

**Economics
IGCSE****Introduction**

Welcome to your Economics IGCSE course! This introduction is intended to give you all the information you need to make a successful start. Please read the introduction thoroughly before beginning the course to familiarise yourself with the IGCSE Economics syllabus recommended by Oxford Open Learning, and the format of the examinations. You may also need to refer to the introduction as you work through the course.

Specification

This course is designed to support students taking the Edexcel (Pearson) Economics IGCSE specifications set in 2018, 2019 and later years. Please note that 2018 is the last year of the 4ECO specification/exams and 2019 is the first year of the 4EC1 specification which is slightly different. The differences are explained below. These differences should not have much effect on your studies.

Text-Books

The OOL course is complete in itself and you do not need to acquire any other textbooks in order to follow the course.

But, although it is not essential, we do recommend the following textbook:

Rob Jones: *Edexcel International GCSE Economics Student Book with ActiveBook CD*, pub. Edexcel, ISBN-13: 978-0435991289.



Oxford Open Learning

Arrangement of Lessons

Lesson	Subject	Jones chapters
Module One:	The Market System	
1.	The Basic Problems of Economics	1
2	The Price System - Demand and Supply	2-5
3	Equilibrium Price	6
	Tutor-marked Assignment A	
4	Elasticity of Demand	7
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6	Wages and Employment in a Free Economy	9-15
Module Two:	Business Economics	
7	Production	16-18
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9	Competition	22-24
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11	Public and Private Sectors	27-29
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Module Three:	Government and the Economy	
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13	Macroeconomic Objectives (2) Growth, Balance of Payments, Environment	35-36
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Module Four	The Global Economy	
16	Globalization	42-44
17	International Trade (1) Why trade? Barriers	45
18	International Trade (2) Imports & Exports; EU Trade	46
19	International Trade (3) Trading blocs, WTO	47-49
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	Tutor-marked Assignment F	
21	Revision	
	Tutor-marked Assignment G	
	Tutor-marked Assignments H and I (Mock Exam Papers)	
	Suggested Answers to Practice Tests	
	Supplement: A Short Introduction to Economics	

The Aims of the Course

Economics is a subject with considerable relevance to current issues. Decisions in this sphere affect most aspects of life. Your studies are designed to cover the basic theory required for examinations at this level, together with up-to-date data required to relate your theory to real life. The overall aim of the course can, then, be said to encourage the development of a basic economic competence which will help the student to play a full part in society.

As an examination, IGCSE, accordingly, puts less stress on purely factual recall. Instead, students are encouraged to develop economic understanding with much greater stress on interpreting data and applying economic theory to real life decision-making.

Examination papers now require you to show an understanding of applied economics, so it is essential for you to keep abreast of current developments. Try to read a good quality newspaper either each day or at the weekends when you may have more time. It is a good idea to keep a file of relevant articles, which deal with current economic issues. This practice will also make it far easier for you to relate your formal study to current topics and events.

The Financial Times may be the most obvious option, but another paper may be more approachable initially. *The Times*, *The Daily Telegraph*, *The Guardian*, *The Observer* and *The Independent* newspapers all produce weekend business sections as well as relevant articles during the week. You can obtain access to useful journals such as *The Economist* and the various bank reviews via any public library or from W.H. Smith. Overseas students may find it possible to obtain *The Guardian Weekly*.

Mathematical Background

Although no prior mathematical knowledge is required students do need the ability to understand simple graphs and simple statistics, and the ability to manipulate simple arithmetical figures. Basically, you will need to know how to calculate simple percentages, simple fractions and how to construct a line graph. Particular attention has been paid throughout the course to provide detailed and specific explanations of the statistical material used in the lessons and if you have any difficulties, do not hesitate to contact your personal tutor.

The Choice of Syllabus

The course focuses on the requirements of one syllabus in particular – the Edexcel IGCSE specification in Economics. This is specification **4ECO** for **2018** exams and **4EC1** for exams from **2019**. This course covers both alternatives. Depending on the year in which you intend to take the examination, please study the

specification details given below. If you defer from 2018 to 2019, you will need to be aware of those small differences.

Making a Start

For most students, this will be your first taste of Economics. Depending on your background, you may find that the first steps seem easy and “obvious” or quite difficult. If you are struggling with the first lesson, you should turn to the Supplement at the back of the pack which goes over some of the basic principles in a slower and slightly different way. This may enable you to make a successful start on your studies.

The 4EC0 specification in 2018

The Edexcel Economics syllabus for 2018 exams consists of four areas of subject content. Students are required to study all four areas.

A The Market System

- Demand and supply
- The role of the market in solving the economic problem
- The labour market

B Business Economics

- Production
- Competition
- Public and private sectors

C Government and the Economy

- Macroeconomic objectives
- Policies
- Relationship between objectives and policies

D The Global Economy

- Globalisation
- International trade
- Exchange rates

The 2018 examination will be organised as follows:

Assessment Overview

- The assessment of this qualification is through an examination paper lasting two hours and 30 minutes, set and marked by Edexcel.

- Single tier of entry.
- The total number of marks available is 120.
- The examination paper consists of four compulsory questions, each worth 30 marks.
- The questions are a mixture of structured, data response, short-answer, multiple-choice and open-ended questions.
- Each question will be based on a particular theme which will relate to one of the four sections of the subject content. However, due to the nature of economics, there may be some overlap between the questions.

Edexcel Aims

The aims of this course are the same as the aims listed in the Edexcel specification. Please refer to the Edexcel website for full details. The stated aims for this subject are for the student to:

- develop an understanding of economic concepts and apply these concepts to real-life situations
- 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.

In addition, the syllabus requires candidates to:

- a. demonstrate knowledge and understanding of the specified subject content;
- b. apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively to address problems and issues;
- c. select, organize, interpret and use information from various sources to analyse problems and issues;
- d. evaluate evidence, make reasoned judgements and present conclusions accurately and appropriately.

Grade Descriptions (2018 only)

There are eight possible grades at IGCSE: A* (“A starred”), A, B, C, D, E, F and G. The bottom two grades indicate a very poor performance and you should expect to aim much higher than that.

It is generally agreed that a grade B at IGCSE is equivalent to a good pass in the old O level examination and a grade C is the absolute minimum if you want to go on to A level. This course is designed for students aiming for grades A*-D.

The 4EC1 specification from 2019

The main difference in 2019 (and later years) is in how candidates are graded. Instead of A*-G, candidates are are graded from 9 (best) down to 1 (lowest). This is called 9-1 grading.

The other main difference is that the 4EC1 specification entails *two* written examination papers, each worth 50% of the overall qualification. But the overall topic content is almost identical. There is no coursework (or controlled assessment).

Paper 1: Microeconomics and Business Economics

Paper code 4EC1/01

First assessment: June 2019

Content summary

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

50% of the total International GCSE

Assessment: Examination of 1 hour 30 minutes, consisting of four compulsory questions, each worth 20 marks. The sub-questions are a mixture of multiple-choice, short-answer, data response and open-ended questions.

Paper 2: Macroeconomics and the Global Economy

Paper code 4EC1/02

First assessment: June 2019

Content summary

Government and the economy:

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

The global economy:

- Globalisation
- International trade
- Exchange rates

50% of the total International GCSE

Assessment: Examination of 1 hour 30 minutes, consisting of four compulsory questions, each worth 20 marks. The sub-questions are a mixture of multiple-choice, short-answer, data response and open-ended questions.

Detailed specification

Below we provide detailed information drawn from the 4EC1 specification (for 2019) – please note that there are slight differences in the 2018 4EC0 specification – please study this on the Edexcel website if you are uncertain.

Qualification aims and objectives (4EC1)

The Pearson Edexcel International GCSE in Economics qualification is designed to enable students 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.

Paper 1: Microeconomics and Business Economics

Specification Section 1.1 – The market system

1.1.1 The economic problem

- a) The problem of scarcity – where there are unlimited wants and finite resources, leading to the need to make choices.
- b) Opportunity cost and its effect on economic agents (consumers, producers and government).
- c) The use of diagrams to show production possibility curve.
- d) Production possibility curve diagram should be used to show:
 - the maximum productive potential of an economy
 - fully employed or unemployed resources
 - opportunity cost
 - positive or negative economic growth that shifts the production possibility frontier (PPF) outwards and inwards
 - possible and unobtainable production.
- e) Possible causes of positive or negative economic growth.

1.1.2 Economic assumptions

- a) The underlying assumptions that:
 - consumers aim to maximise their benefit
 - businesses aim to maximise their profit.
- b) Reasons why consumers may not maximise their benefit:
 - consumers are not always good at calculating their benefits
 - consumers have habits that are hard to give up
 - consumers sometimes copy others' behaviour.
- c) Reasons why producers may not maximise their profit:
 - producers may have managers that revenue maximise or sales maximise
 - producers may prioritise caring for customers
 - producers may complete charitable work.

1.1.3 Demand, supply and market equilibrium

Demand

- a) Definition of demand.
- b) The use of demand curve diagram to show:
 - changes in price causing movements along a demand curve
 - shifts indicating increased and decreased demand.
- c) Factors that may cause a shift in the demand curve, including:
 - advertising
 - income
 - fashion and tastes
 - price of substitute goods
 - price of complementary goods
 - demographic changes.

Supply

- d) Definition of supply.
- e) The use of supply curve diagram to show:
 - changes in price causing movements along a supply curve
 - shifts indicating increased and decreased supply.
- f) Factors that may cause a shift in the supply curve, including:
 - costs of production
 - changes in technology
 - indirect taxes
 - subsidies
 - natural factors (natural disasters and weather).

Market equilibrium

- g) Equilibrium price and quantity and how they are determined.
- h) The use of diagrams to show:
 - how shifts in supply and demand affect equilibrium price and quantity in real-world situations
 - excess demand
 - excess supply.
- i) Define, calculate and draw excess demand and excess supply.
- j) The use of market forces to remove excess supply or excess demand.

1.1.4 Elasticity**Price elasticity of demand (PED)**

- a) Definition of PED. b) Formula of PED.
- c) Calculate the PED using given percentage changes in quantity demanded and percentage changes in price.
- d) The use of diagrams to show price elastic and price inelastic demand.
- e) Interpret numerical values of PED that show:
 - perfect price inelasticity
 - price inelasticity
 - unitary price elasticity
 - price elasticity
 - perfect price elasticity.
- f) The factors influencing PED, including:
 - substitutes
 - degree of necessity
 - percentage of income spent on goods or service
 - time.
- g) Use of 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.

Price elasticity of supply (PES)

- h) Definition of PES.
- i) Formula of PES.
- j) Calculate the PES using given percentage changes in quantity supplied and percentage changes in price.

- k) The use of diagrams to show price elastic and price inelastic supply.
- l) Interpret numerical values of PES that show:
 - perfect price inelasticity
 - price inelasticity
 - unitary price elasticity
 - price elasticity
 - perfect price elasticity.
- m) The factors influencing PES, including:
 - factors of production
 - availability of stocks
 - spare capacity
 - time.
- n) Use examples to show the likely PES for manufactured and primary products.

Income elasticity of demand

- o) Definition of income elasticity of demand.
- p) Formula of income elasticity of demand.
- q) Calculate the income elasticity of demand using given percentage changes in quantity demanded and percentage changes in income.
- r) Interpret numerical values of income elasticity of demand that show:
 - luxury goods
 - normal goods
 - inferior goods.
- s) The significance of price and income elasticities of demand to businesses and the government, in terms of:
 - the imposition of indirect taxes and subsidies
 - changes in income.

1.1.5 The mixed economy

- a) Definition of mixed economy.
- b) Definition of public and private sector.
- c) Difference between public and private sectors in terms of ownership, control and aims.
- d) How the problems of what to produce, how to produce and for whom to produce are solved in the mixed economy.
- e) Concept of market failure – linked to inefficient allocation of resources.
- f) Why governments might need to intervene because of market failure.
- g) Definition of public goods – non-excludability, non-rivalry and how this causes the free rider problem.
- h) The role of the public sector and private sectors in the production of goods and services.
- i) The relative importance of public sector and private sector in different economies.
- j) Definition of privatisation.
- k) Effects of privatisation on:

- consumers
- workers
- businesses
- government.

1.1.6 Externalities

External costs of production

- a) Definition of external costs.
- b) Examples of external costs, including pollution, congestion and environmental damage.

External benefits of consumption

- c) Definition of external benefits.
- d) Examples of external benefits, including education, healthcare and vaccinations.
- e) Definition and formula for:
 - social costs = private costs + external costs
 - social benefits = private benefits + external benefits.

1.2 – Business economics

1.2.1 Production

- a) The factors of production:
 - land
 - labour
 - capital
 - enterprise.
- b) Sectors of the economy:
 - primary
 - secondary
 - tertiary.
- c) Changes in the importance of these sectors in terms of employment and output over time in developing and developed economies.

1.2.2 Productivity and division of labour

- a) Definition of productivity.
- b) Factors affecting productivity:
 - land – use of fertiliser, drainage, irrigation, reclamation
 - labour – quality of labour, including improved human capital through education and training and impact of migration
 - capital – increased quantity and technological advances.
- c) Definition of division of labour.
- d) Advantages and disadvantages of the division of labour to workers and businesses.

1.2.3 Business costs, revenues and profit

- a) Definition and use of formulae to calculate:
 - total revenue
 - total costs
 - total fixed costs
 - total variable costs
 - average (total) costs
 - profit.
- b) Economies of scale:
 - definition of economies of scale
 - definition of internal economies of scale
 - types of internal economies of scale:
 - purchasing (bulk buying)
 - marketing
 - technical
 - financial
 - managerial
 - risk bearing.
 - definition of external economies of scale
 - types of external economies of scale:
 - skilled labour
 - infrastructure
 - access to suppliers
 - similar businesses in area.
- c) Diseconomies of scale:
 - definition of diseconomies of scale
 - types of diseconomies of scale:
 - bureaucracy
 - communication problems
 - lack of control
 - distance between top management and workers at bottom of the organisation
 - the use of long run average cost (LRAC) curve diagram, annotated to show internal economies of scale and diseconomies of scale and where the business will be most efficient.

1.2.4 Business competition

Competition

- a) Advantages and disadvantages of competition to firms, consumers and the economy, including:
 - efficiency
 - choice
 - quality
 - innovation
 - price.
- b) Advantages and disadvantages of large firms and small firms.
- c) Factors influencing the growth of firms:
 - government regulation

- access to finance
 - economies of scale
 - the desire to spread risk
 - the desire to take over competitors.
- d) Reasons firms stay small:
- size of market
 - nature of market – niche
 - lack of finance
 - aims of the entrepreneur.

Monopoly

- e) Definition of monopoly.
- f) Main features of monopoly:
- one business dominates the market
 - unique product
 - price-maker
 - barriers to entry:
 - legal barriers
 - patents
 - marketing budgets
 - technology
 - high start-up costs.
- g) Advantages and disadvantages of monopoly:
- efficiency
 - choice
 - quality
 - innovation
 - price
 - economies of scale.

Oligopoly

- h) Definition of oligopoly.
- i) Main features of oligopoly:
- few firms
 - large firms dominate
 - different products
 - barriers to entry
 - collusion
 - non-price competition
 - price competition.
- j) Advantages and disadvantages of oligopoly:
- choice
 - quality
 - innovation
 - collusion and cartels fixing high prices
 - price wars between oligopolies.

1.2.5 The labour market

- a) Factors affecting the demand for labour:
 - demand for the final product (derived demand)
 - availability of substitutes, including machines
 - productivity of workforce.
- b) Factors affecting the supply of labour:
 - population size
 - migration
 - age distribution of population
 - retirement age
 - school-leaving age
 - female participation
 - skills and qualifications
 - ability to move geographic locations/move to different types of employment.
- c) Importance of the quantity and quality of labour to business.
- d) Impact of education and training on human capital and quality of labour.
- e) The use of labour market diagrams showing:
 - supply of labour, demand for labour, market equilibrium wage and quantity of labour (employment)
 - effect of shifts in demand for labour and supply of labour.
- f) Trade union involvement in the labour market:
 - impact of trade union activity to improve working conditions and increase wages.

1.2.6 Government intervention

- a) Government policy to deal with externalities:
 - taxation
 - subsidies
 - fines
 - regulation
 - pollution permits.
- b) Advantages and disadvantages of each government policy.
- c) Government regulation of competition to:
 - promote competition
 - limit monopoly power
 - protect consumer interests
 - control mergers and takeovers.
- d) Government intervention in the labour market:
 - reasons for minimum wage
 - advantages and disadvantages of minimum wage
 - the use of diagrams to show impact of the introduction of a minimum wage and the increase of a minimum wage.

Paper 2: Macroeconomics and the Global Economy

2.1 – Government and the economy

2.1.1 Macroeconomic objectives

- a) Economic growth:
 - definition of economic growth
 - measurement using increases in gross domestic product (GDP)
 - limitations of GDP as a measure of growth
 - the use of diagrams to show the economic cycle:
 - annotating boom, downturn, recession and recovery
 - the effect of each stage of the economic cycle on economic growth, inflation and unemployment
 - the impact of economic growth on:
 - employment
 - standards of living
 - poverty
 - productive potential
 - inflation
 - the environment.
 - b) Low and stable inflation:
 - definition of inflation
 - definition of deflation
 - measurement using consumer price index (CPI)
 - types of inflation:
 - demand pull
 - cost push.
 - relationship between inflation and interest rates
 - impact of inflation on:
 - prices
 - wages
 - exports
 - unemployment
 - menu costs
 - shoe leather costs
 - uncertainty
 - business and consumer confidence
 - investment.
 - c) Low unemployment:
 - definition of unemployment
 - measurement of unemployment using International Labour Organization (ILO) measure
 - types of unemployment:
 - cyclical
 - structural
 - seasonal
 - voluntary
 - frictional.
 - impact of unemployment on:
-

- output
 - use of scarce resources
 - poverty
 - government spending on benefits
 - tax revenue
 - consumer confidence
 - business confidence
 - society.
- d) Surplus or balance on the current account of the balance of payments:
- definition of current account on the balance of payments
 - current account deficits and surpluses
 - trade in goods (visibles) and services (invisibles)
 - relationship between current account and exchange rates
 - examples of real-world exchange rates
 - reasons for deficits and surpluses:
 - quality of domestic goods
 - quality of foreign goods
 - price of domestic goods
 - price of foreign goods
 - exchange rates between countries.
 - impact of current account deficit:
 - leakage from the economy
 - can be inflationary if prices rise abroad
 - low demand for our exports
 - problems finding foreign reserves to fund the deficit.
- e) Protection of the environment:
- business activity that damages the environment
 - ways businesses damage the environment:
 - visual pollution, including litter
 - noise pollution
 - air pollution
 - water pollution.
 - government intervention to protect the environment:
 - taxation
 - subsidy
 - regulation
 - fines
 - pollution permits
 - government provision of parks.
- f) Redistribution of income:
- definition of income inequality
 - definition of absolute poverty
 - definition of relative poverty
 - reasons to reduce poverty and inequality:
 - meet basic needs
 - raise standards of living
 - ethical reasons.
 - government intervention to reduce inequality and poverty:
 - progressive taxation
 - redistribution through benefit payments
 - investment in education and healthcare.

2.1.2 Government policies

- a) Fiscal policy – government revenue and government expenditure:
 - definition of fiscal policy
 - government revenue – direct and indirect taxes
 - government expenditure – main areas of focus
 - fiscal deficits and fiscal surpluses
 - impact of a fiscal deficit and fiscal surplus
 - the impact of fiscal policy on macroeconomic objectives.
- b) Monetary policy – focused on interest rate changes:
 - definition of monetary policy
 - definition of interest rates
 - central banks role in setting interest rates
 - impact of changes in interest rates on macroeconomic objectives:
 - the mechanism by which a change in interest rates affects consumers and businesses
 - awareness of asset purchasing used by central banks.
- c) Supply-side policy:
 - definition of supply-side policy
 - supply-side policy and its impact on productivity and total output
 - the impact of supply-side policies on macroeconomic objectives:
 - privatisation
 - deregulation
 - education and training
 - policies to boost regions with high unemployment
 - infrastructure spending
 - lower business taxes to stimulate investment
 - lower income tax rates to encourage working.
- d) Government controls:
 - advantages and disadvantages of:
 - regulation
 - legislation
 - fines
 - pollution permits.

2.1.3 Relationships between objectives and policies

- a) The impact of policies and the trade-off between macroeconomic objectives:
 - unemployment and inflation
 - economic growth and inflation
 - economic growth and environmental protection
 - inflation and the current account on balance of payments.

2.2 – The global economy

2.2.1 Globalisation

- a) Definition of globalisation: increased integration and interdependence of economies.

- b) Reasons for globalisation:
 - fewer tariffs and quotas
 - reduced cost of transport
 - reduced cost of communication
 - increased significance of multinational corporations (MNCs).
- c) Impacts of globalisation and global companies on individual countries, governments, producers and consumers, workers and the environment:
 - rising living standards
 - greater choice
 - lower prices
 - reduced costs of communication
 - closing of traditional industries
 - environmental impact.
- d) Definition of multinational corporations (MNCs):
 - definition of foreign direct investment (FDI)
 - reasons for emergence of MNCs/FDI:
 - to benefit from economies of scale
 - to access natural resources/cheap materials
 - lower transport and communication costs
 - to access customers in different regions.
 - advantages and disadvantages of MNCs/ FDI:
 - creating jobs
 - investing in infrastructure
 - developing skills
 - developing capital
 - contributing to taxes
 - avoiding paying taxes
 - environmental damage
 - moving profits abroad.

2.2.2 International trade

- a) Advantages and disadvantages of free trade, including:
 - lower prices and increased choice for consumers
 - lower input costs
 - wider markets for businesses
 - foreign competition harming domestic businesses
 - increasing unemployment.
- b) Reasons for protection:
 - prevent dumping
 - protect employment
 - protecting infant industries
 - to gain tariff revenue
 - protect consumers from unsafe products
 - reducing current account deficits
 - retaliation.
- c) Methods of protection:
 - tariffs
 - quotas

- subsidies
 - advantages and disadvantages of each method of protection
 - supply and demand diagrams to show tariffs, quotas & subsidies.
- d) Modern trading blocs:
- impact of trading blocs on member and non- member countries
 - examples of trading blocs.
- e) Role of the World Trade Organization (WTO): actions by the WTO.
- f) Trade patterns of developed and developing countries.

2.2.3 Exchange rates

- a) Definition of exchange rates.
- b) Factors affecting supply and demand of currencies:
- interest rates
 - currency speculators
 - imports and exports of goods and services
 - supply and demand diagrams to show determination of exchange rates.
- c) Definition of appreciation:
- definition of revaluation
 - impact of appreciation of exchange rate on:
 - import and export prices
 - demand for imports and exports
 - current account on balance of payments.
- d) Definition of depreciation:
- definition of devaluation
 - impact of depreciation of exchange rate on:
 - import and export prices
 - demand for imports and exports
 - current account on balance of payments.

Assessment objectives and weightings (4EC1)

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

Relationship of assessment objectives to units (4EC1)

Unit number	Assessment objective			
	AO1	AO2	AO3	AO4
Paper 1	7.5%	24.4%	11.8%	6.3%
Paper 2	7.5%	24.4%	11.8%	6.3%
Total for IGCSE	14–15%	48–49%	23–24%	12–13%

Quantitative Skills

The list below states the range and extent of mathematical skills that students are required to know for this qualification. Students must be able to draw on the knowledge and understanding learned from the subject content to apply these skills to relevant economics contexts.

The level of mathematics content in the question papers will be equivalent to upper secondary mathematics.

Calculations:

- Calculation of percentages and percentage changes, including interest on savings.
- Calculation of averages, including cost.
- Calculation of totals, including revenue, costs and profit.
- Calculation of income, including gross and net pay.

Construction of graphs:

- Construction of graphs from data, including supply and demand curves.

Interpretation and use of quantitative data to support and justify economic decisions:

- Interpretation and use of information from graphs and charts.
- Interpretation and use of economic data, such as unemployment figures, exports and imports.

These quantitative skills will be assessed in both Paper 1 and Paper 2, totalling 10% of the marks available for the qualification. Questions involving quantitative skills will always be in a business context.

These skills will be sampled in the question papers but all will be covered over the lifetime of the qualification.

Different Study Methods and Testing

Objective and data type questions are an excellent form of revision and a fair number have been incorporated into the course.

You will be asked two types of questions in objective tests:

- **Simple Completion Items.** These consist of two parts, a *stem* which contains the idea or questions followed by 4 possible responses/answers. You have to select the *most* correct response. If you cannot answer the question from the information in the stem try to eliminate as many of the responses as possible and then think which one of those remaining is most correct.
- **Multiple Completion Items.** In this type the stem or question is followed by three possible responses/answers. Some or all of these may be correct. You must decide which of the responses is/are correct and then choose the appropriate option:

Another common kind of question is the following:

- **Stimulus Material and Data Response Questions.** Your first exam paper is likely to include data response questions. Candidates are expected to show an understanding of very basic elements of economic analysis and apply such knowledge to simple problems. You are expected to understand the structure of the main economic institutions of the U.K. and the problems of the economy with the government's reaction to them.

You will frequently find that part of the question requires you to summarise material contained in a table of statistics or a passage, and this relatively straightforward task should give you the confidence to tackle the remaining parts of the question.

The Approach of the OOL Course

At the end of a number of lessons is a self-assessment or “practice” test for you to attempt and to which answers are provided. It is essential to complete *all* these and whenever possible do not consult my answers before writing your answers! **Your answers to these tests are NOT to be submitted to your tutor.**

At regular intervals throughout the course are lettered Tutor-marked assignment tests for assessment (Tests A-F, plus a mock exam, G). These are contained after the relevant lesson, and your answers to them must be submitted to your tutor for assessment.

Suggested answers to these tests will be sent to you with your marked paper.

Each of the tests is made up of questions selected from past or specimen examination papers. It is vital that you try to complete these tests in the time limits set and in as close as possible to real examination conditions. Where it was essential to look up notes,

please tell your tutor. They are there to help you and can only do so if you keep them fully informed of your problems.

The lettered tests should be worked in accordance with the following table:

Test	When To Be Written	Prior Revision Required
A	After Lesson 3	Lessons 1-3
B	After Lesson 5	Lessons 4-5
C	After Lesson 8	Lessons 6-8
D	After Lesson 11	Lessons 9-11
E	After Lesson 15	Lessons 11-15
F	After Lesson 20	Lessons 16-20
G	After Lesson 21	Lessons 1-21
H, I (EPs)	During the revision process	Lessons 1-21

But remember, questions in later lessons will often demand knowledge of previous topics in the course so it is a good policy to revise earlier lessons when time permits.

You must be careful to read each question carefully as too many students throw away marks by misreading questions. If a question asks you to list the advantages of the division of labour you will gain no marks for a perfect answer on the disadvantages. Unfortunately, examination nerves make many students careless when reading questions.

Also try to practise writing your answers according to the time scale allowed in the real examination. It is vital to answer the correct number of questions and again many students do not leave sufficient time for their last question.

Additional Supporting Texts

Besides the recommended (optional) supporting text mentioned on p.1, there is no need to buy further books. However, it is rarely a disadvantage to have read more widely, especially if you are aiming for the top grades, so we recommend glancing at the following book:

Alain Anderton: *Economics* (3rd edition) (publishers: Causeway ISBN-13: 978-1902796109).

One easy way to purchase supporting texts is through the OOL website (www.ool.co.uk). Current editions of these textbooks should also be available in any good bookshop. The first two books are aimed at GCSE students, the third is primarily aimed at 'A' Level students but should be accessible to those aiming for high grades or planning to continue with the subject.

At this stage of your study of Economics, you do not need to go into many topics in great depth or memorise facts. However, it is a good idea to consult a descriptive book which contains detailed factual descriptions of industries, Stock Exchange, etc. At present the most suitable books for this are:

- * C.D. Harbury and R.G. Lipsey: *An Introduction to the U.K. Economy* Pitman
- * P. Donaldson: *Guide to the British Economy* Pelican

You may find that specific topics in the course prove to be of special interest. Try to follow these up by consulting some of the following books:

- Colin Isaac: *Economics Now* (Stanley Thornes)
- Frances Williams: *The Times on the Economy* (Collins Education)
- Daniel Jeffreys, *Economics and the Economy* (Longman)

Problems and Difficulties

Always attempt to solve problems yourself – you will find that many difficulties can be solved by reference to the lesson notes, textbooks, etc. But if you really have reached a total standstill you should think of contacting your tutor for help.

As this introduction gives advice and guidance on all aspects of your studies, you should keep it beside you for reference whenever you are working on the course.

Studying the Syllabus

You should be sure to acquire your own copy of the syllabus (or specification as it is now called), via the Edexcel website: www.edexcel.com.

We advise that you obtain a copy of the specification so that you can assess which topics you have covered in the most detail and which ones you will feel happiest about in the exam. Edexcel also publishes a general handbook for Private Candidates on its website at www.ool.co.uk/0023ei.

You'll also find copies of past exam papers on the Edexcel website at www.ool.co.uk/0023ei2. There is also a facility to help students prepare for exams called Examzone at www.ool.co.uk/0024ei.

Using the Internet

All students would benefit from access to the Internet. You will find a wealth of information on all the topics in your course. As well as the Edexcel website (www.edexcel.com), you should get into the habit of checking the Oxford Open Learning site (www.ool.co.uk) where you may find news, additional resources and interactive features as time goes by. Put it on your Favourites list now!

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