

Edexcel International AS/A Level

IAL Economics

Getting Ready to Teach

Event Code:

First teaching in 2018, first assessment 2019



Session Agenda

1. Introduction
2. Specification content – Unit 1 and Unit 2
3. Specification content – Unit 3 and Unit 4
4. Assessment
5. Support available
6. Finish



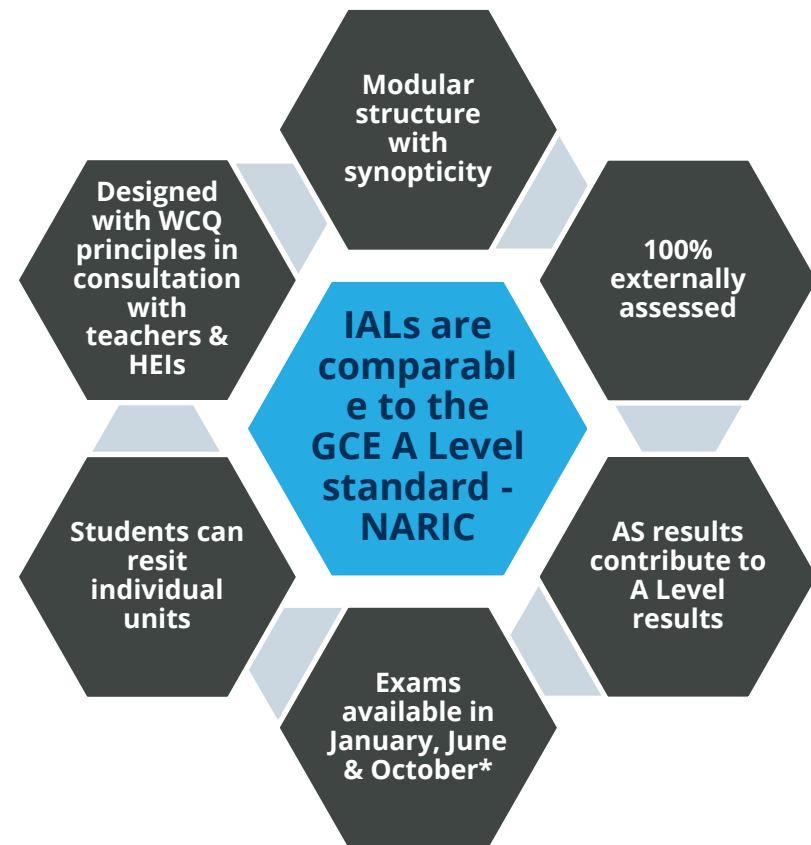
Aims and objectives

- The purpose of this event is to support you in delivering the new Pearson Edexcel IAL Economics specification for first teaching from September 2018
- Delegates will:
 - ~ explore the specification and the assessment design
 - ~ have the opportunity to network, discuss best practice and share ideas with other teachers
- Pearson has reviewed the format and content of all its training events to ensure the security of its examinations cannot be compromised
- This event can count as 2 hours CPD



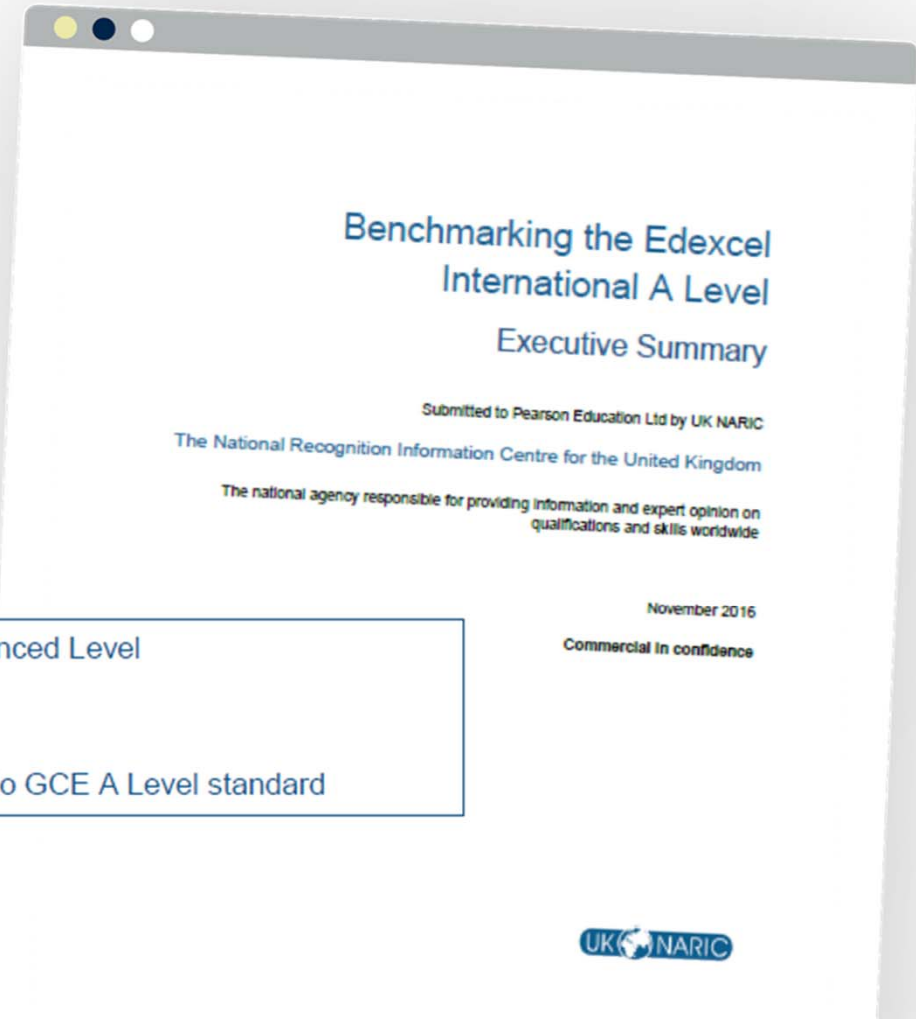
IAL Features

- International A Levels and AS Levels are created for International Students
- Globally recognised.



Updated NARIC report for Edexcel IAL

The executive summary confirms that Edexcel IALs are considered comparable to the GCE A Level standard following reforms to the UK regulated qualifications.



Qualification:	Edexcel International Advanced Level
Awarding Institution:	Pearson Education Ltd
Comparability:	Is considered comparable to GCE A Level standard

IAS & IAL subjects

Biology	Chemistry	Physics	Mathematics	Further Mathematics
Pure Mathematics	Information Technology	Business	Economics	Accounting
English Language	English Literature	History	Geography	Psychology
Arabic	French	German	Greek	Spanish
		Law (IAL only)		



World-class qualifications

All Edexcel qualifications are developed to meet Pearson's **World Class Qualification design principles**

Endorsement of educational **thought-leaders and assessment experts** from across the globe



Developed using an understanding and benchmarking of **all educational systems**

Qualifications that support young people to **develop the capabilities** they need to **progress** and prosper in their lives

IAL 2018 SUBJECT

SUBTITLE

**Reviewed and
updated in light
of GCE A level
changes**

**SUBJECT content
in 4 units**

**[TeachingEconomics
@pearson.com](mailto:TeachingEconomics@pearson.com)**

**Dedicated
textbooks are
currently in
production**

**Transferable Skills
embedded**

**Fully modular
Examinations three
times a year
AS contributes to A
level**



Overview



Overview of IAL Economics from 2018

Content	Assessment Objectives / Skills Tested	Structure of Assessment
Unit 1: Markets in action Unit 2: Macroeconomic performance and policy Unit 3: Business behaviour Unit 4: Developments in the global economy.	AO1: Knowledge and understanding AO2: Apply knowledge and understanding AO3: Analysis AO4: Evaluation	Units 1 and 2: 6 MCQs; 5 short-answer questions; one data response with 5 questions; one essay [out of two]. Units 3 and 4: 6 MCQs; one data response with 5 questions; one essay [out of two]

Specification at a glance

Unit 1

Markets in action

- The nature of economics
- How markets work
- Market failure
- Government intervention

Unit 3

Business behaviour

- Business growth
- Business objectives
- Revenues, costs and profits
- Market structures
- Labour market
- Government intervention

Unit 2

Macroeconomic performance and policy

- Measures of economic performance
- Aggregate demand
- Aggregate supply
- National income
- Economic growth
- Macroeconomic objectives and policy

Unit 4

Developments in the global economy

- International economics
- Poverty and inequality
- Role of state in the macroeconomy
- Emerging and developing economies



IAL at a glance

Units 1, 2, 3 and 4 are assessed through four externally examined papers:

Unit 1
Markets in action

Time: 1 hour 45 minutes*

**15 minutes more than in the old specification*

Unit 2
**Macroeconomic
performance and policy**

Time: 1 hour 45 minutes*

**15 minutes more than in the old specification*

Unit 3
Business behaviour

Time: 2 hours

Unit 4
**Developments on the global
economy**

Time: 2 hours



Unit 1



Content overview: Unit 1

Markets in action	Highlights
1.3.1 Introductory concepts	• Introduction to behavioural economics
1.3.2 Consumer behaviour and demand	• The functions of money & role of financial markets
1.3.3 Supply	
1.3.4 Price determination	• Real world applications
1.3.5 Market failure	
1.3.6 Government intervention in markets	



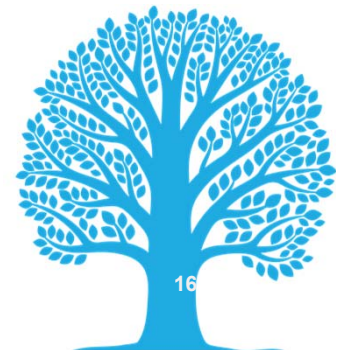
1.3.1 Introductory concepts

- Economics as a social science
- Positive and normative economics
- Scarcity
- PPFs: application of opportunity cost; use in showing growth
- Specialisation and division of labour, including
 - functions of money & role of financial markets
- Free market, mixed and command economies



1.3.2 Consumer behaviour and demand

- Rational decision making – diminishing marginal utility
- The demand curve
- Movement along and shifts in the demand curve
- PED; YED and XED:
 - ~ understand link between PED & TR
 - ~ significance of these concepts for firms, consumers and the government



1.3.3 Supply

- The supply curve
- Movement along and shifts in the supply curve
- Price elasticity of supply



1.3.4 Price determination

- Determination of market equilibrium
 - Causes of changes in equilibrium price
 - Elimination of excess demand and excess supply through the operation of market forces
- Consumer and producer surplus – impact of changes in supply or demand – using diagrams
- Functions of the price mechanism – including rationing, incentives and signaling
- Indirect taxes and subsidies



1.3.5 Market failure

- Sources of market failure
- Positive and negative externalities
- Under-provision of public goods
 - free rider problem
- Imperfect market information:
 - symmetric and asymmetric information
 - examples include healthcare, education, pensions, and insurance
- *Moral hazard (New)*
- *Speculation and market bubbles (New)*

Please note: Unit 1 does not include monopoly or immobility of labour (which are in Unit 3)



1.3.6 Government intervention in markets

- Purpose and methods of government intervention:
 - indirect taxation, subsidies
 - maximum and minimum prices
 - tradeable permits
 - extension of property rights
 - state provision
 - regulation
 - provision of information
- Government failure:
 - government intervention resulting in a net welfare loss
 - causes of government failure



Activity

1. POLL

Refer to the specification:

- Which application of supply and demand analysis is no longer in this unit?

2. QUESTION

- Suggest a way of introducing the market failure part of this unit.

Unit 2



Content overview: Unit 2

Macroeconomic performance and policy	Highlights
2.3.1 Measures of economic performance	<ul style="list-style-type: none">• National happiness and wellbeing• Significance of net migration to an economy• Output gaps• Role of central banks in conduct of monetary policy
2.3.2 Aggregate demand	
2.3.3 Aggregate supply	
2.3.4 National income	
2.3.5 Economic growth	
2.3.6 Macroeconomic objectives and policies	



2.3.1 Measures of economic performance

- Growth: increase in real GDP; other measure (GNI); international comparisons (using PPP); limitations of GDP; national happiness
- Inflation, deflation and disinflation: CPI; indices; causes and effects
- Producer (wholesale) price index
- Employment and unemployment (ILO); underemployment; causes and effects; migration
- The X-M element of the Balance of Payments



2.3.2 and 2.3.3 AD and AS

Aggregate demand

- Why the AD slopes downwards
- Distinction between movement along and shift of AS curve
- Causes of shifts in AD curve
- Causes of changes in each component of AD

Aggregate supply

- Distinction between movement along and shift of AS curve
- Causes of shifts in the SRAS and LRAS curves
- SRAS and LRAS



2.3.4 National Income

- The circular flow of income
- The impact of injections and leakages
- Changes in the equilibrium price level and real national output
- The multiplier process:
 - ~ calculation of the multiplier
 - ~ marginal propensities



2.5 Economic growth

- Actual and potential growth
- Identify and interpret trends in growth rates
- Causes and constraints of growth
- Importance of productivity for economic growth
- Benefits and costs of growth
- Output gaps



2.6 Macroeconomic objectives and policies

Key objectives:

- Possible conflicts between objectives and trade offs
- Supply-side policies: free market and interventionist
- Strengths and weaknesses of different supply–side policies
- Demand-side policies:
 - ~ fiscal policy
 - ~ monetary policy
- Role of central banks in the conduct of monetary policy
- Strengths and weaknesses of different demand–side policies



Activity

- Refer to the specification:

1. Which areas are new

- in Units 1 and 2?

Unit 3



Content overview: Unit 3

Business behaviour	Highlights
3.1 Business growth	• Markets structures
3.2 Business objectives	• Labour market issues
3.3 Revenues, costs and profits	• The impact of government intervention
3.4 Market structures	
3.5 The labour market	
3.6 Government intervention	



3.3.1 Types and size of business organisations

- Types of business including joint ventures
- Size of businesses
 - ~ how businesses grow: organic and by merger
 - ~ constraints on business growth
 - ~ impact of business growth on businesses, workers and consumers
- Demergers
- Business objectives
 - ~ profit maximisation
 - ~ revenue maximisation
 - ~ sales volume maximisation
 - ~ behavioural theories - satisficing



3.3.2 Revenue, costs and profits

- Revenue: TR, AR & MR
- PED and its relationship with TR, AR & MR
- Costs
 - ~ Derivation of SR costs from the assumption of diminishing marginal productivity
 - ~ TC, TFC, TVC, ATC, AFC, AVC, MC
 - ~ Relationships between MP & MC; AP & AC; TP & TC; short-run & long-run costs
- Economics and diseconomies of scale including concept of ***minimum efficient scale***
- Profits and losses



3.3.3 Market structures and contestability

- Efficiency
- Concentration ratio
- Perfect competition
- Monopolistic competition including types of product differentiation
- Oligopoly including simple game theory
- Monopoly including ***natural monopoly*** and price discrimination
- Monopsony
- Contestability



3.3.4 Labour markets

- The demand for labour
 - ~ factors influencing the demand for labour
 - ~ factors influencing the elasticity of demand for labour
- The supply of labour
 - ~ factors influencing the supply of labour to a particular occupation
 - ~ factors influencing the elasticity of supply of labour
- The determination of wage rates in competitive and non-competitive markets
- Market failure in the labour market: geographical and occupational immobility of labour



3.3.5 Government intervention

- Government intervention in product markets
 - ~ case for intervention
 - ~ measures to control monopolies and mergers
 - ~ measures to promote competition and contestability
 - ~ measures to protect suppliers and employees
 - ~ the impact of above measures
 - ~ limits to government intervention
- Government intervention in labour markets
 - ~ case for intervention
 - ~ types of intervention and their effects including maximum and minimum wage controls



Activity

Refer to the specification:

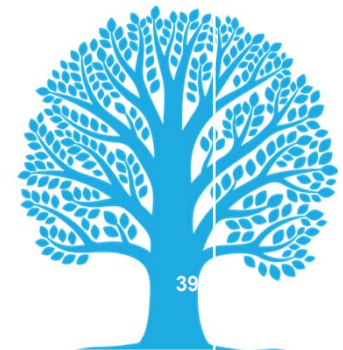
- 1. Labour markets are new to this unit (transferred from Unit 1). Which other topics may be linked with labour markets (from all 4 units)?**

Unit 4



Content overview: Unit 4

Developments in the global economy	Highlights
4.3.1 Globalisation	• Global issues
4.3.2 Trade & the global economy	• International economics
4.3.3 Balance of payments, exchange rates & international competitiveness	• International competitiveness
4.3.4 Poverty and inequality	• Emerging and developing economies
4.3.5 The role of the state in the macroeconomy	
4.3.6 Developing, emerging and developed economies	



4.3.1 Causes and effects of globalisation

- Characteristics of globalisation
- Causes of globalisation including FDI by TNCs
- Effects of globalisation: benefits and costs



4.3.2 Trade and the global economy

- Specialisation and comparative advantage
- Patterns and volume of trade
- Terms of trade
- Trading liberalisation and trading blocs
- Restrictions on free trade



4.3.3 Balance of payments, exchange rates and international competitiveness

- Balance of payments including global trade imbalances
- Exchange rates including **factors influencing** exchange rates and the **impact of changes** in exchange rates
- International competitiveness:
 - ~ **measures** of international competitiveness
 - ~ **factors influencing** international competitiveness
 - ~ **measures to increase** international competitiveness
- Significance of international competitiveness



4.3.4 Poverty and inequality

- Poverty:
 - ~ distinction between absolute and relative poverty
 - ~ measures of absolute and relative poverty
 - ~ causes of changes in absolute and relative poverty
- Inequality:
 - ~ distinction between wealth and income inequality
 - ~ measures of inequality
 - ~ causes of inequality
 - ~ impact of inequality
 - ~ impact of economic change and development on inequality
 - ~ the significance of capitalism for inequality



4.3.5 The role of the state in the macroeconomy

- **Public expenditure**
- **Taxation**
- **Public sector borrowing and debt** including distinction between **automatic stabilisers** and **discretionary fiscal policy** and between **structural** and **fiscal deficits**
- Macroeconomic policies including the use of **demand-side policies in response to the global financial crisis of 2008** and problems facing policymakers when applying policies



4.3 Emerging and developing economies

- Measures of economic development: HDI and other measures
- Constraints on growth and development
- Measures to promote growth and development:
 - ~ market-orientated strategies
 - ~ interventionist strategies
 - ~ other strategies
 - ~ role of international institutions



Activity

- Refer to the specification:

1. Which areas are new to this unit?

Assessment

1.Assessment objectives

**2.Points-based mark
schemes**

**3.Levels-based mark
schemes**

Assessment objectives

		% in IAS	% in IA2	% in IAL
AO1	Demonstrate knowledge of terms, concepts, theories and models to show an understanding of the behaviour of economic agents	27.5	18.8	23.1
AO2	Apply knowledge and understanding to various economic contexts	30	22.5	26.3
AO3	Analyse issues and evidence, showing an understanding of their impact on economic agents	22.5	28.8	25.6
AO4	Evaluate economic arguments and use appropriate evidence to support informed judgements	20%	30	25



AO1: Knowledge

- **Knowledge** of terms, concepts, theories and models to show an understanding of the behaviour of economic agents
- This could include:
 - Definitions
 - Formulae
 - Basic diagrams
 - Identification of key points



AO2: Application

- **Apply** knowledge and understanding to various economic contexts:
- Using knowledge and understanding **in context**
- Use of **data/extracts** in answer
- Use of **examples to illustrate points**
- Manipulation of data e.g. **calculations** based on data



AO3: Analysis (1)

- **Analyse** issues and evidence, showing an understanding of their impact on economic agents
- Selecting and applying the **appropriate theories/concepts to the context**
- A **chain of reasoning**: may be exemplified by explaining a transmission mechanism e.g. the effects of investment in infrastructure
- Could be demonstrated by use of **diagrams** which are explained fully and integrated into the analysis



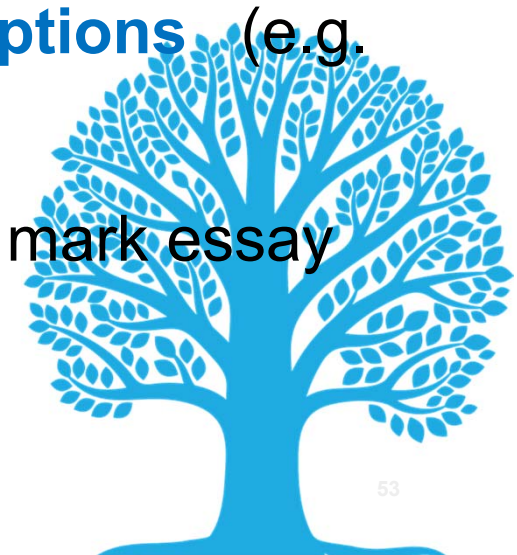
AO3: Analysis (2)

- Explanation of a situation/issue/problem by **a logical sequence of linked ideas**
- Use link words such as **so, because, if and therefore**
- Strong analysis also uses **can/could/might**



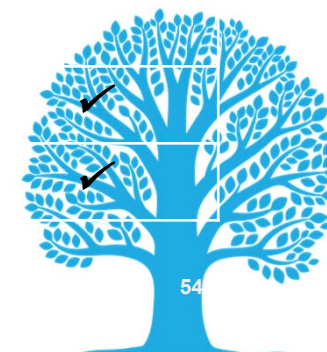
A04: Evaluation

- **Evaluate** economic arguments and use appropriate evidence to support informed judgements
- Showing a **critical awareness**
- Recognising **different viewpoints**
- Questioning **quality of the evidence**: validity and reliability
- Questioning **validity of underlying assumptions** (e.g. does correlation imply causation)
- Making an **informed judgement** [for the 20 mark essay questions]



Quantitative skills

Skill		IAS	IA2
QS1	Ratios and fractions	✓	✓
QS2	Percentage and percentage point change	✓	✓
QS3	Mean, median and relevant quantiles	✓	✓
QS4	Standard graphical forms	✓	✓
QS5	Index numbers	✓	✓
QS6	Cost, revenue and profit (marginal, average, totals)		✓
QS7	Money to real terms		✓
QS8	Elasticity	✓	✓
QS9	Interpret, apply, analyse info in written, graphical, tabular & numerical forms	✓	✓
<i>QS10-12 may be assessed but do not contribute to the 20% target</i>			
QS10	<i>Distinguish between changes in the level and rate of change of a variable</i>	✓	✓
QS11	<i>Composite indicators</i>		
QS12	<i>Seasonally-adjusted figures</i>	✓	



Quantitative skills

- Quantitative skills are assessed: through short answer questions, e.g. calculate and illustrate questions within extended questions
- In extended questions, students use quantitative skills as part of their evidence to support knowledge, application, analysis and evaluation
- Minimum of 20% of the overall marks for both IAS & IAL



Activity

1. **POLL: Which two papers test quantitative skills most of all?**
2. **Identify topic areas lend themselves to testing of QS.**

IAS assessment

Unit 1

Markets in action

80 marks, 1 hour 45 mins*,
50% of total mark

Section A: multiple choice

Section B: short answer

Section C: data response

Section D: one essay from a
choice of two

**We have increased the assessment
time of Paper 1 and Paper 2 in this new
qualification by 15 minutes.*

Unit 2

Macroeconomic performance and policy

80 marks, 1 hour 45 mins*,
50% of total marks

Section A: multiple choice

Section B: short answer

Section C: data response

Section D: one essay from a choice of
two

**We have increased the assessment time of
Paper 1 and Paper 2 in this new qualification by
15 minutes.*



IAS assessment: Units 1 and 2

- Section A has 6 marks: 6 MCQs
- Section B has 20 marks: 5 x 4 mark short answer questions
- Section C: Data response with 5 questions – see next slide
- Section D: One essay [out of a choice of two]



I AL assessment

Unit 1

Markets in action

80 marks, 1 hour 45 minutes, 25%

Section A: multiple choice

Section B short answer

Section C: data response

Section D: one essay (choose one from a choice of two essays)

Unit 3

Business behaviour

80 marks, 2 hours, 25%

Section A: multiple choice

Section B: data response

Section C: one essay (choose one from a choice of two)

Unit 2

Macroeconomic performance and policy

80 marks, 1 hour 45 minutes, 25%

Section A: multiple choice

Section B short answer

Section C: data response

Section D: one essay (choose one from a choice of two essays)

Unit 4

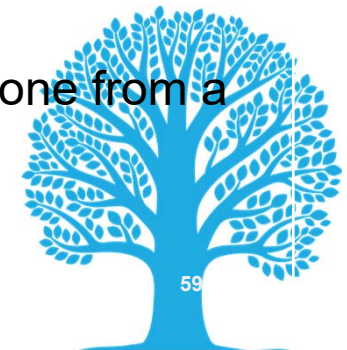
Developments in the global economy

80 marks, 2 hours, 25%

Section A: multiple choice

Section B: data response

Section C: one essay (choose one from a choice of two essays)



IAL assessment: Papers 3 and 4

- Section A has 6 marks: 6 MCQs
- Section B: Data response with 5 questions – see next slide
- Section C: One essay [out of a choice of two]



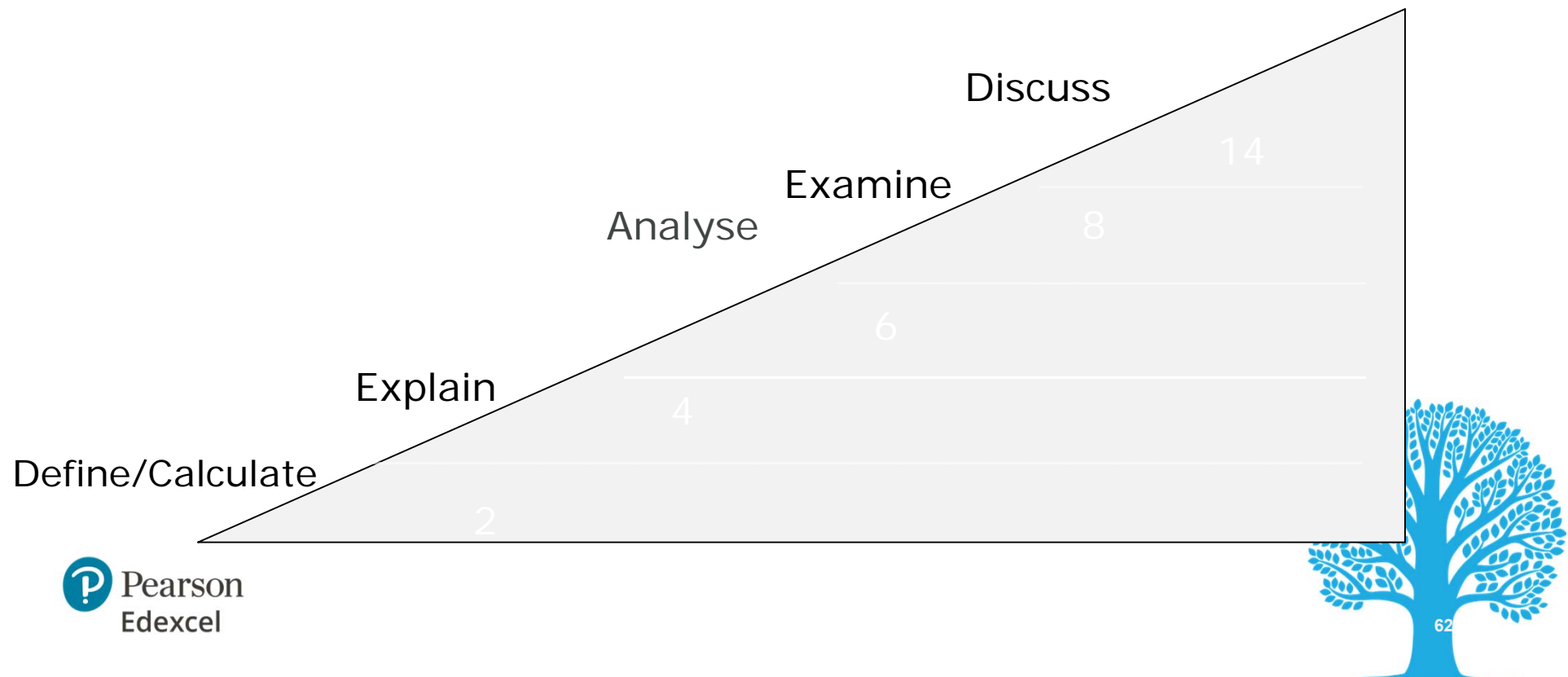
Points-based mark schemes

- Points-based mark schemes show how the indicative content relates to the assessment objectives being assessed in the question: knowledge and understanding, application, analysis and evaluation.
- The mark schemes indicate the number of marks available for each assessment objective.
- These mark schemes apply to questions with mark bases of 2,4,6 & 8.



IAS & IAL Units 1-4

Data response questions



Activity on points-based mark scheme

- In terms of the assessment objectives, what must a candidate do to achieve maximum marks on question 12d, Paper 1 in the SAMs?

Assessment:

Levels based mark schemes



Discuss -14 mark questions

- Accurate knowledge and understanding
- Apply to context and/or use relevant examples
- Use of economic theory applied appropriately
- Logical chains of reasoning
- Evaluation:
 - ~ supported by relevant reasoning
 - ~ in context
 - ~ balanced



Evaluate/To what extent

- 20 mark questions

- Accurate knowledge and understanding
- Apply to context and/or use relevant examples
- Evidence fully and reliably integrated
- Use of economic theory applied appropriately
- Logical and coherent chains of reasoning
- Evaluation

~ supported by chains of reasoning

~ in context

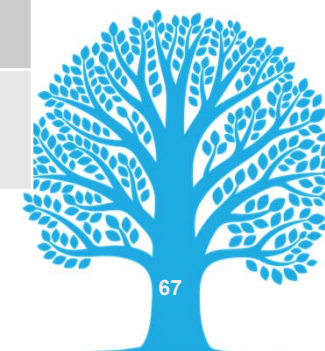
~ critical awareness

~ informed judgement



Extended Answers

Discuss [KAA 8; EV 6]	Evaluate [KAA 12; EV 8]
Accurate knowledge	Accurate and precise knowledge
Context and/or examples	Context and/or examples
Appropriate application	Evidence integrated
Chains of reasoning	Appropriate application
Context	Chains of reasoning
Balance	Context
	Balance
	Informed judgement



Levels-based mark schemes

- Levels-based mark schemes focus on the skills being assessed.
- These mark schemes provide a consistent understanding of the skills and connections between these skills for each question type and relate directly to the taxonomies (command words) used in the assessments.
- The bands within each mark scheme clearly show the progression of these skills from the lower bands to the higher bands.



How to use the levels-based mark schemes

- The mark schemes focus on the **quality** of student answers rather than the **quantity of points** made.
- The quality of student answers is assessed according to the **level descriptors**.
- The four assessment objectives are grouped as follows: knowledge and understanding, application and analysis [**KAA**]; and evaluation [**EV**].
- To guide teachers and markers, the breakdown of marks allocated to KAA and to EV is given within the levels based mark schemes.



How to use the levels-based mark schemes

1. Finding the right level

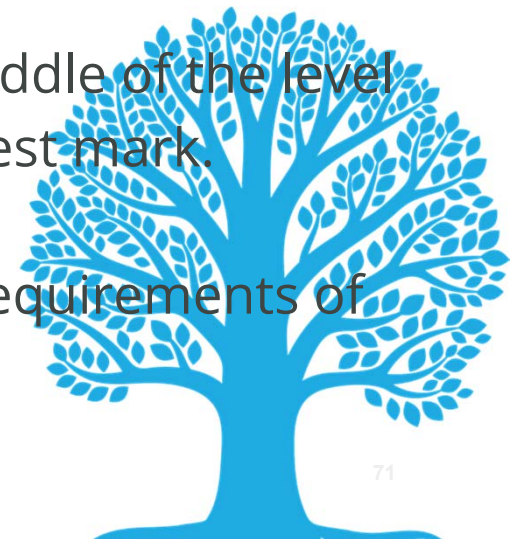
- The first stage is to decide into which level the answer should be placed in.
- Use a 'best-fit' approach, deciding which level most closely describes the quality of the answer.



How to use the level-based mark schemes

2. Finding a mark within a level

- After a level has been decided on, the next stage is to decide on the mark within the level.
- Levels with 2 marks start with the presumption that the work will be at the top of the level. Move down to the lower mark if the work only just meets the requirements of the level.
- Levels with 3 or more marks should start at the middle of the level and then move the mark up or down to find the best mark.
- Take into account how far the answer meets the requirements of the level.



Activity

1. How has the marking of the essays changed from the old specification?

Support Overview

Free Support

Getting Started
Guide & Scheme of
Work

Getting Ready to
Teach Events

Subject
interpretation of
transferable skills

Subject Advisor

Results Plus

Regional Support
Manager

Additional support for selected subjects

**Curriculum
Matched
Publishing**

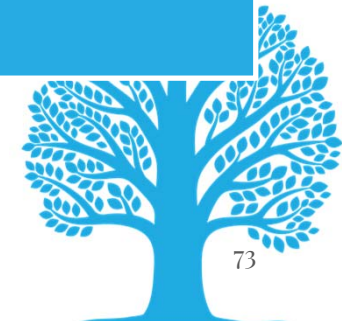
Lesson plans

Exemplar Marked
Responses

Topic booklets &
Subject guides

Additional SAMs

Exam Wizard



Currently Published Materials

- Edexcel International Advanced Level Economic Student Book and ActiveBook 1
- Edexcel International Advanced Level Economic Student Book and ActiveBook 2
- Edexcel International Advanced Level Economic Online Teacher Resource Pack 1
- Edexcel International Advanced Level Economic Online Teacher Resource Pack 2



Other useful links

[1. Grade Boundaries](#)

This page shows the minimum marks needed to achieve a certain grade for all UK and international examinations. Also refer to the examiners report which is available for download with other documents.

[2. Examination Results Statistics](#)

Results statistics summarise the overall grade outcomes of candidates sitting Pearson Edexcel examinations.

[3. Progress to University](#)

Here you can find information and guidance about how to progress to universities worldwide with Pearson Edexcel qualifications.



ResultsPlus

- Free online results analysis tool for teachers
- Provides a detailed breakdown of student performance in Edexcel exams.
- Identify topics and questions where the student could benefit from further learning
- Use this knowledge to inform teaching strategies and approaches
- Provides a comparison of student performance at regional level.
- Allows centres to view their country's results compared to the total Edexcel cohort.
- Mock exams results can also be fed into the system to produce an analysis
- Schools can sign up for free ResultsPlus account in just a few quick and easy steps:

<https://qualifications.pearson.com/en/support/Services/ResultsPlus.html>



- Free tool for teachers containing a bank of past paper questions to help create their own bespoke mock exams and tests to focus on particular topic areas as needed
- Use existing mark schemes for accurate marking
- Use existing examiner report for insight
- Use the results to understand where students need more support, informing teaching strategies.



Contact your dedicated Subject Advisor

Subject Advisor details

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ALWAYS LEARNING