

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

Pearson Edexcel International GCSE

Friday 3 November 2023

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.*
- 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.*
- Calculators may be used.

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) A trade union is an organisation that aims to improve

(1)

- A profit margins
- B tax revenue
- C the environment
- D working conditions

(b) Figure 1 below shows a change in demand for tickets to a sporting event.

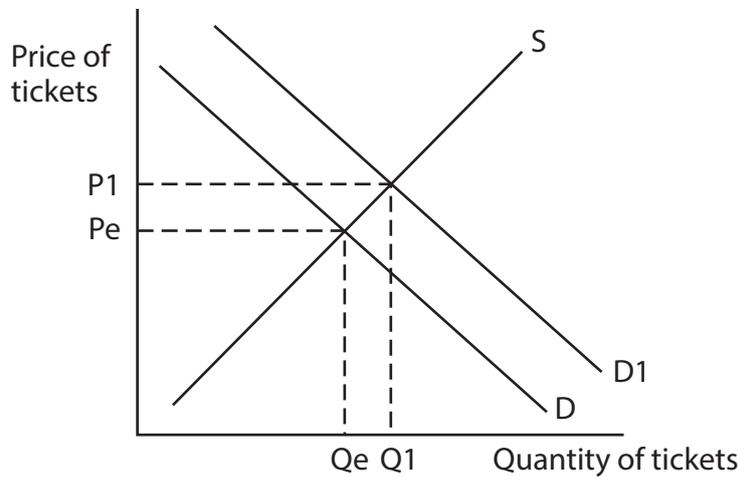


Figure 1

Which **one** of the following statements is true?

(1)

- A When the price falls, the quantity demanded falls
- B The demand curve slopes upwards from left to right
- C An increase in demand is shown by a shift to the right
- D A decrease in demand is shown by a shift to the right



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

(2)

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(d) State **one** main feature of an oligopoly.

(1)

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(e) Define the term excess supply.

(1)

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A firm increases supply by 4.3% following a price increase of 3.7%.

- (f) Calculate, to two decimal places, the **price elasticity of supply (PES)** for the firm.
You are advised to show your working.

(2)

Figure 2 shows the market for electric cars.

- (g) Using the diagram below, draw the likely effects on the market for electric cars following the introduction of a subsidy on electric cars. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

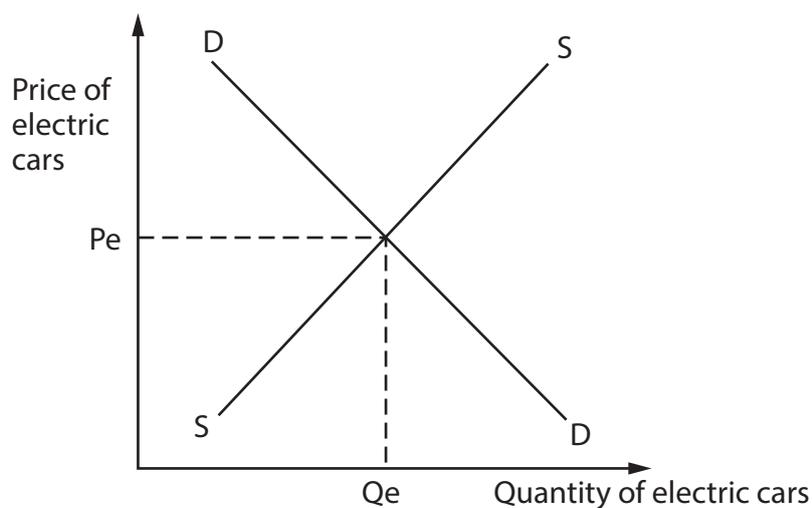


Figure 2

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The Brazilian Government announced plans to privatise one of its state-owned food companies.

(h) Explain **one** possible advantage of privatisation for consumers in Brazil.

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(Total for Question 1 = 20 marks)



2 (a) A firm employing 135 workers has a total output of 33,750 units each month.
What is the monthly labour productivity of the firm? (1)

- A \$250
- B \$4 556 250
- C 250 units
- D 4,556,250 units

(b) Which **one** of the following is a possible cause of positive economic growth? (1)

- A Decreasing population
- B Decreasing productivity
- C Increasing unemployment
- D Increasing technological advancements

(c) What is meant by the term opportunity cost? (2)

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Figure 3 shows some of the production costs in March for a firm manufacturing clothing in Bangladesh.

Production costs	Bangladeshi Taka (Tk)
Rent	20 250
Raw materials	10 050
Advertising	5 125
Labour (paid in direct proportion to output)	105 000

Figure 3

(d) Calculate the **total fixed costs** for the firm in March. You are advised to show your working.

(2)

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(e) Describe **one** reason why an entrepreneur is a factor of production.

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In 2028, the lowest age at which workers can receive a private pension in the UK will rise from 55 to 57. This means that the age of retirement will increase for many people.

(f) Explain **one** advantage for firms of an increase in the retirement age.

(3)

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It is estimated that about 24 million tourists visit Venice, Italy each year. This high number of tourists means that the city is very overcrowded.

In January 2023, a new tourist tax was introduced on people visiting Venice. Tourists need to pay between €3 and €10 for each day they are in Venice. The higher €10 rate is paid at peak times, reducing to €3 during quieter periods.

(Source: adapted from <https://veneziaautentica.com/venice-tourist-tax/>)

(g) With reference to the data above and your knowledge of economics, assess the likely effectiveness of the tourist tax in dealing with negative externalities, such as overcrowding.

(9)

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(Total for Question 2 = 20 marks)



- 3 (a) Which **one** of the following is a reason why a firm may decide to stay small? (1)
- A** To increase bureaucracy
 - B** To sell a niche product
 - C** To spread business risk
 - D** To take over competitors

- (b) The introduction of a minimum wage above the equilibrium wage in a labour market is most likely to (1)
- A** increase quantity of labour demanded and decrease the wage rate
 - B** increase quantity of labour demanded and increase the wage rate
 - C** decrease quantity of labour demanded and decrease the wage rate
 - D** decrease quantity of labour demanded and increase the wage rate

- (c) On the diagram below, draw and label economies of scale, diseconomies of scale and the point at which the firm is most efficient. (3)

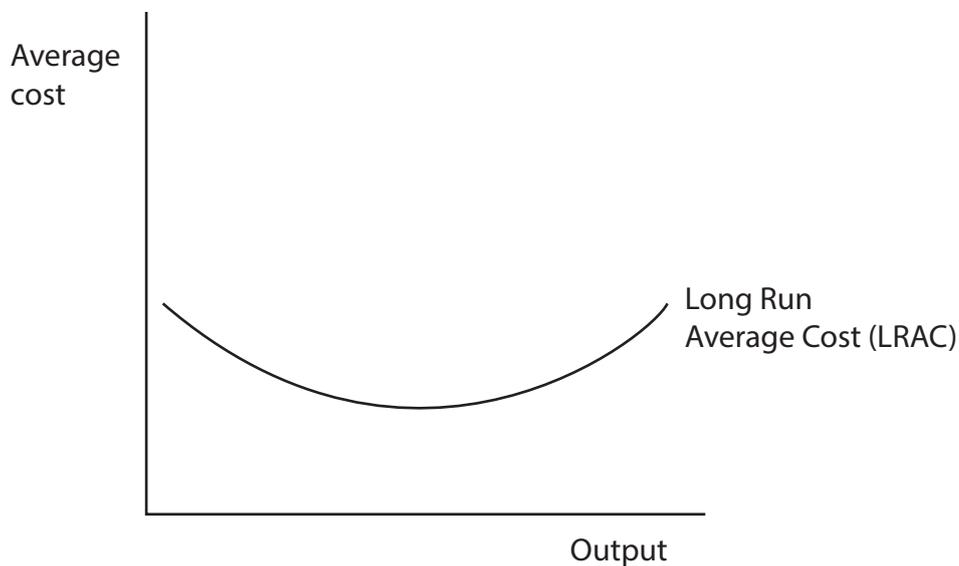


Figure 4

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(Total for Question 3 = 20 marks)



4 Figure 5 shows profit for a firm between 2020 and 2022.

Year	Profit (\$)
2020	20 250
2021	21 000
2022	22 950

Figure 5

(a) Calculate, to two decimal places, the **percentage change in profit** for the firm between 2020 and 2022. 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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