



# **Examiners' Report**

## **June 2024**

**Int GCSE Economics 4EC101**

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## Introduction

A good awareness of economics was shown by candidates who sat this paper at International GCSE level.

In general, candidates seemed to be well prepared for the topic areas covered by Paper 1.

Where applicable on the levels-based questions, the ability of the more able candidates was shown through relating knowledge and understanding to the evidence presented. Those candidates who found such concepts difficult, typically answered such questions with a more generic approach.

The levels of response questions required knowledge to be developed and applied to the relevant evidence. Although many candidates did adopt this approach, there were instances where a more basic understanding was demonstrated, thus limiting the attainment of higher levels.

## Question 1 (c)

'What is meant by' questions have two marks and require two parts in the explanation of the term. No marks are given for examples. As per the mark scheme, reference to both the public sector to the private sector was needed for one mark. The second mark came from indicating what these combined sectors do. Any other appropriate responses were also credited.

(c) What is meant by the term mixed economy?

(2)

Economy where goods and services are provided by both public and private sectors in a country



**ResultsPlus**  
Examiner Comments

This response scored 2 marks for 'goods and services are provided by' and 'both public and private sectors', as this showed a full understanding of the term.



**ResultsPlus**  
Examiner Tip

A two-part question will need two parts to the response.

## Question 1 (d)

There is only one mark available for 'state' questions. Examiners do not expect candidates to write extensively.

(d) State **one** example of an occupation that is in the tertiary sector of an economy.

(1)

Taxi driver

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**ResultsPlus**  
Examiner Comments

An accurate reason is given, so scores 1 mark.



**ResultsPlus**  
Examiner Tip

One-mark questions require only a short response.

## Question 1 (e)

'Define' questions are only looking for a definition of the term. No further explanation is needed.

Any appropriate response defining a producer was accepted for one mark.

(e) Define the term producer.

(1)

*An individual person who converts resources into goods and services*



**ResultsPlus**  
Examiner Comments

This response scores 1 mark for a suitable definition.



**ResultsPlus**  
Examiner Tip

Candidates will not score any marks for providing only an example as the question requires a definition.

## Question 1 (f)

Many candidates were able to correctly calculate the income elasticity of demand and therefore, score both marks. It was pleasing to see that many showed full workings, as recommended in the question.

- (f) Calculate, to two decimal places, the **income elasticity of demand (YED)** for a good if income increases by 7% and quantity demanded increases by 11%. You are advised to show your working.

$$YED = \frac{\% \Delta \text{ in quantity demanded}}{\% \Delta \text{ in income}}$$

(2)

$$= \frac{11\%}{7\%} = 1.57$$



**ResultsPlus**  
Examiner Comments

The correct YED was calculated to score 2 marks.



**ResultsPlus**  
Examiner Tip

Always show workings because an incorrect final answer can still score 1 mark if the workings are correct.

### Question 1 (g)

Many candidates scored all three marks for a correctly labelled diagram. However, some candidates did not label either the shift in supply or the new equilibrium price/quantity and so did not achieve full marks.

Examiners were looking for a rightward shift in supply, correctly labelled.

Figure 1 shows the market for solar panels.

- (g) Using the diagram below, draw the likely effects on the market for solar panels if the government removes an indirect tax on them. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

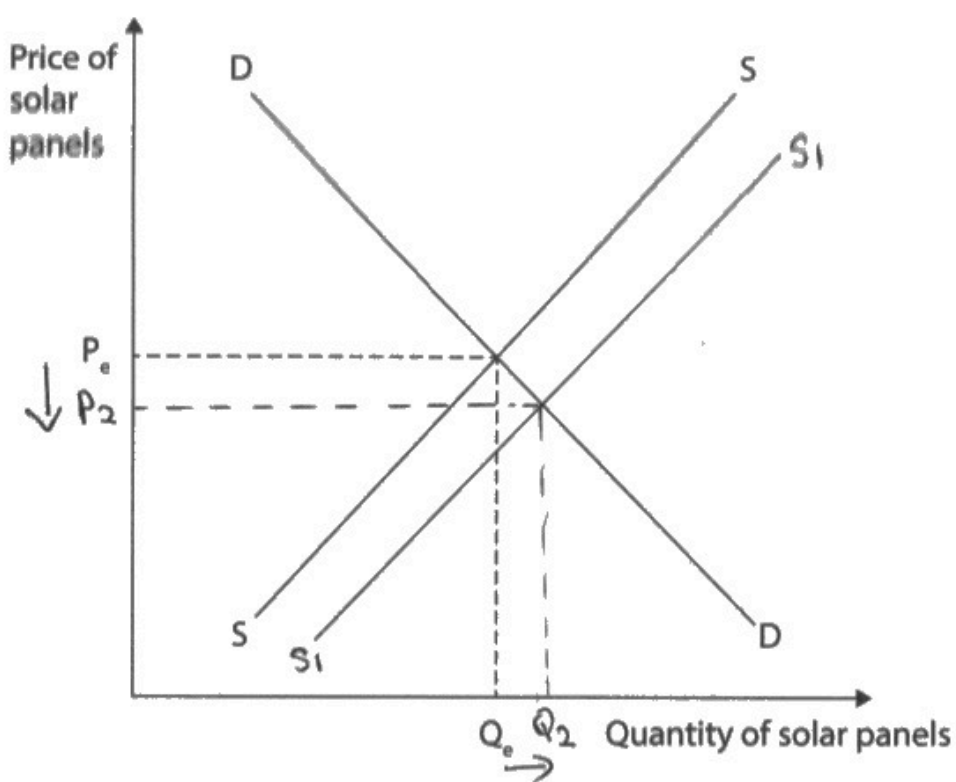


Figure 1



Marks were given for:

An increase in supply, labelled (1)

The labelled, new equilibrium price (1)

The labelled, new equilibrium quantity (1)

3 marks.



You must label the new curve and the new equilibrium price/quantity on the axes to gain all 3 marks.

## Question 1 (h)

Some candidates did not receive all three marks because they defined 'opportunity cost' but did not provide one. Only one mark was available for an opportunity cost, marks two and three are for putting the response in context and for a cause/consequence of the opportunity cost.

Casper has decided to purchase a new television.

(h) Explain **one** possible opportunity cost for Casper of this decision.

(3)

By purchasing the television Casper gives up its next best alternative which is the solar panels which might have given him more benefits ~~but~~ because he would have been able to decrease the cost <sup>of electricity</sup> ~~of electricity~~ but ~~the~~ <sup>it</sup> ~~rent~~ will ~~stay the same~~ ~~or~~ ~~be~~ increase because Television needs electricity and will increase the amount he needs to pay every month.



Credit was given for:

give up its next best alternative (1 – development)

solar panels (1 – opportunity cost)

would have been able to decrease the cost of electricity (1 – context)

3 marks.

The opportunity cost could be in any part of the response but **MUST** be present to score any marks.



'Explain' questions require a way/advantage/reason which is in context and developed in order to score all 3 marks.

## **Question 1 (i)**

This is the first levels-based question on the paper. 'Analyse' questions require a one-sided argument.

There are no marks for evaluation.

Anastasia runs a martial arts club in District 16 of Budapest, Hungary. She offers classes to children and to adults. There are six classes a week. Following a successful few years, Anastasia is considering growing the business by opening a second club in another district of Budapest.

- (i) With reference to the data above and your knowledge of economics, analyse **two** possible factors influencing Anastasia's decision to open a second club.

(6)

Government ~~is~~ regulation is one of the factors, government can pass legislation to restrict mergers and stop firms to expand too much. But government can also give subsidies to the firms ~~to~~ to have lower average cost to grow faster. In this case, it is a martial arts club which means people can learn this and defend themselves so government is likely to give subsidies, so they have more profit and can invest in R&D. Also determined on the access to finance, if they are already successful for a few years, then they have more negotiating power to the money lenders and bank to provide more money for them, they are less risky and are ~~to~~ more easy to make financial commitment. Businesses need finance to build up offices, in this case classrooms and buy all equipments.

Furthermore, it depends on if they can exploit economies of scale or not, if it's large enough then it can exploit economies of scale and therefore ~~to~~ reduce average cost, so they have more profit to improve their service and innovate new forms of teaching.



This response matched the level descriptors for Level 3 and so scored all 6 marks available. It has clear knowledge and understanding, develops relevant points, applies economic terms, demonstrates excellent selectivity and thoroughly analyses the issues.



Do not present a counter argument in 'analyse' questions as there are no marks for AO4. It will therefore leave less time to answer other questions.

## Question 2 (c)

Candidates were able to correctly calculate the percentage change in quantity demanded in the most part, thus earning two marks.

- (c) Calculate the **percentage change in quantity demanded** for a product if the price elasticity of demand (PED) is  $-1.9$  and the price falls by  $10\%$ . You are advised to show your working. (2)

$$\text{PED} = \frac{\% \Delta \text{ in demand}}{\% \Delta \text{ in price}}$$

$$-1.9 = \frac{\% \Delta \text{ in demand}}{10\%}$$

$$\% \Delta \text{ in quantity demanded} = -1.9 \times (-10\%) = 19\%$$



**ResultsPlus**  
Examiner Comments

Credit was given for a correct final answer of  $19\%$ .

2 marks.



**ResultsPlus**  
Examiner Tip

Make sure you **always** use the correct units for 'calculate' questions.

## Question 2 (d)

'What is meant by' questions have two marks and require two parts in the explanation of the term.

No marks are given for examples.

Reference to private benefits (1) and external benefits (1) were needed to score both marks. Any other appropriate responses were also credited, as long as understanding of the term was shown.

(d) What is meant by the term social benefits?

(2)

The benefits to the individuals involved as well as the third parties from an economic activity



**ResultsPlus**  
Examiner Comments

'The benefits to the individuals' (1)

'as well as the third parties' (1)

2 marks.



**ResultsPlus**  
Examiner Tip

There are no marks for examples with 'what is meant by' questions.

## Question 2 (e)

For 'describe' questions, only one mark can be given for a way/reason/feature and the second mark is for development of that feature.

(e) Describe **one** feature of an oligopoly.

(2)

High barriers of entry which means that it is difficult for new firms to enter the market.



Credit was given for:

high barriers to entry (1 mark – feature)

difficult for new firms to enter the market (1 mark – development)

2 marks.



There are no marks for definitions with 'describe' questions.

## Question 2 (f)

As with all 'explain' questions, only one effect/reason/way can be credited.

A second mark is available for putting the response in context and a third for developing the response.

Hanan is the owner of a shop and wants to <sup>private</sup> maximise profits. However, Mostafa is the manager of the shop and wants to offer customers a 10% discount for making purchases in large quantities.

(f) Explain **one** reason why Mostafa may want to offer this discount rather than to maximise profit.

(3)

Mostafa wants to offer a discount because he wants to attract the customers who need to buy goods in large quantities and make them trust him. This 10% discount will be something unique as not many businesses do such thing which will make his customers loyal to his business and in the long run increase the overall profits of the business.



Credit is given for:

to attract customers (1 mark – reason)

something unique (to) make his customers loyal ( 1 mark – context)

in the long run increase overall profits (1 mark – development)

3 marks.



Try to avoid repeating the question as there are no marks for doing this and it uses valuable time that could be used answering another question.

## **Question 2 (g)**

A two-sided argument with developed chains of reasoning and use of the evidence was presented by more able candidates.

However, some responses simply repeated the information provided rather than using it to answer the question.

A ban on single-use plastic bags has been in place in Kenya for more than five years. It has led to a cleaner environment, as plastic bags were causing visual pollution and endangering the lives of livestock that consumed them. However, the ban has not been effective in totally removing the problem.

(g) With reference to the data above and your knowledge of economics, assess the effectiveness of government regulation when dealing with externalities such as pollution.

(9)

Externalities are the spill-over effects of production or consumption on others outside the transactions. Pollution cause negative spill over effects on third parties therefore being a negative externality. Hence, regulation in banning the products which cause pollution is effective in dealing with externalities as shown by Kenya banning single-use plastic bags. This reduces the pollution as the customers are no longer allowed to consume the product and they 'lead to a cleaner environment' because the ~~visual~~ visual pollution is reduced without plastic bags and ~~water~~ air pollution will be less as less people will burn plastic bags to get rid of them since they're not biodegradable.

Furthermore through banning products which produce negative externalities such as single-use plastic bags. It ~~will~~ <sup>might</sup> encourage firms to produce substitutes such as re-usable paper bags due to their high profit in not being able to sell the plastic bags. This ~~will~~ <sup>might</sup> cause more people to buy the cleaner alternative which does not cause any pollution as they are biodegradable and able to be reused. Hence the regulation not only prevents the use of plastic bags which cause pollution but it might encourage the production and use of alternatives which are better for the environment, reducing externalities.

However, subsidising firms which produce alternatives to the products with negative externalities might be more effective. This is because

the regulation has 'not been totally effective in totally removing the problem' in Kenya. Hence subsidising firms will lower the cost of production to make the cleaner alternative with positive externalities, allowing them to sell them for cheaper. Since the costs are lower so the firm can still maximize profits. This will allow consumers to demand more of the cheaper cleaner products like paper bags since they are cheaper, causing a decrease in the use of single use ~~plastic~~ plastic bags and a decrease in pollution effectively dealing with the negative externalities.



**ResultsPlus**  
Examiner Comments

This response scored 7 marks, at the bottom of Level 3.

It has clear knowledge with developed points, appropriate application and thorough analysis. However, the assessment lets it down, meaning the descriptor 'argument is well balanced' is not achieved and the evaluation does not demonstrate full understanding and awareness.



**ResultsPlus**  
Examiner Tip

Simply copying the extract will not lead to high marks. Instead, evidence needs to be used when answering the question.

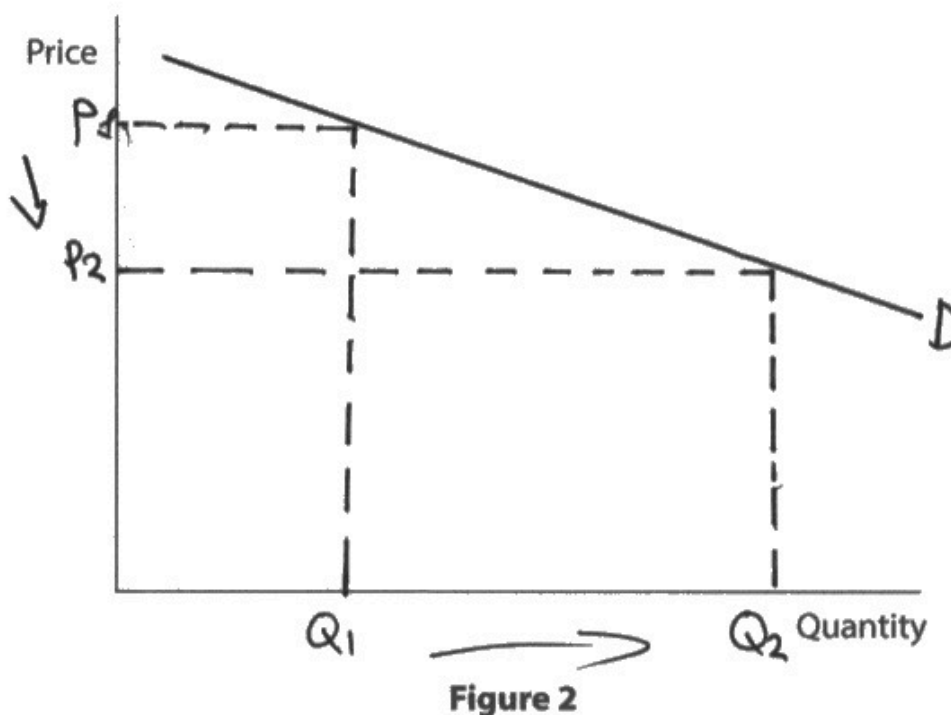
### Question 3 (c)

A pleasing number of candidates were able to answer this question accurately and achieve full marks.

Labelling is required on diagrams to score all the marks available.

(c) Using the diagram below, draw a price elastic demand (PED) curve. Label the curve and show the impact on both axes from a change in price.

(3)



Credit was given for:

Drawing and labelling an accurate price elastic demand curve (1 mark)

Drawing and labelling a change on the price axis that was smaller than the change on the quantity axis (1 mark)

Drawing and labelling a change on the quantity axis that was greater than the change on the price axis (1 mark)

3 marks.



Label your diagram in order to achieve full marks.

### **Question 3 (d)**

Candidates who achieved Level 3 on this question used the evidence appropriately. There was also a good awareness of understanding shown in developed points.

More than one million drinks are bottled each day at the Coca-Cola factory in Mwanza, Tanzania. Over 1,000 workers are involved in the process at its 65,000 m<sup>2</sup> site, which includes filling bottles, sealing them with caps and adding labels. This enables consumers across East Africa to enjoy brands such as Coca-Cola, Fanta and Sprite.

(d) With reference to the data above and your knowledge of economics, analyse the possible advantages for Coca-Cola of using division of labour at the factory.

(6)

division of labour is when large processes are broken-down into small tasks and workers are divided at each task.

Here, the over 1,000 workers are divided into groups and each group is specialised <sup>to do</sup> into a specific task.

some will be filling bottles, while the others will be sealing them with caps and some will be adding labels.

This will increase the productivity as each worker knows exactly how to do his part and as it's repeated

he will do it in less time and with higher efficiency. as less resources are wasted where there won't be any caps lost or labels that are cut, so less cost.

less training for workers is needed as each worker will only need to know one type of duty so also less costs on training.

All of these will allow faster production process as all workers are working at the same time so higher productivity for the factory and lower average costs so higher profits.



Clear knowledge, developed relevant points and appropriate application, as well as a thorough analysis are shown in this response to achieve Level 3 – 6 marks.



One-sided arguments only are required for 'analyse' questions. Focus on developing applied points to present a strong analysis of the situation, rather than listing numerous points as this will not lead to the 'thorough analysis of issues' required for top Level 3 responses.

### **Question 3 (e)**

Top level responses provided a balanced assessment of whether supply is more likely to be more price elastic for textiles than for agricultural products, using appropriate evidence (from the data provided).

Many firms in Bangladesh produce textiles. In the factories, cotton shirts, knitwear and suits are produced. These factories are often operating below capacity.

About 40% of the Bangladeshi population is employed in the agricultural sector. Crops such as wheat, corn and fruit are produced annually by this sector.

- (e) With reference to the data above and your knowledge of economics, assess whether supply is likely to be more price elastic for textiles than for agricultural products.

(9)

Price elasticity of supply is the responsiveness of supply to any changes in price.

supply of

↑ textiles can be more price elastic as it's a manufactured good where the producer can control the quantity supplied more than agricultural goods.

The producer can open the factories for more hours and force the workers to work for more working hours to increase the productivity and the quantity supplied if the price increased, while this can't happen for agricultural goods as their production depends on the weather and crop season also the soil fertility and many other factors that cannot be controlled also agricultural products have a specific production time so if the price for them increased, the producer won't be able to increase quantity supplied till the crops are ready to be harvested, so supply of these crops is inelastic. Also, agricultural goods products cannot be stored as they will be damaged and won't be sold, so if their price decreased the supplier won't be able

to store them till their price increase, so again this makes them price inelastic, unlike textiles that can be stored, so supply of textiles can be elastic.

However, supply for textiles can be less <sup>price</sup> elastic. The cotton production cycle, which is a raw material for cotton shirt, may be longer than production cycle for other agricultural products as wheat.

Also, more about 40% of the population is working in agricultural sector which means that more workers are in this sector, so higher production and productivity increases so this might cause the supply agricultural products to become more price elastic.

Also, people's tastes and trends change over time so storing textiles may not be possible as textiles could be outdated, so this makes supply of textiles less price elastic.



**ResultsPlus**  
Examiner Comments

This response scores 9 marks (Level 3) for providing clear knowledge, appropriate application of economic terms, a thorough analysis and sound evaluation, which shows a full awareness of the issues.



'Assess' questions require a balanced, two-sided argument which is applied to the data presented. There is no requirement for a conclusion or judgement but the analysis and evaluation should be developed, thorough and applied throughout the response.

## Question 4 (a)

A correct answer of \$126.25 scored both marks for this 'calculate' question but it is always recommended to show full workings.

4 Figure 3 shows the daily costs of hiring a vehicle to transport goods to a customer.

Vehicle hire cost (\$ per day)	Fuel cost (\$ per km)	Distance travelled (km)	Cost of insurance (\$ per day)
90	0.25	65	20

Figure 3

(a) Calculate the **daily total costs** of transporting the goods to the customer. You are advised to show your working.

(2)

$$0.25 \times 65 = 16.25$$

$$\text{daily total costs} = 16.25 + 90 + 20$$
$$= \$126.25$$



**ResultsPlus**  
Examiner Comments

Both marks scored for a correct answer, including the \$.



**ResultsPlus**  
Examiner Tip

It is recommended that you always show working in 'calculate' questions.

## **Question 4 (b)**

Knowledge and understanding of internal economies of scale was demonstrated in many responses, as well as some good analysis. However, some candidates presented a list of points rather than analysed how they may lead to benefits for MAS Supermarkets.

MAS Supermarkets is the largest supermarket chain in Cyprus. It owns many shops across the country, selling a wide range of groceries. The firm states that its focus is on selling quality products, offering good service and low prices.

(b) With reference to the data above and your knowledge of economics, analyse how internal economies of scale may lead to benefits for MAS Supermarkets.

Internal economies of Scale occur when a firm expands, and benefits from lower average costs. The 6 types of internal economies of scale are: ~~Managerial~~,  ~~managerial~~, purchasing, financial, marketing, risk-bearing and technical. MAS Supermarkets may have benefitted from purchasing economies of Scale, meaning they could ~~buy~~ buy in bulk from their suppliers. This would mean each individual ~~unit~~ unit they ~~to~~ were to buy would cost less on average. This lower cost would allow MAS Supermarkets to offer lower prices as they could lower the prices of their groceries, encouraging more consumers to ~~buy~~ buy their groceries from them leading to greater revenue and profit.

Another economy of Scale MAS Supermarkets could benefit from would be risk-bearing economies of Scale. Risk-bearing economies mean selling into a wider range of markets for ~~the~~  ~~a~~ greater chance of profits. It is suggested MAS Supermarkets may have benefitted from risk-bearing economies as MAS supermarkets sell into a wide range of ~~the~~ groceries already. If the supermarkets were to further widen their range of products sold, then ~~there~~ there would be more

opportunities to make greater revenue and ~~there~~ hence, greater profits.



**ResultsPlus**  
Examiner Comments

This response is a reasonable match to the Level 3 descriptor as it has:

- clear knowledge
- appropriate application of economic terms
- some selectivity and interpretation of economic information
- some analysis of the issues.

It therefore received Level 3 – 5 marks.



**ResultsPlus**  
Examiner Tip

Focus on applying and developing each chain of reasoning rather than listing several separate points.

## **Question 4 (c)**

A very good use of evidence was provided by candidates achieving Level 3 on this question. This was in conjunction with a balanced, two-sided argument. However, some candidates simply repeated the evidence rather than using it, thus reducing their ability to attain a mark at the top level.

The largest airport in Nigeria is located in Lagos. The Nigerian Government has made several attempts to privatise the country's four main airports over recent years. This has been unsuccessful due to resistance from trade unions that have members at the airport.

- point  
- explain  
- live  
- however

However, recently there has been increased interest from a number of private investors. This is due to the growing population, increasing demand for flights to and from Lagos and a stronger industrial base in the country. This means privatisation of Lagos Airport is now more likely to happen.

innovation  
lower prices  
profit  
customer service

Whilst under the control of the government, subsidies have been used to pay some of the costs to operate the airport, as well as to improve safety and airport facilities.

(c) With reference to the data above and your knowledge of economics, evaluate whether consumers are likely to benefit from the privatisation of Lagos Airport.

(12)

privatisation is the act of moving a government owned organisation from the public sector to the private sector to become run by an individual or group of individuals. firms in the public and private sector have different objectives. firms in the public sector aim to maximise consumer benefits, whereas firms in the private sector aim to maximise profits. Firstly, consumers can benefit from privatisation as they there will be an increase in customer service as firms want to maximise their profits so they ~~can~~ will increase their revenue by attracting more consumers by increasing customer service. If customer service is better then consumers are more likely to use the airport in Lagos to come in and out of the country, so the airport will increase their revenue. However this depends upon whether consumers demand

flights to and from Lagos as to whether it would be effective. If supply ~~demand~~ for flights to and from ~~to~~. Secondly consumers benefit from privatisation due to lower prices. This is because producers are wanting to increase their profits by increasing supply so they will lower their prices to so that demand will increase. However this depends upon the PED for flights because if flights to and from Lagos are inelastic, then the airport won't lower their prices as they know that it will only result in a small change in quantity demanded, so consumers are not likely to benefit from lower prices. Furthermore consumers may benefit from privatisation of Lagos airport as there may be an increase in innovation, especially with the stronger industrial base in the country, so consumers may ~~have~~ <sup>benefit</sup> from more advanced technology in the airport such as passport control machines at the boarder desks & which will decrease their waiting time in the airport, so consumers can benefit. However this depends upon whether Lagos Airport are willing to innovate and spend money to do so, as now being a private sector their main objective is to

maximise profits. Lastly, consumers may benefit from the privatisation of Lagos airport since an increased demand for flights will result in a decreased supply price of flights as price and quantity demanded have an inverse proportional relationship. This means that consumers will be able to have cheaper flights so they will benefit ~~from~~ by saving money. However this depends upon whether Lagos airport are willing to increase their supply of flights whilst keeping the price the same, as an increased supply results in a increased price as supply and price have a proportionate relationship. In conclusion, I think that whilst the privatisation of Lagos airport may bring benefits to consumers there are also potential drawbacks. I think that the main benefit to consumers is that they will have decreased prices as firms in the private sector want to increase their demand in order to have higher profits.



This response is an example of one that matches most of the Level 3 descriptors.

It meets the requirements for a mid-Level 3 response and therefore achieves 10 marks.

The analysis is reasonable and applied but not excellent, the counter argument is balanced but the conclusion attempted adds nothing to the response.



A supported judgement or conclusion is required for top Level 3 responses in 'evaluate' questions.

## Paper Summary

Based on their performance on this paper, candidates are offered the following advice:

- Be careful to read the whole of the question
- Certain requirements were stated which were not acted upon by some candidates taking the paper this series, eg where answers are required to two decimal places
- Candidates need to understand the requirements of the command words in the questions
- Quantitative skills will be tested throughout the paper. These may be in the form of diagrams/graphs, calculations or by using the data in the extracts
- Application marks will not be rewarded simply for repeating the evidence in the extracts
- The evidence needs to be used in the response. 'Analyse' questions do not require evaluation, but the command words 'assess' and 'evaluate' do require a two-sided argument in order to achieve full marks. The evaluate question also requires a conclusion/judgement
- There may be more answer space than is needed for each response. This is also indicated on the front cover of the question paper
- The descriptor tables for 'evaluate', 'assess' and 'analyse' questions do not change between questions with the same command word or exam series. Candidates are advised to practise writing responses using these tables.

## **Grade boundaries**

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<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

