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Please check the examination details below before entering your c date information

Candidate surname	Other name

Pearson Edexcel International GCSE

Centre Number | Candi Number

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.
- Good luck with your examination.

Turn over ▶

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Answer ALL questions. Write your answers in the space vided.

Some questions must be answered with a cross in a box ☒. If you change mind about an answer, put a line through the box ☒ and then mark your new answer cross ☒.

1 (a) Which **one** of the following does a point on a production possibility curve (PPC) represent?

(1)

☒ **A** Where capital goods should be produced

☒ **B** How the production of all goods can be increased

☒ **C** Government revenue from production

☒ **D** A given amount of resources being fully employed

Andreas is a plumber. Unlike his competitors, he is prepared to work at the weekend. However, he charges customers 50% more for his services at the weekend.

(b) Which **one** of the following describes this economic assumption?

(1)

☒ **A** Businesses aim to maximise their profit

☒ **B** Producers may complete charitable work

☒ **C** Consumers sometimes copy others' behaviour

☒ **D** Governments try to increase the number of days worked

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

(2)

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(d) State **one** example of a factor of production that can be classified a .

(1)

(e) Define the term monopoly.

(1)

Alfie provides a dog-walking service to dog owners in his local area. After a successful first year he increased prices by 1.5% and quantity demanded fell by 1.1%.

(f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for Alfie's dog-walking service. 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 f the introduction of more effective technology in production. Label the ne rve, the new equilibrium price and the new equilibrium quantity.

(3)

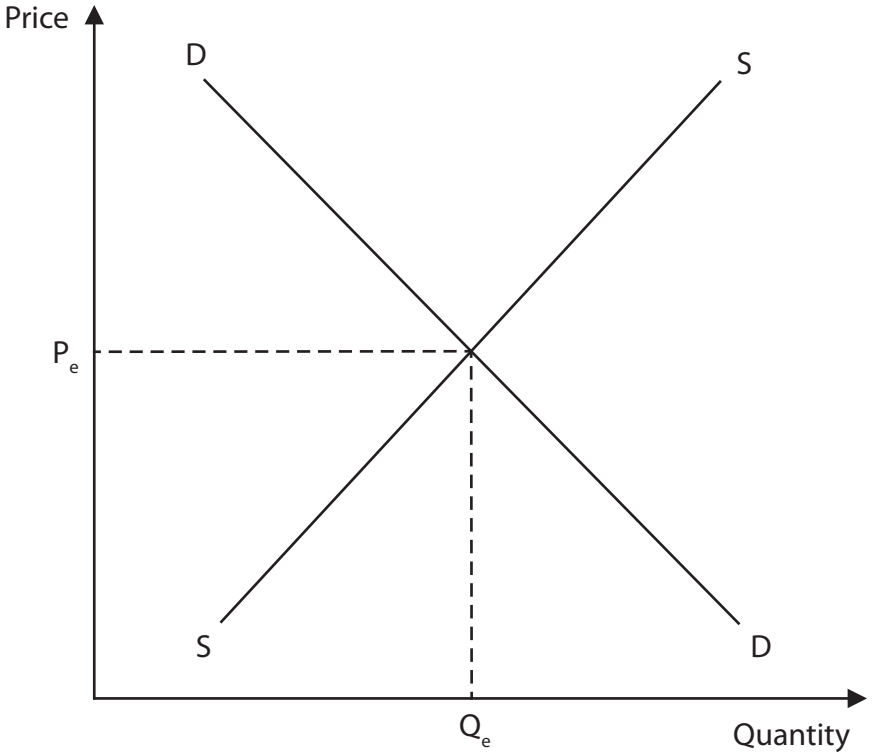


Figure 1

In 2015, the school-leaving age in England was raised from 16 to 18.

(h) Explain **one** possible effect on the supply of labour of the school-leaving age being raised.

(3)

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Bupa is an international firm that provides healthcare products to 32 m customers in 190 countries. The initial purpose of the firm was to provide health insura It has grown by offering a wider range of services. These include retirement homes for th erly, eye care, hospital treatment, dental work and travel insurance.

(i) With reference to the data above and your knowledge of economics, analyse wh Bupa may have decided to operate in a wider range of markets.

(6

(Total for Question 1 = 20 marks)

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2 (a) Which **one** of the following products has a price inelastic demand?

(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 the formula for calculating average cost?

(1)

☒ **A** $\frac{\text{Total fixed cost}}{\text{Quantity produced}}$

☒ **B** $\frac{\text{Total revenue}}{\text{Quantity produced}}$

☒ **C** $\frac{\text{Total cost}}{\text{Quantity produced}}$

☒ **D** $\frac{\text{Total variable cost}}{\text{Quantity produced}}$

(c) State **one** reason why governments intervene in the economy.

(1)

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Figure 2 shows selected financial data of a firm selling shoes.

	Cost/Revenue per pair of shoes ($)
Selling price	89
Raw materials	17
Labour	35

Figure 2

(d) Calculate the **profit or loss** for the firm for each pair of shoes. You are advised to show your working.

(2)

Governments can use fines to deal with externalities.

(e) Define the term fine.

(1)

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(f) Describe **one** benefit to consumers of privatisation.

(2)

Microsoft has a patent on a number of its technological designs.

(g) Explain **one** reason why Microsoft might have patents on its designs.

(3)

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Fast food restaurants around the world use division of labour during th duction of food and drinks. Employees are given different tasks. Burgers are fried before placed in a bread 'bun'. Chopped lettuce and tomatoes are then added. Potatoes are als eled and sliced in order to make fries.

(h) With reference to the data above and your knowledge of economics, assess whe firm, such as a fast food restaurant, always benefits from using division of labour.

(9

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(Total for Question 2 = 20 marks)

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3 (a) Which **one** of the following factors may cause a shift of the deman e?

(1)

- ☒ **A** Costs of production
- ☒ **B** Demographic changes
- ☒ **C** Subsidies
- ☒ **D** Changes in price

(b) Which **one** of the following is an example of an external cost?

(1)

- ☒ **A** Healthcare
- ☒ **B** Litter
- ☒ **C** Rent
- ☒ **D** Weather

(c) On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing economy such as Haiti.

(3)

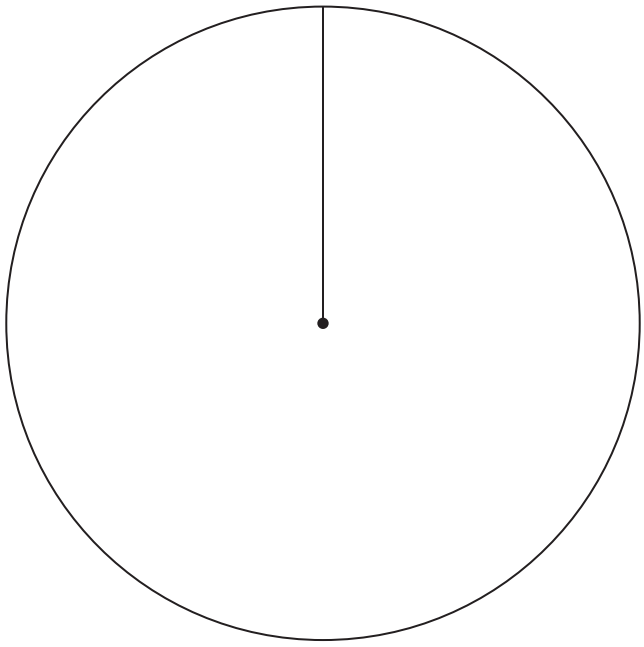


Figure 3

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In the capital of Laos, Vientiane, residents and tourists can now use the app to hire a taxi. Figure 4 shows the excess supply of LOCA drivers working in a a of the city when the price of a journey is 10 000 Kip.

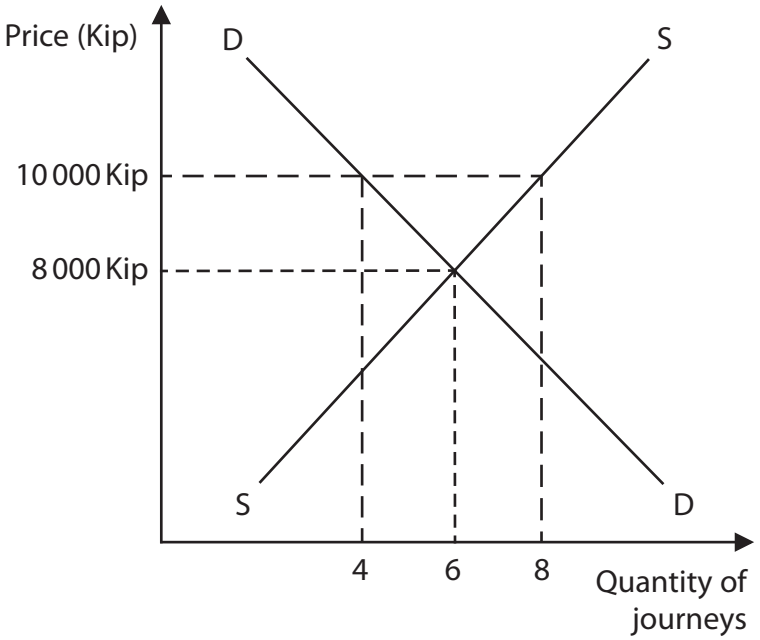


Figure 4

(d) With reference to the data above and your knowledge of economics, analyse how market forces can remove excess supply.

(6)

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Public universities in Norway do not charge students any tuition fees. tion is funded by the government. In recent years Norway has spent more on education than a her country as a percentage of GDP. Norway also has one of the lowest rates of unemployme the world.

(e) With reference to the data above and your knowledge of economics, assess th nefits to Norway of the government funding all education.

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(Total for Question 3 = 20 marks)

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4 Figure 5 shows the population in Austria in the years 2000, 2008 and 2

Year	Population
2000	8,069,276
2008	8,341,532
2018	8,891,388

(Source adapted from: https://worldpopulationreview.com/countries/austria-population/)

Figure 5

(a) Calculate, to two decimal places, the **percentage change in the population** in Austria between 2000 and 2018. You are advised to show your working.

(2)

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Figure 6 shows the price elasticity of supply (PES) of bananas.

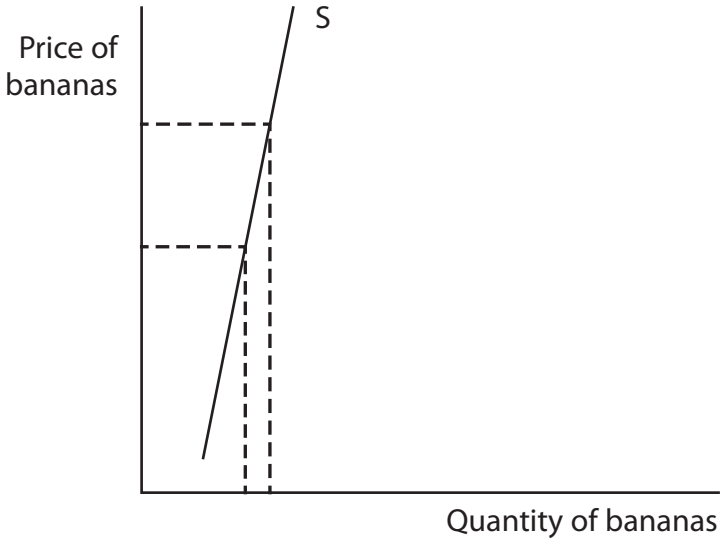


Figure 6

(b) With reference to the data above and your knowledge of economics, analyse how the quantity supplied of bananas might be affected by an increase in price.

(6)

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Monthly Spanish minimum wage increases

In 2019, the monthly minimum wage in Spain increased by the largest perc e in over 40 years. It rose by around 22% compared to only a 4% rise the previous year. s part of an annual review with a focus on 'making Spain great again'. The Spanish Prim ister said that, 'A rich country should not have poor workers'.

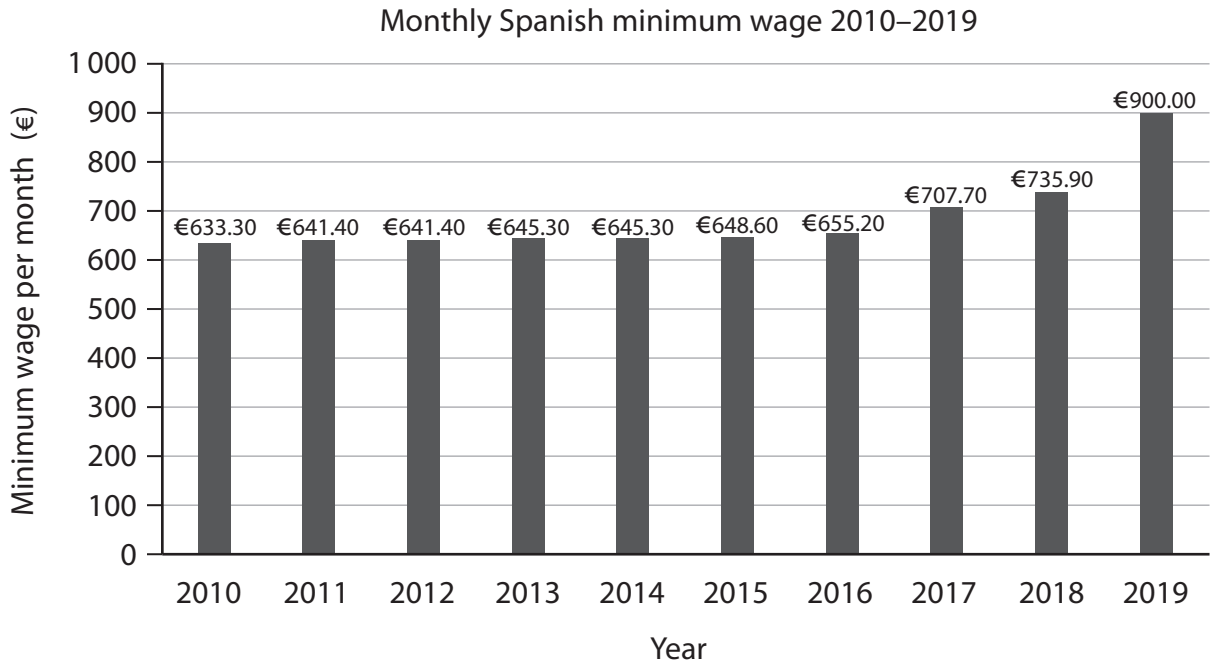


Figure 7

(c) With reference to the data above and your knowledge of economics, evaluate whether an increase in the minimum wage would benefit an economy such as Spain.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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