



Mark Scheme (Results)

Summer 2024

Pearson Edexcel International GCSE
In Economics (4WEC1) Paper 01
Paper1: Microeconomics and Business
Economics

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question number	Which one of the following values shows perfectly price elastic demand?	Mark
	Answer	
1(a)	<p style="text-align: center;">AO1 1 mark</p> <p>The only correct answer is: D Infinity</p> <p>A is not correct because this is unitary elasticity B is not correct because demand is price inelastic C is not correct because this is perfectly price inelastic demand</p>	(1)

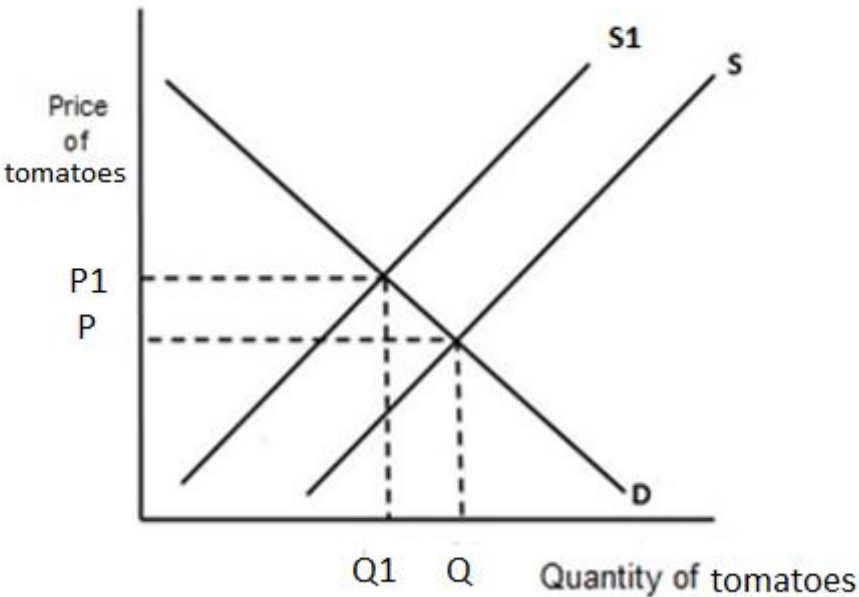
Question number	A country has a minimum wage of €6.04 per hour. If a worker provides 35 hours of labour in a week, the lowest weekly wage the worker can earn is	Mark
	Answer	
1(b)	<p style="text-align: center;">AO2 1 mark</p> <p>The only correct answer is: C €211.40</p> <p>A is not correct because this is only one hour of labour B is not correct because this is less than the minimum wage for a 35-hour week D is not correct because this is not the lowest amount that can be earned</p>	(1)

Question number	What is meant by the term mixed economy?	Mark
	Answer	
1(c)	<p style="text-align: center;">AO1 2 marks</p> <p>Award up to 2 marks for a correct definition</p> <p>The state/public and private sectors (1) provide goods/services between them (1)</p> <p>Accept any other appropriate response</p>	(2)

Question number	State one example of an occupation that is in the primary sector of an economy.	Mark
	Answer	
1(d)	<p style="text-align: center;">A01 1 mark</p> <p>Award 1 mark for a correct example</p> <ul style="list-style-type: none"> Farmer/miner <p>Accept any other appropriate response</p>	(1)

Question number	Define the term producer.	Mark
	Answer	
1(e)	<p style="text-align: center;">A01 1 mark</p> <p>Award 1 mark for a correct definition</p> <p>A person/company/country that makes/creates goods/services</p> <p>Accept any other appropriate response</p>	(1)

Question number	Calculate, to two decimal places, the price elasticity of supply (PES) for a good if price increases by 6.1% and quantity supplied increases by 5.7%. You are advised to show your working.	Mark
	Answer	
1(f)	<p style="text-align: center;">A02 2 marks</p> <p>Award 1 mark for showing correct calculation $5.7\% \div 6.1\%$ (1)</p> <p>Award 1 mark for correct price elasticity of supply (PES) $= 0.93$ (1)</p> <p>Award 2 marks if PES is correctly calculated as 0.93, even if no calculations are shown</p> <p>Do not award marks for the formula</p>	(2)

Question number	<p>Using the diagram below, draw the likely effects on the market for tomatoes, after a week of bad weather for growing tomatoes. Label the new curve, the new equilibrium price and the new equilibrium quantity.</p> <p>Answer</p>	Mark
1(g)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for a leftward shift of the supply curve, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a lower equilibrium quantity, labelled</p> 	(3)

Question number	<p>Explain one possible opportunity cost for Casper of this decision.</p> <p>Answer</p>	Mark
1(h)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for identifying a relevant opportunity cost Award 1 mark for developing the opportunity cost Award 1 mark for the response being in context</p> <ul style="list-style-type: none"> One opportunity cost is Casper may not be able to buy a new phone (1) because he does not have enough money for both (1) so he has to sacrifice the next best alternative when using the money he has to buy the television (1) <p>Accept any other appropriate response</p>	(3)

Question number	With reference to the data above and your knowledge of economics, analyse two possible factors influencing Anastasia's decision to open a second club.
	Indicative content
1(i)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Factors influencing the growth of firms include the desire to spread risk, to take over competitors, access to finance, economies of scale and government regulation • The martial arts club has been successful for a few years, meaning Anastasia may have access to finance • Therefore, she may have enough finance with which to open a second club in another district of Budapest • Although the club is successful in District 16, Anastasia may wish to spread the risk • In case demand changes at her existing club the revenue from the second club is able to support the running of the firm

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	<ul style="list-style-type: none"> • Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	<ul style="list-style-type: none"> • Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	Which one of the following diagrams shows excess supply?	Mark
Answer		
2(a)	<p style="text-align: center;">AO2 1 mark</p> <p>The only correct answer is:</p> <div style="text-align: center;"> </div> <p>C</p> <p>A is not correct because this shows excess demand B is not correct because this shows an increase in supply D is not correct because this shows a movement along the supply curve</p>	(1)

Question number	Which one of the following is a feature of a monopoly?	Mark
Answer		
2(b)	<p style="text-align: center;">AO1 1 mark</p> <p>The only correct answer is:</p> <p>C The firm is a price-maker</p> <p>A is not correct because there is only one firm B is not correct because there would only be one firm in a monopoly D is not correct because barriers to entry would be high in a monopoly</p>	(1)

Question number	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.	Mark
	Answer	
2(c)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for showing the correct calculation $-10\% \times -1.9$ (1)</p> <p>Award 1 mark for correct change in quantity demanded $= 19\%$ (1)</p> <p>Award 2 marks if the change in quantity demanded is correctly calculated as 19%, even if no calculations are shown</p> <p>Award 1 mark if the change in quantity demanded is calculated as 19, even if no calculations are shown</p> <p>Do not award marks for a formula</p>	(2)

Question number	What is meant by the term social benefits?	Mark
	Answer	
2(d)	<p style="text-align: center;">AO1 1 mark</p> <p>Award up to 2 marks for a correct definition</p> <p>Private benefits (1) plus external benefits (1)</p> <p>Accept any other appropriate response</p>	(2)

Question number	Describe one feature of an oligopoly.	Mark
	Answer	
2(e)	<p style="text-align: center;">AO1 2 marks</p> <p>Award 1 mark for reference to the feature and 1 mark for development of the feature</p> <p>Barriers to entry (1) therefore fewer firms can enter the market (1)</p> <p>OR</p> <p>Different products (1) to stand apart from competitors (1)</p> <p>Accept any other appropriate response</p>	(2)

Question number	Explain one reason why Mostafa may want to offer this discount rather than to maximise profit. Answer	Mark
2(f)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context</p> <ul style="list-style-type: none"> Managers may have the objective of maximising sales (1). Selling at a 10% discount means lower revenue per sale, so the shop may not maximise profit (1), but it may result in higher/more sales due to the lower price (1) Managers may have different objectives to owners (1) Mostafa may want to maximise sales because it affects his salary (1). The more he sells the higher his salary will be (1) <p>Accept any other appropriate response</p>	(3)

Question number	<p>With reference to the data above and your knowledge of economics, assess the effectiveness of government regulation when dealing with externalities such as pollution.</p> <p>Indicative content</p>
<p>2(g)</p>	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Negative externalities are spillover effects on third parties due to consumption/production • Pollution is an example of a negative externality because its effects are felt by those not producing or using the plastic bags • One method of government intervention to reduce negative externalities is the use of regulation • Regulation, such as the ban on single-use plastic bags, will limit the amount of pollution produced and reduce the externalities due to penalties if it is not followed • The ban in Kenya has led to a cleaner environment as the reduced consumption means the visual pollution and danger to livestock is less of a problem • Therefore, the regulation has been quite effective in reducing the negative externality <p>AO4</p> <ul style="list-style-type: none"> • However, the regulation has not solved the problem of pollution in Kenya • It costs money and takes time to monitor any illegal activity, causing an opportunity cost • The effectiveness of the regulation depends on the level of enforcement by the government and cooperation from the public • There are likely to be other problems, aside from plastic bags causing pollution in Kenya, which may need to be addressed by other methods than regulation • Other methods of government intervention may be more effective, such as fines or taxation

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> • Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	<ul style="list-style-type: none"> • Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	<ul style="list-style-type: none"> • Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question number	An increase in which one of the following is most likely to cause a decrease in the supply of labour?	Mark
	Answer	
3(a)	<p style="text-align: center;">AO1 1 mark</p> <p>The only correct answer is: B The school-leaving age</p> <p>A is not correct because this would increase the supply of labour C is not correct because this would mean more people were available to work D is not correct because this would affect the demand for labour</p>	(1)

Question number	Which one of the following is the formula to calculate total revenue?	Mark
	Answer	
3(b)	<p style="text-align: center;">AO1 1 mark</p> <p>The only correct answer is: A Quantity sold x price</p> <p>B is not correct because this does not allow revenue to be calculated C is not correct because this does not account for units sold D is not correct because this does not calculate revenue</p>	(1)

Question number	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.	Mark
	Answer	
3(c)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for drawing elastic demand curve, labelled Award 1 mark for showing smaller price change on the axis Award 1 mark for showing a greater change in the quantity on the axis</p> <div style="text-align: center;"> </div>	(3)

Question number	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. Indicative content
3(d)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Division of labour involves breaking down the production process into smaller tasks • Each worker specialises in only one task, such as filling bottles, sealing with caps or adding labels • By specialising, efficiency is improved because workers can carry out these tasks more quickly, allowing more than one million drinks to be bottled each day • This leads to an increase in productivity and lower average costs of production of drinks such as Fanta and Sprite • The 1,000 workers do not need to waste time moving across the 65,000m² site between tasks and so greater efficiencies are created, again lowering average production costs

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Level 1	1–2	<ul style="list-style-type: none"> • Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	<ul style="list-style-type: none"> • Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	<ul style="list-style-type: none"> • Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	<p>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.</p> <p>Indicative content</p>
3(e)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Price elasticity of supply (PES) measures the responsiveness of supply to a change in price • PES is affected by how quickly and easily supply can change when price changes • A product has an elastic PES if the percentage change in supply is greater than the percentage change in price. The greater the difference, the more price elastic the supply of the product • Supply of textiles does not depend on natural factors like the weather whereas it does for agricultural products, meaning it is easier to change supply of textiles in response to a change in price • Agricultural products, such as fruit, are perishable as well as needing time to grow but textiles can be stored, meaning the supply of agricultural products is less likely to change in response to a change in price compared to the supply of textiles • Supply of textiles is more price elastic because, unless you are operating at full capacity it is possible to work an extra shift and increase production <p>AO4</p> <ul style="list-style-type: none"> • However, if operating at full capacity, it takes time and a range of machinery to produce textiles, making it more difficult to change production to respond to a change in price • The cost involved when producing textiles means firms may not be able to afford to produce them to store. This may make the supply of textiles less price elastic • It may depend on the growing conditions in Bangladesh whether the farmers can adjust growing in response to a change in price • Supply of agricultural products might be more price inelastic in the short run but in the long run producers may be able to adjust techniques to respond to changes in price more quickly

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	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> • Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	<ul style="list-style-type: none"> • Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	<ul style="list-style-type: none"> • Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question number	Calculate the daily total costs of transporting the goods to the customer. You are advised to show your working. Answer	Mark
4(a)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for showing correct calculation $\\$90 + \\$20 + (65 \times \\$0.25)$</p> <p>OR</p> <p>$\\$90 + \\$20 + \\16.25 (1)</p> <p>Award 1 mark for calculating correct total costs $= \\$126.25$ (1)</p> <p>Award 2 marks if total costs are correctly calculated as \$126.25, even if no calculations are shown</p> <p>Award 1 mark if total costs are calculated as 126.25, even if no calculations are shown</p> <p>Do not award marks for the formula</p>	(2)

Question number	With reference to the data above and your knowledge of economics, analyse the possible benefits of privatisation for the Egyptian Government.
	Indicative content
4(b)	<p style="text-align: center;">A02 (3 marks)/A03 (3 marks)</p> <p>A02 and A03</p> <ul style="list-style-type: none"> • Privatisation involves the sale of state-owned assets to the private sector • By selling 32 state-owned firms to private investors, the Egyptian Government could raise \$1.9bn which could be used to fund state projects • As a result of receiving the revenue, the Egyptian Government may be able to pay off public sector debt and stabilise the Egyptian economy • By selling state-owned assets the government may not have as much debt in the future and would therefore need less funding from tax revenue • This would allow the government to use any other revenue to support other areas of government spending, such as education or health care

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	<ul style="list-style-type: none"> • Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	<ul style="list-style-type: none"> • Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	<p>With reference to the data above and your knowledge of economics, evaluate whether purchasing economies of scale are likely to bring more benefits to Dawn till Dusk Bistro than other economies of scale.</p> <p>Indicative content</p>
4(c)	<p style="text-align: center;">A02 (4 marks)/A03 (4 marks)/A04 (4 marks)</p> <p>A02 and A03</p> <ul style="list-style-type: none"> • Internal economies of scale, such as purchasing, marketing, technical, financial, managerial or risk bearing, cause average costs to fall as a firm expands • Dawn till Dusk Bistro will need food ingredients in greater quantities in order to prepare meals for customers throughout the day and evening • Therefore, it may benefit from purchasing economies of scale, by buying inventory in large quantities to obtain discounts • By reducing its average costs, Dawn till Dusk Bistro may be able to pass on cost-savings to its customers, allowing it to offer meals at lower prices • Lower prices may lead to increased demand and Dawn till Dusk Bistro may be able to employ more workers, add additional tables or make improvements to the existing premises • This may mean it is able to benefit further from purchasing economies of scale <p>A04</p> <ul style="list-style-type: none"> • However, the merger between the cafe and restaurant means marketing costs/marketing economies of scale can be shared instead of being paid separately by both Vicky and Matt • This means that the various types of meal offered by the bistro could be promoted together, reducing this cost • Technical economies may be enjoyed as the same/better equipment (ovens, food mixers) could be used to make meals at different times of the day • This could reduce the costs of the bistro because it would no longer require two sets of equipment • Risk-bearing economies could lead to lower average costs because the business operates from just one premises, instead of two different ones used previously • As a result, less revenue would be needed to cover the costs of the bistro, meaning it would be easier to make a profit • Overall, a number of economies of scale could be enjoyed by the business and it likely these will further enable other economies to be gained rather than any being in isolation

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"> • Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	<ul style="list-style-type: none"> • Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	<ul style="list-style-type: none"> • Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).

