, workers who have recently become unemployed, producers and the government) and assuming that, due to a severe recession, the country is experiencing a prolonged period of high and rising unemployment: — discuss how each group will be affected and relate their conclusions to the class ♦ analysing a graph of UK (un)employment for the last 5 or 10 years and discuss the possible reasons for the trends **Growth** ♦ introducing the concept of economic growth by referring back to production possibility diagrams ♦ discussing factors which could cause an increase in the rate of economic growth ♦ debating the advantages and disadvantages of increased economic growth

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Government policies	Candidates should be aware of: ♦ fiscal policies and the effects of fiscal policy on individuals, firms and the UK economy ♦ monetary policies and the effects of monetary policy on individuals, firms and the UK economy ♦ supply-side policies and the effects of supply-side policy on individuals, firms and the UK economy ♦ the use of fiscal, monetary and supply-side policies in meeting the main aims of government	♦ splitting into three groups and discussing what policies should be used in each of the following scenarios: — group one: low growth, high unemployment, low inflation — group two: high growth, low unemployment, high inflation — group three: low growth, high unemployment, high inflation (stagflation) ♦ adopting the role of the Monetary Policy Committee: — decide and justify what to do in terms of interest rates next month — if appropriate, discuss why interest rates have not increased immediately when inflation has risen above the target rate ♦ identifying possible current examples of supply-side policies

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
National income	Candidates should be aware of: ♦ the circular flow of income in an open economy ♦ the concept of a simple multiplier (positive and negative) ♦ the effects of changes in national income on employment and output ♦ the distinction between real and nominal Gross Domestic Product (GDP) and Gross National Product (GNP) ♦ the equilibrium level of national income and how it can be affected by changes in injections and withdrawals ♦ the uses of national income statistics — limitations in the use of national income statistics Candidates should be able to: ♦ draw the circular flow of income in an open economy ♦ illustrate, exemplify and calculate a simple multiplier using the formula	♦ introducing the circular flow diagram and the concept of national income equilibrium (Income = Expenditure): — identifying savings and investment using a simple two-sector closed economy — discussing the new equilibrium condition ♦ discussing what would happen once imports, exports, government spending and taxation have been introduced in terms of the final equilibrium condition ♦ discussing what would happen to national income if the levels of injections or withdrawals increased or decreased ♦ using a (hypothetical) table to show GDP and inflation over a number of years — making the GDP figures simple and increasing by say 10% each year (the inflation rates should fluctuate significantly): — discuss what happened to the standard of living in each year — using the results to examine the difference between real and nominal GDP ♦ discussing the difference between GDP, GNP, national income ♦ introducing the concept of the multiplier: — discuss the meaning of the quote, ‘One person’s spending is another person’s income.’ ♦ discussing the reasons for calculating national income statistics, given that they are difficult, time-consuming and expensive to construct, and are often no more than estimates

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Place of Scotland in the UK economy	Candidates should be aware of: ♦ the impact of UK economic policies on individuals, firms and government in Scotland ♦ the economic powers devolved to the Scottish Parliament (for example, the ability to: raise taxes, change legislation, make budgetary decisions, borrow, and alter welfare payments): — effects of devolved economic powers on the Scottish economy	♦ researching the powers devolved to the Scottish Parliament and powers that have been reserved to the UK Parliament ♦ debating the powers of the Scottish Parliament, for example, 'This House believes that Scotland should set its own rate of income tax.' ♦ discussing recent government policies, for example, tuition fees, free prescriptions, minimum alcohol price, and the removal of business rates relief for private schools, and the likely effects on the Scottish economy

Global economic activity

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Understanding global trade	Candidates should be aware of: ♦ the main UK imports and UK exports ♦ recent trends in UK imports and UK exports ♦ patterns in, and reasons for, the trends ♦ the advantages and disadvantages of global trade and globalisation ♦ reasons for global specialisation, for example, absolute and comparative advantage ♦ advantages and disadvantages of free trade ♦ advantages and disadvantages of being a member of a trading bloc ♦ types of trade barriers ♦ reasons for and against trade barriers	♦ researching different aspects of global trade, for example, the UK's main trading partners, the UK goods and services traded, how trading patterns have changed in recent years, and the impact that the USA, China and India have on world trade patterns: — create graphs, charts and/or presentations of findings and present them to the others ♦ research trading blocs such as the EU and ASEAN ♦ investigating any recent trade activity in relation to barriers to trade and retaliation ♦ providing a list of traded commodities (for example, manufactured goods, fuels, chemicals, machinery, food, and beverages) to categorise as major imports or exports (or both) for the UK: — use responses as a basis for studying absolute and comparative advantage, and the advantages and disadvantages of free trade ♦ looking at trade disputes, for example, Boeing, Bombardier ♦ researching up-to-date trade disputes ♦ looking at the reasons for, and effects of, trade protection by researching, for example, President Trump's 'Make America Great Again' policies ♦ using a list of the UK's main export partners, rank them in order of importance and repeat this for the UK's import partners — discuss which countries might have increased or decreased in importance over the last 5 to 10 years and why

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Multinationals	Candidates should be aware of: ♦ reasons for a foreign multinational locating in the UK and a UK multinational locating abroad ♦ the effects on the home and host countries: — the impact of globalisation	♦ using a list of the top ten UK-owned multinationals, discuss possible reasons for these firms producing abroad and for foreign firms producing in the UK ♦ investigating a UK or Scottish multinational which operates in a developing country, to explain their reasons for doing so ♦ discussing the effects of multinationals, by looking at recent multinational activity (for example, Google building their European HQ in London) ♦ investigating the location of a multinational in Scotland (for example, Amazon with their Scottish distribution centre outside Dunfermline): — calculate the jobs and wealth that have been created in Scotland — look at the reasons why the company chose Scotland as its location

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Exchange rates	Candidates should be aware of: ♦ the causes of exchange rate changes ♦ the effects of exchange rate changes on individuals, firms and the UK current account	♦ explaining exchange rates ♦ discussing the likely effect of various scenarios on the UK's exchange rate and how the resultant change would affect national income, employment, prices, and imports and exports: — an increase in UK interest rates — an increase in the UK inflation rate — a sustained increase in the UK's trade deficit — an International Monetary Fund (IMF) report predicting a significant increase or decrease in the UK's rate of economic growth ♦ analysing a graph showing the effective exchange rate of sterling for the last 10 years and discussing possible reasons for the trends ♦ investigating the currencies of a range of countries and analysing how the exchange rates of these countries have changed over a specific period of time ♦ drawing demand and supply diagrams to analyse exchange rate determination

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Balance of payments	Candidates should be aware of: ♦ definitions and component elements of the: — current account — capital/financial account — balance of payments ♦ recent trends in, and reasons for, current account surpluses and deficits ♦ the impacts that changing UK imports and UK exports have on the current account ♦ methods of reducing a current account deficit (including barriers to trade)	♦ explaining the structure of the balance of payments and discussing the factors which can affect the current account balance (for example, the value of the pound, the UK's growth rate, and the UK's international competitiveness) ♦ analysing charts or graphs showing the UK's situation in goods, services, investment income and the current account over the last 5 to 10 years or so: — discuss the reasons for, and consequences of, the trends ♦ researching the latest figures and analysing them in terms of causes (for example, why, at a time of low growth, has the UK current balance not improved?): — discuss implications for the UK economy in terms of growth and unemployment ♦ discussing methods of reducing the UK's current account deficit and looking at which ones are likely to be the most effective for the UK, and why

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Understanding the impact of global economy	Candidates should be aware of: **Developing economies** ♦ the economic characteristics of developing economies ♦ the forms of assistance given to developing economies ♦ the impact of developing economies on UK firms and the UK economy **Emerging economies** ♦ the economic characteristics of emerging economies ♦ the impact of emerging economies on UK firms and the UK economy **Developed economies** ♦ the economic characteristics of developed economies ♦ economic problems of developed economies (other than the UK) **Global institutions** ♦ the role of global institutions: — World Trade Organisation (WTO), World Bank, and the International Monetary Fund (IMF)	**Developing economies** ♦ researching economic facts about various developing countries: — discuss the common characteristics of their economies and also the differences ♦ choosing a developing country and suggesting what could be done to promote economic growth in that country ♦ discussing measures that rich countries could take to increase the rate of growth in developing countries and their possible effectiveness **Emerging economies** ♦ researching emerging economies (for example, BRIC, CIVETS and MINT): — discuss their common characteristics ♦ discussing the effect on the UK economy of continued high growth in emerging economies **Developed economies** ♦ researching developed economies features such as high income per capita, tertiary sector dominance, well-developed infrastructure ♦ discussing issues in developed economies such as ageing population, inequality (income, wealth and regional), and deindustrialisation in countries such as the USA and Japan

Preparing for course assessment

The course assessment focuses on breadth, challenge and application. Candidates should apply the skills they have learned during the course.

In preparation, you should provide opportunities for candidates to practise activities similar to those expected in the course assessment. For example, you could develop tasks and questions similar to those in the specimen and past papers.

Developing skills for learning, skills for life and skills for work

You should identify opportunities throughout the course for candidates to develop skills for learning, skills for life and skills for work.

Candidates should be aware of the skills they are developing, and you can provide advice on opportunities to practise and improve them.

Qualifications Scotland does not formally assess skills for learning, skills for life and skills for work.

There may also be opportunities to develop additional skills depending on approaches being used to deliver the course in each centre. This is for individual teachers and lecturers to manage.

Skill	How it is developed
Literacy	♦ creating structured responses to questions ♦ watching news updates ♦ reading newspapers ♦ looking at media ♦ communicating when working in groups, during discussions, question and answer sessions, and through presentations ♦ carrying out mini investigations ♦ carrying out self and/or peer evaluation ♦ listening to economic radio broadcasts or podcasts ♦ listening to guest speakers ♦ attending lectures ♦ presenting findings from research in a structured format, to convey ideas, thoughts and information
Numeracy	♦ carrying out calculations, for example, fractions and/or percentages for inflation, RPI, CPI, and unemployment ♦ interpreting diagrams and constructing simple graphs ♦ gathering and interpreting numerical information from a range of economic sources ♦ presenting economic information in tables, graphs and charts

Skill	How it is developed
Employability, enterprise and citizenship	♦ encouraging autonomy and initiative through personal research ♦ enhancing time management and organisational skills ♦ improving ICT skills for a technology-driven society ♦ working with others ♦ increasing economic and political awareness (watching news reports, reading newspapers) ♦ exploring real-life topics (inflation, unemployment, economic growth) ♦ increasing knowledge of the local and Scottish economy
Thinking skills	♦ using case studies and scenarios ♦ setting concepts using real examples ♦ completing personal research and team working ♦ sharing information and explaining its importance ♦ applying economic concepts to newspaper articles, television and radio broadcasts, web searches, case studies, talks, games, debates

Administrative information

Published: November 2026 (version 4.1)

History of changes

Version	Description of change	Date
2.0	Course support notes added as appendix.	May 2018
3.0	'Skills, knowledge and understanding' section and 'Course support notes' section updated to remove reference to the EU, with additional text added relating to developed economies Suggested titles for assignment updated to reflect course content changes. Format changes to improve accessibility of the tables in the 'Approaches to learning, teaching and assessment' section.	May 2024
4.0	We've: ♦ reduced the marks for the question paper from 90 to 70 marks ♦ reduced the duration of the question paper from 2 hours 30 minutes to 2 hours ♦ amended the percentage weighting for the question paper and the assignment by introducing scaling to the assignment We've amended the question paper details in the 'Course overview' and 'Course assessment' sections accordingly. We've changed references to 'SQA' to 'Qualifications Scotland' throughout. We've updated the title to include the SCQF level. We've added a new 'Learning for Sustainability' section and updated the 'Equality and inclusion' and 'Further information' sections. We've made changes to the format and layout of the document to improve accessibility. **What you need to do differently** You must update your teaching notes and assessments.	June 2026

Version	Description of change	Date
4.1	We've corrected the percentage weighting in the 'Course assessment structure: assignment' section from 20% to 22%. **What you need to do differently** You must update your teaching notes and assessments.	Nov 2026

Note: you are advised to check Qualifications Scotland's website to ensure you are using the most up-to-date version of this document.

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