



SYLLABUS
ECONOMICS

LEARNING OUTCOMES OF THE COURSE

1. To promote an understanding of the economic system in Zimbabwe, and the southern African region.
2. To develop an ability to read about the economy with insight and understanding, as well as to be able to analyse certain statistics in a meaningful way.
3. To develop a sound fundamental knowledge and understanding of economic principles in the context of Zimbabwe and regional economic problems as is needed by a manager who relies on a sound economic foundation in business.

RECOMMENDED TEXTBOOKS

The principles of Micro-Economics, and The Principles of Macro-Economics both by Norbert Haydam (latest editions published by van Schalk Publishers).

Introduction to Economics by Samuelson (latest edition published by McGraw Hill).

Positive Economics by Lipsey & Crystal (latest edition published by Oxford University Press).

Rapid Results College publication.

Note – it is essential for the student to read current economic commentaries issued by the financial institutions and articles published in the financial newspapers and magazines.

WEIGHTED VALUES OF THIS SYLLABUS

TOPIC	WEIGHT
INTRODUCTION TO ECONOMICS	8%
MICRO-ECONOMICS	20%
MACRO-ECONOMICS	15%
INTERNATIONAL TRADE AND FINANCE	15%
MONETARY THEORY AND POLICY	15%
PUBLIC FINANCE	15%
LABOUR ECONOMICS	6%
GROWTH AND DEVELOPMENT OF THE ECONOMY	6%

DETAILED SYLLABUS

INTRODUCTION TO ECONOMICS

- The Economic Problem – Unlimited wants: limited means; scarcity and problem of choice; economic activity; factors of production.
- Production – Employment of scarce resources; gains from trade; opportunity costs.
- Economic Systems – Capitalism; Socialism; Communism, and evaluation of these systems.
- The structure of Economics – Micro and macro economic.

MICRO-ECONOMICS

- Demand and Supply – Demand curves and reason for changes in demand; supply curves and reasons for changes in supply; market price determination; price fixing and short and long term equilibrium.
- Elasticity of demand – Forms of elasticity, price elasticity through demand and supply; application of price elasticity to business demand and supply; other forms of elasticity.
- Theory of Demand and Utility – Meaning of utility; law of diminishing utility; consumption possibilities; indifference curve; consumer budgets; consumer equilibrium; income and substitution effects.
- Theories of Costs and Production – Input/output relationships; law of diminishing returns; production objectives in business; short-term costs relative to size of operations and profit maximization.
- Market Structures – Characteristics of perfect competitive market including output decisions based on demand and supply curves; characteristics of a monopoly and decision making for determining output; comparison between perfect competition and monopoly; monopolistic competitive markets; oligopoly.

MACRO-ECONOMICS

- Macro-Economic Activities – The meanings of and measuring gross domestic product, gross national product, per capita income; nominal, real and potential gross domestic product.
- Macro-Economic Equilibrium – Application of $Y=C+I+G(X-M)$.
- Aggregate Demand and Aggregate Supply – Interaction; relationships in the expenditure/income model; the AS-AD model multiplier.

INTERNATIONAL TRADE AND FINANCE

- Basis of International Trade – Its importance; theory of comparative advantage; protectionism.
- Nature and Scope of International Trade – Its value and means of encouragement; Zimbabwe's import and export patterns and balance of payments.

- ❑ Exchange Rates – Foreign exchange markets; determining exchange rates for a currency; changes in supply and demand of foreign currency.
- ❑ Different Exchange Rate Systems – Fixed, floating and controlled exchange rates; the exchange rate system in Zimbabwe.
- ❑ The Role of Exchange Rate Control in an Economy – Factors affecting demand and supply of a currency; the effect of balance of payments and level of gross domestic product; foreign trade policies.

MONETARY THEORY AND POLICIES

- ❑ Characteristics of Money – Need for and functions of money; supply of money; reserve requirements of banks, supply curve; demand for money; cost of money; factors that affect demand and supply of money and equilibrium; money and the creation of credit.
- ❑ Inflation – Consumer price index; effects and causes of demand pull inflation, cost pull inflation, structural inflation and other types of inflation; measures to combat inflation.
- ❑ Financial Institutions and Instruments – Capital and money market institutions in the Zimbabwe banking system; functions of the Reserve Bank; negotiable instruments available in the market.
- ❑ Monetary Policy – Objectives and instruments to enforce policy; co-ordination of monetary and fiscal policy.

PUBLIC FINANCE

- ❑ The Role of Government in the Economy – Its role in production; functions of Government; the budget; Government income and expenditure.
- ❑ Taxation – Concepts; types of taxation; expenditure and taxation compared to the level of income.
- ❑ Fiscal Policy – Objectives and instruments to enforce policy; policy implications.

LABOUR ECONOMICS

- ❑ Production Factor Analysis – Supply and demand for labour; wage and employment determination; equilibrium wages; shortages in the labour market.
- ❑ Unemployment – Types and methods of combating each; cost unemployment.
- ❑ Trade Unions – Their functions and structure; National Employment Councils and the collective bargaining process.
- ❑ Wages – Money and real wages; wage systems; inequality of wages.

GROWTH AND DEVELOPMENT OF THE ZIMBABWE ECONOMY

- ❑ Historical View – Definition and measurement of growth; sources of economic growth.
- ❑ Economic Growth – Zimbabwe's economic growth; economic development.
- ❑ Current Economic Problems – Current issues including privatization, indigenization, market forces and structural adjustment, AIDS, and foreign aid/support.

THE EXAMINATION

1. Students will write one three-hour paper in the subject Economics (Zimbabwe) and the examination is conducted twice per annum, in May and October.
2. The examination paper will comprise sufficient questions to allow the student a choice in answering. The total marks awarded will be 100 marks.
3. The questions will comprise a mixture of straightforward recall type questions on economic theory and also situational type questions in which the student's ability to apply economic principles to a given situation in the economy of Zimbabwe is tested.

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