



**L-Università
ta' Malta**

**MATSEC
Examinations Board**



SEC 10 Syllabus

Economics

2026

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Introduction

This syllabus is based on the curriculum principles outlined in *The National Curriculum Framework for All* (NCF) which was translated into law in 2012 and designed using the *Learning Outcomes Framework* that identify what students should know and be able to achieve by the end of their compulsory education.

As a learning outcomes-based syllabus, it addresses the holistic development of all learners and advocates a quality education for all as part of a coherent strategy for lifelong learning. It ensures that all children can obtain the necessary skills and attitudes to be future active citizens and to succeed at work and in society irrespective of socio-economic, cultural, racial, ethnic, religious, gender and sexual status. This syllabus provides equitable opportunities for all learners to achieve educational outcomes at the end of their schooling which will enable them to participate in lifelong and adult learning, reduce the high incidence of early school leaving and ensure that all learners attain key twenty-first century competences.

This programme also embeds learning outcomes related to cross-curricular themes, namely digital literacy; diversity; entrepreneurship creativity and innovation; sustainable development; learning to learn and cooperative learning and literacy. In this way students will be fully equipped with the skills, knowledge, attitudes and values needed to further learning, work, life and citizenship.

Economics is the study of how to use scarce resources in the best possible way. Households, businesses as well as governments are confronted with 'the economic problem' of alternative uses of limited resources. For this reason, Economics is also known as the science of choice. The nature of the subject shows the interrelation that exists between different topics. The social, political, environmental and economic ramifications inherent in the process of choosing will be considered.

Extensive media coverage of economic problems and events highlights the need for increased awareness of the economic environment in which we live and the economic forces that act upon our lives. This media coverage fosters a growing public perception of the impact of economic decision-making and the relevance of studying Economics.

The aims of the syllabus as a course of study are to:

- a) introduce basic economics concepts;
- b) raise awareness of economic issues both at the micro and at the macro level of the economy;
- c) raise awareness of sustainable and ethical ways of production and consumption.

Programme learning outcomes

Since the economic environment affects all members of society, an understanding of the way an economy operates is crucial for everybody. Economics is therefore directly relevant for everyone irrespective of the career path one chooses and not only for the range of careers directly involved in business or government policy. There are in fact various objectives underlying the teaching of the subject. These include the development of the learner as a person who is knowledgeable of the country's and the world's economic systems and as a person who is able to understand economic jargon and its impacts upon society and individuals. This calls for the need to cultivate critical awareness so that students do not take as given the current state of affairs but are encouraged to visualise how the social and economic order could be different. Economics therefore goes beyond the training of students into the world of adults since it also cultivates the nurturing of the critical and independent mind, which is crucial in fostering a mentality that embraces change.

Through the various modes of assessment included within this syllabus, teaching and learning Economics will now be integrated with school-based assessment. This will enable learners to make correct value judgements when editing/correcting their own work, encourage questioning, instill constructive skills by making use of different media as well as create an atmosphere where learners cultivate their critical and independent mind.

At the end of the programme, students should be able to:

- a. understand economic theory, terminology and principles
- b. apply this understanding to issues in microeconomics as well as macroeconomics
- c. analyse economic issues using the tools of economic analysis
- d. argue for and against an economic issue in order to give a reasoned judgement
- e. distinguish between facts and value judgements in economic issues
- f. understand and use basic economic numeracy and literacy
- g. take a greater part in decision-making processes in everyday life
- h. use examples from a variety of economies with special reference to the Maltese economy
- i. build on an excellent foundation for advanced study in Economics

List of Learning Outcomes

The learning outcomes of the Economics programme are the following:

- LO1.** I can formulate and pursue enquiries into aspects of the material world using basic economic concepts, as well as tools such as the Production Possibility curve to help me explain how best to allocate scarce resources. (Paper 1 and Paper 2)
- LO2.** I can use my knowledge and understanding of the market forces of demand and supply and of the price elasticities of demand (PED) and supply (PES) to explain and predict price changes in a free market and to apply them not only to the commodities market but also to the property market and the labour market. (Paper 2)
- LO3.** I can compare and contrast how output and costs change when a firm employs more of all the resources (long run) and when a firm employs more of only some resources (short run). (Paper 2)
- LO4.** I can use economic concepts to help me explore contemporary social, environmental and related issues and to think about challenges and opportunities that these issues raise. (Paper 1 and Paper 2)
- LO5.** I can use my understanding of national income data to evaluate and to predict changes in economic performance. (Paper 2)
- LO6.** I can use my understanding of the roles of money and credit institutions, sources of finance, interest rates and the RPI/HICP to examine and assess the impact of inflation and to examine policies intended to reduce the level of unemployment. (Paper 1 and Paper 2)
- LO7.** I can understand how Economics can help me reflect on issues of trade between countries and to understand the impact of countries having different currencies and that of countries using a common currency. (Paper 2)
- LO8.** I can use my knowledge in Economics to assess economic growth, economic development and income distribution both within a country and between developed and less developed countries in light of the United Nations' Sustainable Development Goals (SDGs). (Paper 1 and Paper 2)
- LO9.** I can apply my understanding of macroeconomic concepts to inform my thinking about large-scale problem solving in local contexts, to help me think about global challenges and to think critically about the impact of macroeconomic solutions on the environment and on resource sustainability. (Paper 2)

List of subject foci

The learning outcomes are structured into the following subject foci:

- 1.** Basic economic concepts and Resource allocation
- 2.** The Price Mechanism & its application to particular markets
- 3.** The Production function in the Short run and in the Long run (Production & Costs)
- 4.** Market failure and Government response
- 5.** National Income: measurement, interpretation and determination
- 6.** Inflation & Unemployment
- 7.** International trade
- 8.** Economic growth, economic development and the distribution of income and wealth.
- 9.** Macroeconomic policy

Programme Level Descriptors

This syllabus sets out the content and assessment arrangements for the award of Secondary Education Certificate in Economics at Level 1, 2 or 3. First teaching of this programme begins in September 2022. First award certificates will be issued in 2025.

The following levels refer to the qualification levels that can be obtained by candidates sitting for SEC examinations. These are generic statements that describe the depth and complexity of each level of study required to achieve an award at Level 1, 2 or 3 in Economics (level 1 being the lowest and level 3 the highest).

Level 1: At the end of the programme the candidate will have obtained basic knowledge, skills and competences in the subject such as basic repetitive communication skills and the ability to follow basic, simple instructions to complete tasks. Support is embedded within the task.

Level 2: At the end of the programme the candidate will have obtained good knowledge, skills and competence in the subject such as the interpretation of given information and ideas. The candidate will have developed the ability to carry out complex tasks. Limited support may be embedded within the task.

Level 3: At the end of the programme the candidate will autonomously apply knowledge and skills to a variety of complex tasks. Candidate will utilise critical thinking skills to analyse, evaluate and reflect upon their own work and that of others. Problem solving tasks may be part of the assessment process.

Learning Outcomes and Assessment Criteria

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| Subject Focus 1: | Basic economic concepts and Resource allocation |
| Learning Outcome 1: | I can formulate and pursue enquiries into aspects of the material world using basic economic concepts- as well as tools such as the Production Possibility curve to help me explain how best to allocate scarce resources. |
| (Paper 1 and Paper 2) | Scarcity, economic goods, free goods. choice, opportunity cost, production possibility curve, resource allocation, market economy, mixed economy, command economy, markets, market mechanism, environmental issues, environmental protection, fair trade, equity, sustainability. |

| Assessment Criteria (Level 1) | Assessment Criteria (Level 2) | Assessment Criteria (Level 3) |
|--|---|--|
| 1.1a Explain that resources are finite in relation to unlimited wants. <i>scarcity, economic goods, free goods</i> | 1.2a Relate the concept of 'choice' to the concept of scarcity. | 1.3a Assess how scarcity may result in inequality within an economy. |
| 1.1b Describe opportunity cost in words and/or by means of a Production Possibility Curve (PPC). | 1.2b Apply the concept of opportunity cost to choices made by individuals, businesses and/or government. | 1.3b Interpret the Production Possibility Curve (PPC) in terms of allocation of resources and/or in terms of opportunity cost. |
| 1.1c Define rational behaviour by consumers and/or producers. <i>maximisation of satisfaction, maximisation of profit</i> | 1.2c Illustrate the Production Possibility Curve (sketch, plot). | 1.3c Analyse the Production Possibility Curve (PPC) making reference to efficiency and inefficiency. |
| 1.1d List ways through which the limited resources have to be allocated by the market mechanism or by government or both. | 1.2d Describe ways through which the limited resources have to be allocated by the market mechanism or by government or both. | 1.3d Assess the role of markets in allocating resources with what Adam Smith described as an 'invisible hand'. |

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| | SDG 15 | |
| | | 1.3e Analyse the impact of the allocation of resources to individuals, firms and government whilst ensuring environmental protection. SDGs 12, 14 |
| 1.1f List the characteristics (features) of different economic systems: <i>market economy, command economy, mixed economy</i> | 1.2f Show how the three economic systems are used to solve the basic problems of scarcity and choice. | 1.3f Assess how market economy, command economy, and/or mixed economy allocate resources. |
| | | 1.3g Assess how allocation of resources impacts individuals and/or businesses in terms of equity, sustainability and/or environmental issues. |

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| Subject Focus 2: | The Price Mechanism & its application to particular markets |
| Learning Outcome 2: | <p>I can use my knowledge and understanding of the market forces of demand and supply and of the price elasticities of demand (PED) and supply (PES) to explain and predict price changes in a free market and to apply them not only to the commodities market but also to the property market and the labour market.</p> <p>Demand, effective demand, supply, law of demand, law of supply, demand curve, supply curve, price, non-price factors, normal goods, inferior goods, complements, substitutes, birth rate, death rate, immigration rate, emigration rate, life expectancy, movement along the demand/supply curve, movement of the demand/supply curve, equilibrium, equilibrium price, market price, equilibrium quantity, excess demand (shortage), excess supply (glut, surplus), price axis, quantity axis, Price elasticity of demand (PED), total revenue, total expenditure, (relatively/fairly) elastic demand, perfectly elastic demand, demand of unitary elasticity, (relatively/fairly) inelastic demand, perfectly inelastic demand, Price elasticity of supply (PES), (relatively/fairly) elastic supply, perfectly elastic supply, supply of unitary elasticity, (relatively/fairly) inelastic supply, perfectly inelastic supply, real estate, derived demand, labour productivity, vacancies, unemployment, wage differentials.</p> |
| (Paper 2) | |

| Assessment Criteria (Level 1) | Assessment Criteria (Level 2) | Assessment Criteria (Level 3) |
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| 2.1a Define effective demand (as not only the willingness but also the ability to buy at any given price over some given period of time). | | |
| 2.1b State the law of demand. (knowledge of exceptions to the law of demand will not be examined). | 2.2b Illustrate linear Demand curves (sketch, plot) with appropriate labelling of the axis to show the law of demand graphically. | 2.3b Distinguish between an extension and a contraction of demand. |

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| <p>2.1c State the non-price factors that affect demand in commodity markets.</p> <p><i>advertising, fashion, income, prices of complements and/or substitutes, population, which includes the main determinants of the size (birth, death, immigration and emigration rates) as well as of the population structure (age and gender distribution)</i></p> | <p>2.2c Elaborate on the non-price factors that affect demand in commodity markets.</p> <p><i>advertising, fashion, income, prices of complements and/or substitutes, population (as per 2.1c)</i></p> | <p>2.3c Compare and contrast the non-price factors that affect demand in commodity markets.</p> <p><i>advertising, fashion, income, prices of complements and/or substitutes, population (as per 2.1c)</i></p> |
| <p>2.1d Explain what is meant by shifts of the Demand curve with or without using a graph.</p> | <p>2.2d Relate shifts of the Demand curve to changes in non-price factors in commodity markets.</p> <p><i>advertising, fashion, income, prices of complements and/or substitutes, population (as per 2.1c)</i></p> | <p>2.3d Compare and contrast shifts of the Demand curve with movements along the Demand curve by means of a schedule and by means of a graph.</p> |
| <p>2.1e Define supply</p> <p>(as not existing inventories but the amount that producers are willing and able to produce at different prices over some given period of time).</p> | | |
| <p>2.1f State the law of supply.</p> | <p>2.2f Illustrate linear Supply curves (sketch, plot) with appropriate labelling of the axis to show the law of supply graphically.</p> | <p>2.3f Distinguish between an extension and a contraction of supply.</p> |
| <p>2.1g State the non-price factors that affect supply in commodity markets.</p> | <p>2.2g Elaborate on the non-price factors that affect supply in commodity markets.</p> | <p>2.3g Compare and contrast the non-price factors that affect supply in commodity markets.</p> |

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| <p><i>technology, costs of production, indirect taxes, subsidies, natural factors (ex. weather)</i></p> | <p><i>technology, costs of production, indirect taxes, subsidies, natural factors (ex. weather)</i></p> | <p><i>technology, costs of production, indirect taxes, subsidies, natural factors (ex. weather)</i></p> |
| <p>2.1h Explain what is meant by shifts of the Supply curve with or without using a graph.</p> | <p>2.2h Relate shifts of the Supply curve to changes in non-price factors in commodity markets.</p> <p><i>technology, costs of production, indirect taxes, subsidies, natural factors (ex. weather)</i></p> | <p>2.3h Compare and contrast shifts of the Supply curve with movements along the Supply curve by means of a schedule and by means of a graph.</p> |
| <p>2.1i Identify situations of equilibrium, excess demand (shortage) and/or excess supply (surplus / glut) from a schedule and/or from a graph.</p> | <p>2.2i Illustrate linear Demand and Supply curves (sketch, plot) to show situations of equilibrium, excess demand and excess supply with appropriate labelling of the axis and the curves.</p> | <p>2.3i Assess the effect on the equilibrium price (market price) and equilibrium quantity of a shift of either the demand or supply curve or both as a result of a change in one or more non-price factor (the four laws of the market).</p> |
| | <p>2.2j Distinguish between demand and supply</p> | <p>2.3j Compare and contrast a contraction or extension of demand with a contraction or extension of supply</p> |
| | | <p>2.3k Compare and contrast shifts of demand and supply.</p> |
| <p>2.1l Describe price elasticity of demand (PED) and calculate the price elasticity of demand for different goods or services, using the formula for PED.</p> <p>The percentage change (%Δ) in both Price and Quantity demanded may be worked out on the original or on the average of the given prices/quantities.</p> | <p>2.2l Show, by way of the formula for PED, whether demand is relatively (fairly) elastic, relatively (fairly) inelastic, of unitary elasticity, perfectly elastic or perfectly inelastic.</p> | <p>2.3l Show, by way of the relationship between the change in price and the change in total revenue/expenditure, whether demand is elastic, inelastic or unitary elastic and compare this result to calculations using the PED formula.</p> |

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| <p>2.1m Identify an elastic demand curve and/or an inelastic demand curve.</p> | <p>2.2m Predict, by way of the determinants of PED, whether the demand for a given commodity is relatively elastic or relatively inelastic (availability of substitutes, necessities and luxuries, habit-forming goods, the proportion of income spent on the commodity, postponing purchase).</p> | <p>2.3m Evaluate the usefulness of knowing the PED of a commodity for the producers and for the government.</p> |
| <p>2.1n Describe price elasticity of supply (PES) and calculate the price elasticity of supply for different goods or services, using the formula for PES.</p> <p>The percentage change (%Δ) in both Price and Quantity supplied is be worked out on the original or on the average of the given prices/quantities.</p> | <p>2.2n Show, by way of the formula for PES, whether supply is relatively (fairly) elastic, relatively (fairly) inelastic, of unitary elasticity, perfectly elastic or perfectly inelastic.</p> | |
| <p>2.1o Identify an elastic supply curve and/or an inelastic supply curve.</p> | <p>2.2o Predict, by way of the determinants of PES, whether the supply for a given commodity is relatively elastic or relatively inelastic (industry operating above/below capacity, level of inventory held by suppliers, situation of unemployment / full employment, supply in short run / long run, industries where the expansion of capacity takes a short/long time).</p> | |

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| <p>2.1p State the key non-price factors that drive the property market: Demographics, Interest Rates, the Economy (economic indicators such as GDP) and Government policies/subsidies.</p> | <p>2.2p Elaborate on the key non-price factors that drive the property market (excluding the rental property market).</p> | <p>2.3p Assess the effect on the equilibrium price and quantity of the property market (excluding the rental property market) as a result of a change in one non-price factor.</p> |
| <p>2.1q Define derived demand.</p> | <p>2.2q Show, by way of real-world examples, that the demand for labour is a derived demand.</p> | |
| <p>2.1r State the factors that affect the demand for labour, both wage and non-wage factors (labour productivity in physical terms and the price of the product). Knowledge of the MRP of labour is not required and candidates will not be asked to prove why the demand for labour is downward-sloping.</p> | | |
| <p>2.1s State the factors that affect the supply of labour, both wage and non-wage factors. The latter are divided into factors affecting the total supply of labour and factors affecting the supply of labour to particular industries or occupations (ex. the supply of teachers).</p> <p>Neither knowledge nor awareness of the backward-bending supply curve is required.</p> | <p>2.2s Illustrate linear Demand and Supply curves (sketch, plot) to show situations of equilibrium, excess demand (Vacancies) and/or excess supply (Unemployment) in labour markets with appropriate labelling of the axis and the curves.</p> | <p>2.3s Assess the effect on the equilibrium wage and equilibrium quantity of labour of a shift of either the demand or supply curve or both as a result of a change in one or more non-wage factor.</p> |
| | | <p>2.3t Give reasons for wage differentials between occupations by reference to the</p> |

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| | | factors affecting the demand and supply of labour. |
| | | 2.3u Give reasons for wage differentials within the same occupation (including SDG 5, SDG 10; Fair Trade Principle 4). |

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| Subject Focus 3: The Production function in the Short run and in the Long run (Production & Costs) | |
| Learning Outcome 3: | I can compare and contrast how output and costs change when a firm employs more of all the resources (long run) and when a firm employs more of only some resources (short run). |
| (Paper 2) | Production, goods, services, direct (personal) services, indirect (impersonal/commercial) services, factors of production, land, labour, capital, entrepreneurship, sectors of production, primary sector, secondary sector, tertiary sector, specialisation by product, specialisation by process (division of labour), total product, average product, marginal product, total cost, variable cost, fixed cost, average total cost, average variable cost, average fixed cost, money cost, short-run cost, long-run cost, short run, long run, law of diminishing returns, returns to scale, internal economies of scale, internal diseconomies of scale, fair trade, World Fair Trade Organisation (WFTO). |

| Assessment Criteria (Level 1) | Assessment Criteria (Level 2) | Assessment Criteria (Level 3) |
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| 3.1a Define production. | 3.2a Classify the output of the production process into goods and services. | 3.3a Classify the output of goods into Consumer goods and Producer goods and the output of Services into Personal (Direct) services and Commercial (impersonal, indirect) services. |
| 3.1b Define factors of production. <i>Land, Labour, Capital, Entrepreneurship</i> | 3.2b Classify the factors of production into Land, Labour, Capital and Entrepreneurship. | 3.3b Explain the importance of Land, Labour, Capital and/or Entrepreneurship in production. |
| 3.1c Identify productive activities in each of the primary, secondary and tertiary sectors of the economy with special reference to the productive activities carried out in the Maltese islands. | 3.2c Describe primary, secondary and/or tertiary sector of production. | 3.3c Explain the importance of each of the sectors of production in relation to the production process. |
| 3.1d Define specialisation (specialisation by product) and division of labour (specialisation by process). | 3.2d Assess the advantages and/or the disadvantages of the division of labour and how these disadvantages may be overcome. | 3.3d Relate the division of labour to the law of diminishing returns. |

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| <p>3.1e Define Total Product (TP), Average Product (AP), Marginal Product (MP), Total Cost (TC), Variable Cost (VC), Fixed Cost (FC), Average Total Cost (ATC), Average Variable Cost (AVC), Average Fixed Cost (AFC).</p> <p>Knowledge of Marginal Cost (MC) is not required.</p> | <p>3.2e Calculate Total Product (TP), Average Product (AP), Marginal Product (MP), Total Cost (TC), Variable Cost (VC), Fixed Cost (FC), Average Total Cost (ATC), Average Variable Cost (AVC), Average Fixed Cost (AFC).</p> <p>Knowledge of Marginal Cost (MC) is not required.</p> | <p>3.3e Illustrate curves (sketch, plot) depicting (i) TP, AP and MP and (ii) TC, VC, FC and their averages.</p> |
| | | <p>3.3f Distinguish between the following types of costs: money and opportunity, fixed and variable, short-run and long-run.</p> |
| <p>3.1g Identify the shape of both production curves and cost curves in the short run (AP, MP, ATC, AVC, AFC).</p> | <p>3.2g Relate increases in output to increases in the employment of factors of production and/or to costs in the short run (the Law of Diminishing Returns) and/or in the long run (the principle of Returns to Scale).</p> | <p>3.3g Compare and contrast internal economies and diseconomies of scale.</p> <p>Knowledge of external economies and diseconomies of scale is not required.</p> |
| <p>3.1h State a number of principles of 'fair trade' according to the World Fair Trade Organisation (WFTO).</p> <p><i>Principles 3, 4, 5, 9, 10</i></p> | <p>3.2h Show that lowering of costs should not come through the exploitation of cheap labour nor at the expense of fair trade.</p> | <p>3.3h Apply the principles of 'fair trade' to real-world situations.</p> <p><i>Principles 3, 4, 5, 9, 10</i></p> |

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| Subject Focus 4: | Market failure and Government response |
| Learning Outcome 4: | I can use economic concepts to help me explore contemporary social, environmental and related issues and to think about challenges and opportunities that these issues raise. |
| (Paper 1 and Paper 2) | Market failure, public goods, merit goods, demerit goods, private sector, externalities, positive externalities, negative externalities, private costs, social costs, private benefits, social benefits, fines, taxes, subsidies, price floor, price ceiling, cheap labour, child labour, market-based ways to tackle market failure, law-based ways to tackle market failure. |

| Assessment Criteria (Level 1) | Assessment Criteria (Level 2) | Assessment Criteria (Level 3) |
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| 4.1a Identify instances of market failure. <i>SDG 13, 14 & 15</i> | 4.2a Explain why most businesses bring about market failure by seeking their own best interest i.e. to maximise profit (short-termism). <i>SDG 13, 14 & 15.</i> | 4.3a Assess the significance of market failure in the context of an economy dominated by free market behaviour and/or its exploitation of less developed countries. |
| 4.1b Identify examples of public goods. | 4.2b Explain why the private sector will not provide public goods. | |
| 4.1c Identify examples of merit goods and/or demerit goods. | 4.2c Explain why merit goods are under-supplied while demerit goods are over-supplied by the free market. | 4.3c Relate forms of government intervention that may be required in order to: (i) increase the production and consumption of merit goods; (ii) decrease the production and consumption of demerit goods. |
| 4.1d Identify examples of negative and/or positive externalities. | 4.2d Explain why costs caused by a business but borne by others (negative externalities) will not be accounted for. | 4.3d Distinguish between private benefits and social benefits and between private costs and social costs. |

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| <p>4.1e Identify government policies that seek to address negative and/or positive externalities.</p> | <p>4.2e Explain the effect of government policies to correct market failure through fines, taxes and/or subsidies.</p> <p><i>SDG 13, 14 & 15</i></p> | <p>4.3e Assess current and/or possible future policies that may be adopted to address market failure.</p> <p><i>SDG 13, 14 & 15</i></p> |
| | | <p>4.3f Evaluate how current or future policies to correct market failure may contribute towards the SDGs 2030.</p> <p><i>SDG 13, 14 & 15</i></p> |
| | | <p>4.3g Evaluate the effect that failure to account for these costs/benefits means that there is no reason to increase/decrease the behaviours that cause the costs/benefits.</p> |
| <p>4.1h Define price floor and/or price ceiling.</p> | <p>4.2h Assess various effects of an authority: (i) setting a price floor above the market price and/or (ii) setting a price ceiling below the market price. (Knowledge of EU Common Agricultural Policy and Common Fisheries Policy is not required.)</p> | <p>4.3h Distinguish between price floor and price ceiling by means of Price-Quantity graphs. (Knowledge of EU Common Agricultural Policy and Common Fisheries Policy is not required.)</p> |
| <p>4.1i Identify from a case study whether cheap prices are resulting through efficient methods of production and/or through the use of means such as cheap and child labour or low health and safety regulated factories.</p> <p><i>SDG 8</i></p> | <p>4.2i Describe efficient and/or unethical methods of lowering production costs such as cheap and child labour or low health and safety regulated factories.</p> <p><i>SDG 8</i></p> | |

4.2j Describe market-based and/or law-based ways to tackle market failure.

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| Subject Focus 5: National Income: measurement, interpretation and determination | |
| Learning Outcome 5: | I can use my understanding of national income data to evaluate and to predict changes in economic performance. |
| (Paper 2) | Gross Domestic Product (GDP), nominal GDP, real GDP, per capita real GDP, economic performance, injections (J), withdrawals (W), circular flow of income, investment (I), government expenditure (G), exports (X), saving (S), Taxation (T), imports (M), Final consumption expenditure, economic cycle, boom, recession, slump, recovery, consumption, closed economy, open economy. |

| Assessment Criteria (Level 1) | Assessment Criteria (Level 2) | Assessment Criteria (Level 3) |
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| 5.1a Explain Gross Domestic Product (GDP) and its use as an indicator of economic performance. | 5.2a Calculate the nominal GDP from national income data, using the formula for the Expenditure approach, i.e. $GDP = FCE + I + X - M$, where FCE (Final Consumption Expenditure) is the sum of the consumption of Households (H), Non-Profit Institutions Serving Households (NPISH) and Government (G) or $FCE = C_H + C_{NPISH} + C_G$. | |
| 5.1b Define real GDP. | 5.2b Distinguish between nominal GDP and real GDP. | 5.3b Evaluate the performance of economies across time and countries, by way of the measure of per capita real GDP. |
| | 5.2c Calculate real GDP and/or per capita real GDP. | 5.3c Discuss the limitations of the use of per capita real GDP in judging the performance of economies. |

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| <p>5.1d Explain how income flows between households and firms within a closed economy and the concept of injections (J) and withdrawals (W).</p> <p><i>the circular flow of income</i></p> | <p>5.2d Show that in an open economy there are three injections (Investment, Government expenditure and Exports or I, G, X) and three withdrawals (Saving, Taxation and Imports or S, T, M) and that a state of equilibrium is achieved when $I+G+X=S+T+M$.</p> | <p>5.3d Evaluate the implications of imbalances between injections and withdrawals, with reference to the multiplier effect, which may result in economic growth or economic recession.</p> |
| <p>5.1e Identify the four phases of the economic cycle (Boom, Recession, Slump, Recovery) through changes in real GDP.</p> | <p>5.2e Relate each of the four phases of the economic cycle to consumption, investment, unemployment, the balance of trade, government tax revenues and inflationary pressures.</p> | <p>5.3e Distinguish between the four phases of the economic cycle.</p> |

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| Subject Focus 6: Inflation & Unemployment | |
| Learning Outcome 6: | I can use my understanding of the roles of money and credit institutions, sources of finance, interest rates and the RPI/HICP to examine and assess the impact of inflation and to examine policies intended to reduce the level of unemployment. |
| (Paper 1 and Paper 2) | Money, functions of money, characteristics of money, currency in circulation, bank deposits, barter system, credit institutions, commercial banks, national central banks, finance, interest, interest rate, inflation, deflation, cost-push inflation, demand-pull inflation, Retail Price Index (RPI, Harmonised Index of Consumer Prices (HICP), unemployment, frictional unemployment, structural unemployment, seasonal unemployment, real wage unemployment, cyclical unemployment. |

| Assessment Criteria (Level 1) | Assessment Criteria (Level 2) | Assessment Criteria (Level 3) |
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| 6.1a Describe the functions of money and/or the characteristics that this medium should have to be used as money. | 6.2a Describe the main forms of money. <i>currency in circulation or cash and/or bank deposits and/or cryptocurrencies</i> | 6.3a Compare and contrast trade using the barter system with trade using money. |
| 6.1b List the main roles of credit institutions. <i>accepting deposits, providing loans and money transmission services</i> | 6.2b Elaborate on the main roles of credit institutions. <i>SDG 8, 13</i> | 6.3b Compare and contrast the main roles of credit institutions such as commercial banks with those of a national central bank (NCB) that is a member of the Eurosystem, such as the Central Bank of Malta (CBM). |
| 6.1c List different internal and/or external sources of finance available to firms in the short run and/or in the long run. | 6.2c Elaborate on different internal and/or external sources of finance available to firms in the short run and/or in the long run. | 6.3c Compare and contrast different internal and/or external sources of finance available to firms in the short run and/or in the long run. |
| 6.1d Explain that interest is the price of money. | 6.2d Describe the impact of changes in interest rates on savings and investment. | 6.3d Show the impact of changes in interest rates using the Loanable Funds Theory in terms of demand and supply. |

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| <p>6.1e Describe how inflation is measured.</p> | <p>6.2e Calculate the inflation rate as a percentage. (Calculation of weighted index is not required.)</p> | <p>6.3e Distinguish between the RPI and the HICP.</p> |
| <p>6.1f Define inflation and/or deflation.</p> | <p>6.2f Elaborate on two general causes of inflation: cost-push and/or demand-pull inflation.</p> | <p>6.3f Assess the impact of inflation (cost-push and/or demand-pull) on households and businesses.</p> |
| <p>6.1g Describe unemployment.</p> | <p>6.2g Calculate unemployment rates.</p> | <p>6.3g Explain why variations in unemployment rates may arise among different age groups, gender and/or other social groups.</p> <p><i>SDGs 5, 8</i></p> |
| <p>6.1h List different types of unemployment. <i>frictional, structural, seasonal, real wage and/or cyclical</i></p> | | <p>6.3h Evaluate different policies to reduce each type of unemployment.</p> <p><i>frictional, structural, seasonal, real wage and/or cyclical</i></p> |

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| Subject Focus 7: | International trade |
| Learning Outcome 7: | I can understand how Economics can help me reflect on issues of trade between countries and to understand the impact of countries having different currencies and that of countries using a common currency. |
| (Paper 2) | International trade, international competitiveness, exports, imports, balance of payments, balance of trade, current balance, European Union (EU), exchange rates, foreign exchange (forex) markets, the Euro. |

| Assessment Criteria (Level 1) | Assessment Criteria (Level 2) | Assessment Criteria (Level 3) |
|--|---|--|
| 7.1a Define international trade. | 7.2a Classify transactions into international trade and domestic trade. | 7.3a Assess the benefits arising from international trade. |
| 7.1b State the factors that determine international competitiveness. <i>productivity, inflation, exchange rates, tax rates, infrastructure and the cost of doing business</i> | 7.2b Elaborate on the factors that determine international competitiveness. | 7.3b Assess the benefits of improving international competitiveness. |
| 7.1c Explain exports, imports and/or Balance of Payments in terms of international currency flows. | 7.2c Show how to calculate the balance of trade, and/or the current account balance and recognise whether such balances are in equilibrium, in surplus or in deficit. | 7.3c Give reasons for a deficit or a surplus on the balance of trade and/or on the current account of the Balance of Payments. |
| 7.1d State the main economic objectives of the European Union (EU). <i>free trade area, customs union, common market, economic union, monetary union</i> | 7.2d Describe Free Trade Area, Customs Union, Common Market, Economic Union and/or Monetary Union. | 7.3d Compare and contrast Free Trade Area, Customs Union, Common Market, including their impact on international trade. |

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| 7.1e Define exchange rates. | 7.2e Calculate the impact of exchange rate changes on domestic prices. | 7.3e Assess the importance of exchange rates in international trade. |
| | 7.2f List reasons affecting the appreciation and depreciation of a currency. | |
| 7.1g State that the demand for a currency depends on the country's exports. | | |
| 7.1h State that the supply of a currency depends on the country's imports. | 7.2h Illustrate linear Demand and Supply curves (sketch, plot) to show situations of equilibrium, excess demand (appreciation) and/or excess supply (depreciation) in foreign exchange (forex) markets with appropriate labelling of the axis and the curves. | 7.3h Assess the effect on the equilibrium exchange rate of a shift of either the demand or supply curve or both as a result of an increase and/or decrease in a country's exports and imports. |
| | 7.2i Relate the effect of changes in the exchange rate to the relative price of goods and services traded by countries. | 7.3i Evaluate possible advantages and disadvantages of a single currency such as the Euro (€). |

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| Subject Focus 8: | Economic growth, economic development and the distribution of income and wealth |
| Learning Outcome 8: | I can use my knowledge in Economics to assess economic growth, economic development and income distribution both within a country and between developed and less developed countries in light of the United Nations' Sustainable Development Goals (SDGs). |
| (Paper 1 and Paper 2) | Economic growth, economic development, developed countries, less developed countries (LDCs), resource sustainability, Sustainable Development Goals (SDGs), income, wealth. |

| Assessment Criteria (Level 1) | Assessment Criteria (Level 2) | Assessment Criteria (Level 3) |
|--|---|---|
| 8.1a Define economic growth. | 8.2a Show how short-term economic growth is measured by year-on-year percentage increases in real GDP per capita. | |
| 8.1b Explain possible causes of economic growth in terms of an increase in the quantity and/or quality of the factors of production. | 8.2b Show how long-term economic growth is represented by a shift of the production possibility curve. | 8.3b Assess the possible limitations (threats / challenges) to economic growth. |
| 8.1c Define economic development. | | 8.3c Distinguish between economic growth and economic development. |
| | | 8.3d Analyse the impact of scarcity on less developed countries. |

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| <p>8.1e State the three pillars of resource sustainability.</p> <p><i>economic development, social development and/or environmental protection</i></p> | <p>8.2e Show how resource sustainability could be achieved and/or the constraints that may prevent it occurring.</p> | <p>8.3e Give reasons to show that resource sustainability is an important environmental and economic goal.</p> |
| <p>8.1f List the Sustainable Development Goals.</p> <p><i>SDGs 1, 5, 8, 9, 10, 11, 13</i></p> | <p>8.2f Give reasons for the UN creating the Sustainable Development Goals (SDGs). (This is restricted to the SDGs as a whole and not to specific SDGs.)</p> | |
| <p>8.1g State the main characteristics of LDCs.</p> | | <p>8.3g. Explain why a LDC with the same economic growth rate as a developed country will not catch up with the developed country.</p> |
| <p>8.1h Define income and/or wealth.</p> | <p>8.2h Explain the relation of wealth to income and income to wealth.</p> | |
| | <p>8.2i Discuss the concept of uneven income distribution. (excluding the Lorenz curve)</p> | <p>8.3i Analyse the impact of taxation and government spending on income distribution.</p> |
| | <p>8.2j Discuss the concept of uneven wealth distribution. (excluding the Lorenz curve)</p> | <p>8.3j Explain the effect of government policies in redistributing wealth properly and equitably, paying special attention to vulnerable categories.</p> <p><i>SDG 10</i></p> |

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| Subject Focus 9: | Macroeconomic policy |
| Learning Outcome 9: | I can apply my understanding of macroeconomic concepts to inform my thinking about large-scale problem solving in local contexts, to help me think about global challenges and to think critically about the impact of macroeconomic solutions on the environment and on resource sustainability. |
| (Paper 2) | Direct tax, indirect tax, progressive tax, proportional tax, regressive tax, the government’s budget, balanced budget, budget deficit, budget surplus, demand-side policies, supply-side policies. |

| Assessment Criteria (Level 1) | Assessment Criteria (Level 2) | Assessment Criteria (Level 3) |
|---|--|---|
| <p>9.1a State the main items of government revenue, tax and non-tax.</p> <p><i>direct taxes, indirect taxes, social security contributions, capital taxes, rent of government property, profits of public corporations, dividends on shares owned by the government</i></p> | <p>9.2a Explain the main types of government tax revenue.</p> <p><i>direct taxes, indirect taxes, social security contributions, capital taxes</i></p> | <p>9.3a Compare and contrast the main types of government tax revenue.</p> <p><i>direct taxes, indirect taxes, social security contributions, capital taxes</i></p> |
| <p>9.1b Classify the main items of government tax revenue as progressive, regressive or proportional.</p> | <p>9.2b Show your understanding of progressive, regressive and proportional taxes by means of a graph.</p> | <p>9.3b Distinguish between the distribution and redistribution of income.</p> |
| <p>9.1c State the main items of government expenditure.</p> <p><i>providing public goods, providing merit goods, providing social security, regulating economic activity and influencing the allocation of resources, general administration</i></p> | <p>9.2c Show that an ageing population may be a strain on government expenditure.</p> | <p>9.3c Evaluate the government's budgetary balance, including its calculation from given data.</p> <p><i>balanced budget, budget deficit, budget surplus</i></p> |

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| <p>9.1d State the main macroeconomic goals. <i>a high and stable level of employment, price stability, a satisfactory balance of payments position, an acceptable rate of sustainable economic growth, an equitable distribution of income and wealth, environmental sustainability, sound government finances</i></p> | | <p>9.3d Relate the main macroeconomic goals to each other to show that there may be conflicts between them.</p> |
| <p>9.1e Describe demand-side policy options to achieve macroeconomic objectives. <i>monetary policy, fiscal policy</i></p> | <p>9.2e Elaborate on the role of the ECB in taking monetary policy decisions to maintain price stability.</p> | <p>9.3e Compare and/or contrast the monetary policy measures with the fiscal policy measures needed to achieve the macroeconomic objectives of a high and stable level of employment, price stability and/or a satisfactory balance of payments position.</p> |
| <p>9.1f Describe supply-side policy options to achieve macroeconomic objectives. <i>labour market policy, incomes policy, expenditure-switching policy</i></p> | <p>9.2f Show how sustainable choices can be made in a situation where resources are limited.</p> | <p>9.3f Elaborate on the supply-side measures needed to achieve the macroeconomic objectives of a high and stable level of employment, price stability and/or a satisfactory balance of payments position.</p> |
| <p>9.1g Outline investments on projects by the government for environmental purposes.</p> | <p>9.2g Show how governments try to force businesses to reduce their negative impact on the environment by market-based and/or law-based means. <i>tax per unit of pollution, laws banning or limiting polluting activities</i></p> | <p>9.3g Analyse case studies to understand the strengths and weaknesses of market-based versus law-based ways to force businesses to reduce their negative impact on the environment.</p> |

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| | | 9.3h Analyse economic case material to assess the environmental implications of different resource allocations in producing goods/providing services. |
| | | 9.3i Analyse current supply practices to lessen future exploitation and over-extraction of resources by profit-driven companies eg. the over-extraction of water from the water table in a region, putting lots of people in danger of dying because of dry wells and hence unsafe drinking water (SDG 12). |

Table 2 - Learning Outcomes and Assessment Criteria

Scheme of Assessment

School candidates

The assessment consists of:

Paper 1:

30% of the total marks from school-based assessment

Paper 2:

70% of the total marks; comprising of a two-hour written exam, set at the end of the programme and differentiated between two tiers:

- a. Levels 1 and 2;
- b. Levels 2 and 3.

Candidates can obtain a level higher than Level 1 if they satisfy the examiners in both papers, irrespective of the total marks obtained.

The controlled paper (Option Level 1-2 and Level 2-3) will consist of **FIVE** questions of 20 marks each.

Each question will focus on the LOs earmarked for Paper 2, and will include assessment criteria from all the syllabus. All questions are compulsory.

Controlled Assessment

Controlled Assessment (70% of the total mark)

Written Examination (100 marks; 2 hours)

The controlled component of the assessment will consist of **ONE** paper marked out of 100 marks and having a two-hour duration. This will carry 70% of the final mark and assessed externally. The paper will be set in English and answered in English. Candidates will be required to answer all questions.

The paper assesses all the Learning Outcomes designated for controlled assessment and will include assessment criteria from **ALL** Learning Outcomes.

The controlled assessment is differentiated between two categories. Candidates must choose to sit either the examination paper at Level 1-2 or at Level 2-3.

Levels 1 – 2

The written paper will consist of questions covering assessment criteria from the syllabus in ratio Level 1 40%; Level 2 60%. Questions will consist of short-answer questions, multiple choice questions, word bank questions, true/false statements with explanations and/or short data-response questions (descriptive, graphical and/or numerical). The questions set will assess the students' knowledge and understanding of the main concepts of the programme as well as the acquisition of the skill of application. All questions are compulsory and need to be answered in the space provided in the exam booklet.

Levels 2 – 3

The written paper will consist of questions covering assessment criteria from the syllabus in ratio Level 2 40%; Level 3 60%. Questions will consist of short-answer questions and/or short data-response questions (descriptive, graphical and/or numerical) and discussion questions requiring arguments to support a given statement, arguments against and a reasoned judgement or conclusion. The questions set will assess the students' knowledge and understanding of the main concepts of the programme as well as the acquisition of the skills of application, analysis and evaluation. All questions are compulsory and need to be answered in the space provided in the exam booklet.

Private candidates

Private candidates will not be expected to submit the school-based assessment mark as school candidates. Instead, private candidates need to sit for another controlled paper as an alternative to the coursework. Private candidates will be assessed by means of **TWO** controlled papers, one of which is common with school candidates.

Paper 1 – Private Candidates Only (30% of the total mark)

This paper will have a two-hour duration and consist of **FOUR** compulsory questions. The paper will assess all Learning Outcomes suggested for SBA, and may include assessment criteria from **ALL** the syllabus.

The paper will be set in English and answered in English. Candidates will be required to answer all questions.

The private candidates' paper will be structured as follows:

Levels 1- 2 - 3

Candidates answer **FOUR** compulsory questions assessing Level 1 30%, Level 2 30% and Level 3 40%. Questions include short-answer questions, multiple choice questions, word bank questions, true/false statements (with explanations) and/or short data-response questions (descriptive, graphical and/or numerical), and discussion questions requiring arguments to support a given statement, arguments against and a reasoned judgement or conclusion.

Paper Two is common with school candidates. (70% of the total mark)