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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 ▶

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Q:1/1/1/1/1/1/

P 6 6 3 2 7 A 0 1 2 4

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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 is a factor of production?

(1)

☒ **A** Taxation

☒ **B** Gym workout

☒ **C** Enterprise

☒ **D** Restaurant meal

A firm charges a price of $160 per item and has average costs of $120 per item. It sells 20 000 items.

(b) What is the total revenue for the firm?

(1)

☒ **A** $19 200

☒ **B** $20 160

☒ **C** $2 400 000

☒ **D** $3 200 000

(c) What is meant by the term normal good?

(2)

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(d) State the formula for social benefits.

(1)

(e) Define the term niche market.

(1)

Greg produces pottery at a small factory in his local area. At the start of the year price increased by 5.4% and quantity supplied increased by 4.7%.

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

(2)

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(g) Using the diagram below, draw the likely effects on the market for apples following a decrease in the price of bananas. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

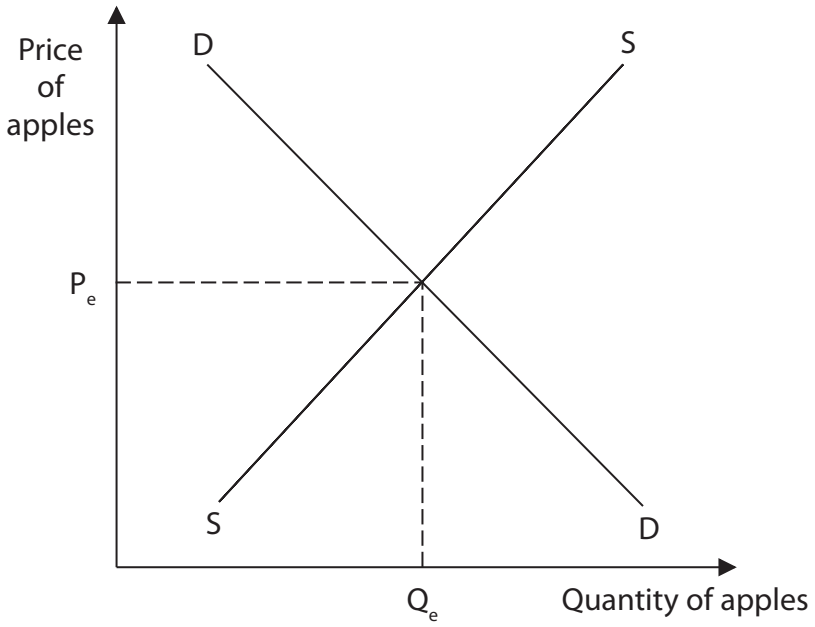

Figure 1

Warehouse employees at a small firm in Malta specialise in one task, such as sealing boxes, for orders that are sent to consumers.

(h) Explain **one** disadvantage of the division of labour for the warehouse employees.

(3)

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Regulation was introduced by the German Government in an attempt to reduce the number of plastic bottles being thrown away. A fee of €0.25 is added to the price of a product but is refunded when the bottle is returned. The new scheme is cheaper for the government and 98.5% of the bottles are now returned.

(i) With reference to the data above and your knowledge of economics, analyse the likely impact on externalities of this type of regulation.

(6)

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

(1)

		Product	Price elasticity of demand (PED)
☒	**A**	**W**	–1.5
☒	**B**	**X**	–1
☒	**C**	**Y**	–0.5
☒	**D**	**Z**	1

(b) Which **one** of the following is a situation when firms in a growing industry all benefit from lower average costs?

(1)

☒ **A** Internal economies of scale

☒ **B** External economies of scale

☒ **C** Diseconomies of scale

☒ **D** Technical economies of scale

(c) State **one** disadvantage to firms of increased competition.

(1)

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A firm has total fixed costs of $75 000 per month and variable costs of $525 per unit. It produces 1350 units per month.

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

(2)

(e) Define the term takeover.

(1)

(f) Describe **one** reason why consumers do not always maximise their benefit from the consumption of a product.

(2)

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Figure 2 shows the supply of wheat in a region during 2019.

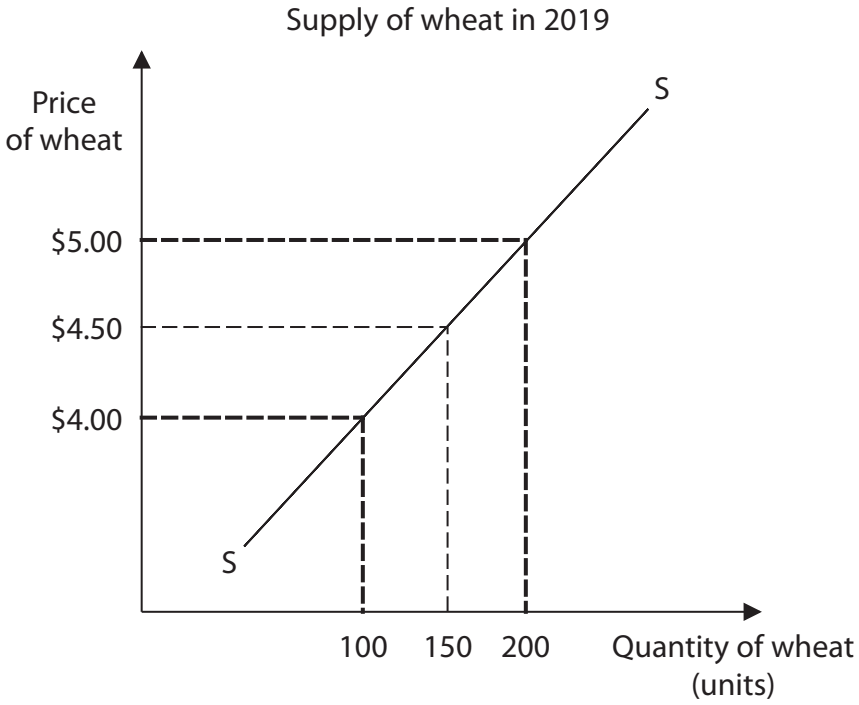

Figure 2

(g) Explain **one** effect on the supply curve of wheat following a change in the price of wheat.

(3)

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In England, there has been an increase in the number of science, maths and modern language graduates. Some of these graduates choose to enter the teaching profession with these qualifications. Many are encouraged to do so by a government bonus payment of £9 000, only available to graduates in these subjects. However, many do not stay in the profession for more than one or two years. This is due to problems of long working hours, bureaucracy and student behaviour. Those with science qualifications often find different types of employment quite easily.

(Source adapted from: https://www.theguardian.com/education/2019/oct/05/science-and-language-teachers-to-get-9000-staying-on-bonus)

(h) With reference to the data above and your knowledge of economics, assess whether an increase in the number of people with skills and qualifications will always lead to an increase in the supply of teachers.

(9)

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3 (a) Which **one** of the following is defined as 'the selling of an enterprise controlled by the government to the private sector'?

(1)

- ☒ **A** Reclamation
- ☒ **B** Innovation
- ☒ **C** Nationalisation
- ☒ **D** Privatisation

(b) Which **one** of the following is an example of an occupation in the primary sector?

(1)

- ☒ **A** Teacher
- ☒ **B** Farmer
- ☒ **C** Electrician
- ☒ **D** Actor

(c) On the diagram below, draw the effects of an increase in the school-leaving age on the labour market in a country. Label the new curve, the new equilibrium wage rate and the new equilibrium quantity of workers employed.

(3)

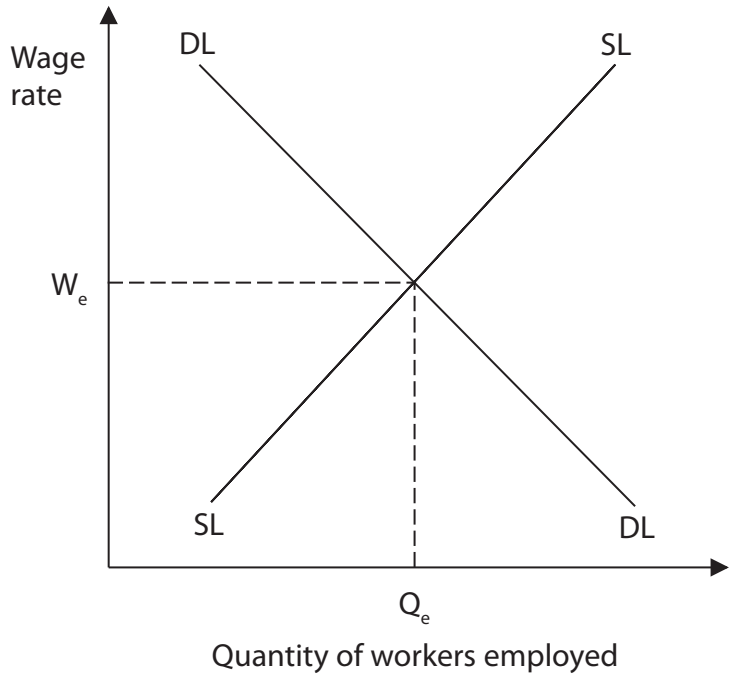

Figure 3

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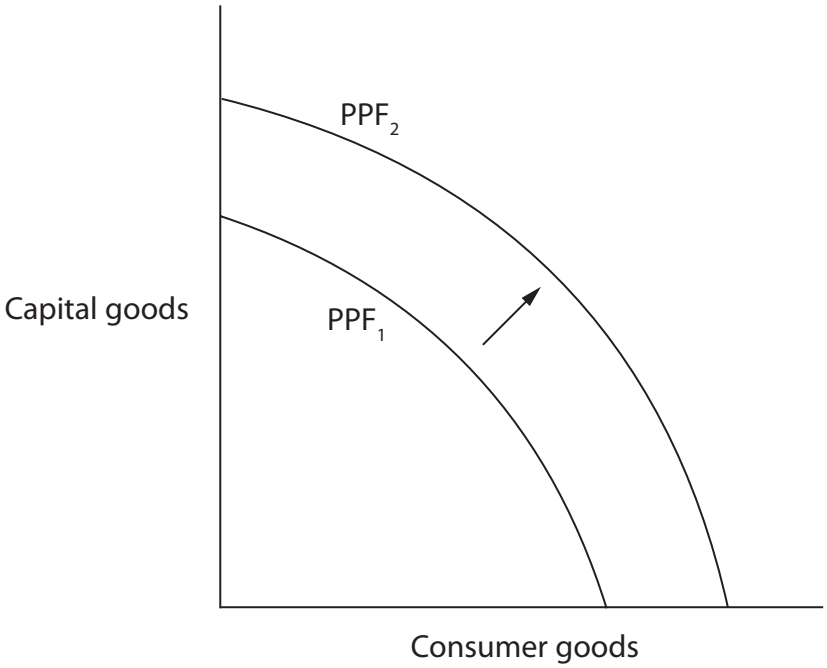

Figure 4

Figure 4 shows an outward shift in the production possibility frontier (PPF) for Zambia in 2019. Agriculture, construction and copper production are some of the main areas that contribute to the economy of Zambia.

(d) With reference to the data above and your knowledge of economics, analyse why the economy has moved from PPF_1 to PPF_2.

(6)

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It is estimated that 23 billion bricks are made each year in Bangladesh. The industry employs over one million people. Demand for bricks is rising due to growth in the construction industry. The production of bricks contributes to the severe air pollution in the country by emitting smoke and dust clouds. Children, the elderly, pregnant women and those with a respiratory or heart condition may be especially affected by the poor air quality.

(Source adapted from: https://undark.org/2018/09/05/air-pollution-dhaka/)

(e) With reference to the data above and your knowledge of economics, assess the extent to which the costs of producing bricks in Bangladesh are external costs.

(9)

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4 A restaurant in Cyprus can seat 136 diners each evening. The demand for seats from diners over three evenings is shown in Figure 5.

Evening	Quantity of seats demanded
Thursday	98
Friday	114
Saturday	107

Figure 5

(a) Calculate the **excess supply** of seats if the quantity supplied during these three evenings totalled 408. You are advised to show your working.

(2)

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Street lighting is provided by governments in many countries. It is provided to improve safety for pedestrians and increase visibility for motorists. It also provides a more inviting environment after dark.

(b) With reference to the data above and your knowledge of economics, analyse why the free rider problem means street lighting is provided by the government.

(6)

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The English city of Kingston upon Hull has an independent telecoms network known as Kingston Communications (KCOM). It is the only provider serving the city and its surrounding towns and villages. People living there do not have many broadband options. The network remained independent when most others joined together to become British Telecom (BT) and it has remained as a separate company to this day.

As well as broadband, KCOM also offers home phone and mobile deals which are available at a discounted price when purchased together. It will soon offer high-quality television packages. Its broadband is fast, with fibre optic packages which can reach impressive speeds of up to 250 Mb. However, these are not available everywhere in the region and KCOM's packages are more expensive than those in the rest of the country. This is especially true as they have low download limits.

(Source adapted from: https://www.broadbandchoices.co.uk/guides/broadband/hull-broadband)

(c) With reference to the data above and your knowledge of economics, evaluate whether a monopoly such as KCOM is always bad for the consumer.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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