

# SQA Advanced Unit Specification

## General information

<b>Unit title:</b>	Economics: The World Economy
<b>Unit code:</b>	J5AY 48
<b>Superclass:</b>	EB
<b>Publication date:</b>	May 2021
<b>Source:</b>	Scottish Qualifications Authority
<b>Version:</b>	01

## Unit purpose

This unit is designed to build further on learners' knowledge of the microeconomic and macroeconomic environment by introducing them to the world economy. The unit introduces learners to key features of the global economic environment, including consideration of the basic elements of international trade theory, international payments, institutions of the world economy, economies undergoing change and multinational enterprises. The unit provides an opportunity for learners to analyse and evaluate these issues and concepts while utilising their research skills.

## Outcomes

On successful completion of the unit, the learner will be able to:

- 1 explain international trade and the role of trade organisations.
- 2 analyse the operations of the international monetary system.
- 3 analyse issues facing developing countries.
- 4 assess the importance of multinational enterprises (MNEs) in the world economy.

## Credit points and level

1 SQA unit credit at SCQF level 8: (8 SCQF credit points at SCQF level 8).

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### Recommended entry to the unit

Entry to this unit is at the discretion of the centre. However, it would be beneficial if learners had some prior knowledge of economics, which may be demonstrated by achievement of the unit J461 47 *Economic Issues: An Introduction* and/or HP6P 48 *Economics: Micro and Macro Theory and Application* or equivalent. It would also be beneficial if learners have good communication skills and which may be demonstrated by the achievement the unit *Communication: Business Communication* (HP75 47), the Core Skill *Communication* at SCQF level 6 or equivalent.

### Core Skills

Achievement of this unit gives automatic certification of the following:

- ◆ Core Skill component      Critical Thinking at SCQF level 6

There are also opportunities to develop aspects of Core Skills which are highlighted in the **support notes** section of this unit specification.

### 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.

### 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).

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### Statement of standards

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

Acceptable performance in this unit will be the satisfactory achievement of the standards set out in this part of the unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

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. Learners 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
- ◆ free trade versus protectionism
- ◆ institutions of world trade
- ◆ trading blocs

#### Outcome 2

Analyse the operations of the international monetary system.

##### Knowledge and/or skills

- ◆ foreign exchange markets
- ◆ national exchange rate systems
- ◆ UK balance of payments, significance of surpluses/deficits
- ◆ international trade data

#### Outcome 3

Analyse issues facing developing countries.

##### Knowledge and/or skills

- ◆ classifications of countries
- ◆ characteristics of economies in transition
- ◆ characteristics of developing countries
- ◆ issues facing economies in transition
- ◆ issues facing developing countries

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### **Outcome 4**

Assess the importance of multinational enterprises (MNEs) in the world economy.

#### **Knowledge and/or skills**

- ◆ characteristics of MNEs
- ◆ importance of MNEs to the world economy
- ◆ MNEs and national autonomy

### **Evidence requirements for this unit**

Learners will need to provide evidence to demonstrate their knowledge and/or skills across all outcomes by showing that they can:

#### **Outcome 1**

- ◆ explain free trade including the theory of absolute and comparative advantage
- ◆ explain three gains from international trade
- ◆ explain barriers to trade, including two forms of protectionism
- ◆ evaluate arguments in favour of free trade versus protectionism
- ◆ describe the main institutions of world trade including WTO, IMF and World Bank
- ◆ explain the role of the WTO in the development of free trade
- ◆ explain the role of one trading bloc

#### **Outcome 2**

- ◆ describe the operation of foreign exchange markets
- ◆ describe two exchange rate systems
- ◆ explain three advantages and three disadvantages of each of the two exchange rate systems identified
- ◆ describe the UK balance of payments
- ◆ analyse the significance and impact of balance of payment surpluses and deficits on economies
- ◆ identify and explain trends in international trade

#### **Outcome 3**

- ◆ describe a classification system including examples of countries in each category
- ◆ explain two characteristics of an economy in transition
- ◆ explain two characteristics of a developing country
- ◆ analyse one issue facing an economy in transition
- ◆ analyse one issue facing a developing country

#### **Outcome 4**

- ◆ explain two characteristics of MNEs
- ◆ describe the importance of MNEs to the world economy
- ◆ analyse the impact of MNEs on domestic economies

All outcomes may be assessed together or outcome by outcome under open-book conditions. An investigative approach should be taken by learners to enable them to evidence all of the evidence requirements at SCQF level 8.

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### Support notes

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

Unit support notes are offered as guidance and 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

Where possible current material and examples should be used to allow learners to relate a contemporary view of the world economy with economic theory and so expand their knowledge and understanding. Learners could be encouraged to take an investigative approach to build a portfolio of evidence to demonstrate their understanding of international trade and the global economic environment.

Outcome 1 introduces the basic elements of international trade theory and policy. In this outcome learners are introduced to the interrelationships between countries showing how international transactions take place. This theory and policy should be investigated using current examples from international trading. Learners will be expected to spend some time considering not only examples but gain underpinning knowledge based upon international trade theory. This will allow learners to build on the introduction to markets they received in the unit J461 47 *Economic Issues: An Introduction* if delivered as part of SQA Advanced Diploma in *Business* and to examine markets in an international context. This helps learners to explore the case for and against free trade, consider protectionism and assists in introducing the WTO, IMF and World Bank. Free trade is further examined when the learner studies the role of the WTO in promoting free trade and world trading blocs.

Outcome 2 builds on the examination of the movement of goods and services. Learners should be introduced to the way in which world trade is financed. This outcome allows the learner to examine the measurement of the UK balance of payments. This assists the exploration of patterns in trade, and helps the learner further understand comparative advantage and how it changes over time. Learners should be introduced to a number of exchange rate systems, and along with balance of payments data should allow students to analyse the significance of these systems and these balances on economies. This outcome should help learners to develop their analytical skills when reviewing statistical information.

Outcome 3 focuses on groups of countries and their classification, and the issues that they have to confront in a globalised economy. This outcome allows learners to develop their knowledge of economies which are at different stages of economic development and the challenges and issues which they face. Learners will further develop knowledge of world trade and refine their analytical skills through the examination of current issues. This outcome lends itself well to the study of specific countries.

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Outcome 4 allows for the exploration of MNEs and their important role in the world economy. This outcome should begin with a definition of such firms and an examination of their characteristics. The significance of the MNEs to the world economy could be investigated referring to current examples of well-known brands allowing learners to put this learning into context. Consideration of case studies on current MNEs and their impact on specific economies will support learning on this outcome.

### **Guidance on approaches to the delivery of this unit**

Teaching of this unit should be based around practical applications of the content of each of the outcomes. Where possible the use of issues within the current international economic environment should be referred to in order to illustrate theoretical concepts. Frequent reference to current relevant articles and/or the web should be used in the delivery of this unit, and learners should have the opportunity to research current information from a variety of sources. The use of educational websites can provide a valuable resource, containing up to date data, notes, articles, activities and exercises, and the use of such sites is encouraged. The use of such materials can ensure that learners participate in learning more effectively.

Learners should be provided with support on research skills and techniques.

### **Guidance on approaches to assessment of this unit**

Evidence can be generated using different types of assessment. The following are suggestions only. There may be other methods that would be more suitable to learners.

Centres are reminded that prior verification of centre-devised assessments would help to ensure that the national standard is being met. Where learners experience a range of assessment methods, this helps them to develop different skills that should be transferable to work or further and higher education.

### **Outcomes 1, 2, 3 and 4 may be assessed by:**

An open-book assessment that will allow learners to develop their research skills. An investigative approach should be taken by learners to enable them to build a portfolio of evidence that demonstrates an understanding of the world economy. This portfolio would be derived from learner's own independent research. It will not be necessary to supervise the learner during preparation of the evidence however all sources of information must be referenced. Learners may find suitable evidence via the web, newspapers, journals and other sources. Stimulus material in the form of an outline structure may be provided to the learner at the start of the unit.

Learners could produce a portfolio of evidence which may be written or oral and will include the learner's own written/oral response guided between 2,000 and 2,500 words.

Learners could make an oral presentation of approximately 20 minutes duration, complemented by a suitable checklist to record the presentation of evidence.

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Any written work used in the presentation, eg presentation software slides, etc. should be submitted to the lecturer subsequent to the presentation being made. Where an oral presentation is made, a suitable checklist may be developed by the learner to record their presentation of evidence. Lecturers should record oral presentations by digital means.

Where evidence is presented orally, a checklist may be used by the learner 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 learner 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 learners 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 learners have developed their own checklist, the responsibility remains with the assessor to ensure that the evidence requirements have been met.

### Opportunities for e-assessment

E-assessment may be appropriate for some assessments in this unit. By e-assessment, we mean assessment which is supported by Information and Communication Technology, such as e-testing or the use of e-portfolios or social software. Centres wishing to use e-assessment must ensure that the national standard is applied to all learner evidence and that conditions of assessment — as specified in the evidence requirements — are met, regardless of the mode of gathering evidence. The most up-to-date guidance on the use of e-assessment to support SQA's qualifications is available at: [www.sqa.org.uk/e-assessment](http://www.sqa.org.uk/e-assessment).

### Opportunities for developing Core and other essential skills

There are opportunities to develop the Core Skill of:

- ◆ The component Written Communication (Reading) of the Core Skill *Communication at SCQF level 6*

All four outcomes, and the evidence requirements associated with them, ie production of a portfolio of evidence, may contribute to aspects of this Core Skill. In all cases, the Core Skill could be developed without formal certification. Learners taking this unit are expected to read and understand complex written information — the general skill of this component. They are expected to make use of economic concepts, theories and policies, and will have to read relevant material relating to these ideas. This information may be obtained from textbooks, articles and websites which contain complex subject specific material. Learners will have to evaluate how well materials meet their needs. Learners will be required to read and prepare notes from such sources which will require that they identify and summarise relevant ideas and supporting details through their reading of the information available. Learners will have to

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prepare materials to be included within the portfolio, this will include researching, reading and summarising of notes and other materials.

- ◆ The component Written Communication (Writing) of the Core Skill *Communication* at SCQF level 6

The evidence requirements for this unit requires learners to produce extended pieces of writing. The written communication should present an analysis and evaluation of economic concepts and policy. Responses should be clear, structured in a logical and coherent manner and demonstrate the correct use of economic terms.

- ◆ The component Critical Thinking of the Core Skill *Problem Solving* at SCQF level 5

The production of a portfolio will provide the opportunity for learners to analyse situations, and to clarify the relationships between nations and organisations. Learners should evaluate situation and draw conclusions from their analysis.

The Critical Thinking component of Problem Solving at SCQF level 6 is embedded in this unit. When a learner achieves the unit, their Core Skills profile will also be updated to include this component.



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### History of changes to unit

Version	Description of change	Date

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SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of SQA Advanced Qualifications.

#### Further information

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

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### General information for learners

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

This section will help you to decide whether this is the unit for you by explaining: what the unit is about; what you should know or be able to do before you start; what you will need to do during the unit; and opportunities for further learning and employment.

This is a 1 credit unit 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 four outcomes which introduce you to:

- 1 international trade
- 2 international payments and exchange rates
- 3 economic development issues
- 4 multinational enterprises

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 lecturer at the start of this unit and also through materials studied during your investigations.

A written submission covering all outcomes of the unit is likely to consist of a response of between 2,000 and 2,500 words in length, and may consist of graphical information and cases drawn from newspaper, journal, the internet or other sources.

Where evidence is presented orally the presentation should be supplemented by evidence drawn from relevant sources, as defined above. Your lecturer will take a record of your presentation to authenticate your evidence. An oral presentation covering all outcomes of the unit may be of approximately 20 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 within this unit.

The Critical Thinking component of Problem Solving at SCQF level 6 is embedded in this unit. When a learner achieves the unit, their Core Skills profile will also be updated to include this component.