www.dynamicpapers.com

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 **4EC1/01R**

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 ▶

P66328A

©2022 Pearson Education Ltd.

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

P 6 6 3 2 8 A 0 1 2 4

Pearson

www.dynamicpapers.com

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 defined as 'breaking down the production process into smaller tasks'?

(1)

- ☒ **A** Division of labour
- ☒ **B** Innovation
- ☒ **C** Labour intensive
- ☒ **D** Productivity

A firm sells 40 units of a good. Variable costs are $4 per unit. Customers pay $10 per unit.

(b) Which **one** of the following equals $400?

(1)

- ☒ **A** Price
- ☒ **B** Total costs
- ☒ **C** Profit
- ☒ **D** Total revenue

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

(2)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(d) State **one** reason why a demand curve will shift to the left.

(1)

(e) Define the term production.

(1)

Inny provides a window cleaning service to homeowners in his local area. He recently increased prices by 1.6% and quantity demanded fell by 2.1%.

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

(2)

www.dynamicpapers.com

(g) Using the diagram below, draw the likely effects on the market for crops after farmland is damaged by flooding. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

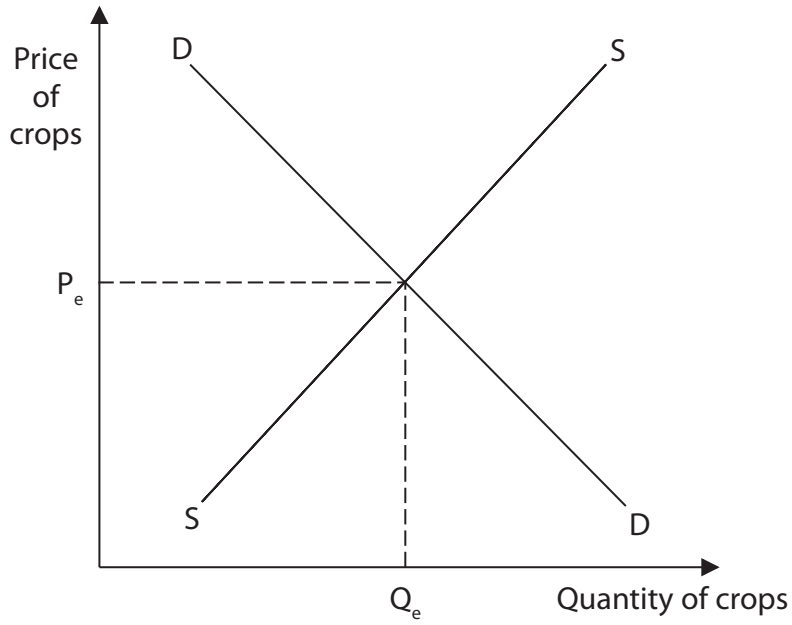


Figure 1

Tertiary sector employment has increased by 13.1% in China during the last 10 years. However, there have been few changes in the level of employment in the secondary sector.

(h) Explain **one** possible reason for this trend.

(3)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

Unilever is a multinational corporation that sells consumer goods. It currently uses 700,000 tonnes of non-recyclable plastic packaging each year. By 2025, it plans to reduce overall usage by 100,000 tonnes and replace the remaining 600,000 tonnes with more expensive plastic, which can be recycled.

(Source adapted from: https://www.npr.org/2019/10/07/767983664/unilever-vows-to-reduce-plastic-packaging-use-by-2025?t=1573738349481)

(i) With reference to the data above and your knowledge of economics, analyse how the profits of Unilever may be affected.

(6)

(Total for Question 1 = 20 marks)

www.dynamicpapers.com

2 (a) Which **one** of the following would lead to an increase in the supply of labour?

(1)

- ☒ **A** Decrease in the retirement age
- ☒ **B** Increase in the school-leaving age
- ☒ **C** Increase in female participation
- ☒ **D** Decrease in population

A small firm manufactures jewellery to the exact requirements of its customers.

(b) This is an example of which **one** of the following markets?

(1)

- ☒ **A** Monopoly
- ☒ **B** Labour
- ☒ **C** Niche
- ☒ **D** Financial

(c) State the formula for price elasticity of supply (PES).

(1)

.....

.....

.....

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

Figure 2 shows some of the monthly production costs for a firm which manufactures clothing.

Production costs	**US$**
Rent	25 000
Raw materials	12 000
Insurance	5 500
Labour (payment depends on output)	115 000

Figure 2

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

(2)

(e) Define the term minimum wage.

(1)

www.dynamicpapers.com

(f) Describe **one** reason why infinite wants lead to scarcity.

(2)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

Figure 3 shows the demand for cocoa beans during 2019.

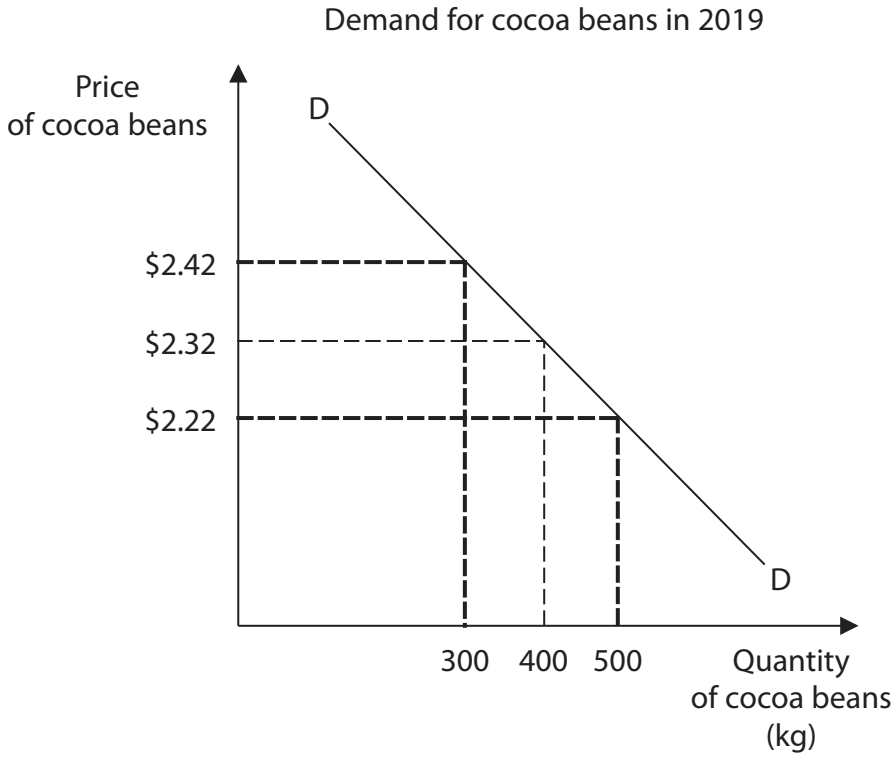


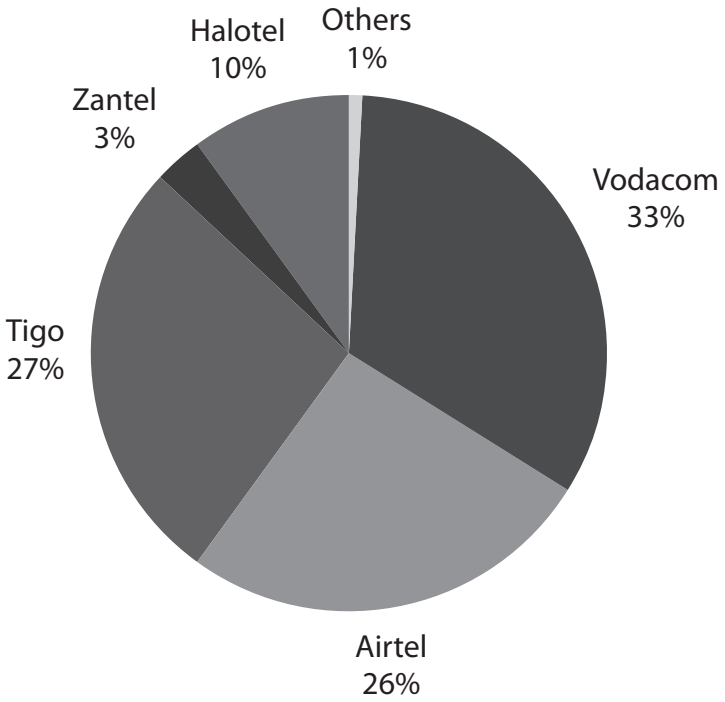
Figure 3

(g) Explain **one** effect on the demand curve for cocoa beans following a change in the price.

(3)

www.dynamicpapers.com

Market share of telecom subscriptions in Tanzania (June 2019)



(Source adapted from: https://www.tanzaniainvest.com/telecoms/tanzania-add-50000-mobile-subcriptions-in-6-months)

Figure 4

In November 2019, two Tanzanian telecoms firms, Zantel and Tigo, merged. Smart Telecoms, a small firm with a declining market share, stopped trading. A spokesperson said that Smart Telecoms could no longer compete with the increasing dominance of larger firms in the market.

(h) With reference to the data above and your knowledge of economics, assess whether the oligopoly in the Tanzanian telecoms market is likely to benefit consumers.

(9)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

.....

.....

.....

(Total for Question 2 = 20 marks)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

3 (a) A pollution permit is a type of

(1)

- ☒ **A** factor of production
- ☒ **B** government intervention
- ☒ **C** economy of scale
- ☒ **D** economic assumption

(b) Which **one** of the following is likely to lead to an increase in the productivity of land?

(1)

- ☒ **A** Increase in the use of fertiliser
- ☒ **B** Decrease in the use of irrigation
- ☒ **C** Increase in the use of advertising
- ☒ **D** Decrease in the use of drainage

www.dynamicpapers.com

(c) In the box below, draw a production possibility frontier (PPF) for a firm that can produce tables and/or chairs. On your PPF, draw what would happen if the production of chairs decreased and tables increased.

(3)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

In 2019, the National Health Service (NHS) in England began a campaign to check the records of all children who had been given the measles, mumps and rubella (MMR) vaccination. Those children missing the MMR vaccination were then invited to make an appointment to receive the vaccination.

(Source adapted from: https://www.gov.uk/government/publications/mmr-catch-up-for-10-to-11-year-old-children-information-for-gps)

(d) With reference to the data above and your knowledge of economics, analyse why vaccinations may be an external benefit.

(6)

www.dynamicpapers.com

Each year, in the UK there are an increasing number of shops closing down in town centres. At least 10% of all shops have been empty for the last five years. At the same time online sales are growing and reached more than 20% of total retail sales in 2019.

The continuing development of technology has made it easier for consumers to buy online. However, this is at a cost to some shop employees whose jobs have been replaced by machines that send out online orders from warehouses.

(e) With reference to the data above and your knowledge of economics, assess whether the availability of substitutes, such as machines, will reduce the demand for labour.

(9)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(Total for Question 3 = 20 marks)

www.dynamicpapers.com

4 A concert venue in Malaysia holds a maximum of 3,200 people for each performance. The quantity of tickets demanded for the most recent concerts is shown in Figure 5.

Concert	Quantity of tickets demanded
A	4,200
B	6,000
C	3,250

Figure 5

(a) Calculate the **excess demand** for tickets if the quantity supplied for all three concerts totals 9,600. 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

www.dynamicpapers.com

The Cuban Government owns and runs most industries in the country and more than 75% of the labour force is employed by the state.

(b) With reference to the data above and your knowledge of economics, analyse the benefits of having a large public sector to a country such as Cuba.

(6)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

Instagram, WhatsApp and Facebook Messenger are social network messaging services, taken over and owned by Facebook. Between them, they have more than 2.6 billion users. Although they currently operate as stand-alone apps, Facebook's chief executive, Mark Zuckerberg, has now taken greater control of all three. He has plans to combine the services, allowing messages to be sent between the different apps.

Both Instagram and WhatsApp have grown considerably since the takeover but their original founders have left due to the increased control from Facebook. Some employees are unhappy and do not understand the planned changes to the services. However, Zuckerberg thinks there will be long-term benefits including reduced costs. He says that less software will be needed once the system is in place and consumers will be less likely to use competitors' apps.

(Source adapted from: https://www.nytimes.com/2019/01/25/technology/facebook-instagram-whatsapp-messenger.html)

(c) With reference to the data above and your knowledge of economics, evaluate whether Zuckerberg's decision to combine all three services is likely to lead to economies of scale.

(12)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(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

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

BLANK PAGE

www.dynamicpapers.com

BLANK PAGE

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA