

Please check the examination details below before entering your candidate information	
Candidate surname	Other names
Centre Number	Candidate Number
Pearson Edexcel International GCSE	
Wednesday 14 May 2025	
Afternoon (Time: 1 hour 30 minutes)	Paper reference 4EC1/01R
Economics	
Level 1/2	
PAPER 1: Microeconomics and Business Economics	
You do not need any other materials.	Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- Calculators may be used.
- You are advised to **show all your working out** with **your answer clearly identified** at the **end of your solution**.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) Which **one** of the following can represent a point on a production possibility curve (PPC)?

(1)

- ☐ **A** Where consumer goods should be produced
- ☐ **B** How the production of all goods can be increased
- ☐ **C** Total revenue from production
- ☐ **D** Production which is obtainable

On one day a month, a firm charges each customer a price of \$10 for providing one hour of gardening services. The cost to the firm for providing the service to each customer is \$15.

- (b) Which **one** of the following describes why the firm might do this?

(1)

- ☐ **A** Producers aim to maximise their profit
- ☐ **B** Producers may complete charitable work
- ☐ **C** Consumers have habits that are hard to give up
- ☐ **D** Consumers sometimes copy others' behaviour

- (c) What is meant by the term economies of scale?

(2)

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(d) State **one** example of an item that can be classified as capital.

(1)

(e) Define the term price-maker.

(1)

(f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for a good if the price decreases by 4.7% and the quantity demanded increases by 1.8%.
You are advised to show your working.

(2)



Figure 1 shows the market for smartphones.

- (g) Using the diagram below, draw the likely effect on the market for smartphones following an increase in productivity. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

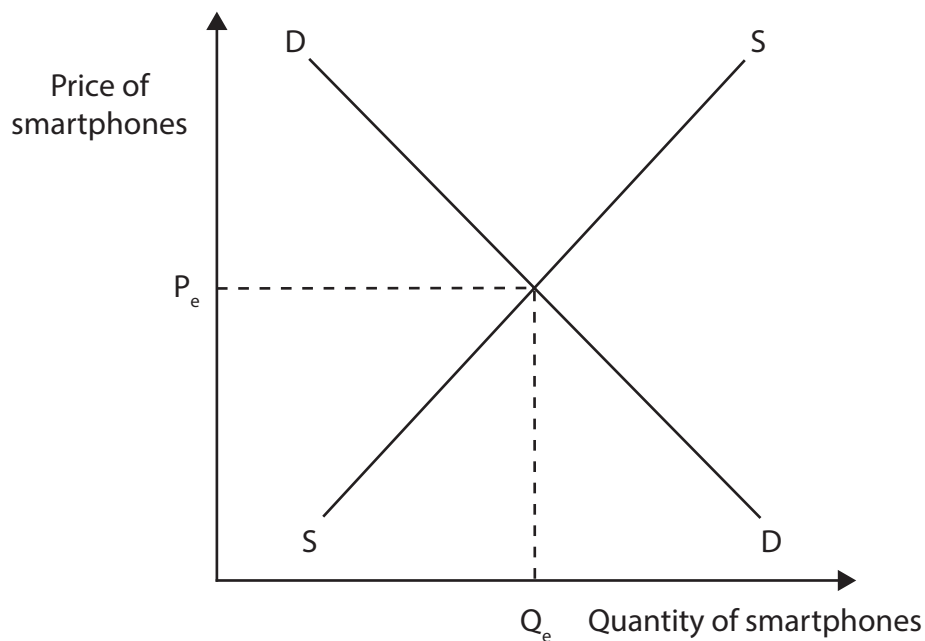


Figure 1

In 2023, the French Government increased the age at which people could receive a state pension to 64.

- (h) Explain **one** possible effect of this change in the pension age on the supply of labour.

(3)

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- (6)

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(Total for Question 1 = 20 marks)



2 (a) Which **one** of the following products has a price elastic demand?

(1)

	Product	Price elasticity of demand (PED)
☐ A	W	-1.5
☐ B	X	-1
☐ C	Y	-0.5
☐ D	Z	0

(b) Which **one** of the following is the formula for calculating average cost?

(1)

- ☐ A Total cost $\div$ quantity produced
- ☐ B Total fixed cost $\div$ quantity produced
- ☐ C Total variable cost $\div$ quantity produced
- ☐ D Total revenue $\div$ quantity produced

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Figure 3 shows selected financial data of a firm producing calculators.

	\$ per calculator
Selling price	\$12.50
Raw materials	\$3.25
Labour	\$4.58

Figure 3

- (c) Calculate the **profit or loss** for the firm for each calculator. You are advised to show your working.

(2)

- (d) What is meant by the term patent?

(2)



(e) Describe **one** advantage to a firm of being privatised.

(2)

Many cities in the US have increased the number of traffic-light cameras in order to catch motorists if they drive through a red (stop) light.

(f) Explain **one** reason why the US Government may use fines to reduce the negative externalities caused by motorists who drive through a red traffic light.

(3)

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Many car manufacturers use division of labour during the production of vehicles. Employees are each given different tasks, such as welding, painting, inspection and testing.

- (g) With reference to the data above and your knowledge of economics, assess whether a car manufacturer always benefits from using division of labour.

(9)

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(Total for Question 2 = 20 marks)



3 (a) Which **one** of the following could cause a shift in the demand curve for a product?

(1)

- ☐ **A** Costs of production
- ☐ **B** Quantity of the product available
- ☐ **C** Price of substitute goods
- ☐ **D** Subsidies

(b) Which **one** of the following is an example of an external cost?

(1)

- ☐ **A** Litter
- ☐ **B** Rent
- ☐ **C** Indirect tax
- ☐ **D** Vaccinations

(c) On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing country such as Nepal.

(3)

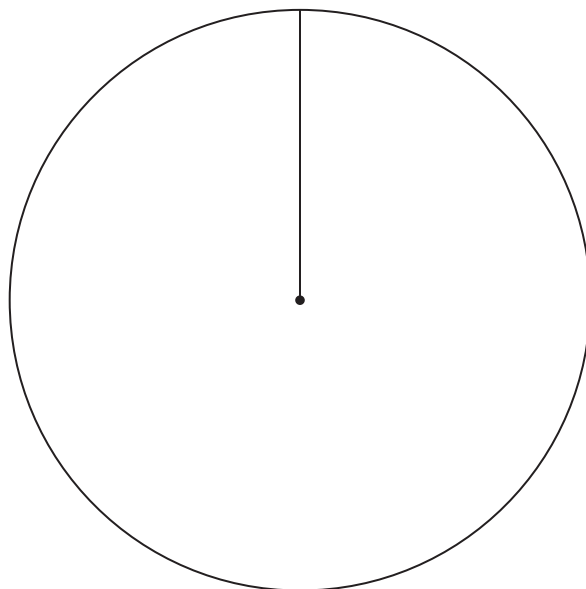


Figure 4

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- (6)

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(e) With reference to the data above and your knowledge of economics, assess the benefits to Indonesia of the government increasing its healthcare spending.

(9)

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(Total for Question 3 = 20 marks)



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4 Figure 6 shows the population of Finland in the years 2021, 2022 and 2023.

Year	Population
2021	5,541,075
2022	5,569,299
2023	5,601,185

Figure 6

(a) Calculate, to two decimal places, the **percentage change in the population** of Finland between 2021 and 2023. You are advised to show your working.

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Malaysian company Air Asia was founded in 1993 as a low-price airline. It has grown to offer a wider range of services, including hotels, holiday packages, airport transfers and travel insurance.

It offers flights to over 150 destinations in 25 countries.

- (b) With reference to the data above and your knowledge of economics, analyse why Air Asia may benefit from spreading its risk across a wider range of markets.

(6)



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In 2024, the Latvian Government increased the national minimum wage from €620 per month to €700 per month.

A study had shown that 16% of the population of Latvia were paid the minimum wage. Although this was the lowest percentage for five years, many people had been struggling to pay bills following a rise in the prices of food, energy and clothing.

- (c) With reference to the data above and your knowledge of economics, evaluate whether an increase in the minimum wage would benefit everyone in an economy such as Latvia.

(12)



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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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Question 3(e) adapted from: <https://www.trade.gov/healthcare-resource-guide-indonesia#:~:text=In%202021%2C%20the%20Government%20of,projected%20to%20rise%20to%20IDR692>

Question 4(a) adapted from: <https://www.worldometers.info/world-population/finland-population/>

Question 4(c) adapted from: <https://www.natlawreview.com/article/latvia-national-minimum-wage-increased>

