

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

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Pearson Edexcel International GCSE

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) Water is an example of which factor of production? (1)

- A Land
- B Labour
- C Capital
- D Enterprise

(b) A firm has total costs of \$700. It sells 300 items at a price of \$20 each. What is the **profit** for the firm? (1)

- A \$5 300
- B \$6 000
- C \$13 700
- D \$14 000

(c) What is meant by the term supply? (2)

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(d) State **one** type of an external economy of scale.

(1)

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(e) Define the term unique product.

(1)

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Connor owns a hair salon. He increased prices by 2% and was willing to increase quantity supplied by 2.6%.

(f) Calculate the **price elasticity of supply (PES)** for Connor's hair salon. You are advised to show your working.

(2)

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- (g) Using the diagram below, draw the likely effect on the market for luxury holidays after a fall in income. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

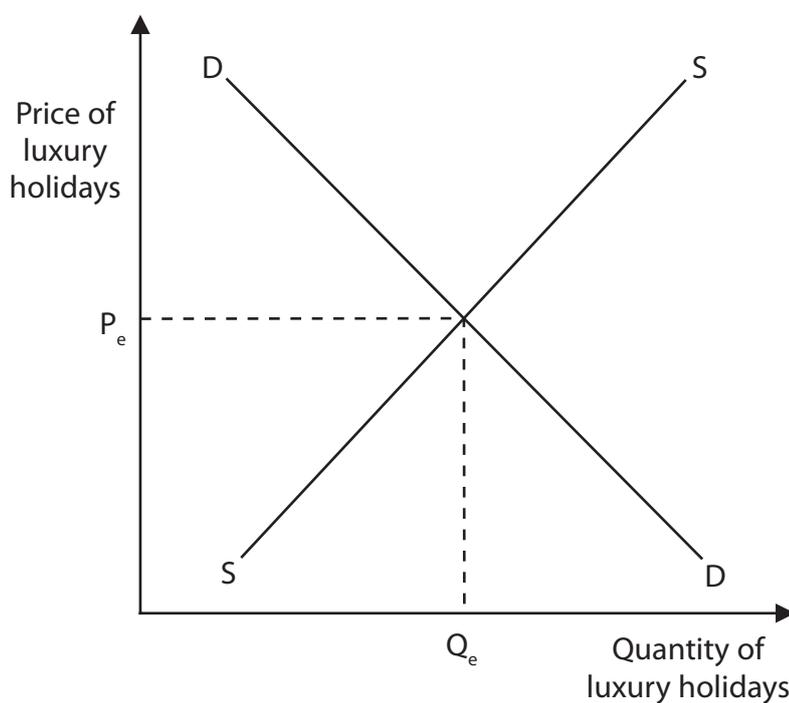


Figure 1

Government-owned Angola Telecom is to be privatised in an attempt to make the industry more efficient.

- (h) Explain **one** possible disadvantage of privatisation for workers in the telecoms industry in Angola.

(3)

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(Total for Question 1 = 20 marks)



- 2 The income elasticity of demand (YED) for a product can be calculated by using the information in Figure 3.

Change in quantity demanded	4.6%
Change in income	2%

Figure 3

- (a) Which **one** of the following options best describes the demand for the product?

(1)

- A** Unitary
- B** Luxury
- C** Inferior
- D** Inelastic

- (b) Which **one** of the following is the formula for social benefits?

(1)

- A** Private costs + private benefits
- B** Private benefits – private costs
- C** Private benefits + external benefits
- D** Private costs – external costs

(c) What is meant by the term trade union?

(2)

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Figure 4 shows the monthly costs per unit when a firm makes 3,000 units.

Quantity	Total fixed costs	Total variable costs
3,000	\$6 200	\$3 550

Figure 4

(d) Calculate the **average cost per unit (AC)** for the firm when it makes 3,000 units. You are advised to show your working.

(2)

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(e) Describe **one** way that high start-up costs can be a barrier to entry.

(2)

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UK supermarkets operate in an oligopoly where the market is dominated by several large firms.

(f) Explain **one** disadvantage of this type of market structure for UK consumers.

(3)

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Foxconn Technology produces the new Apple iPhone at its factory in Shenzhen, China. It employs 270,000 workers in its factory. Each worker carries out a specific task which ranges from handling the phone screen, assembling components, checking the phone works, to packaging the phone ready to ship to the customer.

(Source adapted from: <https://www.patentlyapple.com/2021/10/foxconn-shenzhen-factory-to-hire-an-additional-100000-plant-workers-to-keep-iphone-13-production-on.html>)

(g) With reference to the data above and your knowledge of economics, assess the benefits for Foxconn Technology of using division of labour.

(9)

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(Total for Question 2 = 20 marks)



- 3 (a) Which **one** of the following is the definition of a merger? (1)
- A The joining together of two firms
 - B The transfer of ownership from the government
 - C The takeover of one firm by another firm
 - D The creation of a competitive market

- (b) Which **one** of the following is a reason why a government would introduce a minimum wage? (1)
- A To increase the benefits paid by a government
 - B To reduce the motivation of workers
 - C To close the income gap between the rich and the poor
 - D To ensure producers increase their profits

- (c) On the blank pie chart below, draw and label the likely approximate size of employment in the primary (P), secondary (S) and tertiary (T) sectors for a developed country, such as Japan. (3)

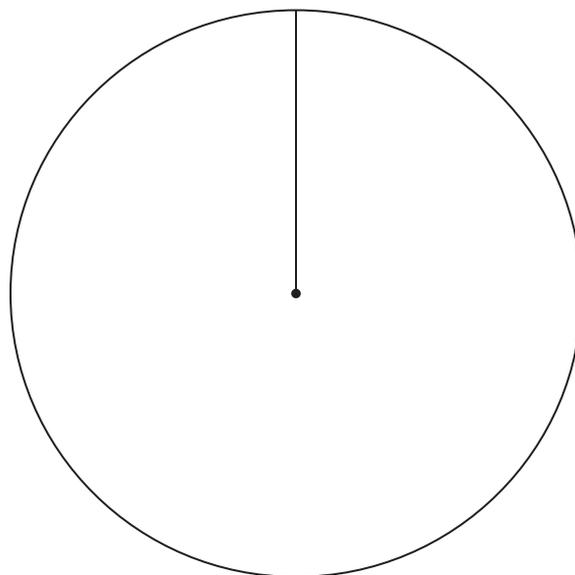


Figure 5

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Dubai in the UAE has a population of more than 2.5 million people. Immigrant workers make up over 80% of this population. Many of the immigrants provide construction, cleaning or care services.

(Source adapted from: <https://www.futurelearn.com/info/courses/migration-theories/0/steps/35094>)

(e) With reference to the data above and your knowledge of economics, assess the benefits to Dubai of employing such a high proportion of migrant labour.

(9)

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(Total for Question 3 = 20 marks)



4 Figure 6 shows financial data for a firm selling a selection of products.

Product	X	Y
Price	\$3 000	\$3 300
Quantity sold	50	40
Total revenue	$\$3\,000 \times 50$	$\$3\,300 \times 40$
PED	-0.62	-1.53

Figure 6

(a) Calculate the **total revenue** for the product that has a price elasticity of demand (PED) which is **inelastic**. You are advised to show your working.

(2)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



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