



Examiners' Report

June 2024

Int GCSE Economics 4EC1 01R

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Introduction

A good understanding of economics was shown by candidates taking this paper on the International GCSE specification.

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

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

The levels-based questions required understanding to be 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 awarded for examples.

Examiners accepted the mark scheme response or any other acceptable response, for two marks.

Partial definitions received one mark.

(c) What is meant by the term private sector?

(2)

Private sector is the sector in the economy where individuals or groups of individuals are responsible for the provision of goods and services



ResultsPlus
Examiner Comments

This response scored both marks for a correct definition.



ResultsPlus
Examiner Tip

There are no marks for examples.

Question 1 (d)

This question required one factor that may affect the supply of labour.

There were several possible answers to this question, as per the specification.

(d) State **one** factor that may affect the supply of labour.

Access to education and training

(1)



ResultsPlus
Examiner Comments

Credit was given for a correct factor.

1 mark.



ResultsPlus
Examiner Tip

When only one factor is requested, stating two will not result in additional marks.

Question 1 (e)

'Define' questions are only looking for a definition of the term and not examples.

(e) Define the term government.

(1)

An official organization that controls the country and sets regulations



ResultsPlus
Examiner Comments

Any other appropriate response was credited, along with the mark scheme definition. This response scored 1 mark.



ResultsPlus
Examiner Tip

Candidates will not receive the mark for providing only an example or repeating the term.

Question 1 (f)

Many candidates were able to calculate the correct income elasticity of demand and it was pleasing to see the calculation shown to arrive at this answer.

- (f) Calculate, to two decimal places, the **income elasticity of demand (YED)** for a good if income increases by 6.2% and quantity demanded increases by 1.7%. You are advised to show your working.

(2)

$$YED = \frac{\% \Delta QD}{\% \Delta I}$$
$$\frac{+1.7}{+6.2} = 0.2741935484$$
$$\approx 0.27$$



ResultsPlus
Examiner Comments

The correct answer is given.

If the correct answer had not been given, one mark is still available for a correct calculation.

There are no marks for stating a formula in 'calculate' questions.

2 marks.



ResultsPlus
Examiner Tip

If the question asks for it, make sure you round your answer to the correct number of decimal places in order to score the marks.

Question 1 (g)

This question was answered well by many candidates. However, some did not label either the new demand curve or the new equilibrium points and so did not receive full marks.

Figure 1 shows the market for tennis balls.

- (g) Using the diagram below, draw the likely effects on the market for tennis balls after a fall in the price of tennis rackets. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

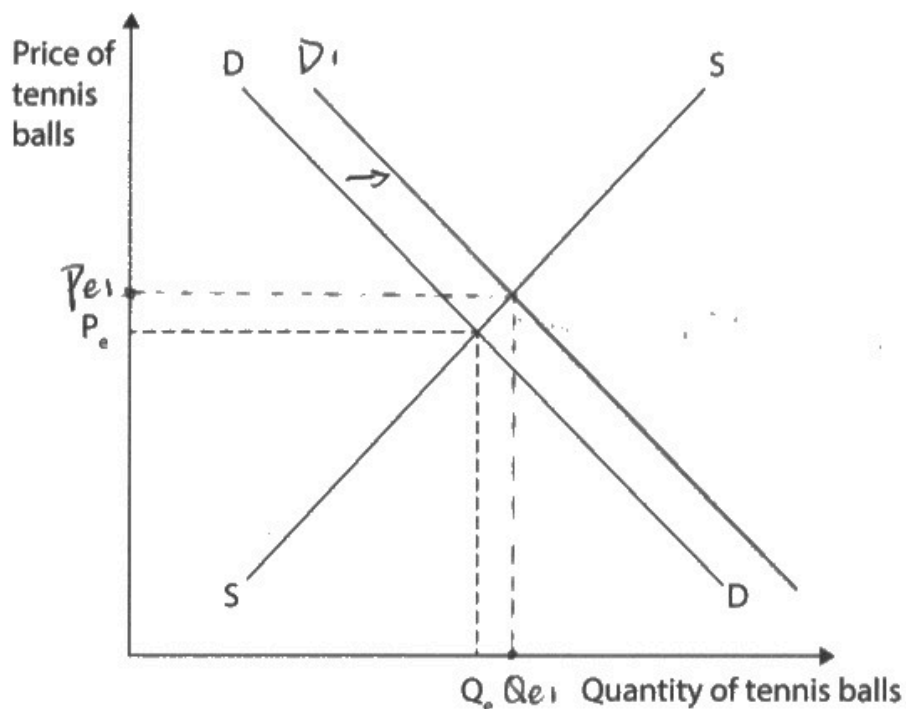


Figure 1



ResultsPlus
Examiner Comments

Marks are given for:

A rightward shift in demand, which has been labelled (1)

The labelled new equilibrium price (1)

The new equilibrium quantity (1)

3 marks.



You must label the new shift and the new equilibrium points to gain full marks.

Question 1 (h)

Examiners were looking for just one opportunity cost to be provided. To score the three marks available, it needed to be developed and in context.

A firm has decided to purchase a new delivery vehicle.

(h) Explain one possible opportunity cost for the firm of this decision.

(3)

- A possible opportunity cost for the firm would be that they cannot hire as many workers. This is because the firm may not have enough resources/finance to both purchase a new delivery vehicle and also hire more workers. This means if the firm purchases a new delivery vehicle, they cannot afford to pay for more workers (can only choose one).



ResultsPlus
Examiners Comments

Marks were scored for:

'cannot hire as many workers' (1 mark – opp cost)

'not enough resources/finance to purchase (both)' (1 mark – context)

'cannot afford/can only choose one' (1 mark – development)

3 marks.



ResultsPlus
Examiners Tip

'Explain' questions require one reason/way/advantage, which is in context and developed, to gain all 3 marks.

Question 1 (i)

There was a good understanding of non-profit maximising motives shown by many candidates.

It was the ability to analyse and apply the data from the extract that differentiated candidates' marks.

Jags owns a café in a small town in Malaysia. During a recent school holiday, she offered a free lunch to each child visiting the café with a paying adult. This was welcomed by customers who have had problems in the last few months due to the rising cost of living.

- (i) With reference to the data above and your knowledge of economics, analyse a possible reason why Jags chose not to maximise profit.

(6)

It is an economic assumption that firms will decide to maximise profits. Some possible reasons for why Jags chooses not to maximise profits could be that ~~they~~ Jags has a different objective such as ~~care~~ caring for customers or completing charitable work in this case.

By offering free lunches such as to a child, Jags will not be able to earn as much profit. This could be due to Jags decision as she may want to help customers out that has had problem in the last few months due to the rising cost of living. By doing this, Jags may attract positive publicity as seen by the welcome by customers, gaining better reputation instead. ^{more} Customers are likely to want to go to the Café and there would be increased customers. Staff in Jags Café may become more motivated and productivity may rise. As a result, Jags may ~~ear~~ still earn more profit by helping out the ^{people in the} small town ~~that~~ than if Jags decided to ~~profit~~ profit maximise instead.



This response scored all 6 marks available (Level 3).

There is clear understanding, applied and developed to the information and the analysis of issues is thorough.



Candidates should not evaluate 'analyse' questions. There are no marks available for doing so and it will result in less time being available for other questions.

Question 2 (c)

Many candidates were able to calculate the percentage change in quantity supplied and it was pleasing to see the calculation used to arrive at this answer.

- (c) Calculate the **percentage change in quantity supplied** for a product if the price elasticity of supply (PES) is 1.5 and the price increases by 12%. You are advised to show your working.

(2)

$$\frac{x}{12} = 1.5$$

$$1.5 \times 12 = 18\%$$



ResultsPlus
Examiner Comments

The correct answer of 18% is given. If the correct answer had not been given, one mark is still available for a correct calculation.

There are no marks for stating a formula in 'calculate' questions.

2 marks.



ResultsPlus
Examiner Tip

Do not ignore the units with '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 awarded for examples.

Examiners accepted the mark scheme response or any other acceptable response, for two marks.

Partial definitions received one mark.

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

0. *the sum of*
Social costs are private costs and external costs

(2)



ResultsPlus
Examiner Comments

This response scored both marks as it showed understanding of the term by referencing both 'external costs' and 'private costs'.



ResultsPlus
Examiner Tip

Do not use examples to answer 'what is meant by' questions.

Question 2 (e)

This question required one reason and development of the reason for both marks.

(e) Describe **one** reason why innovation may be more likely to occur in a monopoly. (2)

There is no competition present, so instead of spending on promotion or other tactics firms in a competitive market use, monopolies can spend money and time into research and development. This brings innovation.



Both marks are gained for:

a reason: 'there is no competition present'(1)

development: 'so instead of spending on promotion..' (1)

2 marks.



Only one reason/advantage/way/factor etc. is required for one mark.

The second mark can only come for development of this and not for a list of reasons etc.

Question 2 (f)

A good response was seen from candidates answering this question, many of them developed and in context.

Sajad owns a shop selling smartphones in Karachi, Pakistan. The shop has been successful for several years and there is an opportunity for Sajad to open an additional shop on the other side of the city.

(f) Explain **one** reason why Sajad may decide to expand his business.

EoS

(3)

Sajad may decide to expand his business ~~at~~ to enjoy the economies of scale. Economies of scales are the lower average costs a firm experiences when it expands. By expanding, Sajad could bulk-buy ~~materials~~ components of smartphones or finished cell phones to be sold in large quantities. Suppliers may offer Sajad a discount or a lower price when buying in large quantities, lowering the average costs of the shop. This is the internal purchasing economies of scale.



ResultsPlus
Examiner Comments

The response scores all three marks:

'to enjoy economies of scale' – reason (1 mark)

'bulk buy components of smart phones – context (1 mark)

Development of this is offered by the penultimate sentence beginning, 'Suppliers..' (1 mark).

3 marks.



ResultsPlus
Examiner Tip

An effect/way/reason must be given to gain any marks.

Question 2 (g)

A two-sided argument, which used the evidence, was offered by more able candidates.

However, several responses simply repeated the information provided, rather than using it to answer the question, thus accessing only a lower level in the mark scheme.

In January 2023, the minimum wage in the Netherlands was increased by 10.15% to €1 934.40 per month. The decision was partly due to inflation increasing to 17% during 2022.

However, the decision has been criticised because the economy is still weak following the global health crisis.

(g) With reference to the data above and your knowledge of economics, assess the likely benefits of increasing the minimum wage for employees and firms in the Netherlands.

(9)

- Minimum wage is the minimum amount employees are legally entitled to be paid for their work/service.
- In the Netherlands, the minimum wage that had previously been €1731.29 was increased to €1934.40 per month.
- Since there was an inflation of 17%, the 10.5% increase in minimum wage will help employees to be able to pay for/buy goods and services.
- This will also increase their motivation as the employees' wage rate may have increased.
- This will lead to the employees being more productive and overall productivity increasing for the firm.
- It will also lead to an increase in demand for the firm's products as more people will be willing to buy goods and services.
- This will help the business cover the cost of the wage increase, increase profit and raise productivity which will help strengthen the economy.
- However, since the economy is still weak from the ~~the~~ global health crisis, firms may not have

enough funds to pay the workers the increased wage rate

- This could lead to many employees getting laid off and demand for goods/products fall as more people lose their jobs.

- Additionally, the inflation rate is 17% so a 10.5% increase in the wage rate may not be enough to cover the cost of inflation for the employer as the inflation percentage is higher than the increase in minimum wage

- Cost for firms will also rise and this may lead to further inflation with firms passing down the costs as higher prices to consumers, or firms exiting the market and negative economic growth.



ResultsPlus
Examiner Comments

This response scored 7 marks (Level 3) as it has good interpretation of economic issues, some analysis and offers more than one viewpoint.

However, development could be improved and the response is unbalanced.



ResultsPlus
Examiner Tip

Simply copying the extract, or re-writing parts of it, is not going to lead to high marks! High level arguments need to use the evidence, rather than repeat it, to present arguments that are applied to the question.

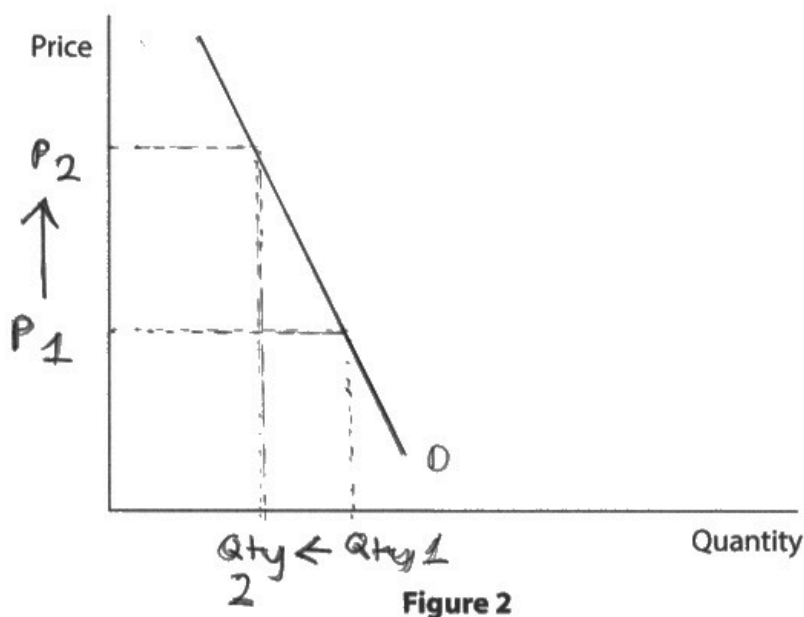
Question 3 (c)

Pleasing numbers of candidates were able to respond to this question appropriately.

Clear labels allowed all three marks to be accessed.

- (c) Using the diagram below, draw a diagram to show a demand curve that has price inelastic demand. Label the curve and show the impact on both axes from a change in price.

(3)



ResultsPlus
Examiner Comments

This response scored 3 marks for:

an accurate inelastic demand curve, labelled (1 mark)

the change in price being greater than the change in quantity, labelled on the Y axis (1 mark)

the change in quantity being greater than the change in price, labelled on the X axis (1 mark)

3 marks.



ResultsPlus
Examiner Tip

Always label your diagram to score full marks.

Question 3 (d)

The evidence was used well by candidates who achieved Level 3 on this question. There was also a good awareness of understanding shown in developed points.

At the start of 2023, a study was carried out on the government-owned Portuguese airline, TAP Air, to see whether there were any potential investors. The objective was to begin the process of privatising TAP Air as soon as possible.

(d) With reference to the data above and your knowledge of economics, analyse the possible advantages of privatisation for TAP Air.

(6)

Privatisation is the act of the transfer of public sector goods by the government to the firms in the private sector (selling). In this case, the ~~port~~ Portuguese airline TAP ~~has been~~ has been wanted to be privatised by the government and may possibly bring many benefits for the airline.

An advantage of the possibly privatisation of TAP Air would be that the company could change its objectives into profit maximisation. This is because the privatisation would mean that there would no longer be interference by the government and so the owners could focus on other projects and goals. This would possibly allow TAP Air to also repay any debt of the airline and fund for new focuses. Another advantage of this possible act of privatisation could be that TAP Air could attract more investment from individuals / firms into the airline more easier since it would be competing in the airline market. This would allow TAP Air to further improve its service and quality and possibly become more competitive in the airline industry, allowing the

To TAP air to also earn more profit and gain more market share.



ResultsPlus
Examiner Comments

Clear knowledge, developed relevant points and application, along with excellent analysis is shown in this response.

It only failed to achieve full marks because the selectivity and organisation of information was reasonable, rather than excellent.

Level 3 – 5 marks.



ResultsPlus
Examiner Tip

One-sided arguments only are needed for 'analyse' questions.

Focus on developing applied points to present a strong analysis, not an undeveloped list.

Question 3 (e)

Top level responses provided a balanced assessment of the link between an increase in price and an increase in total revenue.

Prime Hydration is a range of drinks launched in 2022 by YouTube celebrities, KSI and Logan Paul. It was instantly very popular, especially with teenagers. At its launch in the UK, the recommended retail price for a bottle was £1.99.

However, the price of a bottle on Amazon ranged from £8.25 to £19.99 but availability was not guaranteed.

- (e) With reference to the data above and your knowledge of economics, assess whether an increase in the price of Prime Hydration is always likely to lead to an increase in total revenue for retailers.

(9)

Total revenue ~~is~~ equals quantity of goods multiply average price of the good.

When there is an increase in price of Prime Hydration, there will be a decrease in the quantity of drink demanded by customers.

As the price isn't very high, this drink is likely to have an inelastic PED, which means the percentage change in price is greater than the percentage change in demand. Therefore, the increase in price won't influence the demand for this drink very much because the cost of this drink is only a little percentage for people's daily spending. ~~So~~ So the revenue is likely to increase.

What's more, as this Prime Hydration drink has been popular recently, it is ~~more~~ more likely to be a trend in buying this drink, which means people will stick to this drink even ~~if~~ its price increases.

Customers may have a habit in drinking this drink. They may also be influenced by other individuals around them to buy this drink because they don't want to become outliers, especially among teenagers. Therefore, this drink has a group of reliable buyers, which help to increase its revenue.

However, as teenagers are its major customers, the increase in price might make the drink unaffordable to them because

they don't have much money. There is more likely to be a price elastic demand trend among teenagers and this drink and the increase in price will cause ~~a~~ a decrease in revenue because ~~the~~ the ~~loss~~ loss of customers is quicker than the price increases.



ResultsPlus
Examiner Comments

A top-level mark of 8 was given to this response.

It matches the level descriptors in the mark scheme for a level three response with the exception of lacking balance and not having thorough analysis.



ResultsPlus
Examiner Tip

'Assess' questions require a balanced, two-sided argument, which is applied.

There is no requirement for a judgement or a conclusion, but the argument(s) and counter argument(s) should be developed and thorough, as well as in context.

Question 4 (a)

An excellent understanding of total variable costs was shown with responses to this question.

- 4 Figure 3 shows the costs to a firm of running a machine to produce an order of goods.

Purchase price of machine (\$)	Electricity (\$ per hour)	Production time (hours)	Insurance (\$)
1 036	0.45	19	17

Figure 3

- (a) Calculate the **total variable costs** of this order for the firm.
You are advised to show your working.

(2)

$$\begin{aligned} \text{total variable costs} &= \text{total} - \text{fixed} \\ &= (1036 + 0.45 \times 19 + 17) - 17 - 1036 \\ &= \$8.55 \end{aligned}$$



ResultsPlus
Examiner Comments

Full marks were given for a correct final answer of \$8.55

2 marks.



ResultsPlus
Examiner Tip

It is recommended to always show full calculations in all 'calculate' questions.

Question 4 (b)

Knowledge and understanding of external economies of scale was good in many responses but the ability to analyse this knowledge was more varied.

A project to update the infrastructure and develop new routes along Indian railways has been in progress for a number of years. One part of the plan is to expand the rail network between Hyderabad and Karnataka.

to supplier
• similar business area
• share of resource

The expanded railway network will provide more services for passengers, along with more freight trains. This will mean more raw materials, including cement, iron ore and steel can be transported.

(b) With reference to the data above and your knowledge of economics, analyse the impact of external economies of scale on construction firms in India.

(6)

External economies of scale is the decrease in average cost experienced by firms in the similar expertise, due to an increase in size of the firm. In this case, firms in Hyderabad and Karnataka, and those along the routes in the new Indian railway can benefit from external economies of scale.

Firstly, firms can have easier access to supplier. In the case, firms along the rail network between Hyderabad and Karnataka can have ~~an~~ easier access to raw materials. This allows firms to spend less on transport of these raw materials can save profits. They can also access the material any time, which facilitates their production.

Secondly, similar businesses in the area can share resources and technology due to improvement of railway network. For example, construction firms can share cement or steel with each other. ~~as~~ This leads to less resources being wasted as a result. Additionally, ~~the~~ construction firms can improve on their technological advancements from being in the same area.



This response scored Level 3 (5 marks).

It offers developed points using the data and applies it using economic concepts. However, the analysis is not thorough enough to attain all 6 marks available.

Inaccurate knowledge at the start was ignored as the response went on to clarify sufficient understanding.



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

Question 4 (c)

The use of evidence was very good for candidates achieving Level 3 but this was in conjunction with balanced, two-sided arguments.

Some candidates simply repeated the data rather than using it, thus reducing their ability to attain a top-level mark.

In 2023, the Egyptian Government raised the price it paid for wheat to encourage farmers to increase production.

Wheat farmers face the difficulty of a limited amount of land available for agriculture. However, there are government programmes including land reclamation and guidance for farmers on both the use of fertiliser and irrigation systems.

As well as having a limited amount of land, many farmers are only familiar with traditional methods of farming and do not have the skills or the finance to change to new methods.

(c) With reference to the data above and your knowledge of economics, evaluate the extent to which these government programmes may affect farming productivity in a country such as Egypt.

(12)

Productivity is the amount of output in relation to the amount of resources available (input) and time taken. In this case, the government programmes are a type of government intervention which may help increase the productivity in farming for farmers in a country such as Egypt.

By raising the price paid for crops such as wheat for farmers, this would mean that farmers would earn more profit. This would mean that the farmers would be able to use the additional (more) profit to invest in capital such as machinery to help increase output in crops and possibly increasing productivity. The government programmes ~~that~~ also provide farmers with land reclamation and irrigation systems. This is likely to increase the productivity of farmers in Egypt especially as the climate is relative dry and hot. This means that ^{Providing} irrigation by

government and fertiliser, this would provide more water supply to the farms and make the soil more fertile, increasing the capability for farmers to grow more crops at the same time and there would be more output for farmers to also earn more profit, since the use of irrigation and fertiliser helps ~~improve the~~ improve the factor of production of land.

Moreover, the government programmes may not necessarily lead to increased productivity in farmers in Egypt. This is because many farmers in LEPCs such as Upper Egypt are poor and are not well educated as they are only familiar with traditional methods. This means even if the government provide programmes, the farmers may not know how to manage the farm land or use the machinery properly. This would depend on how much the government is willing to invest and improve the training programmes. It may be better to use other government methods such as encouraging skilled labour to help out the farms in Egypt and to educate them or provide more subsidies to allow the farmers to improve their capital instead.

In evaluation, the extent of which these government programmes ~~will~~ may affect farming productivity in Egypt will depend on the government's objective in the long run and whether or not the farmers in Egypt are able to adapt to this ~~se~~ change. It seems that in conclusion, the government programmes may increase the productivity of farmers in Egypt, but only up to a certain extent.



This response is a very good match to all of the Level 3 descriptors.

It meets all the requirements for Level 3 with a balanced, two-sided argument, leading to a supported conclusion. It presents an excellent organisation of information and application is appropriate.

A very good response which therefore achieves Level 3, 12 marks.



This is the only question on the paper requiring a supported judgement/conclusion.

Paper Summary

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

- Be careful to read the whole of the question. Certain requirements were not acted upon by some candidates in this series, eg when answers are required 'to two decimal places'.
- Candidates need to understand the requirements of the command words in the questions. This will allow them to access marks relating to each of the four assessment objectives tested on the paper.
- Quantitative skills will be tested throughout the paper. These may be in the form of diagrams/graphs, calculations or using the data in the extracts, to provide the application in the questions.
- Application marks will not be awarded simply for repeating evidence from the extracts. It 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 supported judgement/conclusion.
- There may be more answer space provided than needed for responses. This is also indicated on the front cover of the question paper.
- The descriptor tables for questions with the command words 'analyse', 'assess' and 'evaluate' do not change between questions with the same command word or between exam series. Candidates are advised to practise writing responses using these tables.

Grade boundaries

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