

Pearson Edexcel International Advanced Subsidiary/Advanced Level in Economics Transition Pack

Welcome to Your Economics Course! This guide is designed to introduce you to the core foundations of the economic environment.

Economics is the study of scarcity, choice, and how societies allocate limited resources to satisfy unlimited wants. In this course, you will investigate how individual markets operate, why market structures sometimes fail, and how governments attempt to manage entire national economies.

Please complete this booklet and bring it with you to your very first lesson.

Understanding Your Course Structure: IAS vs. IAL

It is critical to understand how this qualification is structured from the start, as it utilizes a modular framework:

International Advanced Subsidiary (IAS) Economics: This consists of Unit 1 and Unit 2. It can be taken as a standalone qualification or serve as the first half of your full A Level course. IAS contributes 50% of the total IAS mark and 25% of the overall IAL mark for each unit.

International Advanced Level (IAL) Economics: This represents the full, comprehensive qualification. To achieve the full IAL, you must complete the two IAS units plus the two advanced IA2 units (Unit 3 and Unit 4). Each of the four units carries an equal weight of 25% toward your final IAL grade.

Qualification Overview:

Unit 1: Markets in Action: You will study introductory concepts, consumer behavior, demand, supply, price determination, market failure, and government intervention in markets.

Unit 2: Macroeconomic Performance and Policy: You will learn about measures of economic performance, aggregate demand (AD), aggregate supply (AS), national income, economic growth, and macroeconomic objectives and policies.

Unit 3: Business Behaviour: You will examine types and sizes of businesses, revenue, costs, profits, market structures, contestability, labor markets, and government intervention.

Unit 4: Developments in the Global Economy: You will explore the causes and effects of globalisation, trade, the balance of payments, exchange rates, poverty, inequality, and the role of the state.

Task 1: Key Terms Glossary

Research and write down the definitions for these core foundational words. Use websites like Tutor2u or [Economics Help](#) to find the correct economic definitions.

Key Term	Definition
Scarcity	
Opportunity Cost	
Demand	
Supply	
Market Equilibrium	
Consumer Surplus	
Market Failure	
Gross Domestic Product (GDP)	
Inflation	
Unemployment	
Aggregate Demand (AD)	
Aggregate Supply (AS)	
Normative Statement	
Positive Statement	

Task 2: Microeconomic Market Analysis Task (The Coffee Market)

Economists track markets by looking at wider supply and demand changes rather than the internal profile of one brand. Research the global coffee commodity market using news sources to answer the following questions.

The Demand Side: Identify two factors that have caused the global demand for coffee to increase in recent years (e.g., changes in global income levels, shifting tastes in emerging markets).

The Supply Side: Climate change and extreme weather have severely affected coffee bean harvests in countries like Brazil and Vietnam. Explain how a bad harvest impacts the global supply curve for coffee beans.

Price Determination: When global supply decreases but global demand increases at the same time, what happens to the equilibrium market price of coffee beans?

Opportunity Cost: If a farmer decides to use their limited agricultural land to grow coffee beans instead of cocoa beans, what is the opportunity cost of that decision?

Task 3: Macroeconomic Performance Task (The Coffee Shop Impact)

Macroeconomics shifts focus to how the whole economy behaves. Consider how changes in macroeconomic indicators directly impact the economic agents within a market.

Inflation: Suppose an economy experiences a high rate of inflation, causing food costs and workers' living expenses to jump. How does this impact consumers' real purchasing power?

Economic Growth: During a prolonged period of high economic growth and rising employment, consumers generally have more disposable income. Explain whether coffee is a normal good or an inferior good based on how consumption shifts during an economic boom.

Government Intervention: Governments often intervene in markets by implementing policies like a higher legal minimum wage or indirect taxes on plastic packaging. How might an increase in the national minimum wage affect the production costs of firms operating in the service sector?

Task 3: The Cocoa Crisis

In recent months, severe and unpredictable weather patterns across West Africa—the region responsible for over 60% of the world’s cocoa production—have devastated seasonal harvests. This supply shock has driven global wholesale cocoa prices to historic highs.

At the same time, growing middle-class populations in emerging economies have rapidly increased their demand for chocolate products. In response to these changes, the government of a major importing country is considering imposing an indirect tax on high-sugar confectionery products to improve public health and reduce the strain on state healthcare systems.

Exam Questions

Question 1 (Short Answer — 4 Marks)

With reference to the text, explain the difference between a positive economic statement and a normative economic statement.

Question 2 (Data Response / Diagram Task — 6 Marks)

Explain the likely effect of the weather patterns and the growing middle-class populations on the equilibrium price and quantity of chocolate. Illustrate your answer with a supply and demand diagram.

Question 3 (Extended Response — 10 Marks)

Examine the economic arguments for and against the government introducing an indirect tax on high-sugar confectionery products.

Student Guidance Checklist

For Question 1: Ensure you explicitly define both terms first, then pull one factual quote (positive) and one opinion-based value judgment (normative) directly from the text.

For Question 2: You must show a simultaneous shift on your diagram. Shift the supply curve to the left (due to bad weather) and the demand curve to the right (due to rising incomes). Explicitly label your new equilibrium price and quantity.

For Question 3: Structure this with balance. Write one paragraph analyzing the benefits (e.g., tax revenue, correcting market failure/health issues) and one paragraph evaluating the drawbacks (e.g., regressive impact on low-income consumers, increased costs for businesses).

Recommended Study Resources

Syllabus Notes: Use Tutor2u Economics and Economics Help for clear summaries and video guides.

Video Revision: Search YouTube for "EconplusDal" and "Jacob Clifford" for excellent, video-based explanations of key economic themes.

Real-World Tracking: Check BBC News (Economy Section) weekly to track current real-world indicators.