Candidate surname | Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE (9–1)

Tuesday 21 May 2024

Afternoon (Time: 1 hour 30 minutes) | **Paper reference** **4WEC1/01**

Economics (Modular)
UNIT 1: Microeconomics and Business Economics

You do not need any other materials. | Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
  – *there may be more space than you need*.
- Calculators may be used.
- You are advised to **show all your working out** with **your answer clearly identified** at the **end of your solution**.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question*.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

Pearson

Answer ALL questions. Write your answers in the spaces provided.

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

1 (a) Which **one** of the following values shows perfectly price elastic demand?

(1)

☒ **A** −1

☒ **B** −0.5

☒ **C** Zero

☒ **D** Infinity

(b) 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

(1)

☒ **A** €6.04

☒ **B** €205.36

☒ **C** €211.40

☒ **D** €422.80

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

(2)

....

....

....

....

....

....

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

(1)

....

....

....

(e) Define the term producer.

(1)

....

....

....

(f) 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.

(2)

....

....

....

....

....

....

Figure 1 shows the market for tomatoes.

(g) 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.

(3)
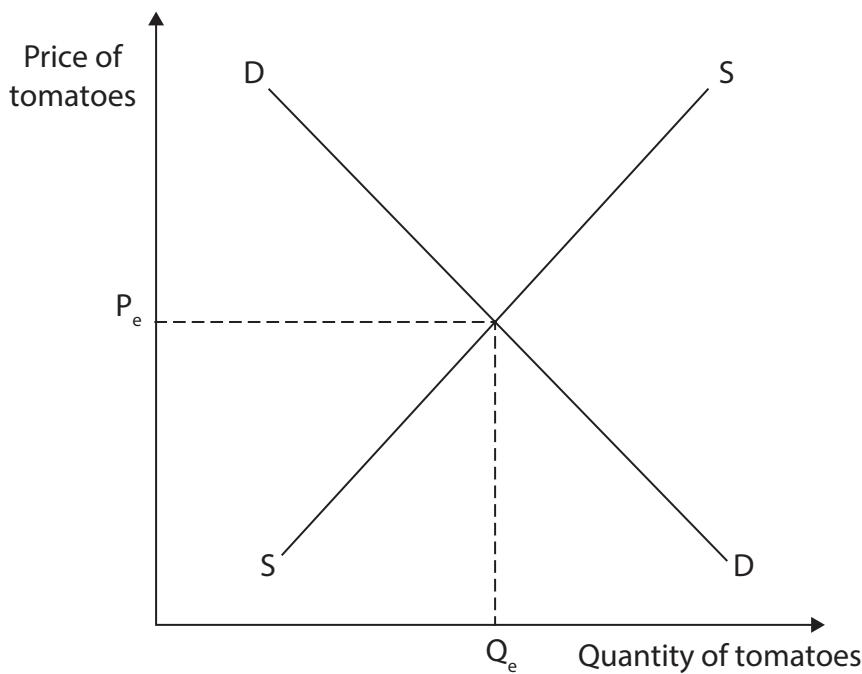
Figure 1

Casper has decided to purchase a new television.

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

(3)

....

....

....

....

....

....

....

....

....

....

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)

....

....

....

....

....

....

....

....

....

....

....

....

(Total for Question 1 = 20 marks)

**2** (a) Which **one** of the following diagrams shows excess supply?

(1)

☒ **A**
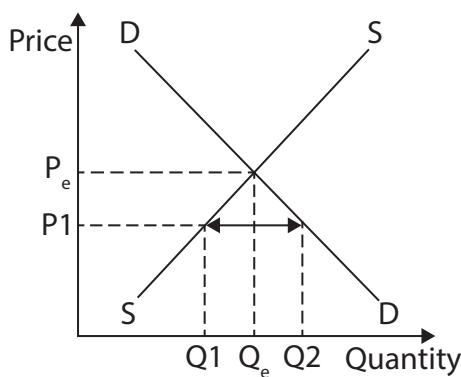
☒ **B**
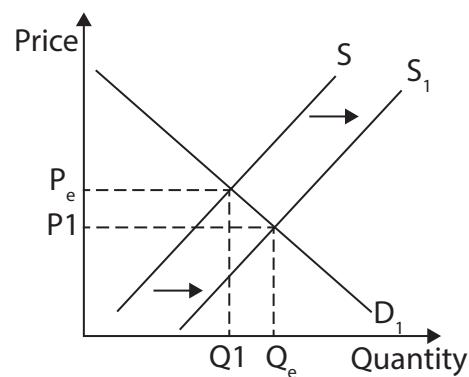
☒ **C**
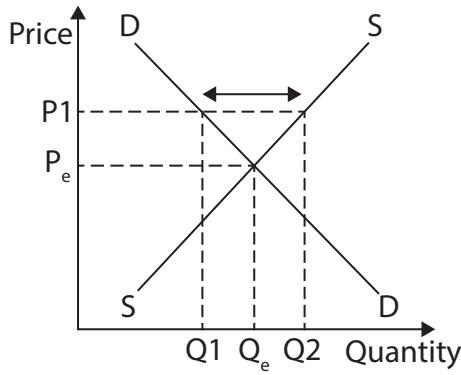
☒ **D**
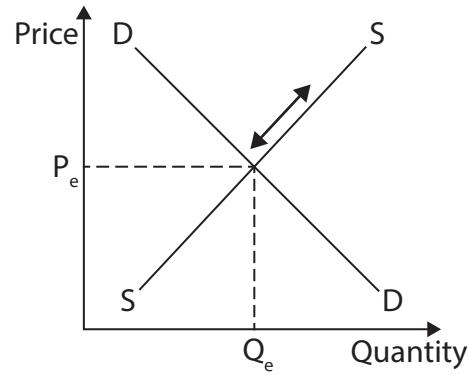
(b) Which **one** of the following is a feature of a monopoly?

(1)

☒ **A** Consumers have a choice of firms

☒ **B** There are many firms competing in the market

☒ **C** The firm is a price-maker

☒ **D** There are low barriers to entry

(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)

....

....

....

....

....

....

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

(2)

....

....

....

....

....

....

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

(2)

....

....

....

....

....

....

....

Hanan is the owner of a shop and wants to 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)

....

....

....

....

....

....

....

....

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)

(Total for Question 2 = 20 marks)

3 (a) An increase in which **one** of the following is most likely to cause a decrease in the supply of labour?

(1)

- ☒ **A** The retirement age
- ☒ **B** The school-leaving age
- ☒ **C** The population
- ☒ **D** The demand for the final product

(b) Which **one** of the following is the formula to calculate total revenue?

(1)

- ☒ **A** Quantity sold × price
- ☒ **B** Profit − price
- ☒ **C** Profit ÷ price
- ☒ **D** Quantity sold ÷ price

(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)

Price

Quantity

Figure 2

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 65,000m^2 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)

P 8 0 2 1 1 A 0 1 3 2 4

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)

P 8 0 2 1 1 A 0 1 5 2 4

(Total for Question 3 = 20 marks)

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)

....

....

....

....

....

....

The Egyptian Government is selling 32 state-owned firms for $1.9 bn. These firms include a number of hotels, a wind farm and a power station.

(b) With reference to the data above and your knowledge of economics, analyse the possible benefits of privatisation for the Egyptian Government.

(6)

P80211A01824

P 8 0 2 1 1 A 0 1 9 2 4

In 2022, friends, Vicky and Matt, merged their existing two businesses to form Dawn till Dusk Bistro.

Vicky had been running a successful cafe in a residential area in Brisbane, Australia but Matt was struggling to cover the costs of his restaurant, which was in the city centre. Matt relocated his restaurant to the same premises as Vicky's cafe and they created their new Dawn till Dusk Bistro.

The bistro is open from 06:30 until 22:00, serving breakfast, lunch and dinner. It caters for a number of different types of customers. These include people on the way to work stopping for breakfast, those socialising with friends for a morning coffee or afternoon snack and families enjoying a relaxing atmosphere for dinner.

(c) 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.

(12)
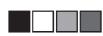
P 8 0 2 1 1 A 0 2 1 2 4

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

P 8 0 2 1 1 A 0 2 2 2 4

BLANK PAGE

P80211A02324

BLANK PAGE

P 8 0 2 1 1 A 0 2 4 2 4