

INTERNATIONAL GCSE

Economics

Specification and Sample Assessment Material

Edexcel International GCSE in Economics (4EC0)

First examination 2011

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International GCSE

Economics (4EC0)

Specification

First examination 2011

Introduction

The Edexcel International General Certificate of Secondary Education (International GCSE) in Economics is designed for use in schools and colleges. It is part of a suite of International GCSE qualifications offered by Edexcel.

The 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.

Key subject aims

The Edexcel International GCSE in Economics qualification enables students 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.

About this specification

Key features and benefits of the specification

Key features and benefits are:

- 100% examination — single assessment route allowing all students to demonstrate their knowledge and understanding of economics
- assessment opportunity in both January and June examination series
- comprehensive and detailed description of subject content
- subject content kept to manageable proportions
- provides opportunities to apply the subject content to local economic circumstances
- appropriate for students of various ages and from diverse backgrounds in terms of general education and lifelong learning
- provides a sound foundation for Edexcel AS GCE and Advanced GCE in Economics, or equivalent qualifications.

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Specification at a glance

The Edexcel International GCSE in Economics is assessed through a written examination paper.

Paper 1: Economics	Paper code: 4EC0/01
<ul style="list-style-type: none">• Externally assessed• Availability: January and June series• First assessment: June 2011	
<p>Overview of content</p> <p>There are four areas of subject content. Students are required to study all four areas.</p> <p>A The Market System</p> <ul style="list-style-type: none">– Demand and supply– The role of the market in solving the economic problem– The labour market <p>B Business Economics</p> <ul style="list-style-type: none">– Production– Competition– Public and private sectors <p>C Government and the Economy</p> <ul style="list-style-type: none">– Macroeconomic objectives– Policies– Relationship between objectives and policies <p>D The Global Economy</p> <ul style="list-style-type: none">– Globalisation– International trade– Exchange rates	
<p>Overview of assessment</p> <ul style="list-style-type: none">• This qualification is assessed 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.	

Qualification content

Paper 1: Economics

Content overview

There are four areas of subject content. Students are required to study all four areas.

A The Market System	<ul style="list-style-type: none">• Demand and supply• The role of the market in solving the economic problem• The labour market
B Business Economics	<ul style="list-style-type: none">• Production• Competition• Public and private sectors
C Government and the Economy	<ul style="list-style-type: none">• Macroeconomic objectives• Policies• Relationship between objectives and policies
D The Global Economy	<ul style="list-style-type: none">• Globalisation• International trade• Exchange rates

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.

Subject content

A The Market System

Concept/idea	Content	Illustrative guidance for teachers
<p>1 Demand and supply Role in the determination of price in the market.</p>	<p>Demand and supply curves</p> <ul style="list-style-type: none"> • The relationship between price and quantity demanded and quantity supplied. • The concept of the market equilibrium: shifts and movements of demand and supply curves. • Factors affecting demand: <ul style="list-style-type: none"> – advertising, income, population, fashion, price, other products, ie complements and substitutes. • Factors affecting supply: <ul style="list-style-type: none"> – costs of production, indirect taxes and subsidies, changes in technology, natural factors, eg weather. 	<p><i>Diagrams are an essential tool for both the understanding and analysis of demand and supply. They should be used:</i></p> <ul style="list-style-type: none"> • <i>as an aid to show the relationship between a change in price and a movement along the demand and supply curves</i> • <i>to distinguish between the effects of a change in price (movement along the curves) and a shift in the curves for both demand and supply</i> • <i>to analyse the effects of changes in demand and supply on the market equilibrium price, quantity demanded and quantity supplied.</i> <p><i>Students should note that the topic Population should include the main determinants of the size and age distribution of the population and the dependency ratio. The consequences of changes in the population on demand, firms, government, economy and the environment form the basis of further analysis in Sections B, C and D of the subject content.</i></p>
	<p>Price and income elasticity</p> <ul style="list-style-type: none"> • Definitions and formulae. • Factors affecting price elasticity of demand: substitutes, degree of necessity, percentage of income spent on goods or service. • Factors affecting price elasticity of supply: time, elasticity of factors of production. • Factors affecting income elasticity: normal and inferior goods. • Application of elasticity, its effects on the decision making of firms and government. 	<p><i>Calculations using the formulae are not required. Diagrams with slopes showing elastic and inelastic demand and supply curves are required.</i></p> <p><i>Use of total revenue calculations to show the relationship between a change in price and the change in total revenue for differing elasticities is important.</i></p> <p><i>Use of data to show the relationship between changes in income and quantity demanded required. Diagrams not required.</i></p> <p><i>Application and analysis of examples required. Include the differences in elasticity of supply between manufactured goods and primary products.</i></p>

Concept/idea	Content	Illustrative guidance for teachers
<p>2 The role of the market in solving the economic problem</p>	<p>Resolving scarcity</p> <ul style="list-style-type: none"> • Finite resources and choice. • Opportunity cost and its effects on the individual, firms and governments. • Production possibility curves to illustrate opportunity cost <p>The mixed economy</p> <ul style="list-style-type: none"> • Definitions of mixed economy, public sector and private sector. • Concept of market failure and role of public sector. • The role of the public sector and private sectors in the production of goods and services. 	<p><i>Examples of opportunity cost needed.</i></p> <p><i>How the problems of what to produce, how to produce and for whom to produce are solved through the mixed economy. Types of business organisation in the private sector not required.</i></p> <p><i>Concept of efficiency required but not types of efficiency, ie allocative and productive.</i></p> <p><i>Discussion of modern examples, drawn from an economy of your choice.</i></p>
<p>3 The labour market: an example of a mixed economy</p>	<p>Wages and employment in a free economy</p> <ul style="list-style-type: none"> • Division of labour. • Advantages and disadvantages of division of labour: for the worker and for the firm. • Factors affecting demand for labour: <ul style="list-style-type: none"> – demand for final product – availability of substitutes, eg machines – productivity of the workforce. • Factors affecting supply of labour: <ul style="list-style-type: none"> – determinants of working population, ie age distribution, retirement and school-leaving age, female participation in the labour force. • Qualifications and training. 	<p><i>Diagrams indicating how changes in demand and supply of labour (in both the economy and particular occupations) should be used to analyse the effects on wages and employment.</i></p> <p><i>Both the quantity and quality of the labour should be considered.</i></p> <p><i>Marginal revenue productivity theory not required.</i></p>

Concept/idea	Content	Illustrative guidance for teachers
<p>3 The labour market: an example of a market in a mixed economy <i>(continued)</i></p>	<p>Interference in the labour market</p> <ul style="list-style-type: none"> • Minimum wage legislation: <ul style="list-style-type: none"> – reasons for the legislation – diagram to show the effects on wages and employment. • Trade unions: <ul style="list-style-type: none"> – effects of their strength on wages and employment. 	<p><i>Reference should be made to minimum wage legislation in an economy of your choice.</i></p> <p><i>Descriptions of types or detailed accounts of functions of unions are not required. Emphasis should be on explanation of the effects.</i></p>

B Business Economics

Concept/idea	Content	Illustrative guidance for teachers
<p>1 Production</p>	<p>Production and productivity</p> <ul style="list-style-type: none"> • Factors of production: land, labour, capital, enterprise. • Sectors of the economy: primary, secondary, tertiary. • Changing importance of these sectors in terms of employment and output over time, in developing and developed economies. <p>Production costs and revenue</p> <ul style="list-style-type: none"> • Fixed and variable costs, total cost, average cost, price, total revenue and profit. • Economies and diseconomies of scale. • Internal economies: marketing, technical, financial, managerial, risk-bearing. • External economies: skilled labour, infrastructure, ancillary firms. • Diseconomies: bureaucracy, labour relations. <p>Productivity and wealth creation</p> <ul style="list-style-type: none"> • Factors affecting productivity: <ul style="list-style-type: none"> – land: use of fertilisers, drainage, irrigation – labour: improved human capital – capital: use of more machinery and technological advances. 	<p><i>Emphasis on the difference between production and productivity. Relate increases in factors to increased production.</i></p> <p><i>Modern examples, drawn from an economy of your choice.</i></p> <p><i>Data for contrasting developed and developing countries should be studied by considering the movement away from primary and towards secondary and tertiary industry.</i></p> <p><i>Calculations with simple numerical examples required.</i></p> <p><i>Marginal cost and marginal revenue not required.</i></p> <p><i>Diagram of average cost curve showing effect of economies and diseconomies of scale is the only cost curve required.</i></p> <p><i>This should form a basis for further analysis of economic growth in Section C of the subject content, Government and the Economy.</i></p>

Concept/idea	Content	Illustrative guidance for teachers
<p>1 Production (continued)</p>	<p>Externalities: costs and benefits</p> <ul style="list-style-type: none"> • Social cost = private cost + external cost (pollution, congestion). • Social benefit = private benefit + external benefit (education, health). • Government policy to deal with externalities: taxation, subsidies, fines, government regulation. 	<p>This should form a basis for further analysis of protection of the environment in Section C of the subject content, Government and the Economy.</p> <p>Diagrams are not required.</p> <p>Students should consider the effects of externalities in relation to firms and consumers. Application of concepts to examples from an economy of your choice.</p>
<p>2 Competition</p>	<p>Competitive markets</p> <ul style="list-style-type: none"> • Advantages and disadvantages of competition to firms, consumers and the economy: efficiency, choice, quality, innovation. • Advantages and disadvantages of large and small firms. • Factors influencing the growth of firms; causes, types, limitations. 	<p>Emphasis on markets having varying degrees of competition depending upon the number of firms in the market. A study of perfect competition not required.</p> <p>Limitations should include size of market, aim of entrepreneur and lack of finance.</p>
	<p>Monopoly</p> <ul style="list-style-type: none"> • Main features: barriers to entry, one dominant supplier in a market. • Legal definition(s). • Advantages and disadvantages of monopoly: economies of scale, product innovation, price, choice, efficiency. 	<p>Modern examples of barriers to entry from an economy of your choice but no detail required.</p> <p>Legal definition is, for example taken as 25% market share.</p> <p>Diagrams not required but ability to analyse and evaluate in writing is required.</p>
	<p>Oligopoly</p> <ul style="list-style-type: none"> • Main features: barriers to entry, a few, large firms dominate the market, cartels, non-price and price competition. • Advantages and disadvantages of oligopolies: economies of scale, competition, collusion. 	<p>Analysis required of modern examples of oligopolistic practices from an economy of your choice, for example the car industry in France.</p> <p>Diagrams not required.</p>

Concept/idea	Content	Illustrative guidance for teachers
<p>3 Public and private sectors</p>	<p>Differences between public and private sectors in terms of ownership, control, aims.</p> <p>Government regulation</p> <ul style="list-style-type: none"> • To promote competition: monopoly and merger control. • To influence location of firms: solution to regional problems of unemployment, congestion, income inequality. <p>Privatisation</p> <p>Effects of privatisation on consumers, workers, firms, government and the economy.</p>	<p><i>Outline knowledge of competition policy in a country of your choice.</i></p> <p><i>Factors affecting location of industry not required.</i></p> <p><i>Ability to analyse modern examples required, from a country of your choice.</i></p>

C Government and the Economy

Concept/idea	Content	Illustrative guidance for teachers
<p>1 Macroeconomic objectives</p>	<p>Five macroeconomic objectives: economic growth; inflation; unemployment; balance of payments on current account; protection of the environment. These are outlined in greater detail below.</p> <p>Economic growth</p> <ul style="list-style-type: none"> • Gross Domestic Product (GDP) as the measurement of economic growth: total growth and rate of growth. • The economic cycle: recovery; boom; recession; slump. <p>Inflation</p> <ul style="list-style-type: none"> • Measurement of inflation: Retail Price Index (RPI) or Consumer Price Index (CPI). • Causes: demand pull, cost push, money supply. • Consequences: effects on prices, savings, wages, balance of payments, unemployment, the functions of money. <p>Unemployment</p> <ul style="list-style-type: none"> • International Labour Organisation (ILO) measurement of unemployment. • Types — cyclical, structural, frictional, seasonal, voluntary. 	<p><i>Students are expected to be able to understand and analyse simple data relating to the five macroeconomic objectives.</i></p> <p><i>Students should study regional policy in the context of the five objectives.</i></p> <p><i>Students are not required to have knowledge of national accounting. Some grasp of the limitations of GDP as a measure is expected.</i></p> <p><i>A detailed knowledge of the RPI or CPI is not required; analysis of the causes and consequences of inflation should be the major focus.</i></p> <p><i>Characteristics of money are not required.</i></p> <p><i>Students are not required to have detailed knowledge of unemployment figures but should be able to apply and analyse types of unemployment.</i></p>

Concept/idea	Content	Illustrative guidance for teachers
<p>1 Macroeconomic objectives (<i>continued</i>)</p>	<p>Balance of payments on current account</p> <ul style="list-style-type: none"> • Deficits and surpluses. • Trade in goods (visibles) and trade in services (invisibles) <p>Protection of the environment</p> <ul style="list-style-type: none"> • Use of regulation and taxation to influence business and consumer behaviour. 	<p>Modern examples of the current account, from a country of your choice, are required.</p> <p>Students should note that exchange rates are dealt with under Section D of the subject content, The Global Economy.</p> <p>Students should be aware that the environment is increasingly a concern of governments.</p> <p>External cost/benefits diagrams are not required.</p>
<p>2 Policies: to deal with economic growth, inflation, unemployment, the balance of payments on current account and the protection of the environment</p>	<p>Policy instruments</p> <p>Demand side</p> <ul style="list-style-type: none"> • Fiscal: government revenue and expenditure. • Revenue: direct and indirect taxation. • Main areas of public sector spending. • Taxation, regulation and incentives aimed at the protection of the environment. • Monetary: <ul style="list-style-type: none"> – interest rates and money supply – effects of interest rates on consumers' and firms' decisions. • Money supply: relationship with interest rates and inflation. <p>Supply side</p> <ul style="list-style-type: none"> • Supply side policies: privatisation; deregulation; education and training; productivity of the workforce. 	<p>Students are not required to draw diagrams or to use Aggregate Supply/Aggregate Demand model (AS/AD) analysis in their answers.</p> <p>Students should understand that fiscal policy operates through government budgets and appreciate the likely impact of a budget deficit or surplus. Detailed knowledge of any specific budget is not required.</p> <p>Students are not required to have detailed knowledge of money supply definitions.</p> <p>Students should understand that supply side policies operate over a longer term than demand side policies.</p>

Concept/idea	Content	Illustrative guidance for teachers
<p>3 Relationship between objectives and policies This brings together 1 and 2.</p>	<ul style="list-style-type: none"> • The different effects that macroeconomic measures may have on the five macroeconomic objectives. • These effects will be both positive and negative, and may involve trade-offs between objectives and issues of equity. 	<p><i>This section should not be seen as a separate part. Analysis and evaluation of objectives and policies should be part of Sections C1 and C2.</i></p> <p><i>Students are expected to be able to analyse and evaluate the effectiveness of different policies in a variety of economic situations.</i></p>

D The Global Economy

Concept/idea	Content	Illustrative guidance for teachers
<p>1 Globalisation</p>	<ul style="list-style-type: none"> • The increasing integration and interdependence of national economies. • MNCs (multi-national companies) source factors, produce and sell in various countries. • Reasons for globalised operations; key drivers in global economy, including role of ICT, transport and tourism. • FDI (foreign direct investment) and development aid as factors encouraging globalisation. • Winners and losers from globalisation: <ul style="list-style-type: none"> – MNCs and developed countries – international debt, commodity prices and living standards in developing countries – effect on the development gap – impacts on the natural environment. 	<p><i>Study of the global operations of a named MNC (MNCs include major banks).</i></p> <p><i>Students should also understand the role of the government in globalisation.</i></p> <p><i>Analysis and evaluation of modern examples of inward investment into a country of your choice, of a development aid project, and of the effects of debt and export prices for commodities on living standards in any named developing country.</i></p>
<p>2 International trade</p>	<p>Growth and change in international trade</p> <ul style="list-style-type: none"> • Significance of trade in goods and services: <ul style="list-style-type: none"> – for choice and competition – for growth and GDP. • Free trade and protection: tariffs, quotas and subsidies for national security or domestic employment reasons. 	<p><i>The Law of Comparative Advantage not required.</i></p> <p><i>Students should have knowledge of the advantages and disadvantages of free trade and protection.</i></p> <p><i>Basic supply and demand diagrams to show the impact of tariffs, subsidies and quotas on foreign trade are required.</i></p>

Concept/idea	Content	Illustrative guidance for teachers
<p>2 International trade <i>(continued)</i></p>	<p>Changing patterns of world trade:</p> <ul style="list-style-type: none"> • Modern trading blocs — effects of bloc on member and non-member countries. • The WTO (World Trade Organization) and growth of international trade • Contrast between developed and developing countries. 	<p><i>Students will need modern examples of the involvement in world trade of a country of your choice. Named examples of regional trade blocs.</i></p> <p><i>Students should be able to recall examples of WTO action and its effects.</i></p>
<p>3 Exchange rates</p>	<p>The world wide significance of exchange rates</p> <ul style="list-style-type: none"> • Factors affecting exchange rates through demand for and supply of currencies: <ul style="list-style-type: none"> – imports and exports of goods and services – interest rates – currency speculation. • Impact of exchange rate changes on: <ul style="list-style-type: none"> – import and export prices – balance of payments on current account. • Currency depreciation/devaluation as current account deficit policy. 	<p><i>Students will need modern examples of the world's prime rates and the exchange rates of a country of your choice.</i></p> <p><i>Students should be able to draw demand and supply diagrams to analyse exchange rate determination and change. Students should consider the effect of price elasticity of demand for imports and exports on the balance of payments on current account.</i></p>

Assessment

Assessment summary

Paper 1 is externally assessed through an examination paper.

Summary of table of assessment

Paper 1: Economics	Paper code: 4EC0/01
<ul style="list-style-type: none">• 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.	

Assessment Objectives and weightings

	% in International GCSE
AO1: demonstrate knowledge and understanding of the specified subject content	30-35%
AO2: apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively to address problems and issues	30-35%
AO3: select, organise, analyse and interpret information from various sources to analyse problems and issues	15-20%
AO4: evaluate evidence, make reasoned judgements and present conclusions accurately and appropriately.	15-20%
TOTAL	100%

Entering your students for assessment

Student entry

Details of how to enter students for this qualification can be found in Edexcel's *International Information Manual*, copies of which are sent to all active Edexcel centres. The information can also be found on Edexcel's international website.

Combinations of entry

There are no forbidden combinations.

Access arrangements and special requirements

Edexcel's policy on access arrangements and special considerations for GCE, GCSE, International GCSE, and Entry Level qualifications aims to enhance access to the qualifications for students with disabilities and other difficulties without compromising the assessment of skills, knowledge, understanding or competence.

Please see the Edexcel website (www.edexcel.org.uk/sfc) for:

- the Joint Council for Qualifications (JCQ) policy *Access Arrangements and Special Considerations, Regulations and Guidance Relating to Students who are Eligible for Adjustments in Examinations*
- the forms to submit for requests for access arrangements and special considerations
- dates for submission of the forms.

Requests for access arrangements and special considerations must be addressed to:

Special Requirements
Edexcel
One90 High Holborn
London WC1V 7BH

Assessing your students

The first assessment opportunity for Paper of this qualification will take place in the June 2011 series and in each following June and January series for the lifetime of the specification.

Your student assessment opportunities

Paper	June 2011	January 2012	June 2012	January 2013
Paper 1: Economics	✓	✓	✓	✓

Awarding and reporting

The grading, awarding and certification of this qualification will follow the processes outlined in the current GCSE/GCE Code of Practice for courses starting in September 2009, which is published by the Qualifications and Curriculum Authority (QCA). The International GCSE qualification will be graded and certificated on an eight-grade scale from A* to G.

Students whose level of achievement is below the minimum standard for Grade G will receive an unclassified U. Where unclassified is received it will not be recorded on the certificate.

The first certification opportunity for the Edexcel International GCSE in Economics will be 2011.

Students whose level of achievement is below the minimum judged by Edexcel to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.

Language of assessment

Assessment of this specification will be available in English only. Assessment materials will be published in English only and all work submitted for examination and moderation must be produced in English.

Malpractice and plagiarism

For up-to-date advice on malpractice and plagiarism, please refer to the JCQ's *Suspected Malpractice in Examinations: Policies and Procedures* document on the JCQ website www.jcq.org.uk/

Student recruitment

Edexcel's access 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.

Progression

This qualification supports progression to:

- Edexcel AS/Advanced GCE in Economics and AS/Advanced GCE in Economics and Business Studies
- Level 3 BTEC Nationals in Business and other qualifications.

Grade descriptions

Grade descriptions are provided to give a general indication of the standards of achievement likely to have been shown by candidates awarded particular grades. The descriptions must be interpreted in relation to the specification content; they are not designed to define that content. The grade awarded will depend in practice upon the extent to which the candidate has met the Assessment Objectives overall. Shortcomings in some aspects of the assessment may be balanced by better performance in others.

Grade A

Candidates can:

- demonstrate in-depth knowledge and critical understanding of the full range of the specification content
- apply this knowledge and critical understanding, using terms, concepts, theories and methods effectively to address problems and issues
- select and organise information from a wide variety of sources and interpret and use this information effectively to analyse problems and issues with a high degree of accuracy
- evaluate evidence, making reasoned judgements, and present conclusions accurately and appropriately.

Grade C

Candidates can:

- demonstrate knowledge and understanding of most aspects of the specification content
- apply this knowledge and understanding, using terms, concepts, theories and methods appropriately to address problems and issues
- select, organise, interpret and use information to analyse problems and issues with some accuracy
- make reasoned judgements and present conclusions that are supported by evidence.

Grade F

Candidates can:

- demonstrate knowledge and understanding of some aspects of the specification content
- apply this knowledge and understanding, using some terms, concepts, theories and methods to address problems and issues
- show some ability to select, organise, interpret and use simple information
- make judgements and present simple conclusions that are sometimes supported by evidence.

Support and training

Edexcel support services

Edexcel has a wide range of support services to help you implement this qualification successfully.

ResultsPlus — ResultsPlus is an application launched by Edexcel to help subject teachers, senior management teams, and students by providing detailed analysis of examination performance. Reports that compare performance between subjects, classes, your centre and similar centres can be generated in ‘one-click’. Skills maps that show performance according to the specification topic being tested are available for some subjects. For further information about which subjects will be analysed through ResultsPlus, and for information on how to access and use the service, please visit www.edexcel.org.uk/resultsplus

Ask the Expert — Ask the Expert is a new service, launched in 2007, that provides direct email access to senior subject specialists who will be able to answer any questions you might have about this or any other specification. All of our specialists are senior examiners, moderators or verifiers and they will answer your email personally. You can read a biography for all of them and learn more about this unique service on our website at www.edexcel.org.uk/asktheexpert

Ask Edexcel — Ask Edexcel is Edexcel’s online question and answer service. You can access it at www.edexcel.org.uk/ask or by going to the main website and selecting the Ask Edexcel menu item on the left.

The service allows you to search through a database of thousands of questions and answers on everything Edexcel offers. If you don’t find an answer to your question, you can choose to submit it straight to us. One of our customer services team will log your query, find an answer and send it to you. They’ll also consider adding it to the database if appropriate. This way the volume of helpful information that can be accessed via the service is growing all the time.

Examzone — The Examzone site is aimed at students sitting external examinations and gives information on revision, advice from examiners and guidance on results, including re-marking, re-sitting and progression opportunities. Further services for students — many of which will also be of interest to parents — will be available in the near future. Links to this site can be found on the main homepage at www.examzone.co.uk

Training

A programme of professional development and training courses, covering various aspects of the specification and examination, will be arranged by Edexcel. Full details can be obtained from our website: www.edexcel.org.uk

Textbooks and resources

There are few recent economics textbooks available but the following titles are suitable for the basic theory and concepts. Dictionaries of economics terms are useful for definitions of the concepts contained in the specification. All resources are suggested as possible teaching aids only, and are not required reading for the course. The internet is valuable as a tool for research and learning. There is a variety of aids for students and teachers, including revision notes and case studies for the UK GCSE which can be adapted for International GCSE.

Please note that while resources are checked at the time of publication, materials may be withdrawn from circulation and website locations may change at any time.

Textbooks

Anderton A — *Economics for GCSE, 2nd Edition* (Collins, 1993) ISBN 0003274292

Bannock G — *The Penguin Dictionary of Economics* (Penguin, 1999) ISBN 0140513760

Black J — *A Dictionary of Economics* (Oxford Paperbacks, 1997) ISBN 0192800183

Moynihan D and Titley B — *Economics: A Complete Course, 3rd Edition* (Oxford University Press, 2001) ISBN 0199134138

Paisley and Quillfeldt — *GCSE Economics* (Longman, 1987) ISBN 0582005205

Pass C — *Collins Dictionary of Economics* (HarperCollins, 2000) ISBN 0004724739

Pratten J — *GCSE Economics* (Liverpool Academic Press, 2001) ISBN 1872807739

Websites

General websites

www.bbc.co.uk	As well as topical issues there is also an education section.
www.bized.ac.uk	Originally designed for business studies and now incorporates a wealth of useful information for both teachers and students.
www.s-cool.co.uk	Although only available for AS/A level, many topics also apply to the International GCSE specification and are dealt with simply with revision questions.
www.tutor2u.net	Originally for AS/A2 but developing more resources for GCSE level.

Current economic issues and statistical data

www.ebea.org.uk	designed for teachers developing materials for themselves and students
www.economist.com	<i>Economist</i> magazine
www.ft.com	<i>Financial Times</i> newspaper
www.guardian.co.uk	<i>Guardian</i> newspaper

UK data

www.bankofengland.co.uk	For information on current interest rates and the UK's financial system.
www.direct.gov.uk	The website of the UK government, providing information for citizens from various government departments.
www.hm-treasury.gov.uk	The UK's economic and finance ministry. Access to budget reports and policy information.
www.statistics.gov.uk	Holds all national statistics, for example economy, census, population, labour market.

World data

www.europa.eu.int/en/comm/eurostat	Holds statistics on all nations in the European Economic Community.
www.oecd.org	The website holds comparable statistics, economic and social data from countries committed to democracy and market economy.
www.worldbank.org	Source of loans, credits and grants to developing countries. Website has a section on world data and research.
www.wto.org	The World Trade Organization deals with rules of trade between nations. Includes a section on trade statistics.

International GCSE

Economics (4EC0)

Sample Assessment Material

First examination 2011

Answer ALL questions

1. Study the information given in Figure 1.

	2005–2012 (estimated change)
Demand for diamonds	+50%
Supply of diamonds	No change
Price of diamonds	+30%

Figure 1

Figure 2, below, represents the market for diamonds.

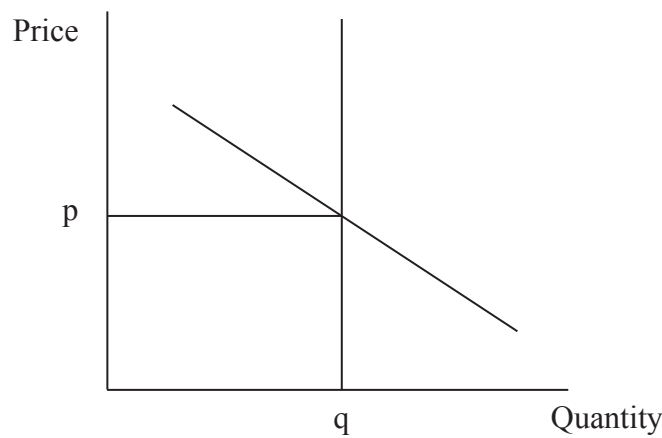


Figure 2

- (a) (i) On Figure 2, label the demand curve, D , and the supply curve, S . (2)
- (ii) Using Figure 2, draw a new demand curve to show the change estimated in Figure 1. Label the new demand curve D_1 and the new price P_1 . (2)
- (iii) Identify **two** reasons why the demand for diamonds might change by +50%.
- 1
-
- 2
- (2)

(iv) Using the information given in Figure 1, estimate the elasticity of supply for diamonds.

A -1

B 0

C +1

D +1.6

(1)

(v) Explain why you have chosen your answer to (a)(iv):

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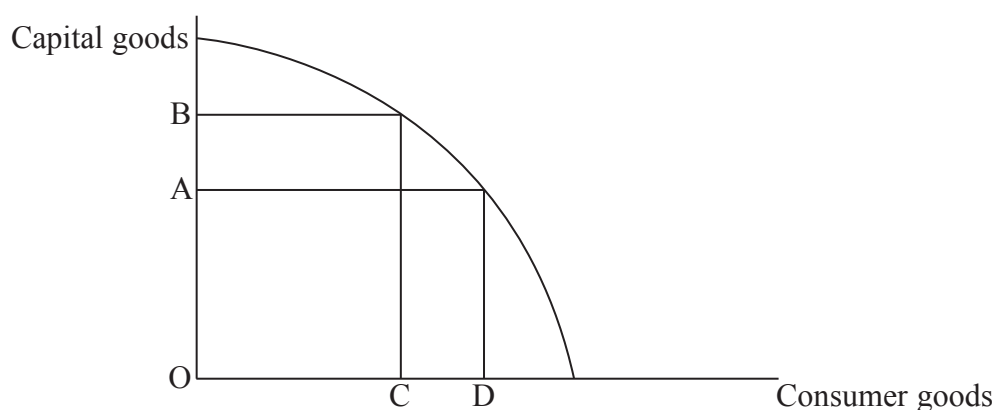
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(2)

(b) The diagram below shows a production possibility curve for a country.



(i) Give **one** example of a consumer good and **one** example of a capital good.

consumer good

capital good

(2)

(ii) The opportunity cost of increasing the production of capital goods from OA to OB is:

A OC

B CD

C AB

D OD

(1)

(iii) Which possible combination of capital goods and consumer goods is more likely to generate economic growth?

A OB/OC

B OA/OD

C OB/OD

D OA/OC

(1)

(iv) Explain why you have chosen your answer to (b)(iii):

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(2)

(c) (i) Botswana is one of the world's largest producers of diamonds. It has a mixed economy. Identify **two** characteristics of a mixed economy.

1

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(2)

(ii) Consider an economy of your choice. To what extent can it be described as a mixed economy?

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(6)

(d) (i) Introducing a minimum wage level above the previous equilibrium wage will:

- A increase employment
- B reduce inflation
- C increase pay for some workers
- D not affect pay levels

(1)

(ii) Examine **two** effects that minimum wage control may have on the labour market.

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(6)

(Total 30 marks)

Q1

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2. Alan Wong is a taxi driver. Like many other taxi drivers in his city, he owns his taxi and runs his own business. His monthly costs, and the total number of customers per month, are shown in Figure 3.

Costs	June \$	July \$
Petrol	200	350
Loan repayment	100	100
Insurance	60	60
Licence fee	50	50
Advertising	40	40
Telephone charges	50	70

	June	July
Number of customers	250	300

Figure 3

- (a) (i) Using Figure 3, Alan’s total costs for June were:

- A \$250
- B \$400
- C \$500
- D \$750

(1)

- (ii) Alan’s total costs for July were:

- A \$300
- B \$370
- C \$510
- D \$670

(1)

- (iii) Calculate Alan’s average cost per customer for June. Show your working.

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(2)

(iv) Define variable cost and give an example from Figure 3 of a variable cost.

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(2)

(v) Define fixed cost and give an example from Figure 3 of a fixed cost.

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(2)

(vi) One reason why firms such as Alan's may remain small is:

- A economies of scale
- B horizontal integration
- C technological advances
- D lack of capital

(1)

(vii) Explain why you have chosen your answer to (a)(vi).

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(2)

(b) Alan's customers sometimes travel by public sector transport. Public sector transport systems are owned by:

- A Individuals
- B Private sector
- C The State
- D Tertiary sector

(1)

(c) In a nearby city The Red Taxi Company has a monopoly.

(i) Identify **two** main features of a monopoly.

1

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2

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(2)

(ii) A monopoly can be both good **and** bad for customers. Explain why this is, giving reasons for your answer.

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(6)

(d) (i) Briefly explain **two** ways in which a government can promote competition in an economy.

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(4)

3. Study Figure 4 below, and answer the following questions.

Income \$ per year	\$ per year taken in tax		
	Tax A	Tax B	Tax C
10 000	1 000	1 000	1 000
20 000	2 000	2 500	1 000
30 000	3 000	4 000	1 000
40 000	4 000	6 000	1 000

Figure 4

(a) (i) Which of these taxes is proportional:

- A A
- B B
- C C
- D none

(1)

(ii) Which of these taxes is progressive:

- A A
- B B
- C C
- D none

(1)

(iii) Explain why you have chosen your answer to (a)(ii):

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(2)

(b) (i) Define 'indirect taxation'. Give an example.

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(2)

(ii) Identify **two** ways, other than taxation, in which a government can raise revenue.

1

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(2)

(iii) Raising revenue by taxation is part of which type of policy?

- A Monetary Policy
- B Fiscal Policy
- C Supply Side Policy
- D None of the above

(1)

(c) (i) What is meant by inflation?

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(2)

(ii) 'During periods of inflation there are winners and losers.' Do you agree with this statement? Justify your answer.

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(6)

(d) (i) Government policies targeting environmental protection can include:

- A subsidies for car ownership
- B subsidies for environmentally friendly power generation
- C taxes on income
- D taxes on profits

(1)

(ii) Explain why you have chosen your answer to (d)(i).

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(2)

(iii) Assess the effectiveness of raising taxes on petrol and diesel fuel as a way of protecting the environment.

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(4)

(Total 30 marks)

Q3

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4. The Multi-Fibre (M-F) Agreement set a limit on the number of textile imports from developing countries to Europe. This agreement ended in 2005. Figure 5 below shows some changes after the agreement ended.

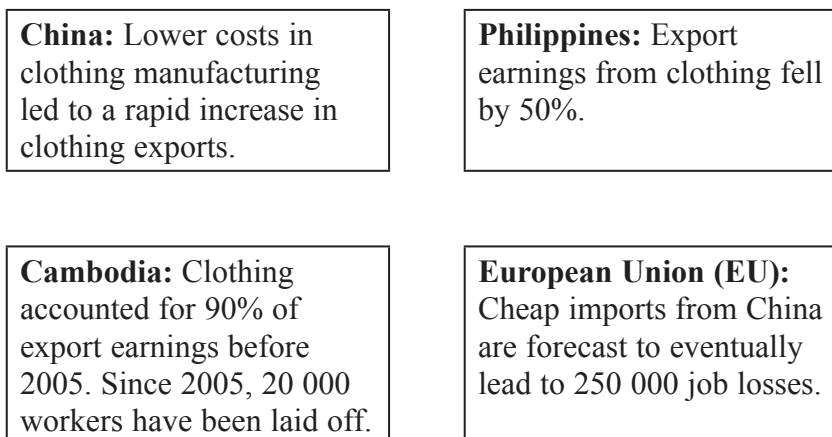


Figure 5

(a) Study the information given in Figure 5.

(i) One effect on the Philippines is likely to be:

- A balance of trade surplus
- B increase in economic growth
- C rise in pollution
- D increase in unemployment

(1)

(ii) The effects of ending the M-F Agreement in the EU are likely to include:

- A more expensive clothes and more unemployment
- B more expensive clothes and less unemployment
- C cheaper clothes and more unemployment
- D cheaper clothes and less unemployment

(1)

(iii) Explain why you have chosen your answer to (a)(ii).

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(2)

(b) (i) What type of trade restriction was the Multi-Fibre Agreement? Place a cross in the correct box.

- A Quota
- B Tariff
- C Subsidies
- D Cartel

(1)

(ii) On Figure 6 below, show how the introduction of tariffs can reduce imports of a good.

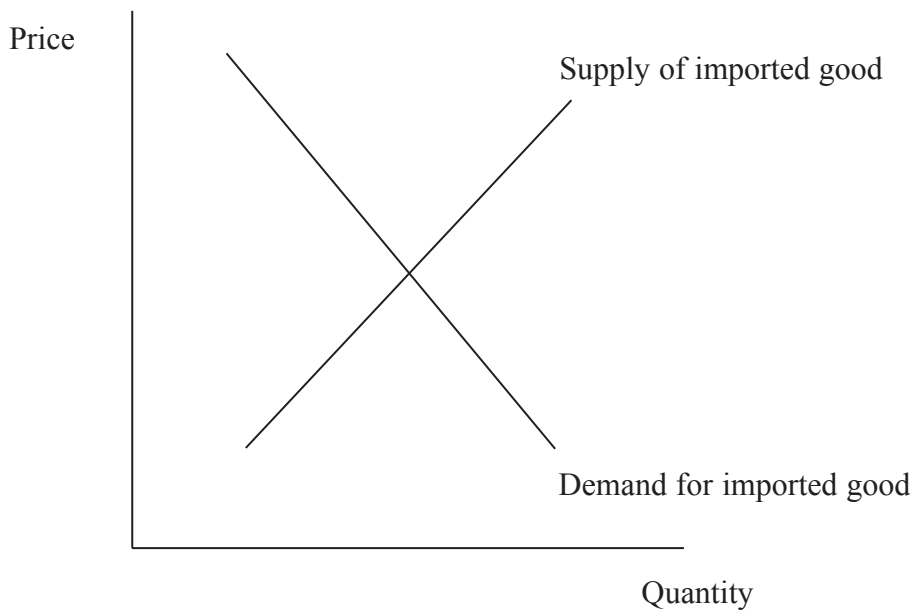


Figure 6

(3)

(iii) Explain how the introduction of tariffs, as you have shown on diagram Figure 6, can reduce the imports of a good.

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(3)

(c) Explain what is meant by a trading bloc.

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(2)

(d) Study Figure 7 below.

	\$m
Visible exports	250
Visible imports	300
Invisible exports	270
Invisible imports	250

Figure 7

(i) Using the data in Figure 7, the balance of trade will be

- A - \$50m
- B - \$30m
- C + \$30m
- D + \$50m

(1)

(ii) Explain why you have chosen your answer to (d)(i):

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(2)

(e) In 2005 the government of India stopped Tesco, a large British supermarket chain, opening supermarkets in India. The main reason given for this decision was that it would lead to a huge loss of employment in small retail shops.

(i) Examine reasons why a British supermarket chain may wish to open stores in a foreign country.

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(6)

(ii) Apart from a loss of employment, identify **two** other reasons why a government might stop a foreign supermarket chain opening in its country.

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(2)

(iii) Assess the case for and against allowing multinational retailers to operate in a country of your choice.

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(6)

Q4

(Total 30 marks)

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