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1 About this specification

The Pearson Edexcel International GCSE in Economics is part of a suite of International GCSE qualifications offered by Pearson.

This qualification is not accredited or regulated by any UK regulatory body.

This specification includes the following key features.

Structure: the Pearson Edexcel International GCSE in Economics is a linear qualification. It consists of two examinations that must be taken in the same series at the end of the course of study.

Content: relevant, engaging and up to date.

Assessment: two examinations with questions designed to differentiate students of all abilities.

Approach: independent learning, critical thinking skills, real-life examples.

Specification updates

This specification is Issue 2 and is valid for the Edexcel International GCSE examination from June 2019. If there are any significant changes to the specification, Pearson will inform centres. Changes will also be posted on our website.

For more information please visit qualifications.pearson.com

Using this specification

This specification has been designed to give guidance to teachers and encourage effective delivery of the qualification. The following information will help you get the most out of the content and guidance.

Compulsory content: as a minimum, all the bullet points in the content must be taught. The word 'including' in the content specifies the detail of what must be covered.

Assessments: use a range of material and are not limited to the examples given. Teachers should deliver the qualification using a good range of examples to support the assessment of the content.

Depth and breadth of content: teachers should use the full range of content and all the assessment objectives given in *Section 2: Economics content*.

The Pearson Edexcel International GCSE in Economics is designed for use in schools and colleges. It is part of a suite of International GCSE qualifications offered by Pearson.

The Pearson Edexcel International GCSE in Economics is designed as a two-year course. As students progress through the course, they are introduced to new ideas and concepts while continuing to use and reinforce previously learned concepts and skills. The course is designed to give students a sound understanding of economics, and the ability to use knowledge, skills and understanding appropriately in the context of individual countries and the global economy.

Qualification aims and objectives

The Pearson Edexcel International GCSE in Economics qualification enables 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.

Why choose Edexcel qualifications?

Pearson – the world’s largest education company

Edexcel academic qualifications are from Pearson, the UK’s largest awarding organisation. With over 3.4 million students studying our academic and vocational qualifications worldwide, we offer internationally recognised qualifications to schools, colleges and employers globally.

Pearson is recognised as the world’s largest education company, allowing us to drive innovation and provide comprehensive support for Edexcel students to acquire the knowledge and skills they need for progression in study, work and life.

A heritage you can trust

The background to Pearson becoming the UK’s largest awarding organisation began in 1836, when a royal charter gave the University of London its first powers to conduct exams and confer degrees on its students. With over 150 years of international education experience, Edexcel qualifications have firm academic foundations, built on the traditions and rigour associated with Britain’s educational system.

Results you can trust

Pearson’s leading online marking technology has been shown to produce exceptionally reliable results, demonstrating that, at every stage, Edexcel qualifications maintain the highest standards.

Developed to Pearson’s world-class qualifications standards

Pearson’s world-class standards mean that all Edexcel qualifications are developed to be rigorous, demanding, inclusive and empowering. We work collaboratively with a panel of educational thought leaders and assessment experts, to ensure that Edexcel qualifications are globally relevant, represent world-class best practice and maintain a consistent standard.

For more information on the World Class Qualification process and principles please go to *Appendix 4* or visit our website: uk.pearson.com/world-class-qualifications

Why choose Pearson Edexcel International GCSE in Economics?

We have listened to feedback from all parts of the international subject community. We have made changes that will engage students and provide opportunities for them to gain skills that will support progression to further study of economics, and to enhance future educational or employment prospects.

The content and assessment approach for this qualification has been designed to meet students' needs in the following ways.

Two-paper assessment – a new, two-paper model gives students better opportunities to prepare for and focus on different aspects of economics. We will test knowledge, understanding, analytical and evaluation skills around two themes: Paper 1: Microeconomics and Business Economics and Paper 2: Macroeconomics and the Global Economy.

Concepts and content – the content in both Paper 1: Microeconomics and Business Economics and Paper 2: Macroeconomics and the Global Economy is engaging and accessible for all students. The content is appropriate and relevant for progression, and is appropriate for international students, building understanding and awareness of economic theory and testing concepts in realistic contexts. It develops students' ability to participate effectively in global society as citizens, producers and consumers.

Clear and straightforward question papers – our question papers are clear and accessible for students of all ability ranges. Our mark schemes are straightforward so that the assessment requirements are clear.

Broad and deep development of skills – the design of the revised International GCSE aims to extend students' knowledge by broadening and deepening skills, for example students will develop the ability to:

- read sources to interpret and evaluate economic information
- write extended responses
- respond appropriately to a range of question types, including multiple-choice, short-answer, data response and open-ended questions
- develop an understanding of economic concepts and apply these concepts to real-life situations.

Progression to A Level – International GCSEs enable successful progression to Level 3 qualifications (such as the International A Level in Economics) and beyond, in economics and other subjects. Through our world class qualification development process, we have consulted international economics teaching experts to validate this qualification, and endorse its content, skills development and assessment structure.

Supporting you in planning and implementing this qualification

Planning

- Our *Getting Started Guide* gives you an overview of the Pearson Edexcel International GCSE in Economics to help you understand the changes to content and assessment, and to help you understand what these changes mean for you and your students.
- We will provide you with a course planner and schemes of work.
- Our mapping documents highlight key differences between the new and legacy qualifications.

Teaching and learning

- Our skills maps will highlight opportunities for students to develop skills that are assessed, as well as skills that are not directly assessed.
- Print and digital learning and teaching resources promote 'any time, any place' learning to improve student motivation and encourage new ways of working.

Preparing for exams

We will provide a range of resources to help you prepare your students for the assessments, including:

- specimen papers to support formative assessments and mock exams
- examiner commentaries following each examination series.

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.

examWizard

A free online resource designed to support students and teachers with exam preparation and assessment.

Training events

In addition to online training, we host a series of training events each year for teachers to deepen their understanding of our qualifications.

Get help and support

Our subject advisor service ensures that you receive help and guidance from us. You can sign up to receive updates at qualifications.pearson.com/en/subjects/economics or email 'sign me up' to teachingeconomics@pearson.com

Qualification at a glance

Paper overview

Paper 1: Microeconomics and Business Economics	*Paper code 4EC1/01
<ul style="list-style-type: none">• Externally assessed• Availability: January and June• First assessment: June 2019	50% of the total International GCSE
Content summary The market system: <ul style="list-style-type: none">• The economic problem• Economic assumptions• Demand, supply and market equilibrium• Elasticity• The mixed economy• Externalities Business economics: <ul style="list-style-type: none">• Production• Productivity and division of labour• Business costs, revenues and profit• Business competition• The labour market• Government intervention	
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
<ul style="list-style-type: none"> • Externally assessed • Availability: January and June • First assessment: June 2019 	50% of the total International GCSE
<p>Content summary</p> <p>Government and the economy:</p> <ul style="list-style-type: none"> • Macroeconomic objectives • Government policies • Relationships between objectives and policies <p>The global economy:</p> <ul style="list-style-type: none"> • Globalisation • International trade • Exchange rates 	
<p>Assessment</p> <p>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.</p>	

* See *Appendix 1* for a description of this code and all the other codes relevant to this qualification.

2 Economics content

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2: Macroeconomics and the Global Economy	23

Course structure

- The Pearson Edexcel International GCSE in Economics comprises two examinations.
- The Pearson Edexcel International GCSE in Economics is a linear qualification. All examinations must be taken in the terminal series at the end of the course of study.

Paper 1: Microeconomics and Business Economics

Externally assessed

Description

You will start by learning about basic economic problems. All resources are scarce and therefore limited in supply. Consumers, firms and governments all have to make choices between different products and these choices will introduce you to the concept of opportunity cost.

Microeconomics is the study of individual markets. You will learn about the supply and demand model, which will give you a toolkit to explore how changes in the economy will affect supply, demand, price and quantity. The model will help to explain why prices rise and fall, for example enabling you to explain the changes in oil, house, gold and cocoa prices. You will look at how much the quantity supplied and demanded will respond to changes in price or income, which will help you to understand why some price changes see large or small changes in quantity.

Having looked at how markets work, you 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.

You will then move on to studying business economics. You will look at what is needed to produce goods and services, including land, labour, capital and enterprise. You will look at how businesses can organise production to improve the output per worker, which we call productivity. You will study business costs, revenues and profits. You 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 you 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. You will look at the alternative ways in which they can affect markets, considering the benefits and drawbacks of each.

Assessment information

Examination of 1 hour and 30 minutes, set and marked by Pearson.

Single tier of entry.

The total number of marks available is 80.

The examination paper consists of four compulsory questions, each worth 20 marks. The questions are a mixture of multiple-choice, short-answer, data response and open-ended questions.

Each question will be based on a particular topic from the subject content related to microeconomics and business economics. Due to the nature of economics, there is some interrelation between topics.

1.1 – The market system

Subject content	What students need to learn:
1.1.1 The economic problem	<p>a) The problem of scarcity – where there are unlimited wants and finite resources, leading to the need to make choices.</p> <p>b) Opportunity cost and its effect on economic agents (consumers, producers and government).</p> <p>c) The use of diagrams to show production possibility curve.</p> <p>d) Production possibility curve diagram should be used to show:</p> <ul style="list-style-type: none"> • 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. <p>e) Possible causes of positive or negative economic growth.</p>
1.1.2 Economic assumptions	<p>a) The underlying assumptions that:</p> <ul style="list-style-type: none"> • consumers aim to maximise their benefit • businesses aim to maximise their profit. <p>b) Reasons why consumers may not maximise their benefit:</p> <ul style="list-style-type: none"> • consumers are not always good at calculating their benefits • consumers have habits that are hard to give up • consumers sometimes copy others’ behaviour. <p>c) Reasons why producers may not maximise their profit:</p> <ul style="list-style-type: none"> • producers may have managers that revenue maximise or sales maximise • producers may prioritise caring for customers • producers may complete charitable work.

Subject content	What students need to learn:
1.1.3 Demand, supply and market equilibrium	<p>Demand</p> <p>a) Definition of demand.</p> <p>b) The use of demand curve diagram to show:</p> <ul style="list-style-type: none"> • changes in price causing movements along a demand curve • shifts indicating increased and decreased demand. <p>c) Factors that may cause a shift in the demand curve, including:</p> <ul style="list-style-type: none"> • advertising • income • fashion and tastes • price of substitute goods • price of complementary goods • demographic changes. <p>Supply</p> <p>d) Definition of supply.</p> <p>e) The use of supply curve diagram to show:</p> <ul style="list-style-type: none"> • changes in price causing movements along a supply curve • shifts indicating increased and decreased supply. <p>f) Factors that may cause a shift in the supply curve, including:</p> <ul style="list-style-type: none"> • costs of production • changes in technology • indirect taxes • subsidies • natural factors (natural disasters and weather). <p>Market equilibrium</p> <p>g) Equilibrium price and quantity and how they are determined.</p> <p>h) The use of diagrams to show:</p> <ul style="list-style-type: none"> • how shifts in supply and demand affect equilibrium price and quantity in real-world situations • excess demand • excess supply. <p>i) Define, calculate and draw excess demand and excess supply.</p> <p>j) The use of market forces to remove excess supply or excess demand.</p>

Subject content	What students need to learn:
1.1.4 Elasticity	<p>Price elasticity of demand (PED)</p> <p>a) Definition of PED.</p> <p>b) Formula of PED.</p> <p>c) Calculate the PED using given percentage changes in quantity demanded and percentage changes in price.</p> <p>d) The use of diagrams to show price elastic and price inelastic demand.</p> <p>e) Interpret numerical values of PED that show:</p> <ul style="list-style-type: none"> • perfect price inelasticity • price inelasticity • unitary price elasticity • price elasticity • perfect price elasticity. <p>f) The factors influencing PED, including:</p> <ul style="list-style-type: none"> • substitutes • degree of necessity • percentage of income spent on goods or service • time. <p>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.</p> <p>Price elasticity of supply (PES)</p> <p>h) Definition of PES.</p> <p>i) Formula of PES.</p> <p>j) Calculate the PES using given percentage changes in quantity supplied and percentage changes in price.</p> <p>k) The use of diagrams to show price elastic and price inelastic supply.</p> <p>l) Interpret numerical values of PES that show:</p> <ul style="list-style-type: none"> • perfect price inelasticity • price inelasticity • unitary price elasticity • price elasticity • perfect price elasticity.

Subject content	What students need to learn:
	<p>m) The factors influencing PES, including:</p> <ul style="list-style-type: none"> • factors of production • availability of stocks • spare capacity • time. <p>n) Use examples to show the likely PES for manufactured and primary products.</p> <p>Income elasticity of demand</p> <p>o) Definition of income elasticity of demand.</p> <p>p) Formula of income elasticity of demand.</p> <p>q) Calculate the income elasticity of demand using given percentage changes in quantity demanded and percentage changes in income.</p> <p>r) Interpret numerical values of income elasticity of demand that show:</p> <ul style="list-style-type: none"> • luxury goods • normal goods • inferior goods. <p>s) The significance of price and income elasticities of demand to businesses and the government, in terms of:</p> <ul style="list-style-type: none"> • the imposition of indirect taxes and subsidies • changes in income.
1.1.5 The mixed economy	<p>a) Definition of mixed economy.</p> <p>b) Definition of public and private sector.</p> <p>c) Difference between public and private sectors in terms of ownership, control and aims.</p> <p>d) How the problems of what to produce, how to produce and for whom to produce are solved in the mixed economy.</p> <p>e) Concept of market failure – linked to inefficient allocation of resources.</p> <p>f) Why governments might need to intervene because of market failure.</p> <p>g) Definition of public goods – non-excludability, non-rivalry and how this causes the free rider problem.</p> <p>h) The role of the public sector and private sectors in the production of goods and services.</p> <p>i) The relative importance of public sector and private sector in different economies.</p> <p>j) Definition of privatisation.</p>

Subject content	What students need to learn:
	k) Effects of privatisation on: <ul style="list-style-type: none"> • consumers • workers • businesses • government.
1.1.6 Externalities	External costs of production <ul style="list-style-type: none"> a) Definition of external costs. b) Examples of external costs, including pollution, congestion and environmental damage. External benefits of consumption <ul style="list-style-type: none"> c) Definition of external benefits. d) Examples of external benefits, including education, healthcare and vaccinations. e) Definition and formula for: <ul style="list-style-type: none"> • $\text{social costs} = \text{private costs} + \text{external costs}$ • $\text{social benefits} = \text{private benefits} + \text{external benefits}$.

1.2 – Business economics

Subject content	What students need to learn:
1.2.1 Production	<p>a) The factors of production:</p> <ul style="list-style-type: none"> • land • labour • capital • enterprise. <p>b) Sectors of the economy:</p> <ul style="list-style-type: none"> • primary • secondary • tertiary. <p>c) Changes in the importance of these sectors in terms of employment and output over time in developing and developed economies.</p>
1.2.2 Productivity and division of labour	<p>a) Definition of productivity.</p> <p>b) Factors affecting productivity:</p> <ul style="list-style-type: none"> • 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. <p>c) Definition of division of labour.</p> <p>d) Advantages and disadvantages of the division of labour to workers and businesses.</p>

Subject content	What students need to learn:
1.2.3 Business costs, revenues and profit	<p>a) Definition and use of formulae to calculate:</p> <ul style="list-style-type: none"> • total revenue • total costs • total fixed costs • total variable costs • average (total) costs • profit. <p>b) Economies of scale:</p> <ul style="list-style-type: none"> • definition of economies of scale • definition of internal economies of scale • types of internal economies of scale: <ul style="list-style-type: none"> ○ purchasing (bulk buying) ○ marketing ○ technical ○ financial ○ managerial ○ risk bearing. • definition of external economies of scale • types of external economies of scale: <ul style="list-style-type: none"> ○ skilled labour ○ infrastructure ○ access to suppliers ○ similar businesses in area. <p>c) Diseconomies of scale:</p> <ul style="list-style-type: none"> • definition of diseconomies of scale • types of diseconomies of scale: <ul style="list-style-type: none"> ○ 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.

Subject content	What students need to learn:
1.2.4 Business competition	<p>Competition</p> <p>a) Advantages and disadvantages of competition to firms, consumers and the economy, including:</p> <ul style="list-style-type: none"> • efficiency • choice • quality • innovation • price. <p>b) Advantages and disadvantages of large firms and small firms.</p> <p>c) Factors influencing the growth of firms:</p> <ul style="list-style-type: none"> • government regulation • access to finance • economies of scale • the desire to spread risk • the desire to take over competitors. <p>d) Reasons firms stay small:</p> <ul style="list-style-type: none"> • size of market • nature of market – niche • lack of finance • aims of the entrepreneur. <p>Monopoly</p> <p>e) Definition of monopoly.</p> <p>f) Main features of monopoly:</p> <ul style="list-style-type: none"> • one business dominates the market • unique product • price-maker • barriers to entry: <ul style="list-style-type: none"> ○ legal barriers ○ patents ○ marketing budgets ○ technology ○ high start-up costs.

Subject content	What students need to learn:
	<p>g) Advantages and disadvantages of monopoly:</p> <ul style="list-style-type: none"> • efficiency • choice • quality • innovation • price • economies of scale. <p>Oligopoly</p> <p>h) Definition of oligopoly.</p> <p>i) Main features of oligopoly:</p> <ul style="list-style-type: none"> • few firms • large firms dominate • different products • barriers to entry • collusion • non-price competition • price competition. <p>j) Advantages and disadvantages of oligopoly:</p> <ul style="list-style-type: none"> • choice • quality • innovation • collusion and cartels fixing high prices • price wars between oligopolies.
1.2.5 The labour market	<p>a) Factors affecting the demand for labour:</p> <ul style="list-style-type: none"> • demand for the final product (derived demand) • availability of substitutes, including machines • productivity of workforce. <p>b) Factors affecting the supply of labour:</p> <ul style="list-style-type: none"> • 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.

Subject content	What students need to learn:
	<p>c) Importance of the quantity and quality of labour to business.</p> <p>d) Impact of education and training on human capital and quality of labour.</p> <p>e) The use of labour market diagrams showing:</p> <ul style="list-style-type: none"> • 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. <p>f) Trade union involvement in the labour market:</p> <ul style="list-style-type: none"> • impact of trade union activity to improve working conditions and increase wages.
1.2.6 Government intervention	<p>a) Government policy to deal with externalities:</p> <ul style="list-style-type: none"> • taxation • subsidies • fines • regulation • pollution permits. <p>b) Advantages and disadvantages of each government policy.</p> <p>c) Government regulation of competition to:</p> <ul style="list-style-type: none"> • promote competition • limit monopoly power • protect consumer interests • control mergers and takeovers. <p>d) Government intervention in the labour market:</p> <ul style="list-style-type: none"> • 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

Externally assessed

Description

In macroeconomics you will look at all the markets combined in a country. So you will now look at your own countries' and other countries' economies. You will look at the different objectives that governments will be 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, you will look at the issues and problems involved and how the government acts to improve the outcomes. You will then look at the global economy. This will involve looking at the benefits and problems of increased integration between economies of the globe. You 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. You will study both developing and developed economies.

Assessment information

Examination of 1 hour and 30 minutes, set and marked by Pearson.

Single tier of entry.

The total number of marks available is 80.

The examination paper consists of four compulsory questions, each worth 20 marks. The questions are a mixture of multiple-choice, short-answer, data response and open-ended questions.

Each question will be based on a particular topic from the subject content related to macroeconomics and the global economy. Due to the nature of economics, there is some interrelation between topics.

2.1 – Government and the economy

Subject content	What students need to learn:
2.1.1 Macroeconomic objectives	<p>a) Economic growth:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ employment ○ standards of living ○ poverty ○ productive potential ○ inflation ○ the environment. <p>b) Low and stable inflation:</p> <ul style="list-style-type: none"> • definition of inflation • definition of deflation • measurement using consumer price index (CPI) • types of inflation: <ul style="list-style-type: none"> ○ demand pull ○ cost push. • relationship between inflation and interest rates • impact of inflation on: <ul style="list-style-type: none"> ○ prices ○ wages ○ exports ○ unemployment ○ menu costs ○ shoe leather costs ○ uncertainty ○ business and consumer confidence ○ investment.

Subject content	What students need to learn:
	<p>c) Low unemployment:</p> <ul style="list-style-type: none"> • definition of unemployment • measurement of unemployment using International Labour Organization (ILO) measure • types of unemployment: <ul style="list-style-type: none"> o cyclical o structural o seasonal o voluntary o frictional. • impact of unemployment on: <ul style="list-style-type: none"> o output o use of scarce resources o poverty o government spending on benefits o tax revenue o consumer confidence o business confidence o society. <p>d) Surplus or balance on the current account of the balance of payments:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> o quality of domestic goods o quality of foreign goods o price of domestic goods o price of foreign goods o exchange rates between countries.

Subject content	What students need to learn:
	<ul style="list-style-type: none"> • impact of current account deficit: <ul style="list-style-type: none"> ◦ leakage from the economy ◦ can be inflationary if prices rise abroad ◦ low demand for our exports ◦ problems finding foreign reserves to fund the deficit. <p>e) Protection of the environment:</p> <ul style="list-style-type: none"> • business activity that damages the environment • ways businesses damage the environment: <ul style="list-style-type: none"> ◦ visual pollution, including litter ◦ noise pollution ◦ air pollution ◦ water pollution. • government intervention to protect the environment: <ul style="list-style-type: none"> ◦ taxation ◦ subsidy ◦ regulation ◦ fines ◦ pollution permits ◦ government provision of parks. <p>f) Redistribution of income:</p> <ul style="list-style-type: none"> • definition of income inequality • definition of absolute poverty • definition of relative poverty • reasons to reduce poverty and inequality: <ul style="list-style-type: none"> ◦ meet basic needs ◦ raise standards of living ◦ ethical reasons. • government intervention to reduce inequality and poverty: <ul style="list-style-type: none"> ◦ progressive taxation ◦ redistribution through benefit payments ◦ investment in education and healthcare.

Subject content	What students need to learn:
2.1.2 Government policies	<p>a) Fiscal policy – government revenue and government expenditure:</p> <ul style="list-style-type: none"> • 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. <p>b) Monetary policy – focused on interest rate changes:</p> <ul style="list-style-type: none"> • definition of monetary policy • definition of interest rates • central banks role in setting interest rates • impact of changes in interest rates on macroeconomic objectives: <ul style="list-style-type: none"> ○ the mechanism by which a change in interest rates affects consumers and businesses ○ awareness of asset purchasing used by central banks. <p>c) Supply-side policy:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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. <p>d) Government controls:</p> <ul style="list-style-type: none"> • advantages and disadvantages of: <ul style="list-style-type: none"> ○ regulation ○ legislation ○ fines ○ pollution permits.

Subject content	What students need to learn:
2.1.3 Relationships between objectives and policies	a) The impact of policies and the trade-off between macroeconomic objectives: <ul style="list-style-type: none"> • 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

Subject content	What students need to learn:
2.2.1 Globalisation	<p>a) Definition of globalisation: increased integration and interdependence of economies.</p> <p>b) Reasons for globalisation:</p> <ul style="list-style-type: none"> • fewer tariffs and quotas • reduced cost of transport • reduced cost of communication • increased significance of multinational corporations (MNCs). <p>c) Impacts of globalisation and global companies on individual countries, governments, producers and consumers, workers and the environment:</p> <ul style="list-style-type: none"> • rising living standards • greater choice • lower prices • reduced costs of communication • closing of traditional industries • environmental impact. <p>d) Definition of multinational corporations (MNCs):</p> <ul style="list-style-type: none"> • definition of foreign direct investment (FDI) • reasons for emergence of MNCs/FDI: <ul style="list-style-type: none"> ○ 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: <ul style="list-style-type: none"> ○ creating jobs ○ investing in infrastructure ○ developing skills ○ developing capital ○ contributing to taxes ○ avoiding paying taxes ○ environmental damage ○ moving profits abroad.

Subject content	What students need to learn:
2.2.2 International trade	<p>a) Advantages and disadvantages of free trade, including:</p> <ul style="list-style-type: none"> • lower prices and increased choice for consumers • lower input costs • wider markets for businesses • foreign competition harming domestic businesses • increasing unemployment. <p>b) Reasons for protection:</p> <ul style="list-style-type: none"> • prevent dumping • protect employment • protecting infant industries • to gain tariff revenue • protect consumers from unsafe products • reducing current account deficits • retaliation. <p>c) Methods of protection:</p> <ul style="list-style-type: none"> • tariffs • quotas • subsidies • advantages and disadvantages of each method of protection • supply and demand diagrams to show tariffs, quotas and subsidies. <p>d) Modern trading blocs:</p> <ul style="list-style-type: none"> • impact of trading blocs on member and non-member countries • examples of trading blocs. <p>e) Role of the World Trade Organization (WTO):</p> <ul style="list-style-type: none"> • actions by the WTO. <p>f) Trade patterns of developed and developing countries.</p>

Subject content	What students need to learn:
2.2.3 Exchange rates	<p>a) Definition of exchange rates.</p> <p>b) Factors affecting supply and demand of currencies:</p> <ul style="list-style-type: none"> • interest rates • currency speculators • imports and exports of goods and services • supply and demand diagrams to show determination of exchange rates. <p>c) Definition of appreciation:</p> <ul style="list-style-type: none"> • definition of revaluation • impact of appreciation of exchange rate on: <ul style="list-style-type: none"> ○ import and export prices ○ demand for imports and exports ○ current account on balance of payments. <p>d) Definition of depreciation:</p> <ul style="list-style-type: none"> • definition of devaluation • impact of depreciation of exchange rate on: <ul style="list-style-type: none"> ○ import and export prices ○ demand for imports and exports ○ current account on balance of payments.

3 Assessment information

Assessment requirements

Paper number and unit title	Level	Assessment information	Number of raw marks allocated in the paper
Paper 1: Microeconomics and Business Economics	1/2	Examination of 1 hour 30 minutes set and marked by Pearson. The paper is weighted at 50% of the qualification. Single tier of entry. Students may use a calculator.	80
Paper 2: Macroeconomics and the Global Economy	1/2	Examination of 1 hour 30 minutes set and marked by Pearson. The paper is weighted at 50% of the qualification. Single tier of entry. Students may use a calculator.	80

Assessment objectives and weightings

		% in International GCSE
A01	Recall, select and communicate knowledge of economic terms, concepts and issues	14–15
A02	Demonstrate understanding and apply economic knowledge using appropriate terms, concepts, theories and calculations effectively in specific contexts	48–49
A03	Select, organise and interpret information from sources to investigate and analyse economic issues	23–24
A04	Evaluate economic information to make reasoned judgements and draw conclusions	12–13

Relationship of assessment objectives to units

Unit number	Assessment objective			
	A01	A02	A03	A04
Paper 1	7.5%	24.4%	11.8%	6.3%
Paper 2	7.5%	24.4%	11.8%	6.3%
Total for International GCSE	14–15%	48–49%	23–24%	12–13%

All components will be available for assessment from June 2019.

4 Administration and general information

Entries

Details of how to enter students for the examinations for this qualification can be found in our *International Information Manual*. A copy is made available to all examinations officers and is available on our website.

Students should be advised that if they take two qualifications in the same subject, colleges, universities and employers are very likely to take the view that they have achieved only one of the two GCSEs/International GCSEs. Students or their advisers who have any doubts about subject combinations should check with the institution to which they wish to progress before embarking on their programmes.

Access arrangements, reasonable adjustments, special consideration and malpractice

Equality and fairness are central to our work. Our equality policy requires all students to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every student.

We are committed to making sure that:

- students with a protected characteristic (as defined by the UK Equality Act 2010) are not, when they are undertaking one of our qualifications, disadvantaged in comparison to students who do not share that characteristic
- all students achieve the recognition they deserve for undertaking a qualification and that this achievement can be compared fairly to the achievement of their peers.

Language of assessment

Assessment of this qualification will only be available in English. All student work must be in English.

We recommend that students are able to read and write in English at level B2 of the Common European Framework of Reference for Languages (CEFR).

Access arrangements

Access arrangements are agreed before an assessment. They allow students with special educational needs, disabilities or temporary injuries to:

- access the assessment
- show what they know and can do without changing the demands of the assessment.

The intention behind an access arrangement is to meet the particular needs of an individual student with a disability without affecting the integrity of the assessment. Access arrangements are the principal way in which awarding bodies comply with the duty under the Equality Act 2010 to make 'reasonable adjustments'.

Access arrangements should always be processed at the start of the course. Students will then know what is available and have the access arrangement(s) in place for assessment.

Reasonable adjustments

The Equality Act 2010 requires an awarding organisation to make reasonable adjustments where a student with a disability would be at a substantial disadvantage in undertaking an assessment. The awarding organisation is required to take reasonable steps to overcome that disadvantage.

A reasonable adjustment for a particular student may be unique to that individual and therefore might not be in the list of available access arrangements.

Whether an adjustment will be considered reasonable will depend on a number of factors, including:

- the needs of the student with the disability
- the effectiveness of the adjustment
- the cost of the adjustment; and
- the likely impact of the adjustment on the student with the disability and other students.

An adjustment will not be approved if it involves unreasonable costs to the awarding organisation, timeframes or affects the security or integrity of the assessment. This is because the adjustment is not 'reasonable'.

Special consideration

Special consideration is a post-examination adjustment to a student's mark or grade to reflect temporary injury, illness or other indisposition at the time of the examination/assessment, which has had, or is reasonably likely to have had, a material effect on a candidate's ability to take an assessment or demonstrate his or her level of attainment in an assessment.

Further information

Please see our website for further information about how to apply for access arrangements and special consideration.

For further information about access arrangements, reasonable adjustments and special consideration please refer to the JCQ website: www.jcq.org.uk.

Malpractice

Candidate malpractice

Candidate malpractice refers to any act by a candidate that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

Candidate malpractice in examinations **must** be reported to Pearson using a *JCQ Form M1* (available at www.jcq.org.uk/exams-office/malpractice). The form should be emailed to candidatemalpractice@pearson.com.

Please provide as much information and supporting documentation as possible. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice constitutes staff or centre malpractice.

Staff/centre malpractice

Staff and centre malpractice includes both deliberate malpractice and maladministration of our qualifications. As with candidate malpractice, staff and centre malpractice is any act that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

All cases of suspected staff malpractice and maladministration **must** be reported immediately, before any investigation is undertaken by the centre, to Pearson on a *JCQ Form M2(a)* (available at www.jcq.org.uk/exams-office/malpractice).

The form, supporting documentation and as much information as possible should be emailed to pqsmalpractice@pearson.com. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice itself constitutes malpractice.

More-detailed guidance on malpractice can be found in the latest version of the document *JCQ General and vocational qualifications Suspected Malpractice in Examinations and Assessments*, available at www.jcq.org.uk/exams-office/malpractice.

Awarding and reporting

The International GCSE qualification will be graded and certificated on a nine-grade scale from 9 to 1 using the total subject mark where 9 is the highest grade. Individual components are not graded. The first certification opportunity for the Pearson Edexcel International GCSE in Economics will be in 2019. Students whose level of achievement is below the minimum judged by Pearson to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.

Student recruitment and progression

Pearson's policy concerning recruitment to our qualifications is that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

Prior learning and other requirements

There are no prior learning or other requirements for this qualification.

Progression

Students can progress from this qualification to:

- International AS and A Levels in Economics and other subjects
- vocational qualifications, such as BTEC Nationals.

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Appendix 1: Codes

Type of code	Use of code	Code
Subject codes	The subject code is used by centres to cash in the entry for a qualification.	International GCSE – 4EC1
Paper codes	These codes are provided for information. Students may need to be entered for individual papers.	Paper 1: 4EC1/01 Paper 2: 4EC1/02

Appendix 2: Command word taxonomy

Command word taxonomy

The table below lists the command words that may be used in question papers for the Edexcel International GCSE in Economics and an outline of what each type of question requires students to do.

Command word	This type of question will require students to:
(Multiple-choice question)	Select one or more correct answer from a choice of answers. These questions test recall of knowledge from the specification content or require a calculation to reach the correct answer.
Define	Define a term from the specification content.
Describe	Identify and briefly develop a consequence of an economic event.
State	Give an answer, no longer than a sentence, referring to a piece of information from the specification content.
What is meant by	Define the term x where x is a term from the specification content. There must be two separate parts to the definition.
Calculate	Use mathematical skills to reach the answer, based on given data. Calculators may be used and workings should be given.
Draw	Draw a diagram containing two/three separate awardable points.
Explain	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.
Analyse	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	Write an extended answer, using given information to weigh up factors and compare them in an economics context.
Evaluate	Write an extended answer, applying knowledge of specification content, to reach a supported conclusion about an economic situation.

Examples of how these command words are used in Paper 1 and Paper 2 can be found in the *Pearson Edexcel International GCSE in Economics Sample Assessment Materials* for this qualification.

Appendix 3: 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.

Appendix 4: Pearson World Class Qualification design principles

Pearson’s World Class Qualification design principles mean that all Edexcel qualifications are developed to be **rigorous, demanding, inclusive and empowering**.



We work collaboratively to gain approval from an external panel of educational thought-leaders and assessment experts from across the globe. This is to ensure that Edexcel qualifications are globally relevant, represent world-class best practice in qualification and assessment design, maintain a consistent standard and support learner progression in today’s fast-changing world.

Pearson’s Expert Panel for World-Class Qualifications is chaired by Sir Michael Barber, a leading authority on education systems and reform. He is joined by a wide range of key influencers with expertise in education and employability.

"I’m excited to be in a position to work with the global leaders in curriculum and assessment to take a fresh look at what young people need to know and be able to do in the 21st century, and to consider how we can give them the opportunity to access that sort of education." Sir Michael Barber.

Endorsement from Pearson's Expert Panel for World Class Qualifications for the International GCSE development process

May 2014

"We were chosen, either because of our expertise in the UK education system, or because of our experience in reforming qualifications in other systems around the world as diverse as Singapore, Hong Kong, Australia and a number of countries across Europe.

We have guided Pearson through what we judge to be a rigorous world class qualification development process that has included, where appropriate:

- extensive international comparability of subject content against the highest-performing jurisdictions in the world
- benchmarking assessments against UK and overseas providers to ensure that they are at the right level of demand
- establishing External Subject Advisory Groups, drawing on independent subject-specific expertise to challenge and validate our qualifications.

Importantly, we have worked to ensure that the content and learning is future oriented, and that the design has been guided by Pearson's Efficacy Framework. This is a structured, evidenced process which means that learner outcomes have been at the heart of this development throughout.

We understand that ultimately it is excellent teaching that is the key factor to a learner's success in education but as a result of our work as a panel we are confident that we have supported the development of Edexcel International GCSE qualifications that are outstanding for their coherence, thoroughness and attention to detail and can be regarded as representing world-class best practice."

Sir Michael Barber (Chair)
Chief Education Advisor, Pearson plc

Dr Peter Hill
Former Chief Executive ACARA

Professor Jonathan Osborne
Stanford University

Professor Dr Ursula Renold
Federal Institute of Technology, Switzerland

Professor Janice Kay
Provost, University of Exeter

Jason Holt
CEO, Holts Group

Professor Lee Sing Kong
Dean and Managing Director, National Institute of Education International, Singapore

Bahram Bekhradnia
President, Higher Education Policy Institute

Dame Sally Coates
Director of Academies (South), United Learning Trust

Professor Bob Schwartz
Harvard Graduate School of Education

Jane Beine
Head of Partner Development, John Lewis Partnership

All titles correct as at May 2014

Appendix 5: Transferable skills

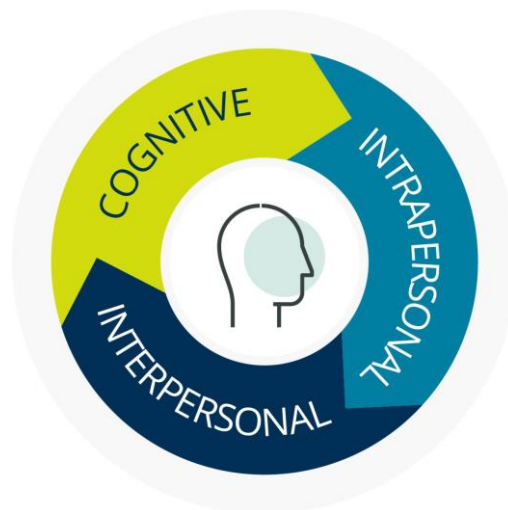
The need for transferable skills

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.

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.'^[1]

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^[2] 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.

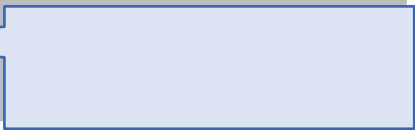
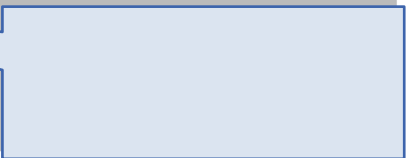
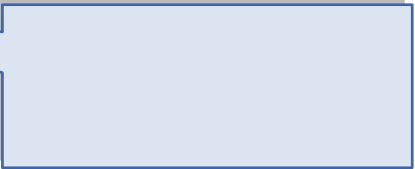


The skills have been interpreted for this specification to ensure they are appropriate for the subject. All of the skills listed are evident or accessible in the teaching, learning and/or assessment of the qualification. Some skills are directly assessed. Pearson materials will support you in identifying these skills and developing these skills in students.

The table overleaf sets out the framework and gives an indication of the skills that can be found in Economics and indicates the interpretation of the skill in this area. A full subject interpretation of each skill, with mapping to show opportunities for student development is given on the subject pages of our website: qualifications.pearson.com

¹ OECD – *Better Skills, Better Jobs, Better Lives* (OECD Publishing, 2012)

² Koenig J A, National Research Council – *Assessing 21st Century Skills: Summary of a Workshop* (National Academies Press, 2011)

Cognitive skills	Cognitive processes and strategies	<ul style="list-style-type: none"> • Critical thinking • Problem solving • Analysis • Reasoning • Interpretation • Decision making • Adaptive learning • Executive function 	
	Creativity	<ul style="list-style-type: none"> • Creativity • Innovation 	
Intrapersonal skills	Intellectual openness	<ul style="list-style-type: none"> • Adaptability • Personal and social responsibility • Continuous learning • Intellectual interest and curiosity 	
	Work ethic/ conscientiousness	<ul style="list-style-type: none"> • Initiative • Self-direction • Responsibility • Perseverance • Productivity • Self-regulation (metacognition, forethought, reflection) • Ethics • Integrity 	
	Positive core self-evaluation	<ul style="list-style-type: none"> • Self-monitoring/ self-evaluation/ self-reinforcement 	
Interpersonal skills	Teamwork and collaboration	<ul style="list-style-type: none"> • Communication • Collaboration • Teamwork • Cooperation • Interpersonal skills 	
	Leadership	<ul style="list-style-type: none"> • Leadership • Responsibility • Assertive communication • Self-presentation 	

Appendix 6: Glossary

Term	Definition
Assessment objectives	The requirements that students need to meet to succeed in the qualification. Each assessment objective has a unique focus which is then targeted in examinations or coursework/non-examined assessment. Assessment objectives may be assessed individually or in combination.
External assessment	An examination that is held at the same time and place in a global region.
JCQ	Joint Council for Qualifications. This is a group of UK exam boards who develop policy related to the administration of examinations.
Linear	Qualifications that are linear have all assessments at the end of a course of study. It is not possible to take one assessment earlier in the course of study.
Raw marks	Raw marks are the actual marks that students achieve when taking an assessment. When calculating an overall grade raw marks often need to be converted so that it is possible to see the proportionate achievement of a student across all units of study.

For information about Edexcel, BTEC or LCCI qualifications
visit qualifications.pearson.com

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