



# IGCSE

## Economics

**Economics  
IGCSE****Introduction**

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

**Text-Books**

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

However, it is rarely a disadvantage to have read more widely, especially if you are aiming for the top grades (A\* to C), so we recommend the following books:

Alain Anderton: *Economics for GCSE* (2nd edition) (publishers: Collins Educational ISBN 978-0003274295).

G F Stanlake: *Starting Economics* (publishers: Addison Wesley Longman Education; ISBN 978-0582021891).

Adrian Lyons: *Essential Economics* (publishers: Hodder and Stoughton; ISBN 978-0340683446)

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

## Arrangement of Lessons

| Lesson               | Subject                                    |
|----------------------|--|
| <b>Module One:</b>   | <b>The Market System</b>                   |
| 1.                   | The Basic Problems of Economics            |
| 2                    | The Price System - Demand and Supply       |
| 3                    | Equilibrium Price                          |
|                      | TEST A                                     |
| 4                    | Elasticity of Demand                       |
| 5                    | Elasticity of Supply                       |
|                      | TEST B                                     |
| 6                    | Wages and Employment in a Free Economy     |
| <b>Module Two:</b>   | <b>Business Economics</b>                  |
| 7                    | Production                                 |
| 8                    | Economies of Scale                         |
|                      | TEST C                                     |
| 9                    | Competition                                |
| 10                   | Monopoly and Oligopoly                     |
| 11                   | Public and Private Sectors                 |
|                      | TEST D                                     |
| <b>Module Three:</b> | <b>Government and the Economy</b>          |
| 12                   | Macroeconomic Objectives (1)               |
| 13                   | Macroeconomic Objectives (2)               |
| 14                   | Government Economic Policy Instruments (1) |
| 15                   | Government Economic Policy Instruments (2) |
|                      | TEST E                                     |

| Module Four | The Global Economy                  |
|-------------|-------------------------------------|
| 16          | Globalization                       |
| 17          | International Trade (1)             |
| 18          | International Trade (2)             |
| 19          | International Trade (3)             |
| 20          | Exchange Rates                      |
|             | TEST F                              |
| 21          | Revision                            |
|             | TEST G (Mock Examination Paper)     |
|             | Suggested Answers to Practice Tests |

## Use of the Index in a Textbook

An index of topics is a vital aid for any student. Use it if you find a topic not fully covered under its main chapters. For example, if you are using Anderton's book – *Economics for GCSE* and want to look up “employment”, you will find various page numbers listed in the index. Write these down on a slip of paper. Look up the first entry; if you are not satisfied with the information, then turn to the next one. Tick off each page number until you are finished.

In order to give breadth to your studies, try to obtain from your local library a few of the books recommended in the reading lists. There is no point in trying to read too many – quality not quantity is what is required in your extra reading!

## The Aims of the Course

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

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

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

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

## Mathematical Background

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

## The Choice of Syllabus

However, the course focuses on the requirements of one syllabus in particular – the Edexcel IGCSE Specification in Economics 4ECO.

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

### **A The Market System**

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

### **B Business Economics**

- Production
- Competition

- Public and private sectors

### **C Government and the Economy**

- Macroeconomic objectives
- Policies
- Relationship between objectives and policies

### **D The Global Economy**

- Globalisation
- International trade
- Exchange rates

Overview

The examination will be organised as follows:

### **Assessment Overview**

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

### **Edexcel Aims**

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

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

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

In addition, the syllabus requires candidates to:

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

## Grade Descriptions

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

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

## Different Study Methods and Testing

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

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

- **Simple Completion Items.** These consist of two parts, a *stem* which contains the idea or questions followed by 4 possible responses/answers. You have to select the *most* correct response. If you cannot answer the question from the information in the stem try to eliminate as many of the

responses as possible and then think which one of those remaining is most correct.

- **Multiple Completion Items.** In this type the stem or question is followed by three possible responses/answers. Some or all of these may be correct. You must decide which of the responses is/are correct and then choose the appropriate option:

Another common kind of question is the following:

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

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

## The Approach of the OOL Course

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

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

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

Each of the tests is made up of questions selected from past or specimen examination papers. It is vital that you try to complete these tests in the time limits set and in as close as possible to real examination conditions. Where it was essential to look up notes, please tell your tutor. They are there to help you and can only do so if you keep them fully informed of your problems.

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



| Test     | When To Be Written | Prior Revision Required |
|----------|--------------------|-------------------------|
| <b>A</b> | After Lesson 3     | Lessons 1-3             |
| <b>B</b> | After Lesson 5     | Lessons 4-5             |
| <b>C</b> | After Lesson 8     | Lessons 6-8             |
| <b>D</b> | After Lesson 11    | Lessons 9-11            |
| <b>E</b> | After Lesson 15    | Lessons 11-15           |
| <b>F</b> | After Lesson 20    | Lessons 16-20           |
| <b>G</b> | After Lesson 21    | Lessons 1-21            |

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

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

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

## Supplementary Reading

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

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

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

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

Finally, more able candidates will find that:

- *British Economy* (O.U.P.)

is a convenient way of keeping up-to-date. It is published in October, February and May of each year. It gives a number of up-to-date articles in selected key topics of examination significance by practising teachers who are members of the Economics Association. Though written for A level students, it is within the reach of better GCSE candidates.

## Problems and Difficulties

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

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

## Studying the Syllabus

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

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

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

[www.edexcel.com/iwantto/Pages/private.aspx](http://www.edexcel.com/iwantto/Pages/private.aspx)

You will also find copies of past exam papers on the Edexcel website at

<http://www.edexcel.com/iwantto/Pages/question-papers.aspx>

There is also a facility to help students prepare for exams called Examzone at

[www.edexcel.com/i-am-a/student/examzone/Pages/home.aspx](http://www.edexcel.com/i-am-a/student/examzone/Pages/home.aspx)

## Using the Internet

All students would benefit from access to the Internet. You will find a wealth of information on all the topics in your course. As well as the Edexcel website ([www.edexcel.com](http://www.edexcel.com)), you should get into the habit of checking the Oxford Open Learning site ([www.ool.co.uk](http://www.ool.co.uk)) where you may find news, additional resources and interactive features as time goes by. If you have not already done so, you may register for your free copy of *How to Study at Home*, our 200-page guide to home learning, or enrol on further courses. Put it on your Favourites list now!

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