

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Pearson Edexcel International GCSE

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 ►

P71555A

©2023 Pearson Education Ltd.

J:1/1/1/1/



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) What is the name given to a firm that manufactures cars? (1)

- A A primary sector firm
- B A secondary sector firm
- C A tertiary sector firm
- D A service sector firm

A firm that employs 540 workers has a total monthly output of 27,000 units.

(b) What is the monthly labour productivity of the firm? (1)

- A 0.02 units
- B 50 units
- C 27,540 units
- D 14,580,000 units

(c) What is meant by the term division of labour? (2)

.....

.....

.....

.....

.....

.....

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(d) State **one** factor of production.

(1)

.....

.....

.....

(e) Define the term public sector.

(1)

.....

.....

.....

Yusef paints portraits of tourists who visit his home town. He recently reduced the price he charges by 2.5% and quantity demanded increased by 3.2%.

(f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for Yusef's portraits. You are advised to show your working.

(2)

.....

.....

.....

.....

.....

.....

.....



Figure 1 shows the market for trainers.

- (g) Using the diagram below, draw the likely effects on the market after a popular celebrity was seen wearing trainers. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

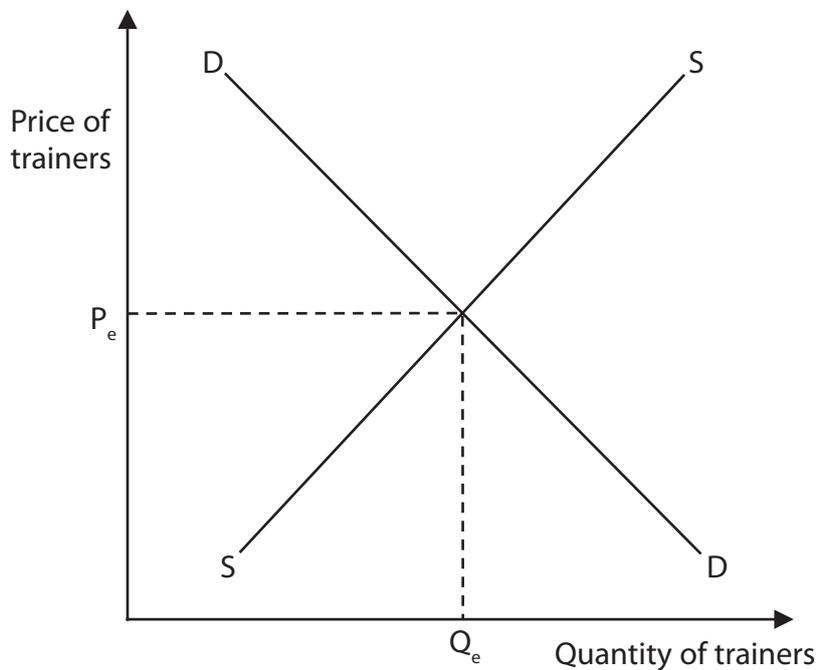


Figure 1

Spice Cottage is a new food producing business. Its prices are lower than market research suggests consumers would be willing to pay.

- (h) Explain **one** reason why Spice Cottage may not aim to maximise its profit.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Megabus provides cheap bus travel in Canada, the US and the UK. Research showed that if incomes rose by 10% then the quantity demanded for bus travel would fall by 15%.

- (i) With reference to the data above and your knowledge of economics, analyse why this knowledge could be useful to a firm such as Megabus.

(6)

Area with horizontal dotted lines for writing the answer to question (i).



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 1 = 20 marks)



Chart to show market share held by firms within a market

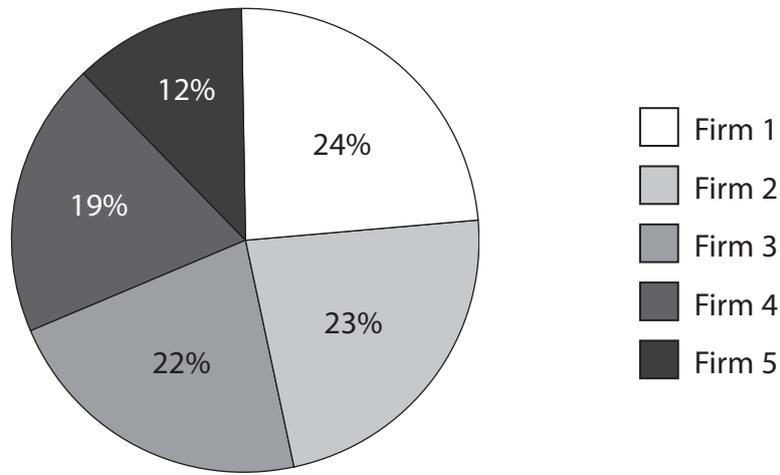


Figure 2

(a) Which **one** of the following options is the type of market shown in Figure 2? (1)

- A Labour
- B Public
- C Monopoly
- D Oligopoly

(b) An increase in which **one** of the following is most likely to increase productivity? (1)

- A Bureaucracy
- B Congestion
- C Irrigation
- D Regulation

(c) What is meant by the term barriers to entry?

(2)

.....

.....

.....

.....

.....

.....

A firm has total fixed costs of \$57 000 per month and variable costs of \$750 per unit. It produces 1,820 units per month.

(d) Calculate the **total costs per month** for the firm. You are advised to show your working.

(2)

.....

.....

.....

.....

.....

.....

(e) Describe **one** disadvantage for a government of using subsidies.

(2)

.....

.....

.....

.....

.....

.....



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Heather runs a successful restaurant in a small town in Portugal. When her friend asked whether she was going to expand by opening another restaurant, Heather said she was not.

(f) Explain **one** reason why Heather may have decided to keep her business small. (3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 2 = 20 marks)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



- 3 (a) Which **one** of the following could be described as an economic need? (1)
- A Haircut
 - B Holiday
 - C Shelter
 - D Smartphone

- (b) Which **one** of the following is an example of an external benefit? (1)
- A Education
 - B Air pollution
 - C Overcrowding
 - D Resource depletion

- (c) Draw a supply curve on the diagram below that has price elastic supply (PES). Label the impact of a price change from P_1 to P_2 and its impact on quantity from Q_1 to Q_2 . (3)



Figure 3

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 10 horizontal dotted lines.

Large blank writing area for the student's response.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 3 = 20 marks)



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

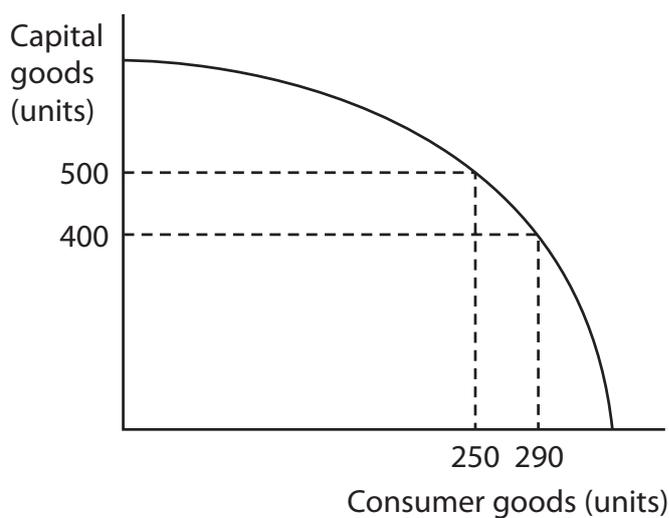


Figure 4

- (a) When the current level of output is 250 units of consumer goods, calculate the **opportunity cost** of producing an additional 40 units of consumer goods. You are advised to show your working.

(2)

.....

.....

.....

.....

.....

.....



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

A tagine is a type of cooking pot which is used to make meals throughout Morocco. Almost every home in Morocco has one. They have also become an increasingly popular purchase for tourists who want to take home a souvenir of their travels. Producers can sell tagines in markets all over Morocco. However, as demand has increased, many have chosen to sell in the areas visited by tourists, such as Marrakesh.

(b) With reference to the data above and your knowledge of economics, analyse how the equilibrium price of tagines sold to tourists is determined.

(6)

Area with horizontal dotted lines for writing the answer.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Blank writing area with horizontal dashed lines.

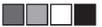


DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 20 horizontal dotted lines.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE

