Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number

Candidate Number

Pearson Edexcel International GCSE

Wednesday 12 November 2025

Morning (Time: 1 hour 30 minutes)

Paper reference **4EC1/01**

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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P 7 8 9 5 6 A 0 1 2 4

Pearson

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) In which sector of the economy is house building?

(1)

☒ **A** Service

☒ **B** Primary

☒ **C** Secondary

☒ **D** Tertiary

A firm produces goods that are made from wood.

(b) Wood is an example of which **one** of the following factors of production?

(1)

☒ **A** Capital

☒ **B** Enterprise

☒ **C** Labour

☒ **D** Land

(c) What is meant by the term total costs?

(2)

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(d) State the formula for social benefits.

(1)

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(e) Define the term substitute good.

(1)

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A manufacturer produced 1,350 pairs of designer sunglasses in March and sold these products in its shops in Milan, Paris and London.

Location	Quantity of sunglasses demanded
Milan	639
Paris	715
London	516

Figure 1

(f) Calculate the **excess demand** in March for the sunglasses. You are advised to show your working.

(2)

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Figure 2 shows the market for radios.

(g) Using the diagram below, draw the likely effect on the market for radios following a fall in their popularity. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

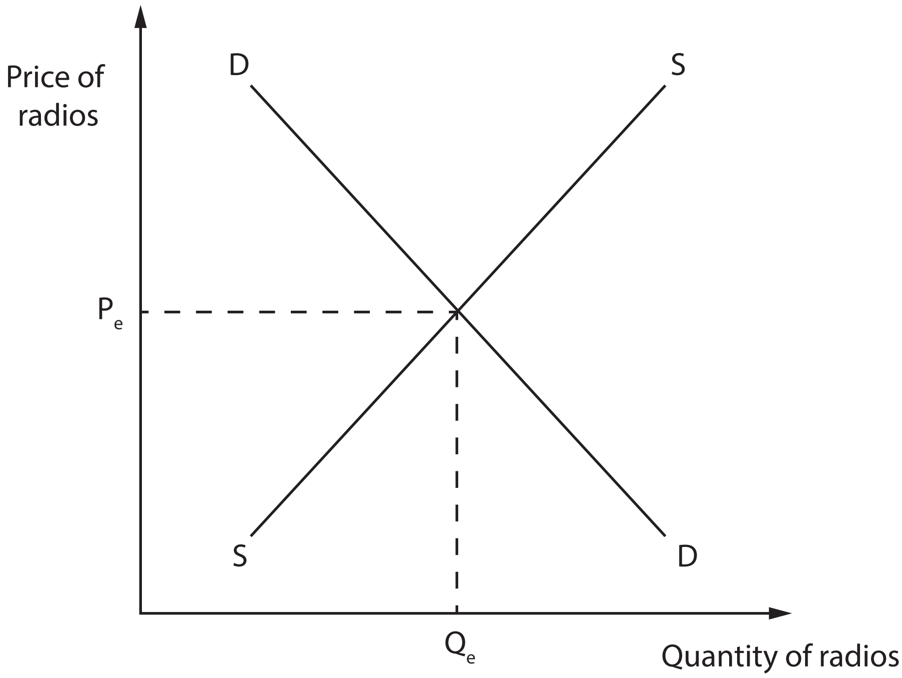

Figure 2

A study in the US concluded that mergers of pharmaceutical firms often benefit consumers.

(h) Explain **one** reason why consumers may benefit as a result of mergers in the pharmaceutical industry.

(3)

The US Government is taking legal action against six major firms that provide accommodation for rent. The firms are accused of collusion. Over 1 million properties are affected, at a time when tenants are struggling to afford rent.

(i) With reference to the data above and your knowledge of economics, analyse the possible disadvantages faced by consumers from collusion between firms that provide accommodation for rent.

(6)

(Total for Question 1 = 20 marks)

2 Figure 3 shows a long-run average cost (LRAC) curve diagram.

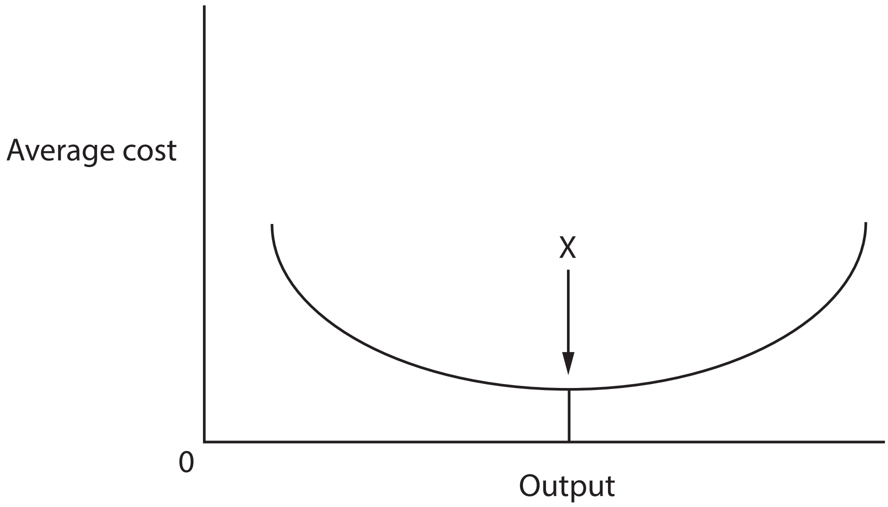

Figure 3

(a) Which **one** of the following is the correct label to replace 'X'?

(1)

- ☒ **A** Diseconomies of scale
- ☒ **B** External economies of scale
- ☒ **C** Most efficient
- ☒ **D** Profit

(b) Which **one** of the following is the most likely cause of economic growth?

(1)

- ☒ **A** An increase in taxation
- ☒ **B** An improvement in efficiency
- ☒ **C** Fewer advances in technology
- ☒ **D** An increase in unemployment

Figure 4 shows some of the financial information in August for a shop selling ice creams at a price of $3.50 each.

Week	Number of ice creams sold
1	227
2	133
3	179
4	301

Figure 4

(c) Calculate the **total revenue** for the shop in August. You are advised to show your working.

(2)

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(d) What is meant by the term bureaucracy?

(2)

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(e) Describe **one** government policy to encourage positive externalities.

(2)

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In 2024, it was recommended that additional funding should be provided for the drainage of farmland in India.

(f) Explain **one** way an improvement in drainage may affect the productivity of Indian farmers.

(3)

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In 2024, the minimum wage in Kuwait was 75 KWD (Kuwaiti dinar) per month, equal to about $243 per month.

(g) With reference to the data above and your knowledge of economics, assess the likely effect of having a minimum wage on the demand for labour in Kuwait.

(9)

(Total for Question 2 = 20 marks)

3 (a) Which **one** of the following may be a reason why a firm stays small?

(1)

- ☒ **A** Ability to take over competitors
- ☒ **B** Access to many sources of finance
- ☒ **C** Ability to spread risk
- ☒ **D** Aims of the entrepreneur

(b) Which **one** of the following describes a price elasticity of supply (PES) of 1.5?

(1)

- ☒ **A** Perfectly price elastic
- ☒ **B** Perfectly price inelastic
- ☒ **C** Price elastic
- ☒ **D** Price inelastic

Figure 5 shows the labour market for a country.

(c) Using the diagram below, draw the effect of a decrease in the school-leaving age on the labour market in this country. Label the new curve, the new equilibrium wage rate and the new quantity of workers.

(3)

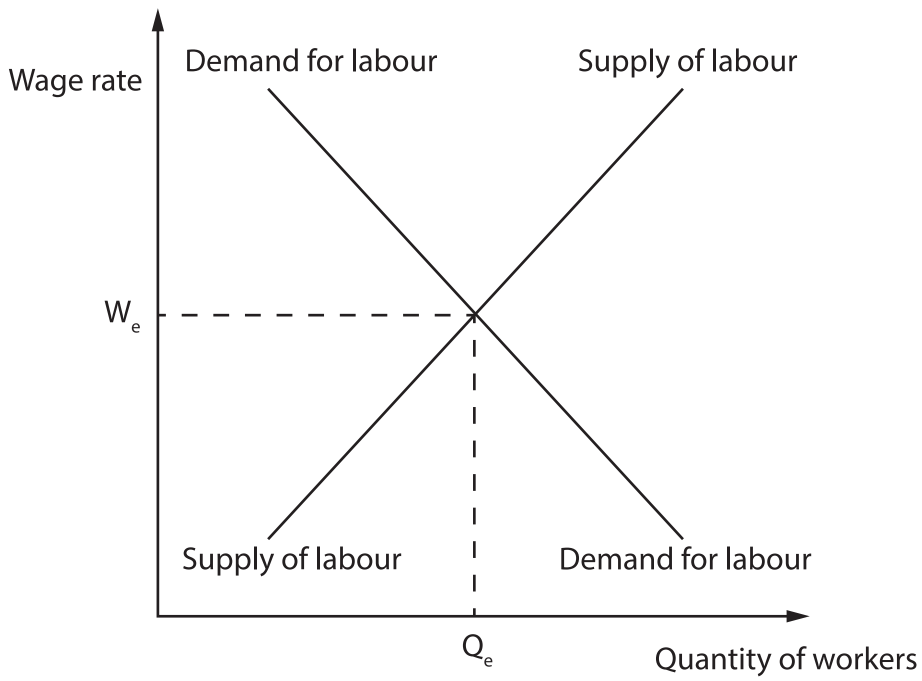

Figure 5

The price of olive oil peaked in the summer of 2024, averaging €10 000 per tonne. It is expected to fall to between €4 000 and €5 000 per tonne in 2025.

Some of the main areas where olive oil is produced are located in Greece, Spain and Tunisia. All are set for improved harvests of olives, after years of heatwaves and droughts causing a fall in the harvest. Better weather means Greece is expected to produce 230,000 tonnes in the 2025 season, up from 130,000 tonnes the previous year. While Spain and Tunisia are also forecasting large increases in production.

(d) With reference to the data above and your knowledge of economics, analyse how natural factors, such as favourable weather conditions, may affect the market for olive oil in 2025.

(6)

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Fitnation is a fitness centre in Almaty, Kazakhstan. Boxing is one of the many activities provided by the centre. Fitnation aims to complete charitable work by offering city residents access to the boxing facilities and coaching at a discounted price on one day a week. This makes boxing more accessible to many of the population who may otherwise not have been able to afford it.

However, it means the facilities are very busy on this day, reducing the availability for the centre members who have paid the full price of between $25 and $50 for a month of membership.

(e) With reference to the data above and your knowledge of economics, assess the benefits to Fitnation of offering the discounted price.

(9)

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(Total for Question 3 = 20 marks)

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4 Figure 6 shows the Production Possibility Curve (PPC) for an economy making consumer goods and capital goods.

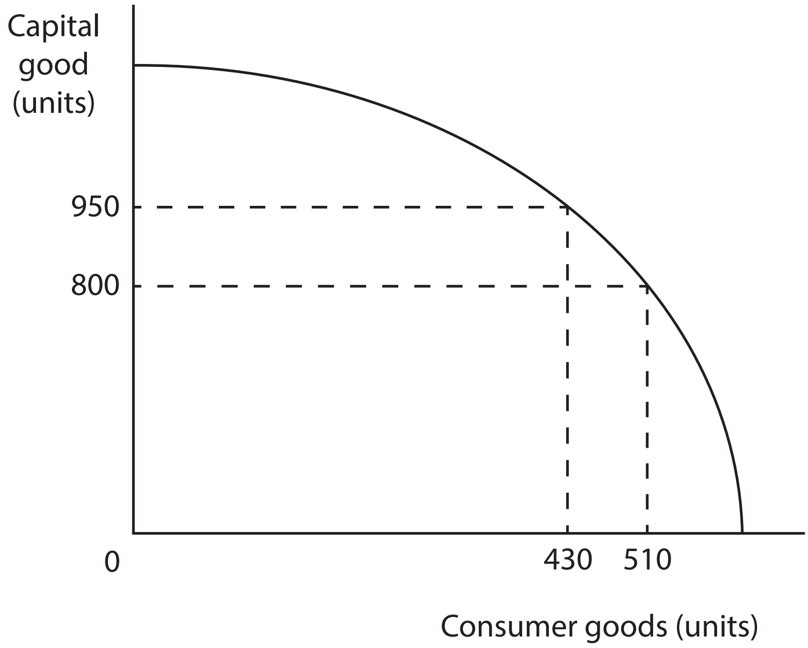

Figure 6

(a) When the current level of output is 430 units of consumer goods, calculate the **opportunity cost** of producing an additional 80 units of consumer goods. You are advised to show your working.

(2)

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Bulgaria has an extensive rail network. Many towns and cities are also accessible by bus. Both these methods of public transport are low priced. However, train travel is considered poor by European standards, with frequent train cancellations and a poor record of safety. Buses are often late and take a lot longer to reach their destination than if travelling by private car.

(b) With reference to the data above and your knowledge of economics, analyse how income elasticity of demand (YED) may affect operators of public transport as incomes increase in Bulgaria.

(6)

In January 2025, the Western Australian Government announced plans to invest AU$107m to expand the Swan River ferry network. The river is 72 km long and a major waterway, connecting many areas in its capital city, Perth.

The plan would have five new electric ferries built by local firms. Each ferry has the ability to transport more than 130 passengers per trip. In addition, there would be two new stops along the river, one close to a bus depot and one to enable easier access to the University of Western Australia.

Local sailing clubs were concerned about safety from the addition of ferry services into areas used by smaller boats. Meanwhile, politicians opposed to the addition said that creating extra parking for ferry customers may cause problems.

(c) With reference to the data above and your knowledge of economics, evaluate the extent to which public sector investment may benefit the economy of Western Australia.

(12)

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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Acknowledgements

Question 1(i) adapted from: https://fortune.com/2025/01/08/justice-accuses-6-major-landlords-colluding-algorithm-keep-rents-high/

Question 2(g) adapted from: https://countryeconomy.com/national-minimum-wage/kuwait?anio=2010

Question 3(d) adapted from: https://bmmagazine.co.uk/in-business/olive-oil-prices-set-to-halve-as-mediterranean-bumper-harvest-looms/

Question 4(c) adapted from: https://www.abc.net.au/news/2025-01-06/perth-swan-river-ferry-plans-announced-march-wa-election/104788586