OBERLIN HIGH SCHOOL

BUSINESS EDUCATION DEPARTMENT

CSEC Economics

Term 1 Course Outline

SECTION 3: DEMAND AND SUPPLY

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
1. explain the term "market";	Concept of a market: (a) *as a situation where buyers and sellers communicate for the purpose of exchanging goods and services; and,* (b) *the elements of a market: buyer, seller, goods and services and price.*
2. identify the market forces;	The market forces: (a) *The forces of demand and supply.* (b) *Conditions, non-price factors, determinants* of demand and supply.
3. *use diagrams to* describe the relationship between price and demand and price and supply;	The relationship between price and quantity demanded, and price and quantity supplied: (a) the *first two laws* of demand and supply respectively; and, (b) *the schedules and* diagrammatic representations of demand curve and supply curves.
4. explain the concept of ceteris paribus;	The concept of ceteris paribus *and its use in illustrating the effect of price on demand and supply.*
5. explain the concept of market equilibrium and disequilibrium;	Market equilibrium: *(a) equilibrium point – the point where the demand and supply curves intersect;* *(b) equilibrium price – price where quantity demanded is equal to the quantity supplied;* *(c) equilibrium quantities – consumer and supplier quantities are equal. No surplus, no shortage. (The 3rd Law);*

		(d) *schedules and diagrammatic representation of market equilibrium; and,* *(e)* *the effects of prices set below and above the equilibrium price respectively – use graphs and schedules.*
6.	illustrate market equilibrium and disequilibrium;	Diagrammatic representation of market equilibrium: *(a)* *schedules and graphs to illustrate the occurrences of shortages and surpluses respectively; and,* *(b)* *explain the effects of shortages and surpluses – price will rise towards the equilibrium or fall towards the equilibrium respectively.*
7.	*use diagrams* to explain *the non-price* determinants of demand and supply;	*The non-price determinants of demand such as income, taste, and size of population.* *The non-price determinants of supply such as number of firms in the industry, producers consumption of his own good/service, and weather conditions for agricultural products.* *Assume ceteris paribus for price and then explain how each non-price factor of demand can either increase or decrease demand and how each non-price factor of supply can either increase or decrease supply.*
8.	illustrate how changes to the determinants affect *equilibrium, price and quantity;*	Diagrammatic representations and analyses of how changes to the determinants affect demand and supply curves. *Movements along demand and supply curves versus shifts of the curves.* *Changes in market equilibrium occur when demand, supply or both shift. Consider also the effects of the shifts (the 4th and 5th laws of demand and supply) on price and quantity.*

9.	explain the concept of price, *income and cross-price* elasticit*ies* of demand;	Price elasticity of demand: (a) concept of price elasticity of demand and its determinants; (b) concept of income and cross elasticity of demand *and their determinants*; and, (c) *measurements of each.*
10.	*calculate the* price, *income and cross-price* elasticit*ies* of demand;	*Calculations using the simple formulae for price, income, and cross price elasticities.*
11.	*interpret the* price, *income and cross-price* elasticit*ies* of demand;	*Interpretation of calculations;* *For example, for price elasticity of demand:* *<1 (inelastic), >1(elastic), =1(unitary) and extremes, =0 and =infinity etc.*
12.	outline *the* factors affecting price, *income and cross-price* elasticit*ies* of demand;	Factors affecting price *income and cross-price* elasticit*ies* of demand. Illustration, by graphs, of elastic and inelastic demand.
13.	explain *the concept of* price elasticity of supply;	Price elasticity of supply: what happens to quantity supplied following a change in price. Illustration, by graphs and tables, of elastic and inelastic supply. Illustration, by graphs and tables, of changes in conditions of demand and supply.
14.	*calculate* price elasticity of supply;	*Calculations of price elasticity of supply using the simple formula.*
15.	*interpret* price elasticity of supply; and,	*Interpretation of the results of calculations of price elasticity of supply using the simple formula.*
16.	*outline the factors affecting price elasticity of supply.*	*The factors affecting price elasticity of supply. Time is the greatest influence on price elasticity of supply.*

SECTION 2: PRODUCTION, ECONOMIC RESOURCES AND RESOURCE ALLOCATION

SPECIFIC OBJECTIVES		CONTENT
Students should be able to:		
4.	*explain the difference* between short run and long run;	Differences between short run and long run.
5.	identify the costs associated with production;	Fixed, variable, total, average and marginal costs: *Definitions.*
6.	*calculate the costs associated with production;*	*Calculation of costs.*
7.	*illustrate the curves associated with the cost of production;*	*Cost curves.*
8.	*explain the difference* between goods and services;	Goods (tangible) and services (intangible).
9.	explain the concept of resource allocation;	Resource allocation: what to produce; how much to produce and for whom to produce.

SECTION 4: MARKET STRUCTURE AND MARKET FAILURE

SPECIFIC OBJECTIVES CONTENT

Students should be able to:

1.	define the term "market structure";	Definition of market structure. Market structure: behaviour and performance of firms in a variety of situations: (a) number of buyers and sellers; (b) types of goods; (c) freedom of entry and exit; and, (d) control on price.
2.	*describe the main types of market structures;*	Define main types of market structures: (a) perfect competition; (b) monopoly; (c) oligopoly; and, (d) monopolistic competition. Outline the characteristics of the main types of market structures *in terms of behaviour and performance of the firms in the industry:* (a) number of buyers and sellers; (b) types of goods; (c) freedom of entry and exit; (d) control over price; (e) barriers to entry and exit in the long run; and, (f) short run and long run equilibrium – including graphs. *Advantages and disadvantages of each market structure.*

3.	*illustrate graphs related to the main market structures;*	*Graphs related to short run and long run equilibrium showing profit maximising output, price and profit/loss.*
4.	*interpret graphs related to the main market structures;*	*Interpret graphs related to the main market structures.*
5.	define the term "market failure";	Definition of market failure.
6.	outline the main causes of market failure; and,	Causes of market failure: (a) monopoly; (b) merit goods and public goods; and, (c) negative or positive externalities.
7.	*discuss* the main consequences of market failure.	Consequences of market failure: (a) retrenchment; (b) unemployment; (c) economic depression; (d) rise in levels of poverty; (e) decline in provisions for societal welfare; and, (f) *micro consequences such as over or under pricing, inefficiency in production in terms of over or underproduction, and inefficient use of resources.*