

# INTERNATIONAL GCSE

## Economics (9-1)

### GETTING STARTED GUIDE

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Pearson Edexcel International GCSE in Economics (4EC1)

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For first teaching September 2017

First examination June 2019



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This Getting Started Guide gives you an overview of the International GCSE in Economics (first assessment in May/June 2019), explaining the changes and what they mean for you and your students. This guidance is intended to help you to plan the course and gives you further insight into the principles behind the content to help you and your students succeed.

Our package of support for delivering the new qualification also includes:

- **Planning:** In addition to the course planner in this guide, we will provide you with an editable scheme of work, which you can adapt to suit your timetable and model of delivery.
- **ResultsPlus:** ResultsPlus provides the most detailed analysis available of your students' exam performance. It can help you identify the topics and skills where further learning would benefit your students.
- **Tracking learner progress:** An additional set of Sample Assessment Materials is provided to use for mock assessment. Using the ResultsPlus Mock Analysis tool you can input the mock assessment results into ResultsPlus to analyse the results of your whole cohort. This will allow you to identify strengths and weaknesses to inform revision.
- **Dedicated Subject Advisor:** Our subject advisor service ensures you receive help and guidance when you need it. Sign-up to receive their monthly newsletter to stay up-to-date with the latest industry news and updates on the qualification. You can email your subject advisor, Colin Leith, any time at [TeachingEconomics@pearson.com](mailto:TeachingEconomics@pearson.com)

## 1. Key features of the qualification

- **Two paper assessment** – better opportunities for students to demonstrate knowledge, understanding, analysis and evaluation skills across 2 papers. The paper mirrors the AS/ A Level and IAS/ IAL Level qualifications. It assesses Microeconomic and Business Economics in Paper 1 and Macroeconomics and the Global Economy in Paper 2.
- **Progression to further study at A Level and beyond** – similar topics are taught on the International GCSE as are taught on a range of Level 3 qualifications including AS/ A Level and IAS/ IAL Level qualifications. As well as using multiple-choice, short-answer and data response questions, the examinations have new longer 9-mark ‘assess’ and 12-mark ‘evaluate’ questions. These will make the transition to Level 3 assessment more straightforward as students will have developed skills in extended writing. The mark schemes are clear and consistent and help teachers better prepare learners for what is needed to achieve higher levels.
- **Straightforward subject content** – we have redesigned the specification to simplify the layout of the content and ensure the breadth and depth required of a topic is clear. It shows what students need to learn and it makes it easier to identify what will be tested in the assessment.
- **Relevant and modern content** – introduction to basic behavioural economics looking at the underlying assumptions we make and how these may not hold true. Traditional topics such as multinational corporations (MNC), foreign direct investment (FDI) and trading blocs are all topical issues that continue to be assessed.
- **Quantitative skills** – formulae and calculations - e.g. of elasticities, revenues, costs and profits, for example - help students develop the mathematical skills they require for further study and employment. The formulae and calculations required to test these skills are clearly identified.

## 2. Content and assessment overview

### Content Summary

In Paper 1 students will start by learning about the basic economic problem – the idea that resources are scarce meaning consumers, firms and governments have to make choices. Making these choices creates the issue of opportunity cost. Microeconomics is the study of individual markets. Students will learn about the supply and demand model, to look at how changes in the economy will affect supply, demand, price and quantity. The model will help to explain why prices rise and fall. Students will look at elasticities considering how much the quantity supplied and demanded will respond to changes in price or income, which will help students to understand why some price changes see large or small changes in quantity.

Having looked at how markets work, students will look at how they sometimes fail. In some cases we overconsume as we ignore negative impacts on others, for example pollution. In other cases, we underconsume as we might undervalue the benefits our education could bring to others.

Students will then study business economics. Students will look at what is needed to produce goods and services, including land, labour, capital and enterprise. Students will look at how businesses can organise production to improve the output per worker, which we call productivity. Next, students study business costs, revenues and profits. Students will then explore different types of businesses, from those that are competitive to single firms that we call monopolies, and also those industries with several large firms, which we call oligopolies. In each case students will consider the advantages of the types of business that exist. Sometimes markets and businesses do not give the best outcome for people and so governments have to enter the market. Students will look at the alternative ways in which governments can affect markets, considering the benefits and drawbacks of each.

#### **Paper 1: Microeconomics and Business Economics**

##### **The market system**

- The economic problem
- Economic assumptions
- Demand, supply and market equilibrium
- Elasticity
- The mixed economy
- Externalities

##### **Business economics**

- Production
- Productivity and division of labour
- Business costs, revenues and profit
- Business competition
- The labour market
- Government intervention

In Paper 2 students look at macroeconomics, looking at all the markets combined in a country. Students will look at their own country and other countries' economies. Students will look at the different objectives that governments are concerned about. These include trying to achieve:

- low inflation
- low unemployment
- increases in economic growth
- surpluses or equilibrium on the current account of the balance of payments
- redistribution of income
- environmental protection.

For each objective, students will look at the issues and problems involved and how the government acts to improve the outcomes. Students will then look at the global economy. This will involve looking at the benefits and problems of increased integration between economies of the globe. Next, students will look at international trade and how countries come together as trading partners to boost growth. Exchange rates will also be looked at to consider how changes can affect an economy. Students will study both developing and developed economies.

### **Paper 2: Macroeconomics and the Global Economy**

#### **Government and the economy**

- Macroeconomic objectives
- Government policies
- Relationships between objectives and policies

#### **The global economy**

- Globalisation
- International trade
- Exchange rates

### **Assessment summary**

<b>Paper 1: Microeconomics and Business Economics</b>	*Paper code 4EC1/01
<ul style="list-style-type: none"> <li>■ Externally assessed</li> <li>■ Availability: January and June</li> <li>■ First assessment: June 2019</li> </ul>	50% of the total International GCSE
<b>Assessment</b> <ul style="list-style-type: none"> <li>■ Examination of 1 hour 30 minutes (90 minutes)</li> <li>■ Total of 80 marks available</li> <li>■ Consists of four compulsory questions, each worth 20 marks</li> <li>■ The sub questions are a mixture of multiple-choice, short-answer, data response and open-ended essay questions</li> <li>■ Students may use a calculator</li> </ul>	

<b>Paper 2: Macroeconomics and the Global Economy</b>	*Paper code 4EC1/02
<ul style="list-style-type: none"> <li>■ Externally assessed</li> <li>■ Availability: January and June</li> <li>■ First assessment: June 2019</li> </ul>	50% of the total International GCSE
<b>Assessment</b> <ul style="list-style-type: none"> <li>■ Examination of 1 hour 30 minutes (90 minutes)</li> <li>■ Total of 80 marks available</li> <li>■ Consists of four compulsory questions, each worth 20 marks</li> <li>■ The sub questions are a mixture of multiple-choice, short-answer, data response and open-ended essay questions</li> <li>■ Students may use a calculator</li> </ul>	

- This is a linear course, the two units must both be sat in the same series at the end of the course.
- Centres can finish the course in January or June.
- If students take their exams and wish to resit they will need to resit both exams in the next series and the marks in that series will count.

### Assessment objectives

The table below summarises the weightings for each Assessment Objective.

		% in International GCSE
<b>AO1</b>	Recall, select and communicate knowledge of economic terms, concepts and issues	14–15%
<b>AO2</b>	Demonstrate understanding and apply economic knowledge using appropriate terms, concepts, theories and calculations effectively in specific contexts	48–49%
<b>AO3</b>	Select, organise and interpret information from sources to investigate and analyse economic issues	23–24%
<b>AO4</b>	Evaluate economic information to make reasoned judgements and draw conclusions	12–13%



### 3. Changes to the content

Most of the content has remained largely unchanged. The intention is to clarify precisely what needs teaching and what will be assessed. Reference to what will not be assessed has been removed. The table below works through the specification identifying where the content is assessed in the new specification and showing how it compares to the legacy specification. Where changes or additions have been made they are explained in the table.

#### Paper 1: Microeconomics and Business Economics

##### 1.1 The market system

##### 1.2 Business economics

Old Specification	New specification	
A2. The role of the market in solving the economic problem (Resolving scarcity)	1.1.1 The economic problem	<p>In the old specification after looking at resolving scarcity the next topic looked at the mixed economy- this is now found in 1.1.5. The new specification makes it clearer that students need to understand scarcity and how it leads to the need to make choices.</p> <p>Students still need to look at how opportunity costs effect a range of economic agents, the labelling of which has changed from individuals to consumers and from firms to producers. Government remains.</p> <p>Students still need to be able to use production possibility curves to illustrate opportunity costs, but students are now required to show further understanding. For example, where resources are fully employed or where unemployment exists, to show positive or negative economic growth in terms of shifting the PPC outwards or inwards respectively, as well as where production would be obtainable or unobtainable.</p> <p>On a basic level students also now need to explain what might cause positive or negative economic growth. It is fine here to focus on increasing or decreasing the quantity and quality of the factors of production to achieve positive or negative growth.</p>
	1.1.2 Economic assumptions	<p>This topic has been introduced at a basic level in International GCSE to support students who then move to further study in Economics as these concepts are increasingly found in Level 3 qualifications in more depth.</p> <p>The idea is to enable students to understand that to make economic models work we make some underlying assumptions. Students need to understand that consumers aim to maximise their benefit and businesses maximise profit.</p> <p>Behavioural economics is often used to look at how consumers may not maximise benefit and students need to explore this on a basic level. Good examples of where consumers do not behave in this way include the markets for banking, insurance, gas and electricity markets.</p>

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		<p>In looking at such markets students need to understand that:</p> <ul style="list-style-type: none"> <li>■ sometimes consumers are not good at calculating the likely benefits of alternative options</li> <li>■ consumers may be behaving habitually and continuing to take a worse deal as they have always done so before</li> <li>■ consumers may copy others rather than seek the product that gives them the most benefit.</li> </ul> <p>For producers students need to understand that:</p> <ul style="list-style-type: none"> <li>■ sometimes managers seek to maximise revenue or sales rather than profits. Students do not need to explore the principal agent problem</li> <li>■ producers may be more interested in offering a high quality or caring service to customers at the expense of profits</li> <li>■ charities often seek to maximise surplus rather than profit to be able to help the group they support.</li> </ul>
<p>A1 Demand and supply</p> <p>Role in the determination of price in the market.</p>	<p>1.1.3 Demand, supply and market equilibrium</p>	<p>The new specification makes it clearer that students need to be able to define demand and supply. As before students then need to understand that changes in price cause a movement along the supply or demand curve. Students also still need to know that changes in other factors cause the curve to shift.</p> <p>The factors affecting demand remain the same although fashion has had tastes added in. Population was in the old specification and would be explored under demographic changes. Factors affecting supply have not been changed other than to explicitly add in natural disasters under natural factors.</p> <p>We have now made it explicit that students need to be able to use a diagram to show excess demand and excess supply as well as needing to define and calculate each. Students also need to be able to show how market forces will remove the excess demand or excess supply.</p>
<p>A1 Demand and supply</p> <p>Price and income elasticity</p>	<p>1.1.4 Elasticity</p>	<p>As with the previous specification students have to be able to define and offer formulas for price elasticity of demand, price elasticity of supply and income elasticity of demand. To help develop quantitative skills, students need to be able to use the formula to calculate each of these elasticities. The calculation will require candidates to use given percentage changes in demand, supply, income and price to calculate the appropriate elasticity.</p> <p>As in the previous specification, candidates will have to be able to produce diagrams to show price elastic and price inelastic demand, price elastic and price inelastic supply.</p> <p>The new specification is explicit about the different elasticities the candidates need to know about. In particular there is a need to know the numerical values for each. For both PED and PES students need to be able to identify numerical values for:</p> <ul style="list-style-type: none"> <li>■ perfect price inelasticity</li> <li>■ price inelasticity</li> <li>■ unitary price elasticity</li> <li>■ price elasticity</li> <li>■ perfect price elasticity.</li> </ul> <p>For income elasticity numerical values need to be interpreted for luxury, normal and inferior goods.</p>

		<p>As with the previous specification, factors influencing the elasticity need exploring. For PED, all of the same factors are explored but with the addition of how time can make elasticity of demand more elastic in the long run.</p> <p>The availability of stocks and spare capacity has been added to the factors affecting price elasticity of supply. If spare capacity exists then firms are able to respond and increase supply as price rises making supply more elastic and the availability of stocks means these can be released as price rises.</p> <p>Students still need to be able to use total revenue calculations to show the relationship between a change in price and the change in total revenue, to determine whether demand is price elastic or price inelastic.</p> <p>As with the old specification, students will need to use examples to show the likely PES for manufactured and primary products.</p> <p>Students need to understand the significance of price and income elasticities of demand to businesses and the government but the new specification identifies the need to also look at the imposition of indirect taxes and subsidies.</p>
<p>A1 The role of the market in solving the economic problem – Mixed economy</p> <p>B3 Public and private sector</p>	1.1.5 The mixed economy	<p>Students still need to define the mixed economy, public and private sector. Students also still need to explore the concept of market failure to explain why governments intervene. It makes it explicit in the new specification that public goods needs to be defined and linked to the free rider effect.</p> <p>Students still need to explore the role of the public sector and private sectors in the production of goods and services. Additionally they still need to know how the problems of what to produce, how to produce and for whom to produce are solved in the mixed economy.</p> <p>An addition to this section of the specification is the need to define privatisation and the effects of privatisation on consumers, workers, businesses and government. This has been moved from section B concept 3.</p>
B1 Production-Externalities	1.1.6 Externalities	<p>As with the old specification students need to look at external costs of production and external benefits of consumption. We have made it explicit in the new specification that students need to define both external costs and benefits and students are advised to focus on the negative or positive impacts on third parties in doing this.</p> <p>When looking at external costs students need to look at examples including pollution congestion and environmental damage. The latter of which is an addition to the specification. Likewise for external benefits students still need to look at examples related to education and healthcare but we have added in the example of vaccinations.</p> <p>Students still need to be able to define and provide the formula for both social costs and social benefits.</p> <p>In the old specification at this point students would look at government policy to deal with externalities but this has been moved to 1.2.6.</p> <p>Diagrams are not required for externalities.</p>

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B1 Production and productivity	1.2.1 Production	<p>Students still need to know about the factors of production in terms of labour, land, capital and enterprise. In each case students need to be able to define and identify examples of each.</p> <p>Students are still required to be able to define the sectors of the economy and provide examples.</p> <p>Students still need to look at how these sectors have changed in importance in terms of employment and output over time in both developed and developing economies. It is useful to look at data for real countries to do this.</p>
B1 Productivity and wealth creation A3 Division of labour	1.2.2 Productivity and division of labour	<p>We have made it more explicit that students need to be able to define productivity. Students still need to explore factors affecting productivity.</p> <p>When looking at land students still need to consider the impact of fertiliser, drainage and irrigation.</p> <p>Reclamation has been added and looks at how a country might reclaim land from the sea.</p> <p>When looking at labour students focused on improved human capital. What we have made more explicit in this specification is the need to look at how education and training can help improve human capital.</p> <p>We have also added in how migration can increase labour productivity depending on the quality of those migrating.</p> <p>For capital, students need to look at increased quantity of capital and technological advances.</p> <p>The division of labour has been moved as it has such an impact on productivity. Students need to be able to define the division of labour and talk about the advantages and disadvantages of it for workers and businesses.</p>
B1 Production costs and revenues	1.2.3 Business costs, revenues and profit	<p>Students still need to be able to define and use formula to define total revenue, total costs, total fixed costs, total variable costs, average total costs and profit. If anything we have been more explicit about what students need to calculate. For example, rather than just identifying that students need to know what fixed costs are, we have shown that students need to be able to define and calculate the total fixed costs. It is important that they can identify the type of costs a given cost is.</p> <p>As with the old specification, students still need to define and explain economies of scale, diseconomies of scale, internal and external economies of scale. Under the example students need to know for economies of scale, we have added purchasing economies as this has been a common response offered when assessing this topic.</p> <p>For external economies there is little change other than the language used. Skilled labour and infrastructure remain as a source but rather than ancillary firms we have access to suppliers and similar businesses in area. The hope here is to make the language more accessible.</p> <p>For diseconomies, bureaucracy and labour relations are still included but communication problems, lack of control and distance between the top management and workers at the bottom of the organisation have been added. This is because they are such common causes of diseconomies of scale.</p> <p>As with the old specification, the only diagram needed is the use of long run average cost (LRAC) curve diagram, annotated to show internal economies of scale and diseconomies of scale. However, we have added the need to identify the point where the business will be most efficient, i.e. where average costs are at the lowest point.</p>

B2 Competition	1.2.4 Business competition	<p>Candidates will still be assessed on competitive markets, monopoly and oligopoly.</p> <p>Students will still look at advantages and disadvantages of competition to firms, consumers and the economy, including efficiency, choice, quality and innovation. We have also added in – price.</p> <p>Students will still look at the advantages and disadvantages of small and large firms.</p> <p>Factors influencing the growth of firms now has more guidance on what students should look at including – government regulation, access to finance, economies of scale, the desire to spread risk and the desire to take over competitors.</p> <p>We have made more explicit reference in the specification to the reasons firms stay small, for example size of market, nature of market for example it being niche, lack of finance and the aims of the entrepreneur.</p> <p>In the old specification the main features of monopoly were identified barriers to entry and one dominant supplier. Additional features have been identified including the fact they are a price maker in terms of being able to choose their price and selling a unique product. Under barriers of entry a number of examples are now identified in the specification and students need to be able to explain how each acts as a barrier. When looking at advantages and disadvantages the only addition from the old specification is quality. If the firm invests using profit quality may improve but if they become complacent it may get worse.</p> <p>Under oligopoly the same features are still there, but we have added in collusion and removed cartels. Additionally, the idea of different products has been added which generate market power.</p> <p>The advantages and disadvantages of oligopolies has the following additions; Choice, quality, innovation and price wars. Collusion and cartels remain from the old specification.</p> <ul style="list-style-type: none"> <li>■ Government regulation moved to 1.2.6.</li> <li>■ Privatisation moved to 1.1.5.</li> <li>■ Differences between public and private sectors moved to 1.1.5.</li> </ul>
A3 The labour market: an example of a market in the mixed economy	1.2.5 The labour market	<p>The division of labour was moved out of the section B3 and is now in 1.2.2.</p> <p>No changes have been made to the factors affecting the demand for labour.</p> <p>Factors affecting the supply of labour still looks at age distribution of population, retirement age and school-leaving age and female participation. We have added a number of other factors to consider including population size and migration. Additionally we have added factors that can affect quality of the supply including skills and qualifications and then the ability to move geographic locations/move to different types of employment.</p> <p>Students will still look at the importance of the quantity and quality of labour to business. Students will still consider the impact of education and training on human capital and quality of labour.</p>

		<p>Candidates will need to produce labour market diagrams showing the supply of labour, demand for labour, market equilibrium wage and quantity of labour (employment). The diagrams should be used to look at the effects of shifts in demand for labour and supply of labour.</p> <p>In the old specification there was a section called interference in the market. This involved looking at minimum wage and Trade Unions. In this section, only Trade Unions need considering and how they aim to improve working conditions and increase wages. Minimum wages have been moved to section 1.2.6.</p>
<p>B1 Production</p> <p>A3 The labour market</p>	1.2.6 Government intervention	<p>Students need to look at government policy to deal with externalities. As with the old specification, they will look at taxation, subsidies, fines and government regulation. We have added in pollution permits to the new specification. We have also made it more explicit that students need to look at the advantages and disadvantages of each government policy.</p> <p>Students still explore government regulation of competition to promote competition, limit monopoly power, protect consumer interests and control mergers and takeovers. This is consistent with the old specification.</p> <p>We have removed government regulation to influence location of firms: solution to regional problems of unemployment, congestion and income inequality.</p> <p>Students will look at government intervention in the labour market. Students still need to look at reasons for minimum wages. We have made it more explicit that students will consider the advantages and disadvantages of the minimum wage. We have also made it explicit that students need to be able to draw diagrams to show the impact of the introduction of a minimum wage and the increase of a minimum wage.</p> <p>In all cases students should consider regulation with reference to a country of their choice.</p>

## Paper 2: Macroeconomics and the Global Economy

### 2.1 – Government and the economy

### 2.2 – The global economy

<p>C1 Macroeconomic objectives</p> <p>C3 Relationships between objectives</p>	<p>2.1.1 Macroeconomic objectives</p>	<p><b>a. Economic Growth</b></p> <p>We have now made it explicit that students need to be able to define economic growth. Students still need to know that economic growth is measured using increases in gross domestic product (GDP). We have added in that students need to know the limitations of GDP as a measure of growth.</p> <p>Students still need to be able to draw the economic cycle to show boom, downturn, recession and recovery. Note that slump has been removed and it now refers to a downturn instead. Students need to know the effects of each stage of the economic cycle on economic growth, inflation and unemployment.</p> <p>For C3 in the old specification, students needed to look at how one macroeconomic measure would affect the other macroeconomic objectives. This is now captured here in 2.1.1 where students explore the impact of economic growth on:</p> <ul style="list-style-type: none"> <li>■ employment</li> <li>■ standards of living</li> <li>■ poverty</li> <li>■ productive potential</li> <li>■ inflation</li> <li>■ the environment.</li> </ul> <p><b>b. Low and stable inflation</b></p> <p>We have now made it explicit that students need to define both inflation and deflation. Students need to know that inflation is measured using the Consumer Price Index (CPI). The RPI has been removed.</p> <p>Students need to know about two types of inflation which were previously under the heading ‘causes’ in the old specification. These are demand pull and cost push and will not now need to look at how money supply affects inflation.</p> <p>Instead students need to look at the relationship between inflation and interest rates. Key is that students can explain what happens to inflation when interest rates rise or fall. A basic understanding of the transmission mechanism in terms of how changes to interest rates affects consumers and businesses is needed.</p> <p>Consequences of inflation has become the impact of inflation. It considers the impact on prices, wages, exports (replaces balance of payment) and unemployment as per the old specification. Savings and the functions of money have been removed. Impacts that remain, include: menu costs, shoe leather costs, uncertainty, business and consumer confidence and investment.</p>
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	<p><b>c. Low unemployment</b></p> <p>We have made it clear that it is low unemployment that governments have as a macroeconomic objective.</p> <p>We have made it explicit that students need to define unemployment. Students still need to know that we measure unemployment using the International Labour Organization (ILO) measure. The types of unemployment studies are unchanged and include cyclical, structural, seasonal, voluntary and frictional. In the new specification students need to be able to look at the impact of unemployment on output, the use (or waste) of scarce resources, poverty, government spending on benefits, tax revenue, consumer confidence, business confidence and society.</p>
	<p><b>d. Surplus or balance on the current account of the balance of payments</b></p> <p>We have made it clear that the macroeconomic objective would typically be to achieve a balance or a surplus on the current account.</p> <p>Again we have made it explicit that students need to define the current account on the balance of payments. Students still need to know what current account deficits and surpluses are. Students also still need to explore the trade in goods (visibles) and services (invisibles).</p> <p>Additions to this section include:</p> <ul style="list-style-type: none"> <li>■ The relationship between current account and exchange rates.</li> <li>■ Examples of real-world exchange rates.</li> <li>■ Reasons for deficits and surpluses to include the quality of domestic goods, quality of foreign goods, price of domestic goods, price of foreign goods and exchange rates between countries.</li> <li>■ The impact of current account deficits, including a leakage from the economy, can be inflationary if prices rise abroad, low demand for our exports and problems finding foreign reserves to fund the deficit.</li> </ul> <p><b>e. Protection of the environment:</b></p> <p>This section has been changed to make it more explicit in terms of what needs exploring. Students need to be aware of business activity that damages the environment. Students need to know ways businesses damage the environment including:</p> <ul style="list-style-type: none"> <li>■ visual pollution, including litter</li> <li>■ noise pollution</li> <li>■ air pollution</li> <li>■ water pollution</li> </ul> <p>Under 1.2.6 we looked at government intervention with relation to externalities and protecting the environment. Policies include: taxation, subsidy, regulation, fines, pollution permits. Please note, government provision of parks has been added.</p>



		<p><b>f. Redistribution of income</b></p> <p>An addition to the specification is this macroeconomic objective. This has been added due to the importance of poverty and unequal distribution for governments. Students need to provide a definition of income inequality, absolute poverty and relative poverty.</p> <p>Students need to study the reasons to reduce poverty and inequality. Including to:</p> <ul style="list-style-type: none"> <li>■ meet basic needs</li> <li>■ raise standards of living</li> <li>■ ethical reasons.</li> </ul> <p>Students are also required to explore government intervention to reduce inequality and poverty. Including:</p> <ul style="list-style-type: none"> <li>■ progressive taxation</li> <li>■ redistribution through benefit payments</li> <li>■ investment in education and healthcare.</li> </ul>
C2 Policies: to deal with economic growth, inflation, unemployment, the balance of payments on current account and the protection of the environment	2.1.2 Government policies	<p>There is no reference to the term demand side in the new specification.</p> <p>Fiscal policy is still within the specification looking at government revenue and government expenditure. Again we have made it explicit that students need to define fiscal policy. Students are still required to know the main methods governments use to gain revenue in terms of direct and indirect taxes. Students still explore the main areas of focus of government expenditure which was termed public sector spending in the old specification.</p> <p>Given the issues governments have faced with public finances we have fiscal deficits and fiscal surpluses and the impact of a fiscal deficit and fiscal surplus. We have also got the impact of fiscal policy on macroeconomic objectives.</p> <p>Monetary policy remains in the specification but is now focused on interest rate changes. Money supply is no longer required. Students need to be able to define monetary policy and interest rates.</p> <p>The new specification also has the addition of a central bank's role in setting interest rates – students need to know that a central bank decides interest rates to reach objectives, such as the inflation target.</p> <p>The old specification focused on the impact of interest rates on consumers and firms. Students need to explore the mechanism by which a change in interest rates affects consumers and businesses. The new specification also focuses on how they impact upon the relevant macroeconomic objectives as indicated in 2.1.1.</p> <p>Given the increasing importance of central banks using asset purchasing, sometimes known as quantitative easing, this has now been added to the specification. Students do not need detailed knowledge but they do need to know how asset purchases will affect the amount of funds available to lend and how this might help stimulate the economy and have a similar impact as an interest rate cut.</p>

## A Getting started for teachers

		<p>Supply-side policies remains in the specification and the students need to define supply-side policy. Students still need to understand how supply side policies will help with productivity and total output. Students still need to explore the impact of supply-side policies on macroeconomic objectives for the following:</p> <ul style="list-style-type: none"> <li>■ privatisation</li> <li>■ deregulation</li> <li>■ education and training.</li> </ul> <p>The following supply side policies have been added to the specification:</p> <ul style="list-style-type: none"> <li>■ policies to boost regions with high unemployment</li> <li>■ infrastructure spending</li> <li>■ lower business taxes to stimulate investment</li> <li>■ lower income tax rates to encourage working.</li> </ul> <p>Government controls has also been added to this section of the specification. Students need to consider the advantages and disadvantages of:</p> <ul style="list-style-type: none"> <li>■ regulation</li> <li>■ legislation</li> <li>■ fines</li> <li>■ pollution permits.</li> </ul>
C3 Relationship between objectives and policies	2.1.3 Relationships between objectives and policies	<p>We have now specified the relationships students need to consider. The key is the need to relate the policies in 2.1.2 to how they affect the trade-offs between macroeconomic objectives which are to include:</p> <ul style="list-style-type: none"> <li>■ unemployment and inflation</li> <li>■ economic growth and inflation</li> <li>■ economic growth and environmental protection</li> <li>■ inflation and the current account on balance of payments.</li> </ul>
D1 Globalisation	2.2.1 Globalisation	<p>Again we have made it explicit that students need to define globalisation and, as per previous specification, this is about the increased integration and interdependence of economies. Reasons for globalisation still explores reduced cost of transport but some additions include fewer tariffs and quotas, reduced cost of communication and increased significance of multinational corporations (MNCs).</p> <p>The previous specification identified winners and losers from globalisation whereas we refer to it as impacts of globalisation and global companies on individual countries, governments, producers and consumers, workers and the environment. We have specified the groups that might be affected. It has also been specified that impacts should be considered in terms of:</p> <ul style="list-style-type: none"> <li>■ rising living standards</li> <li>■ greater choice</li> <li>■ lower prices</li> <li>■ reduced costs of communication</li> <li>■ closing of traditional industries</li> <li>■ environmental impact.</li> </ul>

		<p>Students still need to define multinational corporations (MNCs) and foreign direct investment (FDI). Students also need to consider reasons for the emergence of MNCs/FDI. The list of reasons has been extended to include:</p> <ul style="list-style-type: none"> <li>■ to benefit from economies of scale</li> <li>■ to access natural resources/cheap materials</li> <li>■ lower transport and communication costs</li> <li>■ to access customers in different regions.</li> </ul> <p>In addition, we have specified that students need to look at the advantages and disadvantages of MNCs/ FDI and have now stated a range of areas to consider:</p> <ul style="list-style-type: none"> <li>■ creating jobs</li> <li>■ investing in infrastructure</li> <li>■ developing skills</li> <li>■ developing capital</li> <li>■ contributing to taxes</li> <li>■ avoiding paying taxes</li> <li>■ environmental damage</li> <li>■ moving profits abroad.</li> </ul> <p>This was included in previous specification but we have now given more examples to support teachers and students.</p>
C2 International trade	2.2.2 International trade	<p>Students still need to study the advantages and disadvantages of free trade but we have specified examples in the new specification, including:</p> <ul style="list-style-type: none"> <li>■ lower prices and increased choice for consumers</li> <li>■ lower input costs</li> <li>■ wider markets for businesses</li> <li>■ foreign competition harming domestic businesses</li> <li>■ increasing unemployment.</li> </ul> <p>As with the previous specification reasons for protection need considering and again we have specified more examples including to:</p> <ul style="list-style-type: none"> <li>■ prevent dumping</li> <li>■ protect employment</li> <li>■ protecting infant industries</li> <li>■ to gain tariff revenue</li> <li>■ protect consumers from unsafe products</li> <li>■ reducing current account deficits</li> <li>■ retaliation.</li> </ul>

		<p>The methods of protection are unchanged from the previous specification and students still need to consider the advantages and disadvantages of each method of protection, looking at:</p> <ul style="list-style-type: none"> <li>■ tariffs</li> <li>■ quotas</li> <li>■ subsidies.</li> </ul> <p>Students should still look at analysing the impact by using basic supply and demand diagrams.</p> <p>The specification looks at modern trading blocs and still needs students to consider the impact of trading blocs on member and non-member countries. Students need to know examples of trading blocs.</p> <p>Students also still look at the World Trade Organization (WTO) focusing on its role and actions by the WTO. Real life examples of WTO action would be useful.</p> <p>As with old specification students will look at developed and developing countries looking at trade patterns.</p>
D3 Exchange rates	2.2.3 Exchange rates	<p>The new specification specifies the need to define exchange rates. Students continue to look at factors affecting supply and demand of currencies and as with old specification they are:</p> <ul style="list-style-type: none"> <li>■ interest rates</li> <li>■ currency speculators</li> <li>■ imports and exports of goods and services.</li> </ul> <p>Students should be able to use supply and demand diagrams to show the determination of exchange rates.</p> <p>In the old specification students explored depreciation and devaluation. They need to define both. Students need to look at the impact of depreciation of exchange rate on:</p> <ul style="list-style-type: none"> <li>■ import and export prices</li> <li>■ demand for imports and exports</li> <li>■ current account on balance of payments.</li> </ul> <p>The new specification also adds appreciation and revaluation. Students need to look at the impact of appreciation of exchange rate on:</p> <ul style="list-style-type: none"> <li>■ import and export prices</li> <li>■ demand for imports and exports</li> <li>■ current account on balance of payments.</li> </ul>

## 4. Changes to Assessment

### Command Word Taxonomy

We have introduced a consistent command word taxonomy and mark tariff to this new qualification to help students. The table below lists the command words that may be used in the question papers, the mark associated with each command word and a description of the type of response required for each command word.

Command Word	Mark Tariff	Assessment Objective	This type of question will require students to:
(Multiple-choice question – MCQ)	1	AO1	Candidates are required to select the correct answer(s) from a list of possible answers. These questions test recall of knowledge from the specification content and may require a calculation to reach the correct answer.
Define	1	AO1	Candidates are required to define a term from the specification content.
State	1	AO2	Candidates should give an answer, no longer a sentence, referring to a piece of information from the specification content.
What is meant by	2	AO1	Candidates are required to define the term x where x is a term from the specification content. There must be two separate parts to the definition.
Describe	2	AO1	Requires candidates to identify and briefly develop a consequence of an economic event.
Calculate	2	AO2	Candidates are required to use mathematical skills to reach an answer, based on given data. Calculators can be used and workings should be given.
Draw	3	AO2	Candidates are required to draw a diagram containing two/three separate awardable points.
Explain	3	AO2	Candidates should provide a statement of fact, with two further expansion points. These may expand on each other, or both from the same fact. The answer will be placed in context by the question.
Analyse	6	AO2 – 3 marks AO3 – 3 marks	Candidates are required to write an extended answer, requiring the expansion and exploration of an economic concept or issue. The answer will be placed in context by the question.
Assess	9	AO2 – 3 marks AO3 – 3 marks AO4 – 3 marks	Candidates should write an extended answer, using given information to weigh up factors and compare them in an economics context.
Evaluate	12	AO2 – 4 marks AO3 – 4 marks AO4 – 4 marks	Candidates are required to write an extended answer, applying knowledge of specification content, to reach a supported conclusion about an economic situation.

## Changes to Assessment Objectives

The table below summarises descriptions of the old and new Assessment Objectives including weightings for each.

AO	Old AO Description	% in old International GCSE	New AO Description	% in new International GCSE
AO1	Demonstrate knowledge and understanding of the specified subject content	30-35%	Recall, select and communicate knowledge of economic terms, concepts and issues	14-15%
AO2	Apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively to address problems and issues	30-35%	Demonstrate understanding and apply economic knowledge using appropriate terms, concepts, theories and calculations effectively in specific contexts	48-49%
AO3	Select, organise, analyse and interpret information from various sources to analyse problems and issues	15-20%	Select, organise and interpret information from sources to investigate and analyse economic issues	23-24%
AO4	Evaluate evidence, make reasoned judgements and present conclusions accurately and appropriately.	15-20%	Evaluate economic information to make reasoned judgements and draw conclusions.	12-13%

- You will notice that the weightings are now more precise and now fall within far smaller bands. With the narrower band we can ensure the weighting of questions that ask to 'evaluate', for example, are consistent over time. Thus helping to ensure standards can be more easily compared over time.
- The weighting towards AO1 has been reduced. Many of the marks previously allocated to this have been moved to AO2. However, this does not mean an increase in difficulty. It is just a change to the way the marks are being assigned to AOs. For example, under both the old and new AOs, 'defining a concept' or 'identifying a factor from recall' will achieve in AO1. However, where you move on to demonstrate understanding by developing the response, you were previously awarded AO1, but now to acknowledge this does something more with that, knowledge this has been moved to AO2.
- The combined weighting of AO1 and AO2 which focus on knowledge, understanding and application are similar between the two papers.
- The weighting towards AO3 has increased marginally compared to the old International GCSE. This takes into account the increased use of data which supports candidates in the construction of their arguments and analysis.
- Whilst AO4 has a marginally lower weighting – this does not lower the demand of the paper as it is now further extended with the inclusion of 3 higher tariff questions – with two 9-mark questions and a 12-mark question within each paper.

## Changes to the structure of assessment

There are 4 questions. Each question is worth 20 marks and will consist of sub-questions.

The marks allocated to each part of each question will remain consistent between the Sample Assessment Materials and the live papers.

The final question will always have a 12-mark tariff and helps in the development of extended writing. This will help students with transition to level 3 study. The question will be an 'evaluation' question, which will be linked to a context and require use of the data provided, economic understanding, analysis and evaluation to develop a balanced response.

Questions 2 and 3 both have 9-mark parts on the paper in question and will ask students to assess. Again, the candidates will be provided with data and will have to respond by using the data provided, show economic understanding, analysis and evaluation to develop a balanced response.

3 x 6-mark questions will require students to 'analyse'. Data is provided and a response using the data is required. These questions do not require evaluation. This is different to the old International GCSE where the 6-mark question required 'evaluation' to access the final 2 marks.

The first two parts of questions 1, 2 and 3 will be multiple-choice questions.

Questions 1 & 2 have 1-mark questions that require candidates to 'define', which requires recall, and to 'state' factors, causes and consequences.

The 2-mark questions can be found on questions 1, 2 and 4 and normally require more detailed definitions for 'what is meant by...' questions or they need to 'calculate' using data given in the exam. These will typically require use of a formula taught in the course.

The 3-mark questions can be found within questions 1, 2 and 3 and will often involve drawing or annotating a diagram to show changes, or require an explanation which needs a more developed response. This might be explaining advantages or disadvantages for example.

## 5. Assessment Guidance

### Understanding the question types

#### Multiple-choice questions

Each paper will have 6 x multiple-choice questions. These will have a question or sentence to complete and will have 4 options with 1 correct answer to select. Students will always be looking for the best answer. These questions test recall of knowledge from the specification content or require a calculation to reach the correct answer.

Below are a few examples of multiple-choice questions.

The first and most common type of question will require recall and will often assess the ability to recognise definitions and match to the appropriate key word or to choose the most appropriate definition. Two examples are given from the sample assessment materials (SAMs) and the answers explained below.

- 1 (a) What is the name given to a firm that dominates a market? (1)

<input type="checkbox"/>	<b>A</b> A monopoly firm
<input type="checkbox"/>	<b>B</b> An oligopoly firm
<input type="checkbox"/>	<b>C</b> A primary sector firm
<input type="checkbox"/>	<b>D</b> A secondary sector firm

The answer to the question is **A** – A monopoly firm. Here students just require recall of what key word is being defined.

- 3 (a) What is a fiscal deficit? (1)

<input type="checkbox"/>	<b>A</b> Imports are greater than exports
<input type="checkbox"/>	<b>B</b> Government revenue is greater than government expenditure
<input type="checkbox"/>	<b>C</b> Government expenditure is greater than government revenue
<input type="checkbox"/>	<b>D</b> Exports are greater than imports

Here students need to recall that a fiscal deficit is where the government expenditure is above government revenue from tax – The answer is therefore **C**.

The following question differs in that it is using given data. Students have to select which data needs using in order to calculate the correct answer

- (b) A firm has a variable cost of €25 and charges a price of €75 per item.



It sells 30 000 items. What is the total revenue for the firm? (1)

<input type="checkbox"/>	<b>A</b> €400
<input type="checkbox"/>	<b>B</b> €30 075
<input type="checkbox"/>	<b>C</b> €750 000
<input type="checkbox"/>	<b>D</b> €2 250 000

The answer is calculated by multiplying the price by quantity  $€75 \times 30\,000 = €2\,250\,000$  so **D** is the correct answer. Here any formulas or calculation noted will get no additional credit as only the correct answer is rewarded.

Alternatively students may be provided with a table of data which needs interpreting:

- 2 Young Tablet Covers is a firm based in Hong Kong. It produces colourful covers designed for children to protect their tablet computers. The quantity demanded and quantity supplied at different prices is shown in Figure 3.

Price in Hong Kong dollars (HKD)	Quantity demanded per week	Quantity supplied per week
100	900	400
110	750	500
120	600	600
130	450	700

**Figure 3**

- (a) With reference to the data in Figure 3, what is the equilibrium price of a tablet cover? (1)

<input type="checkbox"/>	<b>A</b> 100 HKD
<input type="checkbox"/>	<b>B</b> 110 HKD
<input type="checkbox"/>	<b>C</b> 120 HKD
<input type="checkbox"/>	<b>D</b> 130 HKD

In this question students need to know that equilibrium will occur where the quantity supplied exactly matches quantity demanded. This occurs at a price of 120 HKD so **C** is correct.

Opposite is another question with given data on elasticity of demand that needs interpreting.

Figure 4 shows estimates of income elasticity of demand and price elasticity of demand for cigarettes in Argentina.

Elasticity	Cigarettes
Income elasticity of demand	+0.43
Price elasticity of demand	-0.31

Source: <http://tobaccocontrol.bmj.com/content/early/2013/06/11/tobaccocontrol-2012-050711.abstract>

**Figure 4**

(b) What does the data in Figure 4 show about cigarettes in Argentina? (1)

<input type="checkbox"/>	<b>A</b> They are an inferior good and demand is price inelastic
<input type="checkbox"/>	<b>B</b> They are an inferior good and demand is price elastic
<input type="checkbox"/>	<b>C</b> They are a normal good and demand is price elastic
<input type="checkbox"/>	<b>D</b> They are a normal good and demand is price inelastic

In this case +0.43 for income elasticity of demand means the good is normal and 0.31 means price elasticity of demand shows the good is price inelastic so the answer is **D**.

Another type of question will give a scenario and candidates will have to select the appropriate diagram that illustrates the impact:

The United States provides a subsidy to American cotton producers.

(b) Which one of the following diagrams shows the market for American cotton following the introduction of the subsidy? (1)

<input type="checkbox"/>	<b>A</b>	
<input type="checkbox"/>	<b>B</b>	
<input type="checkbox"/>	<b>C</b>	
<input type="checkbox"/>	<b>D</b>	

With costs falling due to the subsidy supply will shift right and demand will expand so the answer is **B**.

**'Define' questions**

These questions require the candidate to define a term from the specification content. The definition will tend to be simple and not require development. The questions will be awarded 1 mark.

Example of a define question is given below from the SAMs.

- 2 (d) Define the term public sector. (1)

All the answer requires is that the candidate gives a simple definition that is 'Where the government provides goods or services.' No further development is required.

**'State' questions**

When asked to 'state' candidates need to give an answer, no longer than a sentence, referring to a piece of information from the specification content.

Example of 'state' questions are given below from the SAMs.

- 2 (d) State **one** factor that will cause the demand curve to shift to the right. (1)

Here candidates just need to write down any factor that will cause the rightward shift of the demand curve.

Answers could include:

- increased advertising
- increased income
- change in fashion and tastes in favour of product
- increased price of other substitute goods
- decreased price of other complementary goods
- increased population size
- increased immigration.

Only one response is required.

- (c) State **one** cause of globalisation. (1)

Candidates just need to write simple causes for example:

- Improved communications.
- Improved transport.
- The internet.

No further explanation is needed.

Alternatively, candidates might be asked to state a formula as shown below:

- 2 (c)(i) State the formula for price elasticity of demand. (1)

Formula required is % change in quantity demanded  $\div$  % change in price.

### 'What is meant by' ... questions

Here candidates need to define a term from the specification content. There will be two marks available and there must be two separate parts to the definition.

Examples from the SAMs are given below:

- (d) What is meant by monetary policy? (2)

Here candidates will be awarded 1 mark for reference to the nature of policy and 1 mark for reference to the aim of policy.

For example 'Using interest rates (1) to influence the level of overall demand in the economy' (1).

Candidates are awarded 1 mark for reference to using interest rates and then the development that links to influencing demand gets the second mark.

The question below has a brief context but requires the same two stage definition.

Bespoke Bikes manufactures bicycles. Each worker produces bicycles from start to finish. Bespoke Bikes has decided to introduce a division of labour in the production of its bicycles.

- 2 (e) What is meant by the 'division of labour'? (2)

Here candidates are awarded 1 mark for reference to breaking up production and 1 mark for reference to workers specialising in one task.

E.g. Division of labour occurs where a firm breaks up the production process (1) and each worker specialises in one task (1).

### 'Calculate' questions

On calculate questions candidates need to use mathematical skills to reach the answer, based on given data. Calculators may be used and workings should be given. These question will be worth 2 marks.

A firm makes 1000 items. Its total revenue, total costs and total variable costs are given in Figure 1.

Quantity	Total revenue	Total fixed costs	Total variable costs
1000	£150 000	£45 000	£58 000

**Figure 1**

- 1 (f) Using the data in Figure 1, calculate the profit earned by the firm when it makes 1000 items. You are advised to show your working. (2)

Candidates will receive 1 mark for calculating the total costs and 1 mark for calculating the total profit.

e.g.

$$45\,000 + 58\,000 = \text{£}103\,000 \text{ (total costs) (1)}$$

$$150\,000 - 103\,000 = \text{£}47\,000 \text{ (total profit) (1)}$$

Showing the working here enables candidates to gain credit even when they make a mistake at some point in calculating.

However the candidate will be awarded 1 mark if only the correct formula is shown

e.g.

$$\text{Profit} = \text{TR} - (\text{TFC} + \text{TVC}) \text{ or } \text{TR} - \text{TC}$$

Candidates should therefore be encouraged to include formulas they will use in their answer

Note that the candidate will achieve full marks if the correct profit figure is given.

- 1 (e) Calculate the price in euros of goods priced at £12 when the exchange rate is £1 = €1.30. You are advised to show your working. (2)

Here candidates are awarded 1 mark for showing the calculation and 1 mark for the correct answer.

$$12 \times \text{€}1.30 \text{ (1)} = \text{€}15.60 \text{ (1)}$$

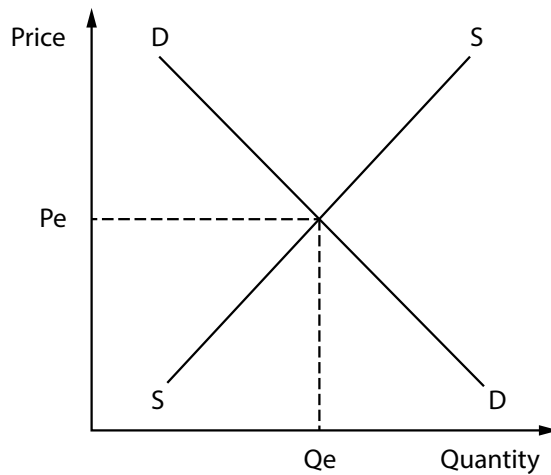
Again having the correct answer achieves full marks.

If correct currency is not shown e.g. there is no euro symbol then candidates would not be able to achieve full marks. Candidates should be encouraged to include all symbols.

**'Draw' questions**

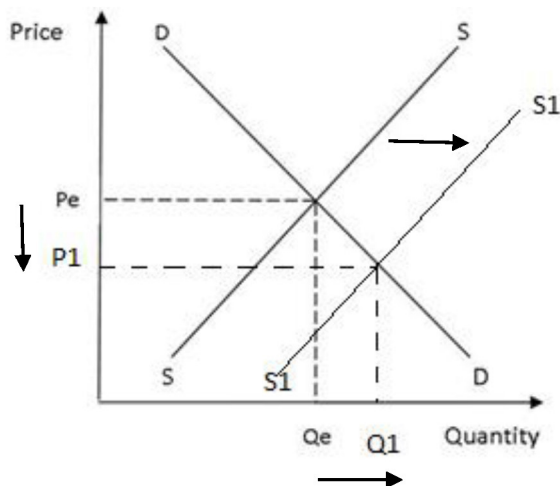
These questions will be worth 3 marks. Candidates will need to draw a diagram containing two/three separate awardable points.

- (g) Using the diagram below, draw the effects of the introduction of a subsidy paid to producers on equilibrium price and quantity. Label the new curve, the new equilibrium price and quantity. (3)



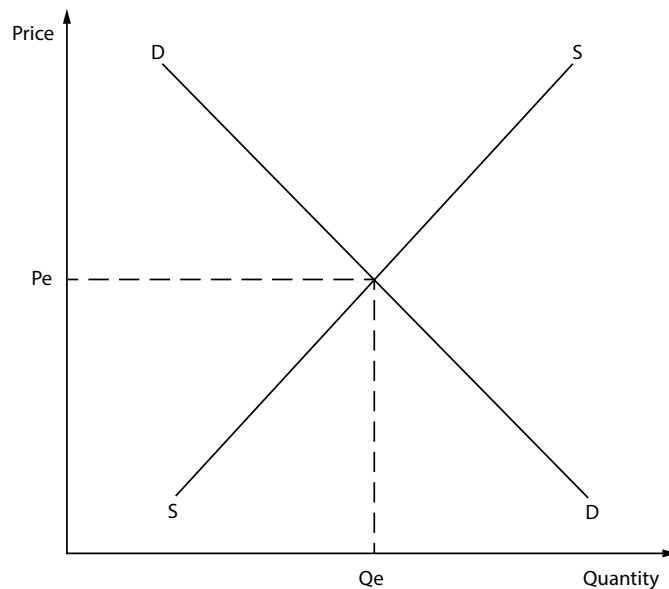
**Figure 2**

For this question there is 1 mark for drawing the correct shift, 1 mark for showing the new equilibrium price and 1 mark for the new quantity.



- 1 mark for rightward shift of supply labelled.
- 1 mark for lower equilibrium price labelled.
- 1 mark for higher equilibrium quantity labelled.

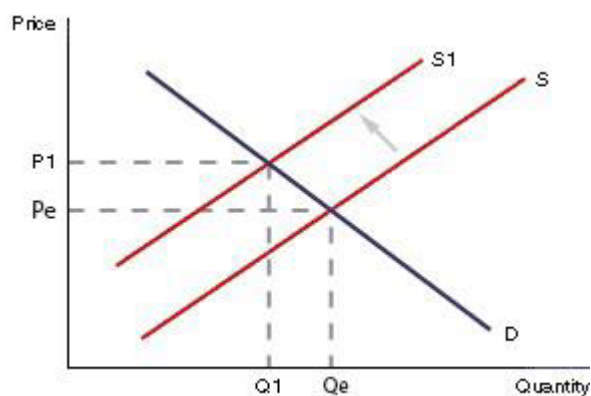
- 1 (f) Using the diagram below, draw the effects of the introduction of a tariff on the equilibrium price and quantity of a good. Label the new curve, the new equilibrium price and quantity. (3)



**Figure 1**

Once again 1 mark for the correct shift and 1 mark for new equilibrium price and 1 mark for new equilibrium quantity.

E.g.



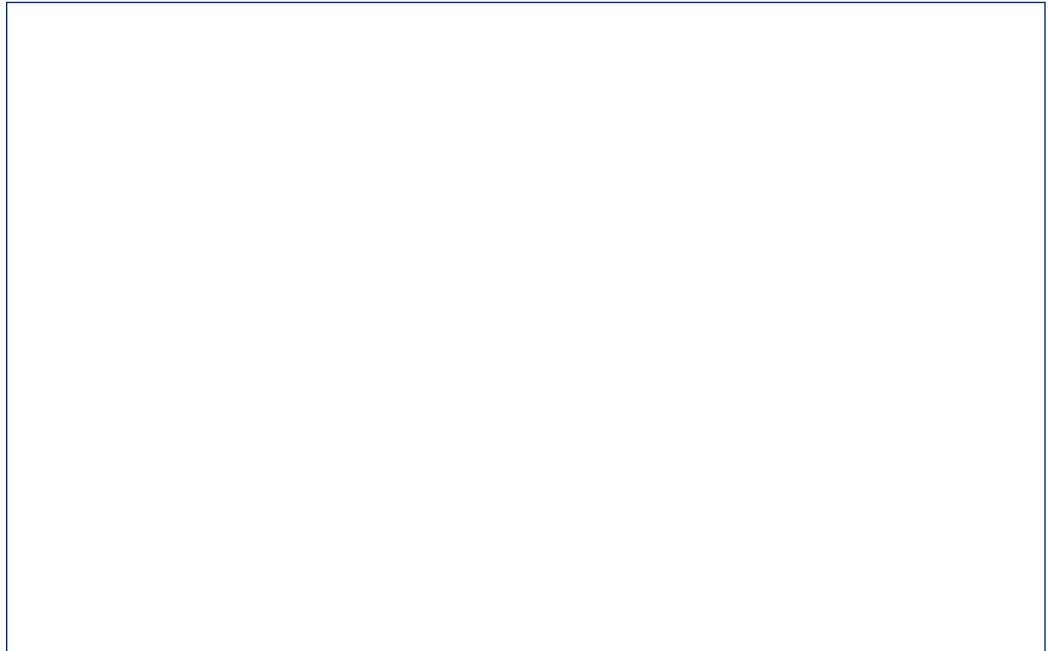
- 1 mark for leftward shift of supply labelled.
- 1 mark for higher equilibrium price labelled.
- 1 mark for lower equilibrium quantity labelled.

Sometimes the diagram will need to be drawn.

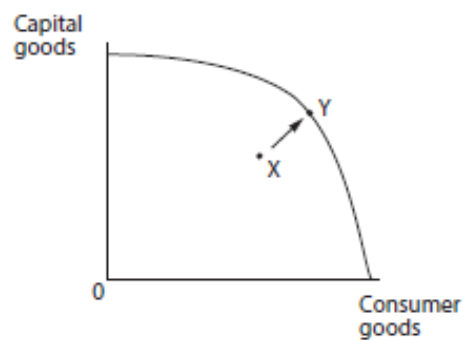
An economy produces capital and consumer goods. This economy starts with unemployed resources at **point X** and then shifts to **point Y** where resources are fully employed.

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- (c) In the box below, draw a production possibility curve (PPC) to show an economy moving from **point X** with unemployed resources to **point Y** where resources are fully employed. (3)



The students will need to produce the diagram below. Although the axis can be swapped.



Candidates will be awarded 1 mark for drawing a production possibility curve (PPC) with correctly labelled axes. 1 mark for drawing point X below PPC, and 1 mark for drawing point Y on the PPC.



**'Explain' questions**

The response will normally give a statement of fact, with two further expansion points. These may expand on each other, or both from the same fact. The answer will be placed in context by the question. These answers will be worth 3 marks and will normally be found 2 or 3 times on each paper.

Some farmers have seen the price they receive for their crop fall. This means the income they earn has fallen. To support farmers the government pays them a subsidy.

- 1 (h) Explain **one** disadvantage of the government introducing subsidies to support farmers. (3)

Candidates will be awarded the first mark for identifying a relevant disadvantage and a further mark for developing the disadvantage. The final mark here is for the response being in the context of farming.

An example response could be:

One problem is that the government will experience an opportunity cost (1) as they will not be able to spend the money on other areas of the economy, such as healthcare and education (1), as the money will have been directed to supporting the income of farmers (1).

As you can see the response clearly identified a disadvantage and then explained why it is a problem and made sure the it had links to farming.

An example from Paper 2 is found below:

In 2016, Brazil complained to the World Trade Organization (WTO) about Thailand's use of sugar subsidies.

- (e) Explain one role of the WTO. (3)

Here candidates will gain a mark for identifying a role of the WTO and 2 marks for developing the explanation. An example response is given below identifying each point where the candidate gained a mark.

- To settle trade disputes (1). When a problem arises between two countries such as Brazil and Thailand over sugar subsidies, the WTO organises meetings (1) by bringing the two sides together and acting as mediator to help find a solution (1).

### 'Analyse' questions

There are typically 3 x 'Analyse' questions on each paper, requiring students to develop a response to be able to access 6 marks. An analyse response will require an extended answer, requiring the expansion and exploration of an economic concept or issue. The answer will be placed in context by the question. These responses do not require a two sided response but a developed analysis.

The UK government has introduced an indirect tax on drinks that contain high levels of sugar. The tax should reduce the consumption of high sugar drinks. Some argue that brands like Coca-Cola® and Pepsi® have price inelastic demand because customers are loyal to these brands.

- 1 (i) With reference to the data above and your knowledge of economics, analyse the impact of the introduction of an indirect tax on the consumption of Coca-Cola and Pepsi.

This question is marked by levelling the quality of the response. They can achieve Level 1, 2 or 3.

A **Level 1** response will achieve 1 or 2 marks.

Candidates will demonstrate basic knowledge and understanding by developing relevant points. There will be limited application of economic terms, concepts, theories and calculations.

Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues.

A **Level 2** response will achieve 3 or 4 marks.

Candidates will demonstrate partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations.

Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues.

A **Level 3** response will achieve 5 or 6 marks.

Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations.

Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues.

A typical response that achieves level 3/full marks is given below:

Indirect tax is a charge on expenditure. This will reduce the supply of both drinks and increase the price and reduce the quantity of the drinks consumed. Despite lower consumption, the inelastic demand caused by people being loyal to the brands means government tax revenue earned will rise. The increased tax revenue can be used to support the treatment of obesity/campaigns for information.

The above response starts by defining accurately and goes through the process of how the tax affects supply and demand and therefore the price and quantity. This is accurate showing clear understanding of the supply and demand model. Candidates then move themselves to level 3 through showing an understanding of elasticity and linking this to how it will affect total tax revenue. Candidates offer a response in the context of the question by linking the tax to how it can fund the treatment of obesity and provide information.

The following response also achieves the top score:

The sugar tax is an indirect tax which is a tax on consumption. The impact of the tax will be small as Coca-Cola and Pepsi have brand loyalty, which means people may be addicted to these brands of drink. When the tax is introduced and the price for these products goes up, the response in reduced quantity will be smaller. Therefore the sugar tax on these products will not reduce consumption by much. This will make it an ineffective way of reducing consumption although tax revenues will be generated.

The response shows sound understanding of what indirect tax is. Again candidates have an idea of the loyalty to the brand and look at how this will affect price elasticity of demand and therefore the likely small change in quantity. Again the response is applied to the specific context. A thorough response.

Paper 2 has the following question in the Sample Assessment Materials.

Sri Lanka's average tariff is 6.3%. However, agricultural imports have higher tariffs. Dairy products, meat products, fruit and vegetables have a 30% tariff.

- (b) Analyse why Sri Lanka might impose higher tariffs on agricultural imports. (6)

As with the previous question from Paper 1, 'analyse' uses the same levels-based marking. There are 3 levels enabling students to achieve up to 6 marks.

Key is showing the ability to recall relevant definitions, to then identify why they might impose the tariff but then go on to develop why they do this. It is important that Candidates link to the context offered and not only pick out relevant points but develop them to support their answer.

Tariffs are taxes placed on imports and will increase the price of the imports. Sri Lanka may have placed high tariffs of 30% on agricultural imports to protect its own farmers from cheaper competition. If imports are more expensive, Sri Lankan consumers will buy more local produce helping Sri Lankan farmers to earn more revenue. The economy will benefit from higher employment in the farming sector.

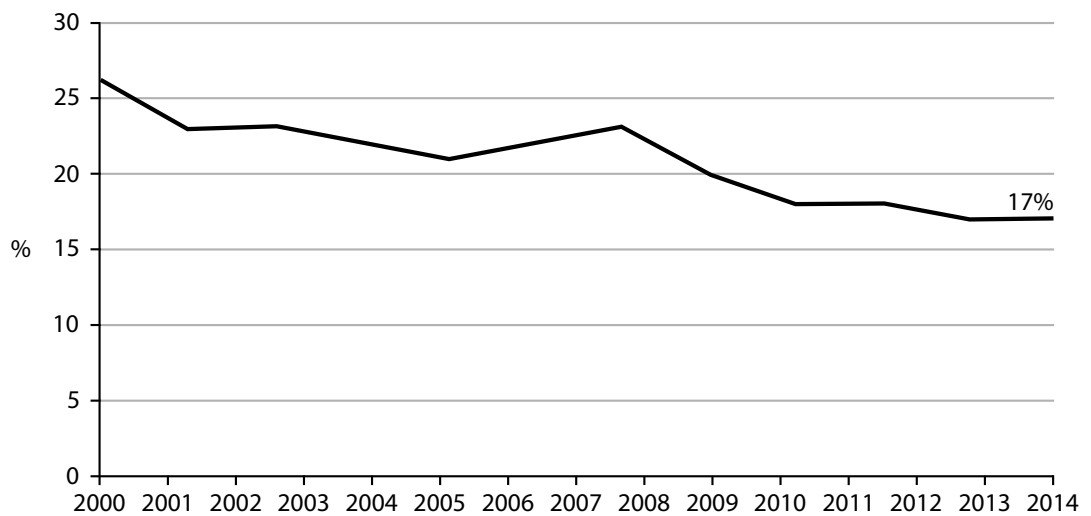
This achieves level 3 and top marks. The response shows recall in being able to define the relevant term of tariffs. Candidates are able to develop this in identifying that it will raise the price of imports. They then use the context to pick out the size of the tariffs and how this will help local farmers. Candidates go on to look at how the domestic farmers doing better will help in terms of income.

A tariff is a tax on imports and will help the government to raise more revenue. Sri Lanka is a developing economy and may lack sufficient government revenue to fund areas such as education and healthcare. With high tariffs, tax revenue increases, which enables the government to spend more in these areas and aid Sri Lanka's economic development. This will help people achieve an education and help them to be more productive in the labour market later.

The response also shows sound knowledge of Economics and focuses instead on government revenue. Candidates focus on how it will help the government to develop education and healthcare. Key here is candidates have seen the context and given a response relevant to Sri Lanka. Again this response achieves the top level.

**'Assess' questions**

The command word assess will require candidates to write an extended answer. Candidates will need to use given information to weigh up factors and compare them in an economics context. This question will normally require a two sided response.

**Example from Paper 2****Children living in relative poverty in the UK 2000-2014.**

(Source: Office for National Statistics)

**Figure 2**

In the UK, relative poverty is defined as living in households where the income is below 60% of the UK average. In July 2015, the UK government announced that the number of UK children classed as living in relative poverty remained at 2.3 million or 17%. Almost one in six children in the UK remained in relative poverty from 2011-2014. In 2016, the United Nations criticised the UK for lagging behind the developed world in dealing with child poverty.

- (g) Assess one policy that the UK government could use to reduce the level of relative poverty.

(9)

'Assess' questions are also levelled in terms of the quality of the response.

A **Level 1** response will demonstrate basic knowledge and understanding by developing relevant points. There will be limited application of economic terms, concepts and theories. Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues.

The response will normally only offer one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness.

Level 1 will achieve 1-3 marks

A **Level 2** response will demonstrate partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts and theories. Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues. The response will refer to more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness.

Level 2 will achieve 4-6 marks

A **Level 3** response demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts and theories. Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues. The response will offer more than one viewpoint. The argument will be well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness.

Level 3 will achieve 7-9 marks

An example response that achieves full marks is below:

One cause of poverty is poor educational opportunities. To support those in poverty and to help people get out of poverty the government could invest more in education. If people are better educated they are more likely to find employment or a better paid job which will improve their level of disposable income helping them out of relative poverty.

This first paragraph is one side looking at a policy and explaining the process of how it will benefit people. The next paragraph goes on to offer the required evaluation.

However, investing more in education will be expensive. If governments are already spending more than they earn, they will find it difficult to fund education. It may also take some time before the benefits of education will be seen.

Here the response makes and develops a number of relevant points on the other side of the argument to help balance their arguments on how the policy will benefit in reducing poverty.

### 'Evaluate' questions

These questions are worth 12 marks. There will be one question in Paper 1 and one question in Paper 2 that will use the command word – evaluate. These require candidates to write an extended answer. Candidates will need to apply knowledge of the specification content, to reach a supported conclusion about an economic situation.

#### External costs in T-shirt production

According to the World Wildlife Fund (WWF), it takes 2700 litres of water to produce one T-shirt. Water is used not only to grow cotton but also to dye clothing. Cotton growers use pesticides and chemicals that pollute the water. The pesticides and chemicals that remain in the environment harm animals and plant life. The WWF has been working with governments to help reduce this pollution. It advises them to introduce more regulation and to fine companies that pollute. Clothing manufacturers argue that this will add to their costs and mean they will supply less. This may mean they employ fewer people. This will help reduce water pollution as less clothing is being manufactured. Fines will punish those that pollute while also earning the government revenue it can use to clean up the pollution. The fines must also be large enough to persuade firms to stop polluting.

- (c) With reference to the information given in '**External costs in T-shirt production**' and your knowledge of economics, evaluate the impact of the government introducing regulation and fines to reduce the external costs of clothing production in its country. (12)

**To achieve Level 1** students will need to demonstrate isolated elements of relevant knowledge and understanding and may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations. Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues. Students will only offer one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted.

Level 1 will achieve 1-4 marks.

**To achieve Level 2** students will demonstrate partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations. Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues. Students will offer more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion will be attempted, but may not be fully supported.

Level 2 will achieve 5-8 marks.

**To achieve Level 3** students will demonstrate specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations. Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues. Students will offer more than one viewpoint. The argument will be well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion will be present.

Level 3 will achieve 9 – 12 marks.

Regulation is rules and limits on what firms can do and these will add to the costs of the clothing manufacturers. Higher costs will reduce supply causing demand to contract, the price to rise and reduce the quantity consumed. This will help to reduce water pollution as less clothing is being manufactured. Fines are charges for those firms that pollute or break regulations. This will earn revenue for the government and these can be used to compensate those that are affected by water pollution.

One disadvantage is that the clothing industry would make less profit if they have to pay fines or put things in place to meet the laws. The firms may have to cut costs and employ fewer people which may lead to unemployment. If they have to pay these benefits the added money earned from fines will be taken up by benefits. The impact of the fines might be small if the fine is only small as firms may still pollute as they have little incentive to pollute.

This first paragraph is one sided but looks at detail on how the regulation and fines will impact the economy. The second paragraph offers the other perspective to get the required balance needed. This response achieves full marks for showing knowledge of the policies, being able to identify and explain benefits. The balance and other viewpoints enable them to access the valuation marks.



## Understanding the Assessment Objectives:

AO1	Recall, select and communicate knowledge of economic terms, concepts and issues	14–15%
<p>This assessment objective will be tested through multiple-choice questions that require students to match a definition with the correct key word(s). Questions that ask ‘what is meant by...’ and those that require a ‘definition’ all test the ability of candidates to recall knowledge. Equally candidates may have this AO tested by asking them to write down the correct formula.</p> <p>Students may also be asked to ‘state’ or ‘identify’ factors, causes, consequences, advantages or disadvantages related to an economic issue.</p> <p>Example question from Paper 2 in the Sample Assessment Materials:</p> <p>1 (d) Describe <b>one</b> impact of inflation on a firm. (2)</p> <p>Students will be awarded 1-mark for reference to the impact and 1-mark for development of the impact. For example:</p> <p>Increase in cost of supplies (1) reduces profitability (1).</p> <p>All the marks available here are for recall of knowledge of economic issues related to inflation.</p> <p>Within each paper in the SAMs, 12 out of the 80 marks available are for AO1.</p> <p>To help deliver AO1 it is important that you define the terms identified in the specification explicitly and clearly. It is useful in material delivered that you highlight key terms perhaps by highlighting a specific colour or boldening. This helps students to note the key words they need to be able to define.</p> <p>Students may benefit from regular activities that get them to explain to other learners in the class how key words can be defined. You could have key words from the subject added to a bag or list, then within each lesson students select these words and have to define them to the rest of the group. It is however important that the teacher focuses on the precision of these definitions to ensure they are suitable and would be awarded marks in the exam.</p> <p>To ensure students are able to state or identify factors, causes, consequences, advantages or disadvantages related to an economic issue it is useful to test regularly their ability to recall them. It might be useful to regularly ask students to quickly identify two factors, causes, consequences, advantages or disadvantages as relevant to the topic being studied. Getting the class to share is often helpful in helping others to remember possible responses.</p>		

## A Getting started for teachers

<b>AO2</b>	<b>Demonstrate understanding and apply economic knowledge using appropriate terms, concepts, theories and calculations effectively in specific contexts</b>	<b>48–49%</b>
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Marks are still available here for demonstrating knowledge and understanding but this will now be in a specific context as set out in the question.

Questions that require candidates to use data to calculate an answer will be testing this assessment objective.

For example on Paper 2 in the Sample Assessment Materials:

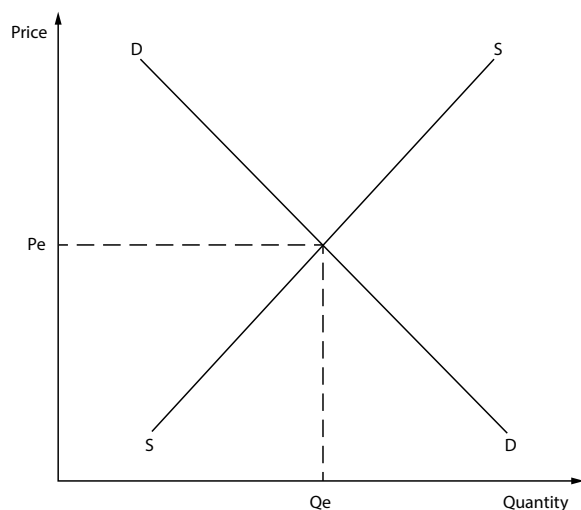
- 1 (e) Calculate the price in euros of goods priced at £12 when the exchange rate is £1 = €1.30.  
You are advised to show your working. (2)

As can be seen in the Mark Scheme below there are 2 x AO2 marks available for showing the calculation and the correct answer.

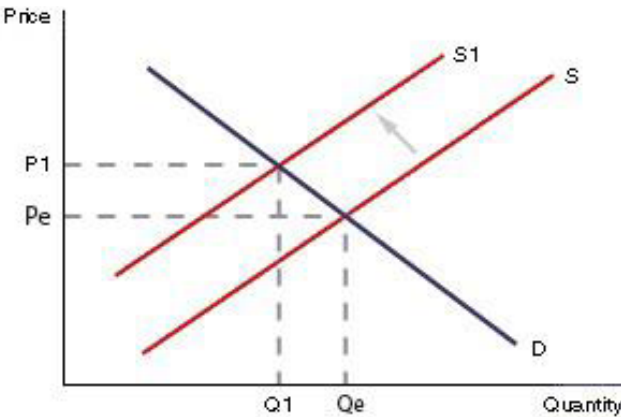
Question number	Answer	Mark
<b>1(e)</b>	<b>AO2 2 marks</b>  Award 1 mark for showing the calculation and 1 mark for the correct answer. $12 \times \text{€}1.30 (1) = \text{€}15.60 (1)$  Award 2 marks if the correct answer is shown, with euro symbol, even if no calculations are shown.  Award 1 mark if correct answer is shown, but with no euro symbol, even if no calculations are shown.	<b>(2)</b>

Likewise, questions that require drawing or annotating a diagram will assess AO2. For example:

- (f) Using the diagram below, draw the effects of the introduction of a tariff on the equilibrium price and quantity of a good. Label the new curve, the new equilibrium price and quantity. (3)



As can be seen in the Mark Scheme below all marks are awarded for AO2.

Question number	Answer	Mark
1(f)	<p style="text-align: center;"><b>AO2 3 marks</b></p> <p>Award 1 mark for leftward shift of supply labelled. Award 1 mark for higher equilibrium price labelled. Award 1 mark for lower equilibrium quantity labelled.</p> 	<b>(3)</b>

Questions asking students to 'explain' will also require them to show knowledge and understanding but it must be in the context of the question to access full range of marks.

Example from Paper 1:

2 (f) Explain **one** advantage of the division of labour for Bespoke Bikes. (3)

As can be seen in the Mark Scheme below, the 'explain' question here is getting students to show knowledge of a concept from the specification, but students will need to apply it to the specific business to access full marks.

Question number	Answer	Mark
2(f)	<p style="text-align: center;"><b>AO2 3 marks</b></p> <p>Award 1 mark for identifying an advantage of the division of labour, a further mark for developing the advantage and 1 mark for the response being in the context of bikes.</p> <ul style="list-style-type: none"> <li>■ Less time is wasted (1) as workers will not keep having to change tools to do each task (1), whereas before they needed to change from one tool to another (1).</li> <li>■ Workers specialising in one task become better at that task (1), making them more productive (1) and helping to lower the average costs of producing each bike. (1)</li> </ul> <p>Accept any other appropriate responses.</p>	<b>(3)</b>

## A Getting started for teachers

On the larger 6- and 9-mark questions, there are 3 marks for AO2, but on the 12-mark questions, 4 marks will be available for AO2. The key is the need to demonstrate knowledge and understanding by putting answers in the context of the questions.

To support students in developing the required skills for AO2, it would be useful to get students to practice calculations. Encourage students to show workings and emphasise the importance of including the relevant currency, percentage, units, as appropriate, to access the higher marks.

It is also useful to regularly get students to draw diagrams and to be very precise over the labelling and annotations on these. A useful activity is to get students to use pre-drawn supply and demand diagrams and provide scenarios, asking students to sketch the impact.

With 'explain' questions it is worth explaining what examiners look for. For example, ask students to identify advantages, develop them and ensure they put their answers in context. If you keep going over this, particularly emphasising the need for students to put their answers in context, they will be better prepared for the exam.

<b>AO3</b>	<b>Select, organise and interpret information from sources to investigate and analyse economic issues</b>	<b>23–24%</b>
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Marks for this AO will only be found in the larger 6-, 9- and 12-mark questions.

AO3 is essentially assessing the ability to select appropriate information to help analyse issues. This is all about developing detailed responses.

An example of an analysis question which will have 3 x AO3 marks available is given below:

1(h) Analyse how a government might use fiscal policy to stimulate economic growth. (6)

Question number	Indicative content	
1(h)	<b>AO2 (3 marks)/AO3 (3 marks)</b>	
	<p><b>AO2 and AO3</b></p> <ul style="list-style-type: none"> <li>■ Fiscal policy is the use of government spending and taxation to affect the economy.</li> <li>■ Increased government spending and/or reduced taxation should cause the economy to expand.</li> <li>■ Increased government spending may create jobs and income, e.g. more road building means more people needed to build the roads and supply the materials.</li> <li>■ Reduced taxes mean more income left over to spend.</li> <li>■ Both will increase demand in the economy.</li> <li>■ More demand will mean that more needs to be produced to meet that demand.</li> <li>■ Increased production means more goods and services being produced therefore GDP increases.</li> </ul>	
Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1–2	<ul style="list-style-type: none"> <li>■ Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2).</li> <li>■ Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).</li> </ul>
<b>Level 2</b>	3–4	<ul style="list-style-type: none"> <li>■ Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2).</li> <li>■ Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).</li> </ul>
<b>Level 3</b>	5–6	<ul style="list-style-type: none"> <li>■ Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2).</li> <li>■ Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).</li> </ul>

## A Getting started for teachers

In the indicative content given above, the parts of the response which show more detailed or developed points are where students are developing their analysis and therefore accessing the 3 marks available for AO3. As can be seen students have been selective and have interpreted information to offer a thorough analysis.

On the 9- and 12-mark questions, it is this level of detail that is required to enable students to access the range of AO3 marks. If students work on breadth, by talking briefly about lots of relevant points, they will struggle to access the 'analysis' marks. Students really need to look at a smaller number of relevant points, in more detail, to offer the required depth to access the analysis marks.

Developing analysis skills is all about getting students to be able to develop a chain of argument in detail. Students need lots of practice at developing the various knock on effects of a change. Again, giving students a scenario, then listing the different factors it may affect will help students to consider the impact, for example, of a policy change.

For example, take an increase in indirect taxation. Give students a list so they can look at the impact on each:

e.g. costs, supply, demand, price, quantity, tax revenue, government spending, external costs, profits. This will help them to realise the need to look in detail at economic issues.

<b>AO4</b>	<b>Evaluate economic information to make reasoned judgements and draw conclusions</b>	<b>12–13%</b>
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The questions assessing evaluation skills are the 9- and 12-mark questions. 9-mark questions will have 3 marks allocated to evaluation and 12-mark questions will have 4 marks allocated to evaluation. Essentially the need here is for them to be able to offer another viewpoint. When the viewpoints have a degree of balance they will tend to be better. It is also important on the larger 12-mark questions that present a justified conclusion.

A question with 4 marks allocated to evaluation is 4c on Paper 2.

Sri Lanka signed agreements for foreign direct investment (FDI) worth \$1.6bn in 2015, up from 2014's total of \$1.5bn. New projects include a \$26.5m assembly plant from Volkswagen and a \$100m investment in the sugar industry by companies from Singapore. Other multinationals already operating in Sri Lanka include Unilever®, Nestlé®, Holcim®, Coca-Cola® and Reckitt Benckiser®.

(c) Evaluate the impact that FDI might have on a developing economy such as Sri Lanka. (12)

Question number	Indicative content
4(c)	<p style="text-align: center;"><b>AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks)</b></p> <p><b>AO2 and AO3</b></p> <ul style="list-style-type: none"> <li>■ FDI – investment in one country that is made by a business, organisation or a government from another country.</li> <li>■ FDI flows have both direct and indirect benefits: <ul style="list-style-type: none"> <li>■ the initial investment creates employment. Buildings and equipment may be needed. Once operations commence, a workforce will be needed.</li> <li>■ local businesses may be involved in supplying or servicing the multinational corporation (MNC), seeing an increase in business and therefore taking on more workers.</li> <li>■ those with new employment will spend some of their income with local businesses. This increases demand and, in turn, creates more jobs. There is a positive local multiplier effect.</li> <li>■ GDP is likely to increase and Sri Lanka will develop economically.</li> <li>■ MNCs may train up the local workforce who may acquire useful skills. MNCs often bring new technologies, techniques and methods. New work practices and technology help the host country to become more competitive and grow.</li> <li>■ increased employment and wages should lead to an increased tax base and government revenue. Exports may increase improving the balance of payments.</li> <li>■ Corporate Social Responsibility (CSR) policies can greatly benefit the local communities and environment.</li> </ul> </li> </ul>

## A Getting started for teachers

### AO4

- However, wages can be low and working conditions may be poor.
- MNCs may not train local workers to a high level. Research and development facilities may be kept in the home country, with little opportunity for skills or technology.
- Local businesses suffer at the hands of the MNCs who take away their market share/customers.
- MNCs can cause great damage to the environment by their processes and the transportation of their products. This damage can be short or long term and is usually unsustainable.
- Profits may be sent home and taxation can be reduced or avoided.
- MNCs may move from one country to the next, taking whatever incentives are on offer, before moving on to the next and newest low-cost location, leaving behind unemployed workers and a weakened economy.

Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1–4	<ul style="list-style-type: none"> <li>■ Demonstrates isolated elements of relevant knowledge and understanding and may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2).</li> <li>■ Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).</li> <li>■ Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).</li> </ul>
<b>Level 2</b>	5–8	<ul style="list-style-type: none"> <li>■ Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2).</li> <li>■ Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present, but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3).</li> <li>■ Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).</li> </ul>
<b>Level 3</b>	9–12	<ul style="list-style-type: none"> <li>■ Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2).</li> <li>■ Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).</li> <li>■ Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).</li> </ul>



As can be seen 4 marks are given for evaluation. To achieve the full 4 marks there is a need to offer an alternative viewpoint. This needs to be well developed and offer balance with the points made under AO2 and AO3. Only providing one viewpoint will see students achieve within level 1. Offering a second viewpoint but being unbalanced will see them achieve level 2. To achieve level 3 they will need to also offer a supported judgement. Responses in level 1 will lack this and level 2 will be fully supported.

To help develop students ability to evaluate it is important that you look at issues within the specification, for example policies, and consider two sides for each.

Creating revision cards that have space for students to fill in 2 or 3 advantages and disadvantages of policies that identify and develop each will help develop the balance requires. Having space for a supported judgement will also help. Really emphasising the need for this method to be applied on evaluate questions will be helpful to students.

## 6. Delivery of the qualification – Transferable Skills

### Why transferable skills?

Ensuring that International GCSE qualifications will help improve student outcomes through the acquisition of transferable skills, as well as subject content and skills, is a key aim for Pearson.

In recent years, higher education institutions and employers have consistently flagged the need for students to develop a range of transferable skills to enable them to respond with confidence to the demands of undergraduate study and the world of work.

Through our teaching materials and support offered we want to:

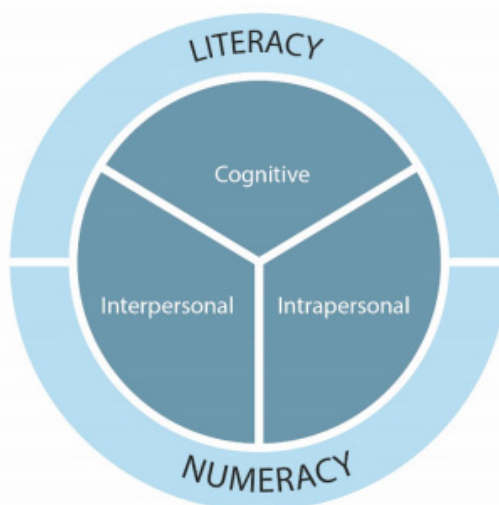
1. increase awareness of transferable skills that are already being assessed (for both students and teachers)
2. indicate where, for teachers, there are opportunities to teach additional skills that won't be formally assessed, but that would be of benefit to students.

### What are transferable skills?

The Organisation for Economic Co-operation and Development (OECD) defines skills, or competencies, as 'the bundle of knowledge, attributes and capacities that can be learned and that enable individuals to successfully and consistently perform an activity or task and can be built upon and extended through learning<sup>1</sup>.

To support the design of our qualifications, the Pearson Research Team selected and evaluated seven global 21st-century skills frameworks. Following on from this process, we identified the National Research Council's (NRC) framework<sup>2</sup> as the most evidence-based and robust skills framework, and have used this as a basis for our adapted skills framework.

The framework includes cognitive, intrapersonal skills and interpersonal skills.



[1] (OECD (2012), Better Skills, Better Jobs, Better Lives (2012):<http://skills.oecd.org/documents/OECDskillsStrategyFINALENG.pdf>)

[2] Koenig, J. A. (2011) Assessing 21st Century Skills: Summary of a Workshop, National Research Council)

## 7. Suggested Resources

A number of economics textbooks have been published in recent years, the following titles are suitable for the basic theory and concepts. With a new course the essentials are still the same although many textbooks will not cover every aspect. Only textbooks written for the new Edexcel GCSE (9-1) in Economics specification will contain all the material students need to learn.

Dictionaries of economics terms are useful for definitions of the concepts given in the specification. Resources are suggested as possible teaching aids only, and are not required reading. The internet is valuable as a tool for research and learning.

Please note that while resources are correct at the time of publication, they may be updated or withdrawn from circulation. Website addresses may change at any time.

### Textbooks

Rob Jones

International GCSE (9-1) Economics (*Written for the new specification*)

(Pearson, 2017)

ISBN: 9780435188641

Elaine Nobbs, Brian Ellis and Andy Severn

IGCSE Economics, (Anforme Ltd, 2013)

ISBN 1905504950

Rob Jones

Edexcel International GCSE Economics Revision Guide

(Edexcel, 2013)

ISBN 144690573X

Rob Jones

Edexcel International GCSE Economics Student Book

(Edexcel, 2010)

ISBN 0435991280

David Ollerearnshaw

IGCSE Economics Study Guide (for Edexcel syllabus)

(NTK Publishing Co. Ltd., 2012)

ISBN 9881555418

John Black, Nigar Hashimzade and Garteh Myles

Oxford Dictionary of Economics

(Oxford University Press, 2012)

ISBN 9780199696321

Graham Bannock and RE Baxter

The Penguin Dictionary of Economics

(Penguin, 2011)

ISBN 014104523X

### Websites

#### General websites

<http://www.bbc.co.uk/news/business/economy>

A useful section of the site to look at topical Economic issues making the news.

<http://www.s-cool.co.uk/a-level/economics>

Although aimed at AS/A level Economics many topics are also relevant for the International GCSE specification and are dealt with simply with revision questions.

<http://www.tutor2u.net/#economics>

Developing resources for IGCSE level Economics as well as AS and A Level. Looks at current economic issues and statistical data.

<http://www.ebea.org.uk/home/>

The Economics, Business and Enterprise Association (EBEA) is the professional subject association for everyone interested in the teaching and study of Economics, Business and Enterprise.

[www.economist.com](http://www.economist.com)

Economist magazine offers topical Economic articles

[www.ft.com](http://www.ft.com)

Financial Times newspaper. Helpful with topical Economic issues.

[www.guardian.co.uk](http://www.guardian.co.uk)

Guardian newspaper again helpful with topical Economics issues.

<http://www.oool.co.uk/course/igcse/economics>

The website provides some materials for the old specification but the sample lessons are useful for ideas.

<http://www.economist.com/economics-a-to-z>

The Economist provide a range of key economic terms and definitions.

[http://www.econclassroom.com/?page\\_id=3196](http://www.econclassroom.com/?page_id=3196)

A Dictionary of Economics terms.

<http://www.economicnetwork.ac.uk/links/othertl.htm>

An Economics network for those studying and teaching the subject.

<http://www.economicshelp.org/>

A website designed to help students with revision for Economics.

#### UK data

[www.bankofengland.co.uk](http://www.bankofengland.co.uk)

For information on current interest rates and the UK's financial system. A significant amount of Economic Data on the UK can be found on the site.

<https://www.gov.uk/government/organisations/hm-treasury>

The UK's economic and finance ministry. Access to budget reports and policy information.

<https://www.ons.gov.uk/>

Holds all national statistics, for example economy, census, population, labour market.

## World data

<http://ec.europa.eu/eurostat>

Holds statistics on all nations in the European Union.

[www.oecd.org](http://www.oecd.org)

The website holds comparable statistics, economic and social data from countries committed to democracy and market economy.

<http://www.worldbank.org/>

Source of loans, credits and grants to developing countries. Website has a section on world data and research.

<http://www.imf.org/external/index.htm>

Website from the IMF which operates to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

[www.wto.org](http://www.wto.org)

The World Trade Organisation deals with rules of trade between nations. Includes a section on trade statistics.

[www.indexmundi.com/](http://www.indexmundi.com/)

A website with a range of data on countries and commodities.

[www.tradingeconomics.com/](http://www.tradingeconomics.com/)

Has more than 300 000 *economic indicators* for 196 countries.

## 8. Course planner

The course planner attempts to summarise what can be covered in each term to enable completion of the content, revision and preparation for assessment. They both make the assumption that years are split in to 3.

The first table summarises for a two-year programme:

### 2-year plan

Year	Term	Paper/ Topic	Notes	GLH
1	1	Paper 1: Microeconomics and Business Economics The market system	<ul style="list-style-type: none"> <li>■ The economic problem</li> <li>■ Economic assumptions</li> <li>■ Demand, supply and market equilibrium</li> <li>■ Elasticity</li> <li>■ The mixed economy</li> <li>■ Externalities</li> </ul>	25
1	2	Paper 1: Microeconomics and Business Economics Business economics	<ul style="list-style-type: none"> <li>■ Production</li> <li>■ Productivity and division of labour</li> <li>■ Business costs, revenues and profit</li> <li>■ Business competition</li> <li>■ The labour market</li> <li>■ Government intervention</li> </ul>	25
1	3	Paper 2: Macroeconomics and the Global Economy Government and the economy	<ul style="list-style-type: none"> <li>■ Macroeconomic objectives</li> <li>■ Government policies</li> <li>■ Relationships between objectives and policies</li> </ul>	25
2	1	Paper 2: Macroeconomics and the Global Economy The global economy	<ul style="list-style-type: none"> <li>■ Globalisation</li> <li>■ International trade</li> <li>■ Exchange rates</li> </ul>	25
2	2	Revision Paper 1: Microeconomics and Business Economics The market system Business economics Revision Paper 2: Macroeconomics and the Global Economy Government and the economy	Revision of topics and practice of examination questions	25
2	3	Revision Paper 2: Macroeconomics and the Global Economy The global economy	Revision of topics and practice of examination questions	15

An alternative 3-year programme is given below with 50 guided learning hours per year and 40 hours in year 3, assuming sitting the exams in June.

## 3-Year plan

Year	Term	Paper/ Topic	Notes	GLH
1	1 and 1 <sup>st</sup> half of term 2	Paper 1: Microeconomics and Business Economics The market system	<ul style="list-style-type: none"> <li>■ The economic problem</li> <li>■ Economic assumptions</li> <li>■ Demand, supply and market equilibrium</li> <li>■ Elasticity</li> <li>■ The mixed economy</li> <li>■ Externalities</li> </ul>	25
1	2 <sup>nd</sup> half of term 2 and term 3	Paper 1: Microeconomics and Business Economics Business economics	<ul style="list-style-type: none"> <li>■ Production</li> <li>■ Productivity and division of labour</li> <li>■ Business costs, revenues and profit</li> <li>■ Business competition</li> <li>■ The labour market</li> <li>■ Government intervention</li> </ul>	25
2	1 and 1 <sup>st</sup> half of term 2	Paper 2: Macroeconomics and the Global Economy Government and the economy	<ul style="list-style-type: none"> <li>■ Macroeconomic objectives</li> <li>■ Government policies</li> <li>■ Relationships between objectives and policies</li> </ul>	25
2	2 <sup>nd</sup> half of term 2 and term 3	Paper 2: Macroeconomics and the Global Economy The global economy	<ul style="list-style-type: none"> <li>■ Globalisation</li> <li>■ International trade</li> <li>■ Exchange rates</li> </ul>	25
3	1 and 1 <sup>st</sup> half of term 2	Revision Paper 1: Microeconomics and Business Economics The market system Business economics Revision Paper 2: Macroeconomics and the Global Economy Government and the economy	Revision of topics and practice of examination questions	25
3	2 <sup>nd</sup> half of term 2 and 1 <sup>st</sup> half term 3	Revision Paper 2: Macroeconomics and the Global Economy The global economy	Revision of topics and practice of examination questions	15

## Why study the Pearson Edexcel International GCSE in Economics?

This course will enable you to:

- develop an understanding of economic concepts and apply these concepts to real-life situations
- calculate, interpret and evaluate economic data in order to make reasoned arguments and informed judgements
- develop an awareness of economic change and its impact on developing and developed economies
- understand economic issues, problems and possible solutions that affect mixed economies
- participate effectively in society as citizens, producers and consumers.

## What do I need to know, or be able to do, before taking this course?

We recommend that students are able to read and write in English at Level B2 of the Common European Framework of Reference for Languages; otherwise, there are no prior learning requirements for this qualification.

## Is this the right subject for me?

Have a look at our qualification overview to get an idea of what's included in this qualification. Then why not get in touch with our student services team by emailing **students@pearson.com** to discuss any outstanding questions you might have. You could also have a look at <http://qualifications.pearson.com/en/support/support-for-you/students.html> to find out what students and education experts around the world think about our qualifications.

## How will I be assessed?

You will be assessed through 100% external examination.

## What can I do after I have completed the course?

You can progress on to further study of Economics and other similar subjects at Level 3 then continue on to higher education or employment.

## What next?

Talk to your Economics teacher at school or college for further guidance.



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