

CHANGES TO THE SYLLABUS AND CORE READING FOR SUBJECT CT7 FOR THE 2009 EXAMINATIONS

Changes to the Syllabus and their impact on Core Reading

There have been no changes to the Syllabus except to replace the term “Public Sector Borrowing Requirement” with “Public Sector Net Cash Requirement”.

Changes to Core Reading

UNIT 7

Section 3.1

This section has been amended to read:

Public Sector Net Cash Requirement

The excess of the government’s expenditure over its income from taxation is known as the Public Sector Net Cash Requirement (PSNCR). (This was formerly known as the Public Sector Borrowing Requirement (PSBR).) If this is negative (i.e. if government income is greater than government expenditure) it is termed a Public Sector Debt Repayment as public sector debt can be repaid.

The Public Sector Net Borrowing Requirement is similar to the PSNCR but the former does not include capital proceeds from the sale of government assets.

UNIT 8

Section 2.2

The last sentence in the fourth paragraph has been clarified to read:

This net tax figure can be split between that paid by firms and households directly (e.g. income tax) and that paid indirectly on expenditure (e.g. VAT), denoted T_d and T_e in the diagram below.

UNIT 9

Section 3

The last paragraph has been amended to read:

Similarly, if imports vary with income, then we need to define MPC'' , the marginal propensity to consume domestic goods out of national income as the proportion of additional national income that is spent on domestic goods. This then gives a multiplier of

$$\frac{1}{1 - MPC''}$$

UNIT 10

Throughout this Unit, the term “PSBR” has been replaced by “PSNCR”.

UNIT 11

Sections 4 and 5

References to “sterling” have been removed, or replaced by “the domestic currency”.

UNIT 13

Section 6.1

This section has been retitled “Public Sector Net Cash Requirement”.

Other minor changes have been made to correct typographical errors and to improve the style of the Core Reading.

END