Republic of Namibia

MINISTRY OF EDUCATION, ARTS AND CULTURE

NAMIBIA SENIOR SECONDARY CERTIFICATE (NSSC)

ECONOMICS SYLLABUS

ADVANCED SUBSIDIARY LEVEL

SYLLABUS CODE: 8246

GRADE 12

FOR IMPLEMENTATION IN 2021
FOR FIRST EXAMINATION IN 2021

Ministry of Education, Arts and Culture
National Institute for Educational Development (NIED)
Private Bag 2034
Okahandja
Namibia

Economics Syllabus Advanced Subsidiary Level Grade 12

ISBN: 978 99945-2-221-7

Printed by NIED

Publication date: 2020

Table of Contents

1. INTRODUCTION

The Namibia Senior Secondary Certificate Advanced Subsidiary (NSSCAS) level is designed as a one year course for examination after completion of the Namibia Senior Secondary Certificate for Ordinary Level (NSSCO). The syllabus is designed to meet the requirements of the National Curriculum for Basic Education and has been approved by the National Examination, Assessment and Certification Board (NEACB).

The Namibia National Curriculum Guidelines

- recognise that learning involves developing values and attitudes as well as knowledge and skills;
- promotes self-awareness and an understanding of the attitudes, values and beliefs of others in a multilingual and a multicultural society;
- encourage respect for human rights and freedom of speech;
- provide insight and understanding of crucial "global" issues in a rapidly changing world which affect quality of life: the AIDS pandemic, global warming, environmental degradation, maldistribution of wealth, expanding and increasing conflicts, the technological explosion and increased connectivity;
- recognise that, as information in its various forms becomes more accessible, learners need to develop higher cognitive skills of analysis, interpretation and evaluation to use information effectively;
- seek to challenge and to motivate learners to reach their full potential and to contribute positively to the environment, economy and society.

Thus the Namibia National Syllabi provide opportunities for developing essential, key skills across the various fields of study. Such skills cannot be developed in isolation and may differ from context to context according to the field of study.

Economics contributes directly to the development of the following eleven skills:

- Communication skills
- Numeracy skills
- Information skills
- Problem-solving skills
- Self-management and Competitive skills
- Social and Co-operative skills
- Work and study skills
- Critical and creative thinking skills
- Accurate spelling
- Punctuation and grammar
- Mathematical competence

2. RATIONALE

Economics is the participation in the social, civic, political, economic, cultural and natural environment and is central to this area of learning. It includes understanding and interpreting past and present human behaviour and experience, and how they influence events, circumstances and the environment.

3. AIMS

The aims of the syllabus are the same for all learners. These are set out below and describe the educational purposes of a course in Economics for the NSSCAS examinations. They are not listed in order of priority.

The aims are to enable learners to:

- develop a sound knowledge and critical understanding of economic terminology, principles and theory together with an awareness of current economic issues;
- develop economic numeracy and literacy and the ability to understand, interpret and present economic data including graphs and diagrams;
- use the tools of economic analysis to apply their knowledge and critical understanding to current issues and problems;
- identify and discriminate between different sources of information; and to distinguish between facts and value judgements in economic issues;
- employ economic skills, with reference to individuals, groups and organisations in order to better understand the world in which they live;
- participate more fully in decision-making processes, as consumers and producers and as citizens of the local, national and international community;
- develop an ability to make rational and consistent choices in matters where economic influences are at work;
- develop an understanding of the economies of developed and developing nations and of the relationships between them; and to appreciate these relationships from the perspective of both developed and developing nations.
- acquire knowledge and understanding of how different economic systems affect natural resources and environmental quality; the need for government control on the use of natural resources; and the economic implications of HIV and AIDS.

4. ADDITIONAL INFORMATION

4.1 Guided learning hours

The NSSCAS level syllabuses are designed on the assumption that learners have about 180 guided learning hours per subject over the duration of the course (1 year), but this is for guidance only. The number of hours required to gain the qualification may vary according to local conditions and the learners' prior experience of the subject. *The National Curriculum for Basic Education (NCBE)* indicates that this subject will be taught for 9 periods of 40 minutes each per 7-day cycle, or 6 periods of 40 minutes each per 5-day cycle, over a year.

4.2 Recommended prior learning

It is recommended that learners who are beginning this course should have previously studied Economics at Senior Secondary Ordinary (NSSO) level.

4.3 Progression

NSSCAS Economics provides a suitable foundation for the study of Economics related courses in higher education. Depending on the local university entrance requirement, it may permit or assist progression directly to university courses in Economics or other related course in higher education. Equally it is suitable for learners intending to pursue careers or further study in

Economic Affairs Researcher, Development Economist, Investment Analyst, Trade Promotion Officer, Dealer, Stock Broker, Economist, Economic News Reporter and others.

4.4 Grading and reporting

NSSCAS results are shown by one of the grades a-e indicating the standard achieved; grade a being the highest and grade e the lowest. 'Ungraded' indicates that the candidate has failed to reach the standard required for a pass at NSSCAS level.

4.5 Support materials and approved textbooks

Copies of NSSCAS syllabuses, recent specimen material, question papers and examiner reports are sent to all schools. Assessment manuals in subjects, where applicable are sent to schools. Approved learning support materials are available on the Senior Secondary Textbook Catalogue for Schools. The Textbook Catalogue is available on www.nied.edu.na

5. LEARNING CONTENT

The content is divided into seven themes and these are

1. What is Economics?
2. The market
3. Production and market structures
4. Macro economy
5. Main economic indicators
6. International trade
7. Developed and developing economies

THEME 1: WHAT IS ECONOMICS?		
TOPIC	**GENERAL OBJECTIVES** *Learners will:*	**SPECIFIC OBJECTIVES** *Learners should be able to:*
1.1 Scarcity, choice, opportunity cost and production possibility curves	• be able to use the basic economic problem, opportunity cost and production possibility curves	• define the fundamental economic problem • explain the meaning of scarcity and the inevitability of choices at all levels (individual, firms, governments) • identify the basic questions of what will be produced, how and for whom • explain the meaning of the term, ceteris paribus • illustrate the production possibility frontier (opportunity cost curve) and explain decision making at the boundary, short run and long run effect , shape and shifts of the production possibility frontier (opportunity cost curve), constant and increasing opportunity cost.
1.2 Resource allocation in different economic systems	• demonstrate understanding of economic resources in different economic system	• compare, analyse and or contrast the merits and effectiveness of different economic systems • describe decision making in market, planned and mixed economies • discuss the role of the factor enterprise in a modern economy
	• understand how goods and services are classified	• explain free goods, private goods (economic goods) and public goods • analyse merit goods and demerit goods as the outcome of imperfect information by consumers

THEME 2: THE MARKET		
TOPIC	**GENERAL OBJECTIVES** *Learners will:*	**SPECIFIC OBJECTIVES** *Learners should be able to:*
2.1 Demand and supply curves	• understand how to use principles of demand and supply	• explain effective demand • describe individual and market demand and supply • discuss factors influencing demand and supply • apply the principles of demand and supply
	• understand the interaction of demand and supply/market equilibrium and disequilibrium	• explain the meaning of equilibrium and disequilibrium • illustrate effects of changes in supply and demand on equilibrium price and quantity • evaluate applications of demand and supply analysis • explain movements along and shifts of the demand and supply curves • describe joint demand (complements) and alternative demand (substitutes) • describe joint supply
	• understand consumer and producer surplus	• evaluate the functions of the price mechanism: rationing, signalling and the transmission of preferences meaning and significance • discuss how rationing, signalling and the transmission of preferences meaning and significance are affected by changes in equilibrium price and quantity • differentiate between consumer and producer surplus

THEME 2: THE MARKET (CONTINUED)		
TOPIC	**GENERAL OBJECTIVES** *Learners will:*	**SPECIFIC OBJECTIVES** *Learners should be able to:*
2.2 Price elasticity and income elasticity	• demonstrate understanding of how the concept of price elasticity, income elasticity and cross-elasticities of demand is applied	• explain the meaning and perform calculation of elasticity of demand • describe the range of elasticities of demand • discuss the factors affecting elasticity of demand • evaluate the implications for revenue and business decisions of price, income and cross-elasticities of demand
	• understand how the concept of price elasticity of supply is applied	• explain the meaning and perform calculation of elasticity of supply • describe the range of elasticities of supply • discuss the factors affecting elasticity of supply • evaluate implications for speed and ease with which businesses react to changed market conditions
2.3 Market failure	• understand the nature of externalities, merit goods and public goods, and analyse these in relation to market failure	• describe, analyse and evaluate the causes of market failure through externalities and in relation to the provision of public and merit goods • discuss solutions to market failure created by externalities, through merit and public goods

THEME 3: PRODUCTION AND MARKET STRUCTURES

TOPIC	**GENERAL OBJECTIVES** *Learners will:*	**SPECIFIC OBJECTIVES** *Learners should be able to:*
3.1 Productivity	• understand the importance of productivity as a way of measuring performance	• analyse productivity • evaluate how productivity can be improved
3.2 Production costs and revenue	• understand the relationship between costs of and revenue from production	• describe the principle of profit maximisation as a goal • calculate and illustrate total, average, fixed, variable and marginal costs • calculate and illustrate total, average and marginal revenue • explain how average cost might be affected by economies and diseconomies of scale
3.3 Market structures	• demonstrate the importance of pricing and output decisions/policies in firms operating in different market structures	• define the conditions for optimum resource allocation (productive and allocative efficiency) • analyse the short run and long run equilibrium of firms in perfect competition • distinguish between normal and abnormal profit • analyse with respect to efficiency in each market structure in relation to normal and abnormal profit • analyse and graphically illustrate the short-run and long-run equilibrium of firms in perfect competition, monopoly and monopolistic competition

THEME 4: MACRO ECONOMY

TOPIC	GENERAL OBJECTIVES *Learners will:*	SPECIFIC OBJECTIVES *Learners should be able to:*
4.1 National Income	• understand the use and limitations of National Income statistics	• Define between nominal (money) and real data • differentiate between nominal (money) and real data • define and differentiate between Gross Domestic Product (GDP), Gross National Product (GNP), Gross National Income (GNI) and Net National Income (NNI) • discuss national income and its relation to living standards • analyse the uses and limitations of national income statistics for comparison over time and between countries
4.2 Aggregate Demand (AD) and Aggregate Supply (AS)	• be able to use the models of AD and AS	• illustrate the shape and determinants of AD and AS curves; AD = C + I + G + (X – M) • describe the distinction between a movement along and a shift in AD and AS • analyse the interaction of AD and AS and the determination of the level of output, prices and employment
4.3 National Income determination	• demonstrate an understanding of the circular flow of income and the impact of changes to the circular flow of income in terms of national Income determination	• describe and analyse the theory of income determination in closed and open economies • define injections and withdrawals and marginal and average propensities • analyse the effects of changes in injections and withdrawals including the multiplier

THEME 5: MAIN ECONOMIC INDICATORS		
TOPIC	**GENERAL OBJECTIVES** *Learners will:*	**SPECIFIC OBJECTIVES** *Learners should be able to:*
5.1 Economic growth	• acquire knowledge of the causes of economic growth	• explain rates of change of real Gross domestic Product (GDP) as a measure of economic growth • make comparisons of rates of growth between countries and over time • explain the limitations of using GDP to compare living standards between countries and over time • analyse and evaluate the factors and policies that affect economic growth • define capital investment and demonstrate the need for investment
5.2 Inflation	• understand the causes and consequences of inflation for different economic agents	• define inflation and explain the measurement of inflation; deflation and disinflation • distinguish between money values and real data • discuss the causes of inflation (cost-push and demand-pull inflation) • discuss the consequences of inflation for consumers, workers, firms and government

THEME 5: MAIN ECONOMIC INDICATORS (CONTINUED)		
TOPIC	**GENERAL OBJECTIVES** *Learners will:*	**SPECIFIC OBJECTIVES** *Learners should be able to:*
5.3 Government macroeconomic objectives and policies	• demonstrate the understanding of the macroeconomic objectives and economic policies of the government	• discuss the aims of government policy and why they should be achieved - full employment - prevention of inflation - economic growth - redistribution of income - balance of payments stability • analyse and discuss the means of government intervention in the economy through - monetary and fiscal policy - legislation and incomes policy - regional development policy • discuss and reach reasoned conclusions on: - the government's influence on private producers - the possible conflicts between government aims - the impact and incidence of taxation

THEME 6: INTERNATIONAL TRADE		
TOPIC	**GENERAL OBJECTIVES** *Learners will:*	**SPECIFIC OBJECTIVES** *Learners should be able to:*
6.1 Balance of payments	• understand balance of payments accounts with a focus on the current account	• describe the components of the balance of payments accounts using the International Monetary Fund (IMF)/ the Organisation for Economic Co-operation and Development (OECD) definition - current account - capital and financial account - balancing item • analyse the causes of balance of payments disequilibrium (surplus/deficit) in the current account • discuss the consequences of a balance of payments disequilibrium on the current account with respect to the • domestic and external economy
6.2 Exchange rates	• demonstrate an understanding of different exchange rate regimes • understand the economic consequences of changes in an economy’s exchange rate under different exchange rate regimes	• explain what is meant by floating exchange rates • differentiate between depreciation/appreciation of currencies • explain what is meant by fixed exchange rates • differentiate between devaluation/revaluation of currencies • analyse the effect of depreciation and appreciation of currencies on international trade • consider the effects of exchange rate changes on the domestic and external economy using aggregate demand, Marshall-Lerner and J-curve analysis

6.3 Protectionism	• demonstrate an understanding of different forms of protectionism • show understanding of the economic consequences of the introduction of or changes to an economy's approach to protectionism	• describe different methods of protection and their impact, for example, tariffs, import duties and quotas, export subsidies, embargoes, voluntary export restraints (VERs) and excessive administrative burdens ('red tape') • discuss the arguments in favour and against protectionism

THEME 7: DEVELOPED AND DEVELOPING ECONOMIES		
TOPIC	**GENERAL OBJECTIVES** *Learners will:*	**SPECIFIC OBJECTIVES** *Learners should be able to:*
7.1 Living standards	• understand economic activity on living standards	• evaluate gross domestic product (GDP) per capita and Human Development Index (HDI) as indicators of comparative living standards • explain reasons for disparities between developed and developing countries in productivity and the structural organisation of economic activity, formal and informal sectors • describe and evaluate the economic effects in increasing urbanisation

*Social costs are equal to the sum of private costs and external costs

6. ASSESSMENT OBJECTIVES

The assessment will include, wherever appropriate, personal, social, environmental, economic and technological applications of Economics in modern society. Learners are required to demonstrate the assessment objectives in the context of the content and skills prescribed. Within each of the Assessment Objectives the assessment must take account of the learners' ability to communicate clearly and logically and apply conventions where appropriate.

The four assessment objectives in Economics are:

A Knowledge and understanding
B Application
C Analysis
D Evaluation

The following is a description of each Assessment Objective:

A Knowledge and understanding

Demonstrate knowledge and understanding.

Learners should be able to demonstrate their knowledge and understanding in relation to:

1. economic facts, phenomena, definitions, concepts, theories and principles;
2. economic vocabulary, terminology and conventions.

The curriculum objectives define the factual material that candidates may be required to recall and understand.

Questions testing this objective will often contain words such as: define, name, list, indicate, state, identify and outline.

B Application

Interpret and apply knowledge and understanding to information presented in written numerical or graphical and pictorial form.

Learners should be able to:

1. use economic data, to recognise patterns in such data, and to deduce relationships;
2. select, organise and interpret data;
3. recognise that economic theory is subject to various limitations and uncertainties.

Questions testing this objective will often contain words such as: apply, calculate, describe, and explain.

C Analysis

Analyse economic issues and arguments, using relevant economic concepts, theories and information, and communicate conclusions in a clear, reasoned manner.

Learners should be able to:
1. distinguish between evidence and opinion, make reasoned judgements and communicate them in an accurate and logical manner;
2. observe and record accurately and systematically using suitable techniques;
3. make decisions and suggest proposals based on novel data that will be provided.
4. analyse economic knowledge and understanding in verbal, numerical, diagrammatic, pictorial and graphical form;

Questions testing these objectives will often contain words such as: analyse, compare, contrast, determine, differentiate, discuss, distinguish, draw and explain.

D Evaluation

Critically evaluate economic information, arguments, proposals and policies, taking into consideration relevant information and economic principles and distinguishing facts from hypothetical statements and value judgements.

Learners should be able to:
1. draw conclusions from economic data presented in various forms;
2. communicate conclusions in a logical and concise manner.
3. evaluate the social and environmental implications of particular courses of economic action;

Questions testing these objectives will often contain words such as: assess, evaluate, justify, suggest.

7. SCHEME OF ASSESSMENT

Paper 1 and Paper 2 are compulsory.

Description of papers

Paper	Description of paper and types of questions	Duration of paper	Marks	Weighting
Paper 1:	This paper is compulsory and consist of two sections: **Section A (short answered questions)** There will be **no choice** of questions. Questions in this section will assess assessment objectives A (Knowledge and understanding) and B (Application) and will assess the full range of the syllabus learning content. **Section B (structured questions)** Learners will be required to answer **one** structured question. There will be **no choice** of questions. Questions in this section will assess Assessment objectives A (Knowledge and understanding), B (Application) C (Analysis) and D (Evaluation) and will assess the full range of the syllabus learning content.	1 hour 45 minutes	 20 30	 20% 30%
		TOTAL	**50**	**50%**
Paper 2	**Section A (data response)** This section consists of **one** compulsory data response question. **Section B (essay questions)** Candidates will be required to answer **one** essay question from **three** questions in section B. Questions in this paper will seek to cover the assessment objectives A (Knowledge and understanding), B (Application) C (Analysis) and D (Evaluation) and will assess the full range of the syllabus learning content.	1 hour 45 minutes	30 20	30% 20%
		TOTAL	**50**	**50%**

Weighting of papers

The assessment will be based on the end of year national examination.

All learners will be entered for Papers 1 and 2 as specified below. Learners will be graded from **a** to **e**, depending on their abilities and achievements.

The Specification Grid in section 8 gives a general idea of how marks are allocated to assessment objectives in the different components. However, the balance on each paper may vary slightly.

8. SPECIFICATION GRID

The relationship between the assessment objectives and components of the scheme of assessment.

Assessment Objectives	**Paper 1**		**Paper 2**		**Total**
	Section A	Section B	Section A	Section B	
A Knowledge and understanding	15	5	7	3	30
B Application	5	7	6	2	20
C Analysis	0	14	9	11	35
D Evaluation	0	4	8	4	15
Total marks	**20**	**30**	**30**	**20**	**100**
Weighting	50 %		50 %		100 %

The assessment objectives are weighted to give an indication of their relative importance. They are not intended to provide a precise statement of the number of marks allocated to particular assessment objectives.

9. GRADE DESCRIPTIONS

Grade descriptions are provided to give a general indication of the standards of achievement likely to have been shown by learners awarded particular grades. The grade awarded will depend in practice upon the extent to which the learner has met the assessment objectives overall and it might conceal weakness in one aspect of the examination which is balanced by above average performance in some other. Learners will be graded on a scale of a to e. The descriptors for judgemental thresholds (a, c, e) are given below.

Grade a

To achieve grade a, learners will be able to:

- demonstrate relevant and comprehensive knowledge and understanding of a wide
- range of economic concepts, theories, terminology and principles
- apply knowledge and critical understanding to select the appropriate economic tools and concepts for a particular situation
- critically analyse and evaluate evidence to investigate and explain economic behaviour and decisions in a range of both familiar and unfamiliar, theoretical and applied contexts
- make reasoned, substantiated judgements and conclusions
- distinguish clearly between facts and opinions, recognising assumptions of economic data and models

Grade c

To achieve grade c, learners will be able to:

- demonstrate mostly accurate and appropriate knowledge and understanding of a range of economic concepts, terminology and principles
- apply knowledge and understanding to select basic economic tools to analyse economic behaviour in familiar situations and some unfamiliar, theoretical and applied situations
- analyse and provide some evaluation of evidence to explain economic behaviour and decisions
- make plausible judgements and conclusions
- appreciate the difference between facts and opinions and be aware of some of the limitations of economic models

Grade e

To achieve grade e, learners will be able to:

- demonstrate basic knowledge and understanding of some economic concepts or issues
- attempt to use basic economic concepts, often through the use of everyday languages
- describe or repeat economic information and evidence
- express simplistic judgements or views

10. GLOSSARY OF COMMAND WORDS USED IN EXAMINATION PAPERS

This glossary of terms used in the Economics papers (which are relevant only to Economics) is aimed at helping candidates to know what is expected in answers. The glossary has been deliberately kept brief with respect to the descriptions of meanings.

Assessment objective A: Knowledge and understanding

Define	is intended literally. Only a formal statement or equivalent paraphrase is required\
Identify	name / select / recognise / pick out what is unique about a scenario/context
List	requires a number of points with no elaboration. If a specific number of points is requested, this number should not be exceeded.
Name	state / specify / identify
Outline	implies brevity, i.e. restricting the answer to giving essentials.
State	implies a concise answer with little or no supporting argument, write down / provide short, concise answers without explanation

Assessment objective B: Application

Apply	make knowledge relevant to a specific problem, task or context
Calculate	a numerical answer is required. In general, working should be shown, especially where two or more steps are involved.
Describe	state the points of a topic / give characteristics and main features / state what something looks like or how it works / state the features or characteristics of an object or process / set out the factual details of something
Explain	set out purposes or reasons / make the relationships between things evident / provide why and/or how and support with relevant evidence / make something clear / state what happens, together with how and why

Assessment objective C: Analysis

Analyse	write about in detail or examine information in detail to discover patterns, relationships or trends
Compare	requires candidates to provide both the similarities and differences between things or concepts.
Contrast	stress the dissimilarities and differences between the items in question, but do not ignore points of similarity.
Differentiate	write down the differences between two or more terms/concepts
Discuss	write in detail about all the aspects, including advantages and disadvantages, of a subject / give a critical account of the points about the topic
Distinguish	explain the differences between two or more terms/concepts / point out the differences of one thing from another / differentiate
Draw	sketch / depict e.g. graphs
Explain	set out purposes or reasons, including advantages and disadvantages / make the relationships between things evident / provide why and/or how and support with relevant evidence, including advantages and disadvantages / make something clear / state what happens, together with how and why

Assessment objective D: Evaluation

Assess	analyse and consider all the different aspects
Evaluate	state whether you think something is good or bad and give reasons for your opinion / use the information provided to make a judgement about something (questions expecting this often start with "Do you think….?" or "To which extend…?")
Justify	support a case with evidence/argument / give reasons for why something should be the way it is
Suggest	apply knowledge and understanding to situations where there are a range of valid responses in order to make proposals / put forward considerations

11. GLOSSARY OF TERMS

Abnormal profits	These profits are earned when a firm earns profits greater than the profits which could be earned in the best alternative business.
Absolute advantage	The ability of a firm or country to produce a greater quantity of a good, product, or service than competitors, using the same amount of resources.
Average cost (AC)	The total costs (TC) divided by the total number of units produced (Q). The formula is: AC = TC ÷ Q
Average revenue (AR)	The formula is: AR = TR ÷ Q of units
Complementary good	A good that is usually used together with another good.
Cross elasticity	The percentage change in the quantity of X to the percentage change in the price of Y.
Demand	How much of a good will be bought at a particular price. As the price of a good rises, the quantity demanded will fall. As the price of a good falls, the quantity demanded will rise.
Diseconomies of scale	Increase of production/output leads to increase in average cost of production.
Disposable income	The amount which household has available for spending and saving after tax and other contributions subtracted/after deductions.
Division of labour	Large tasks split into different tasks and each worker/employee performs one specific task/dividing the production process into different stages and each worker focus on a specific task.
Economies of scale	Large-scale of production which lead to lower average cost.
Elasticity	How much the quantity demanded or supplied will change when another factor, such as price or income, changes.
Equilibrium	Where supply is equal to demand.
Factors of production	Land, labour, capital and enterprise.
Fixed costs	Costs that remain the same no matter how much is produced.
HDI	Statistical tool used to measure a country's overall achievement in its social and economic dimensions.
Implicit costs	The non-monetary costs of production.
Income elasticity of demand	The sensitivity of the quantity of a good demanded to changes in income.

Law of comparative advantage	Countries should specialise in the production of goods in which their opportunity cost is the lowest, and trade these for other goods.
Law of diminishing returns	When more of a variable factor of production is added to fixed factors, the rate at which output increases will eventually slow down.
Law of increasing opportunity cost	As more of a particular factor of production is used, the opportunity cost of that factor increases.
Long-run	The period in which the firm can alter all its costs –
Margin	The imaginary line between the last unit produced or consumed and the next unit which will be produced or consumed.
Marginal benefit	The benefit gained from the next unit produced or consumed.
Marginal costs (MC)	The additional costs incurred by producing each additional unit of output.
Marginal revenue (MR)	The revenue earned by selling an additional unit of output.
Marginal revenue product (MRP)	The extra output produced by a labourer multiplied by the marginal revenue.
Normal profits	The minimum profits an entrepreneur must earn in order to keep him or her in the business instead of some other business and is included in the total cost.
Opportunity cost	The benefit that a person could have received, but gave up.
Price elasticity of demand	The sensitivity of the quantity of a good demanded to changes in its price.
Price elasticity of supply	The sensitivity of the quantity of output supplied by firms to changes in the price of the product.
Production possibility frontier (PPF)	Opportunity costs are often described using a PPF.
Profit	Profit = total revenue (TR) – total costs (TC)
Profit maximisation	Achieving the highest possible when the business produces an output where marginal cost is equal to marginal revenue
Short-run	A period of time that a firm operates during which some of its costs are fixed and others can be varied.
Substituted good	Good that can be used in the place of another good.
Supply	The amount of a good which firms will be willing to produce at a particular price in a given period of time. The Law of Supply states that other factors remaining constant, price and quantity supplied of a good are directly related to each other.
Total revenue (TR)	The quantity of total sales (Q) multiplied by the price (P) at which its goods or services are sold.
Variable costs	These are costs which will change as output changes.

The National Institute for Educational Development
P/Bag 2034
Okahandja
NAMIBIA

Telephone: +264 62 509000
Facsimile: +264 62 509073

E-mail: info@nied.edu.na
Website: http://www.nied.edu.na