

## SQA Advanced Unit Specification

### General information for centres

**Unit title:** Economics 2: The World Economy

**Unit code:** HP72 48

**Unit purpose:** This Unit introduces the world economy, the main focus being the key features of the global economic environment. It advances economic concepts and allows candidates to develop their research and analytical skills. The core economic issues that are focused on in this Unit are trade, international payments, exchange rates and economies undergoing change.

On completion of this Unit, the candidate should be able to:

- 1 Explain international trade and the role of trade organisations.
- 2 Analyse the balance of payments and exchange rate regimes.
- 3 Evaluate world economies.

**Credit points and level:** 1 SQA Credit at SCQF level 8: (8 SCQF credit points at SCQF level 8\*)

*\*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from National 1 to Doctorates.*

**Recommended prior knowledge and skills:** Entry to this Unit is at the discretion of the centre. However it would be beneficial if candidates have good communication skills, which may be demonstrated by achievement of the Unit *Communication: Business Communication* (HP75 47), the Core Skill *Communication* at SCQF level 6 or an equivalent qualification. It would also be beneficial if candidates also had some prior knowledge of economics, which may be demonstrated by achievement of the Unit *HP6T 47 Economic Issues: An Introduction* or *HP6P 48 Economics 1: Micro and Macro Theory and Application* or an equivalent qualification.

**Core Skills:** There are opportunities to develop the Core Skills of *Problem Solving, Information and Communication Technology* and *Communication* at SCQF level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

**Context for delivery:** If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

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**Assessment:** Assessment could be undertaken by using one instrument of assessment which allows candidates to develop their research skills. An investigative approach could be taken by the candidate to enable them to gather evidence. This may be in the form of a portfolio.

An exemplar pack and marking guidelines have been produced to indicate the national standard of achievement required at SCQF level 8.

## Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, Knowledge and/or Skills, and Evidence Requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

### Outcome 1

Explain international trade and the role of trade organisations

#### Knowledge and/or Skills

- ◆ Trade theory
- ◆ Barriers to international trade
- ◆ Protectionism
- ◆ The World Trade Organisation
- ◆ Trading blocs

#### Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ explain free trade including the theory of absolute and comparative advantage
- ◆ identify three gains from international trade
- ◆ explain barriers to trade, including two forms of protectionism
- ◆ explain why governments may wish to raise barriers to international trade
- ◆ describe the role of the World Trade Organisation in the development of free trade
- ◆ explain the role of one trading bloc from EU, NAFTA or ASEAN

#### Assessment Guidelines

Refer to end of Outcome 3.

### Outcome 2

Analyse the balance of payments and exchange rate regimes

#### Knowledge and/or Skills

- ◆ Structure of the UK balance of payments accounts
- ◆ Recent trends in the UK balance of payments account
- ◆ Relationship between exchange rates and the balance of payments
- ◆ Exchange rate regimes
- ◆ Effects of exchange rates on economic agents

## **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ explain the general trends and composition of the UK balance of payments in the last 30 years, taking account of redefinition of accounts over this time
- ◆ explain UK trends in trade over the last 30 years
- ◆ describe the relationship between exchange rates and the balance of payments account

With regard to the last two elements of knowledge and skills, candidates will be required to select two exchange rate regimes. They will then be required to

- ◆ identify three advantages and three disadvantages of the chosen regimes
- ◆ outline three effects of the chosen regimes on economic agents

## **Assessment Guidelines**

Refer to end of Outcome 3

## **Outcome 3**

Evaluate world economies

### **Knowledge and/or Skills**

- ◆ Characteristics of Newly Industrialised Countries (NICs)
- ◆ Issues facing NICs
- ◆ Characteristics of Less Developed Countries (LDCs)
- ◆ Issues facing LDCs
- ◆ Impact of transnationals in NICs and LDCs

### **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ explain two characteristics of a NIC economy or two characteristics of an LDC
- ◆ analyse one issue facing NICs and one issue facing LDCs
- ◆ explain the impact of transnationals on NICs or LDCs

## **Assessment Guidelines**

Outcome 3 may be assessed with Outcomes 1 and 2 in a single assessment event. Outcomes 1, 2 and 3 may be assessed by:

- ◆ An open-book assessment that will allow candidates to develop their research skills. An investigative approach could be taken by candidates to enable them to build a portfolio of evidence that demonstrates an understanding of the world economy. Candidates may find suitable evidence in newspapers, journals, internet or other sources.
- ◆ Stimulus material in the form of an outline structure may be provided to the candidate at the start of the Unit. Candidates could produce a portfolio of evidence which may be written or oral. Written evidence may consist of a response of approximately 1,500 words. An oral presentation may be of approximately 15 minutes duration and be complemented by a suitable checklist to record the presentation of evidence.

## Administrative Information

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<b>Unit title:</b>	Economics 2: The World Economy
<b>Superclass category:</b>	EB
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### History of changes:

Version	Description of change	Date

**Source:** SQA

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**FURTHER INFORMATION:** Call SQA's Customer Contact Centre on 44 (0) 141 500 5030 or 0345 279 1000. Alternatively, complete our [Centre Feedback Form](#).

## Unit specification: support notes

### Unit title: Economics 2: The World Economy

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

## Guidance on the content and context for this Unit

In Outcome 1 candidates are introduced to the interrelationships between countries showing how international transactions take place. This will allow candidates to build on the introduction to markets they received in the Unit HP6T 47 *Economic Issues: An Introduction* if delivered as part of the SQA Advanced Diploma in *Business* (GM8Y 48), and to examine markets in an international context. This helps candidates to explore the case for and against free trade, consider protectionism and assists in introducing the World Trade Organisation and its role in free trade. Free trade is further examined when the candidate studies world trading blocks such as the European Union (EU) the North American Free Trade Area (NAFTA) and Association of Southeast Asian Nations (ASEAN).

Outcome 2 builds on the examination of the movement of goods and services. Candidates are now introduced to the way in which world trade is financed within the UK. This Outcome allows the candidate to examine the measurement and components of the balance of payments. This assists the exploration of patterns in trade, and helps the candidate understand comparative advantage and how it changes over time. Candidates could examine in depth one account of the balance of payments over the last 30 years when examining UK trends in trade. Through the assessment of trade patterns, candidates are able to develop their analytical skills when reviewing statistical information. They are then introduced to the international market and the different exchange rate systems. This allows an examination of how these exchange rate regimes affect the economic agents.

Outcome 3 is particularly focused on groups of countries and the issues that they currently face. Of particular concern is economic change within Newly Industrialised Countries (NICs) and Less Developed Countries (LDCs). Candidates will further develop knowledge of world trade and refine their analytical skills through the examination of current issues. When examining NICs and LDCs, candidates will find it of benefit to study specific countries.

## Guidance on the delivery and assessment of this Unit

This Unit is likely to form part of a Group Award and is designed to introduce candidates to the world economy, focusing on the key features of the global economic environment and introducing candidates to international economic issues. This Unit is mandatory within SQA Advanced Diploma in *Business* (GM8Y 48) but may form part of other Group Awards and may be delivered as a stand-alone Unit. The Unit can build on the knowledge and skills contained in the Units HP6T 47 *Economic Issues: An Introduction* and HP6P 48 *Economics 1: Micro and Macro Theory and Application*.

Where delivered as part of the SQA Advanced Diploma in *Business* (GM8Y 48) Group Award it is recommended that this Unit is delivered after HP6T 47 *Economic Issues: An Introduction* and HP6P 48 *Economics 1: Micro and Macro Theory and Application*, allowing candidates to draw on their prior economic learning and to apply skills developed in these Units. It is beneficial for candidates to have prior knowledge of basic economic issues and Micro and Macro theory and applications.

Where possible current material should be used to allow the candidate to relate this to economic theory and so expand their own knowledge of business. Candidates could be encouraged to take an

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investigative approach to build a portfolio of evidence to demonstrate their understanding of international trade.

The Unit may be assessed by one assessment instrument. This could be an open-book assignment enabling the candidate to develop their research skills. An investigative approach should be taken by candidates to allow them to build a portfolio of evidence. This portfolio would be derived from a candidate's own independent research, which will allow them to demonstrate their understanding of the world economy. Candidates may find suitable evidence in newspapers, journals or via the internet. It will be unnecessary to supervise candidates during the preparation of their portfolio of evidence. Stimulus material in the form of an outline structure may be presented to candidates at the start of the Unit. The candidate's response may be provided in a written report or an oral presentation.

A candidate's portfolio may consist of a response containing relevant graphical information and cases drawn from sources such as newspaper, journal or the internet which have been researched, analysed summarised to provide evidence to meet the Evidence Requirements of the Unit. A written response may be approximately 1,500 words in length. A candidate may also choose to present their evidence in an oral presentation, which may be of approximately 15 minutes duration. Any written work used in the presentation, eg presentation software etc. should be submitted to the assessor subsequent to the presentation being made. Where an oral presentation is made, a suitable checklist may be developed by the candidate to record their presentation of evidence. Assessors may also record oral presentations by electronic means.

Where evidence is present orally, a checklist may be used by the candidate peer group to assess whether the presentation meets the criteria on the checklist. Peer review of presentations is useful in several ways — it encourages discussion amongst the group, which aids understanding of the subject for both the candidate doing the presentation, and the audience. It adds an extra dimension to the assessment process, giving peers an opportunity to discuss whether the presentation has achieved its aim. It also encourages candidates to develop their presentation and communication skills beyond the minimum requirement for the Unit. For example, it could give them the opportunity to demonstrate that they can plan, organise and use their imagination in putting together a presentation, rather than merely adhering to a checklist given to them by their lecturer. Where candidates have been allowed to develop their own checklist, the responsibility is still with the assessor to ensure that the Evidence Requirements have been met. However this allows for candidates to put more thought into what they present, rather than simply following a set of tick-boxes supplied to them in advance.

### ***Opportunities for developing Core Skills***

Throughout the Unit, candidates should be able to develop the Core Skill of *Communication* at SCQF level 6 by reading, evaluating and understanding written communication of different types, and producing written documents that convey a range of information and ideas. Candidates should similarly be able to communicate orally to individuals and groups by presenting ideas and complex information to others, and listening to and understanding other's responses.

Candidates may be able to develop the Core Skill component of Critical Thinking at SCQF level 6 by analysing complex issues and devising an approach to deal with them. Candidates may be able to develop the Core Skill component of Planning and Organising at SCQF level 6 by producing a plan, organising resources and carrying out the plan. Candidates should be able to develop the Core Skill component of Reviewing and Evaluating at SCQF level 6 by reviewing the effectiveness of their approach to planning, and devising different approaches that may be more effective for future use.

Throughout the Unit, candidates may be able to develop the Core Skill of *Information and Communication Technology* at SCQF level 6 by accessing information in relation to global economic issues via internet search techniques, keeping that information secure and then analysing and processing it to produce reports, for example by word processing.

## **Open learning**

This Unit may be delivered by open learning, with appropriate tutorial support. If the Unit is undertaken through open learning, assessment could be authenticated by means of a professional discussion between the candidate and assessor, where a written response has been submitted. Evidence may also be presented orally and recorded by electronic means, eg videolink.

## **Equality and inclusion**

This Unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website [www.sqa.org.uk/assessmentarrangements](http://www.sqa.org.uk/assessmentarrangements).

## General information for candidates

### Unit title: Economics 2: The World Economy

This is 1 SQA Credit at SCQF level 8 which may build on any previous study of Economics you have undertaken.

The Unit introduces you to the world economy. Its main focus is to introduce the concept that economies have become increasingly open, and benefit from importing and exporting. You will look at the process referred to as globalisation, which is increasingly integrating world economies.

The Unit has three Outcomes which introduce you to:

- ◆ International Trade
- ◆ International Payment and Exchange Rates
- ◆ World Economies and Economic Change

To achieve this Unit, you may be asked to complete one or more pieces of assessment work which you would produce from your own research and investigation. Your submission may be presented in written or oral form. Your research may be directed by stimulus material provided by your assessor at the start of this Unit.

A written submission covering all Outcomes of the Unit may be approximately 1,500 words in length, and may consist of graphical information and cases drawn from newspaper, journal, the internet or other sources.

An oral presentation should be supplemented by evidence drawn from relevant sources, as defined above. Your assessor will take a record of your presentation to authenticate your evidence. An oral presentation covering all Outcomes of the Unit may be of approximately 15 minutes in duration. Evidence for the Unit as a whole may consist of a mix of oral and written submission.

You may have the opportunity to develop Core Skills in *Communication, Information and Communication Technology* and *Problem Solving* at SCQF level 6 in this Unit, but there is no automatic certification of Core Skills.