Pearson Edexcel

Your guide to Pearson Edexcel International Advanced Level (IAL)

Business, Economics, Accounting & Law

Business & Economics
first teaching September 2018

Accounting & Law
first teaching September 2015

Welcome

Pearson Edexcel International Advanced Level (IAL) qualifications have been designed with the global learner in mind. They differ from A levels in that they have a flexible, modular structure, but maintain the rigorous standards of all Pearson Edexcel qualifications and are comparable to the UK A level, as confirmed by NARIC*.

Developed in consultation with the international school community, including a large number of teachers and university lecturers, these globally recognised qualifications open doors to universities worldwide, giving students the necessary skills to support progression to higher and further study.

Available in 21 popular subjects and designed to be engaging for international learners, they offer progression from International GCSEs to equip students with the knowledge and skills they need for a successful future. In 2018 we launched 8 updated subjects – Biology, Chemistry, Physics, Business, Economics, Mathematics, Further Mathematics and Pure Mathematics and also a brand new Information Technology qualification, which our schools started teaching in September 2018.

IAL qualifications are not available in the UK, the Channel Islands, the Isle of Man or in British Armed Forces schools overseas.

For further information, updates and support, visit **qualifications.pearson.com/IAL**

“It’s been my dream to attend a world-renowned university. Pearson Edexcel IALs have given me a solid academic foundation for further studies.”

Fei Xue, studying Computer Science,
University College London

**UK NARIC is the designated United Kingdom National Agency for the recognition and comparison of international qualifications and skills. It performs this official function on behalf of the UK Government.*

Illustration by Lauren Rolwing

Why choose Pearson Edexcel IALs?

100% externally assessed

Learners can resit individual unit examinations.

Flexible and modular structure

The flexible modular approach takes a synoptic approach to assessment, which means learners are examined on their learning from each unit and are also able to demonstrate their knowledge and understanding across the whole subject.

Unlike a linear structure, where assessment is taken at the end of a two year course, the results from each module provide formal feedback throughout the course. This means learners can quickly grasp the standard required to reach the level they are aiming for. This understanding motivates students to improve, and builds a sense of ownership through bite-size, short-term goals.

Multiple examination opportunities

Examinations are available for many subjects in January, June and October, with all subjects offering at least two assessment opportunities as standard*. As exams are spread throughout the course, there are less high stakes assessments, enabling learners to focus their revision appropriately. Learners can resit individual unit examinations.

Accessible examination papers

At Pearson Edexcel, we develop our examination papers over a two-year period. The papers go through a rigorous world class assessment design process, which ensures that the content is relevant for international learners, and there is a clear and consistent relationship between command words, marks and skills. With logical progression of difficulty throughout and consistency in template and design, our question papers are clear and provide suitable challenge and support for students of all ability ranges.

IAS results contribute to IAL grade

International AS qualifications can be taken separately as a stand alone qualification, or used as a stage on the way to completing an International Advanced Level qualification. This provides international schools and learners with greater choice and flexibility to meet their needs and aspirations.

Recognised by universities worldwide

Fully comparable to UK reformed GCE A levels, as confirmed by NARIC, Pearson Edexcel IALs provide learners with access to the world's top universities and prestigious employment opportunities. They are recognised by leading universities across the world, including Oxford, Cambridge, Columbia, Yale, MIT, Caltech, Hong Kong / China University of Science and Technology and the National University of Singapore.

Internationally relevant content

Pearson Edexcel IAL qualifications and accompanying published resources contain international content where possible, such as topic themes, examples, case studies and photos, making content more relevant and engaging for all learners. Language is also reviewed by a specialist to ensure materials are written with EAL learners in mind, in a clear and accessible style.

**With the exception of IAL Information Technology which offers June examination only.*

Pearson Edexcel IAL Business: Qualification overview

100% externally assessed

Exams in January, June and October

Our International Advanced Subsidiary and Advanced Level Business has been developed to be engaging for international learners and to give them the necessary skills to support progression to higher education or further study in Business, as well as to a wide range of other subjects. The IAL qualification is designed to be studied over two years, with the option of a one-year IAS level course. Results of the IAS qualification can contribute to the overall IAL grade.

Aims of the Qualification

The aims and objectives of this qualification are to enable students to:

- develop an enthusiasm for studying business
- gain an holistic understanding of business in a range of contexts
- develop a critical understanding of organisations and their ability to meet society's needs/wants
- understand that business behaviour can be studied from a range of perspectives
- generate enterprising and creative approaches to business opportunities, problems and issues
- be aware of the ethical dilemmas and responsibilities faced by organisations and individuals
- acquire a range of relevant business and generic skills, including decision making, problem solving, the challenging of assumptions and critical analysis
- apply numerical skills in a range of business contexts.

Key qualification features

- **Reflects today's global world** – students develop an understanding of current global issues that impact on business, preparing them for their next steps in today's global world.
- **Development of quantitative skills** – students develop these skills throughout the content of the course and are required to apply these skills to relevant business contexts within the assessment.
- **Helps develop a holistic understanding of business** – the assessment culminates with a final paper that draws on the knowledge and skills students developed from Units 1, 2 and 3.

For further information and to download the specification, visit **qualifications.pearson.com/ialbusiness2018**

Pearson Edexcel IAL Business: Content & assessment overview

IAS Unit 1: Marketing and people	**WBS11/01**	**80 marks**	**50% of IAS**	**25% of IAL**	**Duration: 2hrs**
	Content includes: Meeting customer needs; The market; Marketing mix and strategy; Managing people; Entrepreneurs and leaders.				
IAS Unit 2: Managing business activities	**WBS12/01**	**80 marks**	**50% of IAS**	**25% of IAL**	**Duration: 2hrs**
	Content includes: Planning a business and raising finance; Financial planning; Managing finance; Resource management; External influences.				
IA2 Unit 3: Business decisions and strategy	**WBS13/01**	**80 marks**	**50% of IA2**	**25% of IAL**	**Duration: 2hrs**
	Content includes: Business objectives and strategy; Business growth; Decision-making techniques; Influences on business decisions; Assessing competitiveness; Managing change.				
IA2 Unit 4: Global business	**WBS14/01**	**80 marks**	**50% of IA2**	**25% of IAL**	**Duration: 2hrs**
	Content includes: Globalisation; Global markets and business expansion; Global marketing; Global industries and companies (multinational corporations).				

Assessment timeline from legacy to latest specification

Specification	Level	Units	Jun 2019	Oct 2019	Jan 2020	Jun 2020	Oct 2020	Jan 2021
LEGACY BUSINESS 2013 SPECIFICATION								
Business 2013	AS	WBS01	✓	✗	✗	✗	✗	✗
Business 2013	AS	WBS02	✓	✗	✗	✗	✗	✗
Business 2013	A2	WBS03	✓	✓	✗	✓	✗	✗
Business 2013	A2	WBS04	✓	✓	✗	✓	✗	✗
BUSINESS 2018 SPECIFICATION								
Business 2018	AS	WBS11	✓	✓	✓	✓	✓	✓
Business 2018	AS	WBS12	✓	✓	✓	✓	✓	✓
Business 2018	A2	WBS13	✗	✗	✓	✓	✓	✓
Business 2018	A2	WBS14	✗	✗	✗	✓	✓	✓

Pearson Edexcel IAL Economics: Qualification overview

100% externally assessed

Exams in January, June and October

Our International Advanced Subsidiary and Advanced Level Economics has been developed to be engaging for international learners and to give them the necessary skills to support progression to higher education or further study in Economics, as well as to a wide range of other subjects. The IAL qualification is designed to be studied over two years, with the option of a one-year IAS level course. Results of the IAS qualification can contribute to the overall IAL grade.

Aims of the Qualification

The aims and objectives of this qualification are to enable students to:

- develop an interest in, and enthusiasm for studying Economics
- appreciate the contribution of economics to the understanding of the wider economic and social environment
- develop an understanding of a range of concepts and an ability to use those concepts in a variety of different contexts
- use an enquiring, critical and thoughtful approach to the study of economics and develop an ability to think as an economist
- understand that economic behaviour can be studied from a range of perspectives
- develop analytical and quantitative skills, together with qualities and attitudes that will equip them for the challenges, opportunities and responsibilities of adult and working life.

Key qualification features

- **Engaging content** – Content allows students to develop an awareness of trends in the global economy, researching developed and developing economics, including a focus on contemporary issues.
- **Development of quantitative skills** – students develop these skills throughout the content of the course and are required to apply these skills to relevant economic contexts within the assessment.
- **Clear and simple structure** - based on your feedback we have taken the opportunity to make some improvements to the clarity and structure of our new specification.

For further information and to download the specification, visit **qualifications.pearson.com/ialeconomics2018**

Pearson Edexcel IAL Economics: Content & assessment overview

IAS Unit 1: Markets in action	**WEC11/01**	**80 marks**	**50% of IAS**	**25% of IAL**	**Duration: 1hr 45mins**
	Content includes: Introductory concepts; Consumer behaviour and demand; Supply; Price determination; Market failure; Government intervention in markets.				
IAS Unit 2: Macroeconomic performance and policy	**WEC12/01**	**80 marks**	**50% of IAS**	**25% of IAL**	**Duration: 1hr 45mins**
	Content includes: Measures of economic performance; Aggregate demand (AD); Aggregate supply (AS); National income; Economic growth; Macroeconomic objectives and policies.				
IA2 Unit 3: Business behaviour	**WEC13/01**	**80 marks**	**50% of IA2**	**25% of IAL**	**Duration: 2hrs**
	Content includes: Types and sizes of businesses; Revenue, costs and profits; Market structures and contestability; Labour markets; Government intervention.				
IA2 Unit 4: Developments in the global economy	**WEC14/01**	**80 marks**	**50% of IA2**	**25% of IAL**	**Duration: 2hrs**
	Content includes: Causes and effects of globalisation; Trade and the global economy; Balance of payments, exchange rates and international competitiveness; Poverty and inequality; The role of the state in the macroeconomy; Growth and development in developing, emerging and developed economies.				

Assessment timeline from legacy to latest specification

Specification	Level	Units	Jun 2019	Oct 2019	Jan 2020	Jun 2020	Oct 2020	Jan 2021
LEGACY ECONOMICS 2013 SPECIFICATION								
Economics 2013	AS	WEC01	✓	✗	✗	✗	✗	✗
Economics 2013	AS	WEC02	✓	✗	✗	✗	✗	✗
Economics 2013	A2	WEC03	✓	✓	✗	✓	✗	✗
Economics 2013	A2	WEC04	✓	✓	✗	✓	✗	✗
ECONOMICS 2018 SPECIFICATION								
Economics 2018	AS	WEC11	✓	✓	✓	✓	✓	✓
Economics 2018	AS	WEC12	✓	✓	✓	✓	✓	✓
Economics 2018	A2	WEC13	✗	✗	✓	✓	✓	✓
Economics 2018	A2	WEC14	✗	✗	✗	✓	✓	✓

Pearson Edexcel IAL Accounting: Qualification overview

100% externally assessed

Exams in January, June and October

Our International Advanced Subsidiary and Advanced Level Accounting has been developed to be engaging for international learners and to give them the necessary skills to support progression to higher education or further study in Accounting, as well as to a wide range of other subjects. The IAL qualification is designed to be studied over two years, with the option of a one-year IAS level course. Results of the IAS qualification can contribute to the overall IAL grade.

Aims of the Qualification

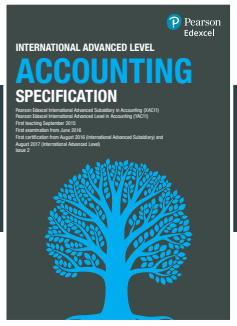
The aims and objectives of this qualification are to enable students to develop:

- an understanding of the importance of effective accounting information systems and an awareness of their limitations through a critical consideration of current financial issues and modern business practices
- an understanding of the purposes, principles, concepts and techniques of accounting
- transferable skills of numeracy, communication, ICT, application, presentation, interpretation, analysis and evaluation in an accounting context
- an appreciation of the effects of economic, legal, ethical, social, environmental and technological influences on accounting decisions
- methodical and critical thought which would serve as an end in itself, as well as a basis for further study of accounting and other subjects.

Key qualification features

- **Decision-making** – students must have been able to carry out problem solving, analysis and interpretation
- **Ethics** – the whole of Accounting involves presenting a true and fair representation of information
- **Inter-personal skills** – required to obtain data, work within a team, discuss outcomes and make recommendations.

For further information and to download the specification, visit **qualifications.pearson.com/ialaccounting2015**



Pearson Edexcel IAL Accounting: Content & assessment overview

IAS Unit 1 - The Accounting System and Costing		
Unit code: WAC11/01	**100% of the total IAS**	**50% of the total IAL**
Written examination: 3 hours	**200 marks**	**Availability:** January, June and October

Content overview	Assessment overview
Students will be assessed on their knowledge, understanding and skills of accounting systems and costing. This unit is divided into six topics: 1. Principles of accounting and double entry bookkeeping 2. Control procedures 3. Financial statements of organisations 4. Introduction to costing 5. Analysis of accounting statements 6. Social and ethical accounting.	The paper is split into two sections. Students must complete: **Section A** – Two compulsory 55-mark, multi-part questions based on given data. **Section B** – Three optional 30-mark, multi-part questions from a choice of four. There will be a resource booklet that accompanies the examination paper.

IA2 Unit 2 - Corporate and Management Accounting		
Unit code: WAC12/01	**100% of the total IA2**	**50% of the total IAL**
Written examination: 3 hours	**200 marks**	**Availability:** January, June and October

Content overview	Assessment overview
Students will be assessed on their knowledge and understanding of and skills in corporate and management accounting. This unit is divided into nine topics: 1. Limited companies 2. Investment ratios 3. Statement of cash flows 4. Budgeting 5. Standard costing 6. Project appraisal 7. Break-even analysis 8. Marginal costing and absorption costing 9. Information and communication technology (ICT) in accounting	The paper is split into two sections. Students must complete: **Section A** – Two compulsory 55-mark, multi-part questions based on given data. **Section B** – Three optional 30-mark, multi-part questions from a choice of four. There will be a resource booklet that accompanies the examination paper.

Calculators may be used in the examinations.

Pearson Edexcel IAL Law Qualification & content overview

100% externally assessed

Exams in June and October

The Pearson Edexcel International Advanced Level in Law is a linear qualification, consisting of two compulsory externally-examined papers. The content is updated, engaging and relevant to international customers using English law terminology.

Aims of the Qualification

The aims and objectives of this qualification are to enable students to:

- develop a sound understanding of the nature of law and appreciate the role of law in society
- understand the importance of legal institutions and their relationship to other institutions in society
- understand the various branches of law in order to give a fuller picture of the role of law
- develop knowledge of the sources of law, in particular statutes and cases, and of how these are applied to the determination of disputes
- develop an analytical and critical approach to the application of legal principles
- understand the appropriateness of dealing with certain aspects of behaviour within the law.

Students must complete both assessments in the same examination series.

Paper 1: Underlying principles of Law and the English Legal System			
YLA1/01	100 marks	50% of IAL	Duration: 2hrs
Content includes: The nature and purpose of law; Legal theories are introduced which help develop an understanding of the role, function and benefits of law in society; Concepts of justice and morality are compared with law both in England and elsewhere; Parliamentary and judicial law making; How legal disputes are resolved by a range of people involved in that process; The effectiveness, impact and costs of the law.			

Paper 2: The Law in Action			
YLA1/02	100 marks	50% of IAL	Duration: 2hrs
Content includes: The overlap between civil and criminal outcomes from the same event; Separate legal consequences of activities; The application of legal principles; Outcomes in dispute resolution in decided cases and statutes; The contrast in the use of law is explored through different contexts.			

For further information and to download the specification, visit **qualifications.pearson.com/iallaw2015**

Developing transferable skills valued by universities and employers

In recent years, universities and employers have highlighted the need for students and graduates to develop a range of transferable skills, often referred to as 'soft skills', to enable them to better meet the demands of undergraduate study and the world of work.

In fact, universities and employers consider transferable skills to be the largest skills gap overall.

1 in 6

employers have difficulty finding candidates with the skills they require[1]

54%

of companies say that skills shortages impact their ability to serve their customers[2]

1 in 3

skills in a job posting is a "soft skill"[1]

87%

of university professors do not think students have the research skills needed for degree-level study[3]

Pearson Edexcel International Advanced Levels (IALs) equip students with these embedded transferable skills sought after by universities and employers. They develop core competencies, such as problem-solving, critical thinking and verbal reasoning. Transferable skills are signposted in our IAL qualifications and published teaching and learning resource so students know the skills they are developing throughout their studies.

Prepare your learners for more than just a grade

We've provided **skills mapping and transferable skills subject definitions** documents for your subject area, so you can easily identify what skills can be developed in your day to day teaching. Find out more online by visiting your subject page and searching under the *Teaching and Learning materials* tab **qualifications.pearson.com/IAL**

[1] *Employability - Personal & Social Capability Framework report from Pearson, 2016.*
[2] *Employability report from PSB for Pearson, 2016.*
[3] *Bridging the Gap: Understanding the Differing Research Expectations of First-Year Students and Professors, Meg Raven, Mount Saint Vincent University, 2016.*

Supporting you at every stage

We provide an unparalleled level of support services, tools, resources and training alongside qualifications, making teachers and students lives easier at every stage.

Your free subject support

Subject Advisors

Providing fast, reliable, expert help on a specific subject area of your choice. We aim to answer all emailed questions within 48 hours and resolve 90% of issues phoned in on the first call.

Contact **support.pearson.com/uk/s/qualification-contactus**

Pearson International Schools Community

Connect with other educators around the world, share ideas and resources and stay up to date with the latest subject developments by joining our international schools community at **community.pearsoninternationalschools.com**

At a glance: support for you at every stage			
FREE resources and support	**Planning and teaching**	**Exam preparation and assessment**	**Results support**
Getting started guide	✓	✓	
Training (face-to-face, online & downloadable content)	✓	✓	
Subject advisor support	✓	✓	✓
Ask the expert	✓	✓	✓
Community forums	✓	✓	✓
Sample assessment materials	✓	✓	
Examiner reports		✓	✓
Exemplar marked responses		✓	
Past papers		✓	
examWizard		✓	
Mark schemes		✓	
ResultsPlus mock exam analysis		✓	
ResultsPlus		✓	✓
FREE Access to Scripts service (ATS)			✓
Additional paid for resources			
Printed Student Books and digital ActiveBooks*	✓	✓	
Online Teacher Resource Packs	✓	✓	

Pearson do not publish Student resources for IAL Law; Online Teacher Resource Pack only

Offering more advanced support services and tools

Our technology capability also allows us to provide the following unique services and tools to teachers and students:

ResultsPlus provides detailed information on exam performance and a platform to view and compare student results – as individuals or as groups – across the world. It helps with planning improvements in teaching and learning. ResultsPlus Direct is a free online service that gives students a detailed breakdown and comparison of their performance in Pearson Edexcel exams, globally, to help them identify areas of improvement.

examWizard is our free exam preparation tool containing a bank of past Pearson Edexcel exam questions, mark schemes and examiners' reports for a range of subjects. It saves you time by enabling you to create your own mock exams, topic tests, homework or revision activities in minutes and links directly to associated examiner reports and mark schemes!

FREE Access to Scripts Service (ATS) is an online service which allows access to view electronically marked exam papers, free of charge, providing enhanced transparency and support for teachers to evaluate a student's performance on particular questions in relation to what they have been taught.

Awarding reliability. We use ePEN, our unique, image-based marking system ensuring real time monitoring, quality control and reporting to ensure the highest quality marking and provision of data for tools such as ResultsPlus. Pearson Edexcel exam marking processes have been proven to produce the most reliable results. This demonstrates that our qualifications maintain the highest standards and can be relied upon to deliver to expectation.

> **Because of ResultsPlus, students can learn about their mistakes and rectify.**

Kanagambigai, Chief Counsellor, Chemistry Lecturer, A levels Department, HELP Academy, Malaysia commenting on the ResultsPlus mocks service.

Published Resources

The new print and digital resources for the updated Pearson Edexcel IAL qualifications are written for the latest specifications, so you can be confident that you are covering all aspects of the specification, providing your students with the best chance of succeeding.

Student Books

- Topics, examples, photos and currencies use a range of international contexts, making content more relevant and engaging for all learners.
- Each Student Book includes 3-year access to an online ActiveBook.
- Exam-style questions align with the wording and mark allocations in the specifications, offering the best possible exam preparation.

Online Teacher Resource Packs

- Practice exam papers and source booklets.
- Mark schemes for the mock papers.
- Exam Practice PowerPoints for Business, Economics and Law.
- Model exam answers with commentary and activities for further practice.
- Framework for essay-style questions.

Title	ISBN
Accounting	
Pearson Edexcel International AS/A Level Accounting Student Book & ActiveBook 1	9781292274614
Pearson Edexcel International AS/A Level Accounting Student Book & ActiveBook 2	9781292274591
Pearson Edexcel International AS/A Level Accounting Online Teacher Resource Pack 1	9781292274621
Pearson Edexcel International AS/A Level Accounting Online Teacher Resource Pack 2	9781292274607
Business	
Pearson Edexcel International AS/A Level Business Student Book & ActiveBook 1	9781292239170
Pearson Edexcel International AS/A Level Business Student Book & ActiveBook 2	9781292239163
Pearson Edexcel International AS/A Level Business Online Teacher Resource Pack 1	9781292239231
Pearson Edexcel International AS/A Level Business Online Teacher Resource Pack 2	9781292239217
Economics	
Pearson Edexcel International AS/A Level Economics Student Book & ActiveBook 1	9781292239194
Pearson Edexcel International AS/A Level Economics Student Book & ActiveBook 2	9781292239187
Pearson Edexcel International AS/A Level Economics Online Teacher Resource Pack 1	9781292239248
Pearson Edexcel International AS/A Level Economics Online Teacher Resource Pack 2	9781292239224
Law	
Pearson Edexcel International AS/A Level Law Online Teacher Resource Pack	9781292277639

**You do not have to purchase our published resources, or endorsed resources from any other publisher, to deliver our qualifications.*

Key assessment objectives are listed at the start of each chapter.

Introductory activity to stimulate discussion and prior knowledge.

Thinking like an economist explores aspects of economics in more detail to deepen understanding.

22 GROWING ECONOMICS

UNIT 4
4.3.1

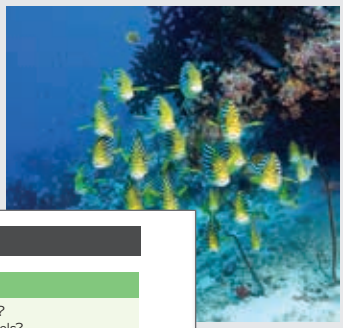
LEARNING OBJECTIVES

By the end of this chapter you should be able to understand:

- the characteristics of developed, developing and emerging economies
- the growing economic power of countries within Asia, Africa and other parts of the world
- implications of economic growth for individuals and businesses: trade opportunities for businesses and employment patterns
- indicators of growth: gross domestic product (GDP) per capita and the human development index (HDI).

GETTING STARTED

True Indulgence is a holiday company based in the Maldives. It offers high-quality luxury accommodation on an island in the Maldives. A two-week holiday would cost two people up to $20 000. Two popular features of the holiday are scuba diving and fine dining.



Country	GDP per capita (US$)	Population
Argentina	12 440.30	43 847 430
Australia	49 755.30	24 210 810
Bangladesh	1358.80	162 951 560
Brazil	8649.90	207 652 860
Canada	42 348.90	36 264 600
Costa Rica	11 824.60	4 857 270
Iceland	60 529.90	335 440
India	1709.60	1 324 171 350
Luxembourg	100 738.70	582 010
Switzerland	79 887.50	8 372 410
USA	57 638.20	323 127 510
Spain	26 616.50	46 484 530

▲ Table 1 GDP (income) per capita and total population in a selection of countries (2016)

Which three countries might True Indulgence target with their advertising campaigns? Explain your answer. What other information might be useful for True Indulgence to know before finalising the decision? Suggest three types of business that might be interested in selling goods or services to India. Explain your answers.

CHARACTERISTICS OF ECONOMIES AT DIFFERENT STAGES OF DEVELOPMENT

There is a vast difference between the welfare and prosperity (i.e. success in making money) of people around the world. People experience a comfortable existence in only a minority of countries. They have access to good healthcare, education, housing and high-quality food. They may also have spare income to spend on non-essential items such as holidays, entertainment and leisure activities.

In contrast, large numbers of people struggle to gain enough food, safe accommodation and clean water. They may have little or no education and very limited access to healthcare. They would never take a holiday and often have low life expectancy. Other large groups of people fall in between these two extremes. Economies where these different groups of people live are defined as follows.

Sample from Pearson Edexcel International AS/A Level Business Student Book 2

THINKING LIKE AN ECONOMIST

INCOME INEQUALITY Whether income inequality, the relative gap between the rich and poor in an economy is important or not, is dependent on one's personal opinion. Some economic journalists have said that income inequality is not a problem while others assert that it is. The question of what level of income inequality is acceptable is a difficult one to answer, because it can be seen from a normative or positive perspective.

In economics, a normative statement is one that is subjective and value based, while a positive statement is one that is objective and based on facts. From a normative perspective, the numbers are arbitrary (random). Looking at the economic data from a positive perspective, the conclusions are clearer.

From a positive perspective, there are some answers as to what is not an acceptable level of inequality, and there are non partisan, economic implications of today's level of income inequality. Recent studies by the International Monetary Fund (IMF) suggest that income inequality can affect economic growth as measured by percentage change in gross domestic product (GDP).

If the share of income earned by the top 20 per cent increases, then GDP growth actually declines. In contrast, when the share of income of the bottom 20 per cent increases, there is higher GDP growth. The analysis from the IMF reveals that significant levels of income inequality cause GDP growth to decline.

The normative statement that rising income inequality is bad for the economy becomes a positive statement when reinforced by analysis of data. Thus government actions such as cutting taxes would be counterintuitive to economic growth if it does nothing to address income inequality.

CHECKOUT

1. What is the scientific method?
2. Why do economists use models?
3. Why do some people argue that economics is not a science?
4. What does ceteris paribus mean?
5. Why do economists use ceteris paribus?
6. What is the difference between a normative and a positive economic statement?

SUBJECT VOCABULARY

ceteris paribus – all things being equal; the assumption that, while the effects of a change in one variable are being investigated, all other variables are kept constant.
law – a theory or model which has been verified by empirical evidence.
normative economics – the study and presentation of policy prescriptions involving value judgements about the way in which scarce resources are allocated.
normative statement – a statement which cannot be supported or refuted because it is a value judgement.
positive economics – the scientific or objective study of the allocation of resources.
positive statement – a statement which can be supported or refuted by evidence.
scientific method – a method which subjects theories or hypotheses to being disproved by empirical evidence.
social science – the study of societies and human behaviour using a variety of methods, including the scientific method.
theory or model – a hypothesis which is capable of refutation by empirical evidence.
disposable income – the amount of money you have left to spend after you have paid your taxes, bills etc.
empirical – based on scientific testing or practical experience, not on ideas.
good – a thing that is produced in order to be sold.
hypothesis (plural: hypotheses) – an idea that is suggested as an explanation for something, but that has not yet been proved to be true.
inequality – an unfair situation, in which some groups in society have more money, opportunities, or power than others.
production possibility Frontier – shows how much an economy can produce given existing resources

Sample from Pearson Edexcel International AS/A Level Economics Student Book 1

The Specification is fully matched by the content of each Unit or Topic in the Student Books.

Subject vocabulary is highlighted on first mention in the text and at the end of each section. Definitions have been reviewed by an EAL specialist.

For further information on all of our print and digital resources for Pearson Edexcel International Advanced Level qualifications, visit **www.pearsonglobalschools.com/IAL**

I like the modular nature of IAL, the fact that I can choose whichever core units I want to do, whichever applied units I want to do. It's very comprehensive. It opens up many doors to many international universities.

Wang, Pearson Edexcel International Advanced Level student from Sri Lanka, studying Chemistry, Biology, Physics, and Mathematics.

About Pearson Edexcel

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