



Course Outline

IGCSE ECONOMICS

Year 10

Inspiring excellence, empowering global minds

Please find the full specification link below

[Edexcel IGCSE Economics - Specification.pdf](#)

Syllabus overview Aims.

The aims are to enable students to know and understand economic terminology, concepts and theories using basic economic numeracy and interpret economic data with the tools of economic analysis. Students should be able to express economic ideas logically and clearly in a written form and apply economic understanding to current economic issues. IGCSE Economics equips students with an understanding of economic principles, enabling them to analyze and assess various economic situations and issues. It is valuable for careers in economics, finance, business, public policy, and various fields where a strong understanding of economic concepts is essential.

Learning Outcomes

IGCSE Economics is a subject that provides students with an understanding of fundamental economic concepts, principles, and issues. It focuses on both microeconomics (individual economic decisions and behavior) and macroeconomics (the broader economy and government policies).

Content summary

The market system:

- The economic problem
- Economic assumptions
- Demand, supply and market equilibrium
- Elasticity
- The mixed economy
- Externalities

Business economics:

- Production
- Productivity and division of labour
- Business costs, revenues and profit
- Business competition
- The labour market

Government and the economy:

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

The global economy:

- Globalisation
- International trade
- Exchange rates

Ongoing Objectives

- The first section of the syllabus introduces the fundamental ideas and concepts that underpin the study of economics including the basic economic problem, factors of production, opportunity cost and production possibility curves.
- The fundamental principles of resource allocation are considered through the price mechanism in a market economy. The market forces of demand and supply, market equilibrium and disequilibrium, and elasticity form the core of this section.
- Microeconomy is an important area of study, and the approach to learning taken here is through the role of the major decision makers: banks, households, workers, trade unions and firms.
- Governments have different macroeconomic aims, and conflicts often arise between the choice of measures used to achieve them. Variables must be measured to consider the causes and consequences of change, and appropriate policies applied.
- As an economy develops there will be changes in population, living standards, poverty, and income redistribution. Therefore, the effects of changes in the size and structure of population and of other influences on development in a variety of countries are explored.
- The importance of trade between countries and the growth of globalisation is explored. Principles such as specialisation, the role of free trade, the role of multinational companies, foreign exchange

Unit Overview

Term 1

Unit 1 - 1 The nature of the economic problem

Approximate length: 4 weeks.

The economic problem arises from the fundamental issue of scarcity, which occurs when the limited resources available cannot satisfy all of society's unlimited wants and needs. This situation necessitates the need for choice and prioritization in resource allocation. The economic problem can be summarized by the basic question of how to efficiently allocate scarce resources to produce goods and services that fulfill human desires. As a result, individuals, businesses, and governments must make decisions regarding what to produce, how to produce it, and for whom to produce. These choices involve trade-offs, as selecting one option often means forgoing another. The concept of opportunity cost is central to understanding the economic problem, as it represents the value of the next best alternative that is sacrificed when a decision is made. By examining the economic problem, students gain insight into the complexities of economic decision-making and the importance of efficient resource management in addressing societal needs and wants.

Objectives Covered:

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

Unit 2 - Economic assumptions

Approximate length: 4 weeks

Key economic assumptions include rational behavior, where individuals and firms aim to maximize utility and profit; the concept of scarcity, highlighting limited resources versus unlimited wants; opportunity cost, representing the value of the next best alternative forgone; and marginal analysis, which involves weighing additional benefits against costs. The ceteris paribus principle allows for isolating the impact of one variable by assuming other factors remain constant, while market forces dictate price and quantity through supply and demand interactions. Additionally, economic agents are presumed to act in self-interest, and perfect information is assumed for informed decision-making, all forming the foundation for economic theories and models.

Objectives Covered:

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

Unit 3 - Demand, supply and market equilibrium

Approximate length: 4 weeks

Demand represents the quantity of a good or service that consumers are willing and able to purchase at different prices, with the law of demand stating that, ceteris paribus, a decrease in price leads to an increase in quantity demanded. Conversely, supply refers to the quantity that producers are willing and able to sell at various prices, where the law of supply indicates that an increase in price results in a higher quantity supplied. Market equilibrium occurs at the point where the quantity demanded equals the quantity supplied, leading to a stable market price with no surplus or shortage. Changes in either demand or supply can cause shifts in the equilibrium price and quantity, reflecting the dynamic

nature of markets. Mastery of these concepts is crucial for understanding how economic forces interact to determine market conditions and outcomes.

Objectives Covered:

Demand

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

Supply

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

Market equilibrium

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

Unit 4 – Elasticity

Approximate length: 4 weeks

Elasticity measures the responsiveness of one variable to changes in another, particularly regarding demand and supply. Price elasticity of demand (PED) indicates how much the quantity demanded of a good changes in response to a change in its price. If demand is elastic ($PED > 1$), a small price change leads to a significant change in quantity demanded; if inelastic ($PED < 1$), quantity demanded changes little with price fluctuations. Income elasticity of demand (YED) assesses how quantity demanded responds to changes in consumer income, with normal goods having a positive YED and inferior goods showing a negative YED. Cross elasticity of demand (XED) measures how the quantity demanded of one good changes in response to the price change of another good, indicating whether they are

substitutes or complements. On the supply side, price elasticity of supply (PES) evaluates how quantity supplied reacts to price changes, with elastic supply ($PES > 1$) indicating a significant response and inelastic supply ($PES < 1$) reflecting limited responsiveness. Understanding elasticity is essential for analyzing consumer behavior, pricing strategies, and the impact of economic policies.

Objectives Covered:

Price elasticity of demand (PED)

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

Price elasticity of supply (PES)

- h) Definition of PES.
- i) Formula of PES.
- j) Calculate the PES using given percentage changes in quantity supplied and percentage changes in price.
- k) The use of diagrams to show price elastic and price inelastic supply.
- l) Interpret numerical values of PES that show:
 - perfect price inelasticity
 - price inelasticity
 - unitary price elasticity
 - price elasticity
 - perfect price elasticity.
- m) The factors influencing PES, including:
 - factors of production
 - availability of stocks
 - spare capacity
 - time.
- n) Use examples to show the likely PES for manufactured and primary products.

Income elasticity of demand

- o) Definition of income elasticity of demand.
- p) Formula of income elasticity of demand.

q) Calculate the income elasticity of demand using given percentage changes in quantity demanded and percentage changes in income.

r) Interpret numerical values of income elasticity of demand that show:

- luxury goods
- normal goods
- inferior goods.

s) The significance of price and income elasticities of demand to businesses and the government, in terms of:

- the imposition of indirect taxes and subsidies
- changes in income.

Term 2

Unit 5 - The mixed economy

Approximate length: 4 weeks

A mixed economy combines elements of both capitalism and socialism, incorporating features of private enterprise and government intervention. In this system, the private sector operates alongside the public sector, allowing for a balance between individual freedom and social welfare. The government plays a role in regulating and guiding economic activity, providing public goods and services, and addressing market failures, while the private sector is responsible for producing goods and services based on consumer demand. This dual approach aims to leverage the efficiency and innovation of the market while ensuring equitable distribution of resources and addressing social needs. A mixed economy can lead to a more stable and sustainable economic environment, as it seeks to benefit from the strengths of both economic systems while mitigating their weaknesses. Understanding the mixed economy is crucial for analyzing how different economic systems address issues such as resource allocation, income distribution, and economic growth.

Objectives Covered:

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

Unit 6 - Externalities**Approximate length: 4 weeks**

Externalities are the unintended side effects of economic activities that affect third parties who are not directly involved in the transaction. They can be either positive or negative. Negative externalities occur when the actions of individuals or firms impose costs on others, leading to overproduction or overconsumption of harmful goods. Common examples include pollution from factories, traffic congestion, and secondhand smoke, which can result in social costs that are not reflected in market prices. On the other hand, positive externalities arise when economic activities create benefits for others, leading to underproduction or underconsumption of beneficial goods. Examples include education, vaccination, and public parks, which provide wider societal advantages. Externalities can lead to market failures, as the market does not account for these spillover effects, resulting in inefficient resource allocation. To address externalities, governments may implement policies such as taxes, subsidies, regulations, or the establishment of property rights to promote a more efficient and equitable outcome. Understanding externalities is essential for assessing the broader impact of economic activities on society and the environment.

Objectives Covered:

External costs of production

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

External benefits of consumption

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

Unit 7 - Production**Approximate length: 4 weeks**

Production refers to the process of transforming inputs (factors of production) into outputs (goods and services) that are valuable to consumers. The main factors of production include land, labor, capital, and entrepreneurship. Land encompasses all natural resources used in production, labor refers to the human effort and skills involved, capital includes the tools, machinery, and buildings used for production, and entrepreneurship involves the organization and management of these resources to create goods and services. The production process can be described through various models, such as the production function, which illustrates the relationship between input quantities and output levels. Producers aim to maximize efficiency and minimize costs, often employing concepts like economies of scale, where increasing production leads to lower average costs per unit. Additionally, understanding the distinction between short-run and long-run production is essential, as firms may face different constraints and opportunities in each period. Overall, the study of production is crucial for analyzing how goods and services are created, the efficiency of resource use, and the overall functioning of the economy.

Objectives Covered:

- a) The factors of production:
 - land

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

Unit 8 - Productivity and division of labour

Approximate length: 4 weeks

Business organizations can be categorized into several types based on ownership structure and operational characteristics, including sole proprietorships, partnerships, limited liability companies (LLCs), corporations, cooperatives, and franchises. A sole proprietorship is owned by a single individual and offers complete control but comes with unlimited liability. Partnerships involve two or more individuals sharing ownership and responsibilities, with potential for conflict and varying liability levels. LLCs provide limited liability protection to owners while allowing flexibility in management. Corporations are separate legal entities with limited liability for shareholders but face more regulations and taxation. Cooperatives are owned by members who work together for common goals, while franchises involve an agreement where a franchisee operates under a franchisor's brand in exchange for fees. Understanding these types helps analyze their advantages and disadvantages, influencing their success in the market.

Objectives Covered:

Definition of productivity.

b) Factors affecting productivity:

- land - use of fertiliser, drainage, irrigation, reclamation
- labour - quality of labour, including improved human capital through education and training and impact of migration
- capital - increased quantity and technological advances.

c) Definition of division of labour.

d) Advantages and disadvantages of the division of labour to workers and businesses.

Unit 9 - Business costs, revenues and profit

Approximate length: 4 weeks

In business, understanding costs, revenues, and profit is crucial for financial management and sustainability. Costs are divided into fixed costs, which remain constant regardless of output (e.g., rent, salaries), and variable costs, which fluctuate with production levels (e.g., raw materials, utilities). Total costs combine both fixed and variable costs, providing a comprehensive view of expenses. Revenues refer to the total income generated from sales of goods and services, calculated by multiplying the price per unit by the quantity sold. The difference between total revenues and total costs determines the profit, which can be classified into gross profit (revenues minus cost of goods sold) and net profit (gross profit minus all other expenses, including taxes and interest). Profit is a key indicator of business performance, guiding decision-making, investment, and growth strategies. Understanding the interplay between costs, revenues, and profits is essential for businesses to achieve financial health and competitive advantage in the market.

Objectives Covered:

a) Definition and use of formulae to calculate:

- total revenue
- total costs
- total fixed costs
- total variable costs
- average (total) costs
- profit.

b) Economies of scale:

- definition of economies of scale
- definition of internal economies of scale
- types of internal economies of scale:
 - o purchasing (bulk buying)
 - o marketing
 - o technical
 - o financial
 - o managerial
 - o risk bearing.
- definition of external economies of scale
- types of external economies of scale:
 - o skilled labour
 - o infrastructure
 - o access to suppliers
 - o similar businesses in area.

c) Diseconomies of scale:

- definition of diseconomies of scale
- types of diseconomies of scale:
 - o bureaucracy
 - o communication problems
 - o lack of control
 - o 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.

Unit 10 - Business competition**Approximate length: 4 weeks**

Business competition refers to the rivalry among firms in the same industry striving for customers and market share. It is influenced by various factors, including the number of competitors, the nature of the products or services offered, and market conditions. Types of competition include perfect competition, where many firms sell identical products, leading to price-taking behavior; monopolistic competition, characterized by many firms offering differentiated products; oligopoly, where a few large firms dominate the market and may collude to set prices; and monopoly, where a single firm controls the entire market for a product or service. Competition drives innovation, improves quality, and leads to better prices for consumers, while businesses must continuously adapt their strategies to maintain or enhance their market position. Understanding the dynamics of competition is crucial

for firms to develop effective marketing strategies, optimize pricing, and respond to changes in consumer preferences and market trends.

Objectives Covered:

Competition

a) Advantages and disadvantages of competition to firms, consumers and the economy, including:

- efficiency
- choice
- quality
- innovation
- price.

b) Advantages and disadvantages of large firms and small firms.

c) Factors influencing the growth of firms:

- government regulation
- access to finance
- economies of scale
- the desire to spread risk
- the desire to take over competitors.

d) Reasons firms stay small:

- size of market
- nature of market - niche
- lack of finance
- aims of the entrepreneur.

Monopoly

e) Definition of monopoly.

f) Main features of monopoly:

- one business dominates the market
- unique product
- price-maker
- barriers to entry:

o legal barriers

o patents

o marketing budgets

o technology

o high start-up costs.

g) Advantages and disadvantages of monopoly:

- efficiency
- choice
- quality
- innovation
- price
- economies of scale.

Oligopoly

h) Definition of oligopoly.

i) Main features of oligopoly:

- few firms

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

Unit 11 - The labour market

Approximate length: 4 weeks

Business competition refers to the rivalry among firms in the same industry striving for customers and market share. It is influenced by various factors, including the number of competitors, the nature of the products or services offered, and market conditions. Types of competition include perfect competition, where many firms sell identical products, leading to price-taking behavior; monopolistic competition, characterized by many firms offering differentiated products; oligopoly, where a few large firms dominate the market and may collude to set prices; and monopoly, where a single firm controls the entire market for a product or service. Competition drives innovation, improves quality, and leads to better prices for consumers, while businesses must continuously adapt their strategies to maintain or enhance their market position. Understanding the dynamics of competition is crucial for firms to develop effective marketing strategies, optimize pricing, and respond to changes in consumer preferences and market trends.

Objectives Covered:

- a) Factors affecting the demand for labour:
- demand for the final product (derived demand)
 - availability of substitutes, including machines
 - productivity of workforce.
- b) Factors affecting the supply of labour:
- population size
 - migration
 - age distribution of population
 - retirement age
 - school-leaving age
 - female participation
 - skills and qualifications
 - ability to move geographic locations/move to different types of employment.
- c) Importance of the quantity and quality of labour to business.
- d) Impact of education and training on human capital and quality of labour.
- e) The use of labour market diagrams showing:
- supply of labour, demand for labour, market

equilibrium wage and quantity of labour
(employment)

- effect of shifts in demand for labour and supply of labour.

f) Trade union involvement in the labour market:

- impact of trade union activity to improve working conditions and increase wages.

Unit 12 – Government intervention

Approximate length: 4 weeks

Government intervention involves actions taken by government authorities to influence or regulate economic activity within a market. This intervention can take various forms, including regulation, taxation, subsidies, price controls, and public provision of goods and services. The primary reasons for government intervention include correcting market failures, such as monopolies or externalities, promoting economic stability, protecting consumers and workers, and ensuring equitable distribution of resources. For instance, subsidies may be provided to support industries deemed essential, while taxes can be imposed on harmful goods to reduce consumption. Price controls, such as minimum wage laws or maximum price ceilings, aim to protect consumers and ensure fair access to essential goods and services. While government intervention can lead to positive outcomes, it may also result in unintended consequences, such as reduced efficiency or market distortions. Understanding the role of government intervention is essential for analyzing its impact on businesses, consumers, and the overall economy.

Objectives Covered:

a) Government policy to deal with externalities:

- taxation
- subsidies
- fines
- regulation
- pollution permits.

b) Advantages and disadvantages of each government policy.

c) Government regulation of competition to:

- promote competition
- limit monopoly power
- protect consumer interests
- control mergers and takeovers.

d) Government intervention in the labour market:

- reasons for minimum wage
- advantages and disadvantages of minimum wage
- the use of diagrams to show impact of the introduction of a minimum wage and the increase of a minimum wage.

Assessment

Formative: Throughout each episode, lesson and within the IGCSE syllabus, feedback is maximized to focus children on exam technique and applying their learning coherently. Formative written

feedback, in the copybooks and oral comments given immediately after learning, steer children to more formal examination-based answers and mark schemes. High quality peer feedback is scaffolded and developed, so that children are analytical in their feedback. This can be further reflected on for self-assessment. Children are empowered to make decisions on the direction of their learning. They evaluate and analyse their performance in both practical and theory lessons and activities. The course also provides many opportunities to kinesthetically assess the theory work as well as the practical work. The standard of performance is assessed against the past paper mark schemes and success criteria from the IGCSE specification. This helps children improve their performance as they progress across the course. They are also given the opportunity to use mechanical and technological sports apparatus, which provide a constant stream of immediate feedback for the tracking of assessment. Alongside assessed pieces of work, teachers will carry out ongoing formative assessments and give children regular formative feedback to help them improve.

Summative: 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.