

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

--	--	--	--	--

--	--	--	--	--

Pearson Edexcel International GCSE (9–1)

Wednesday 14 May 2025

Afternoon (Time: 1 hour 30 minutes)

Paper
reference

4WEC1/01R



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 ►

P80304A

©2025 Pearson Education Ltd.
Y:1/1/1



P 8 0 3 0 4 A 0 1 2 4



Pearson

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

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

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

(1)

- A Where consumer goods should be produced
- B How the production of all goods can be increased
- C Total revenue from production
- D Production which is obtainable

On one day a month, a firm charges each customer a price of \$10 for providing one hour of gardening services. The cost to the firm for providing the service to each customer is \$15.

(b) Which **one** of the following describes why the firm might do this?

(1)

- A Producers aim to maximise their profit
- B Producers may complete charitable work
- C Consumers have habits that are hard to give up
- D Consumers sometimes copy others' behaviour

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

(2)



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

(1)

.....

.....

.....

(e) Define the term price-maker.

(1)

.....

.....

(f) Calculate, to two decimal places, the **income elasticity of demand (YED)** for a good if income increases by 2.5% and quantity demanded increases by 6.2%. You are advised to show your working.

(2)

.....

.....

.....

.....

.....

.....

Figure 1 shows the market for diesel cars.

(g) Using the diagram below, draw the likely effect on the market for diesel cars after the government introduces an indirect tax on diesel cars. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

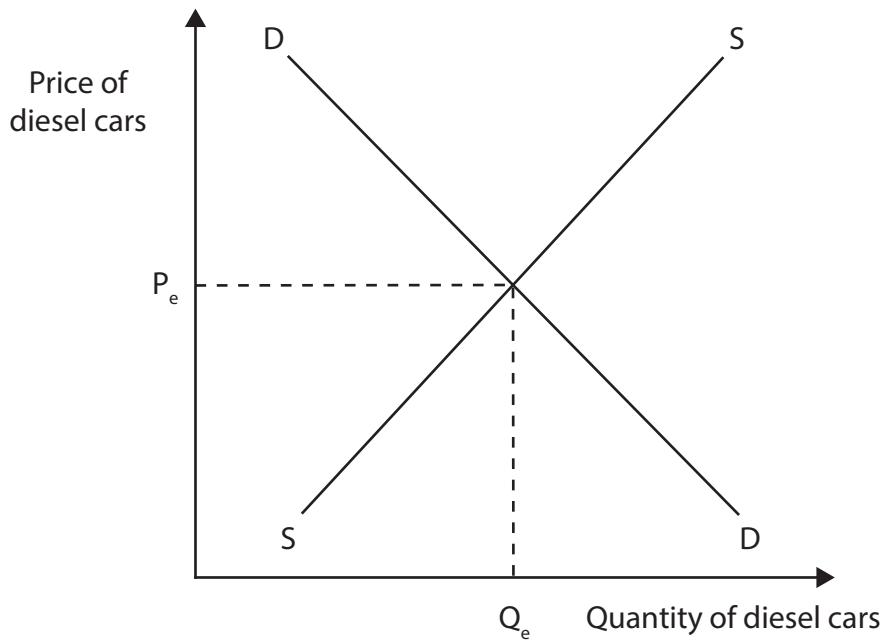


Figure 1

In 2023, the French Government increased the age at which people could receive a state pension to 64.

(h) Explain **one** possible effect of this change in the pension age on the supply of labour.

(3)



Figure 2 shows the price elasticity of supply (PES) of avocados.

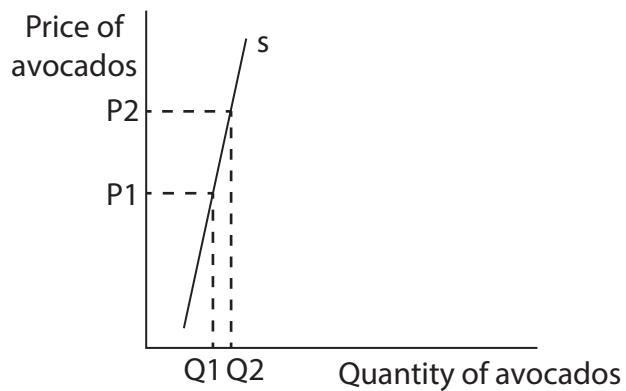


Figure 2

(i) With reference to the data above and your knowledge of economics, analyse the impact of an increase in price on the quantity supplied of avocados.

(6)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 1 = 20 marks)



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

(1)

	Product	Price elasticity of demand (PED)
<input checked="" type="checkbox"/>	A W	-1.5
<input type="checkbox"/>	B X	-1
<input type="checkbox"/>	C Y	-0.5
<input type="checkbox"/>	D Z	0

(b) Which **one** of the following is the formula for calculating average cost?

(1)

- A** Total cost \div quantity produced
- B** Total fixed cost \div quantity produced
- C** Total variable cost \div quantity produced
- D** Total revenue \div quantity produced

Figure 3 shows selected financial data of a firm producing calculators.

	\$ per calculator
Selling price	\$12.50
Raw materials	\$3.25
Labour	\$4.58

Figure 3

(c) Calculate the **profit or loss** for the firm for each calculator. You are advised to show your working.

(2)

.....
.....
.....
.....
.....
.....
.....

(d) What is meant by the term patent?

(2)

.....
.....
.....
.....
.....
.....
.....



(e) Describe **one** advantage to a firm of being privatised.

(2)

.....

.....

.....

.....

.....

.....

Many cities in the US have increased the number of traffic-light cameras in order to catch motorists if they drive through a red (stop) light.

(f) Explain **one** reason why the US Government may use fines to reduce the negative externalities caused by motorists who drive through a red traffic light.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



P 8 0 3 0 4 A 0 9 2 4

Many car manufacturers use division of labour during the production of vehicles. Employees are each given different tasks, such as welding, painting, inspection and testing.

(g) With reference to the data above and your knowledge of economics, assess whether a car manufacturer always benefits from using division of labour.

(9)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 2 = 20 marks)



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

3 (a) Which **one** of the following could cause a shift in the demand curve for a product?

(1)

- A Costs of production
- B Quantity of the product available
- C Price of substitute goods
- D Subsidies

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

(1)

- A Litter
- B Rent
- C Indirect tax
- D Vaccinations

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

(3)

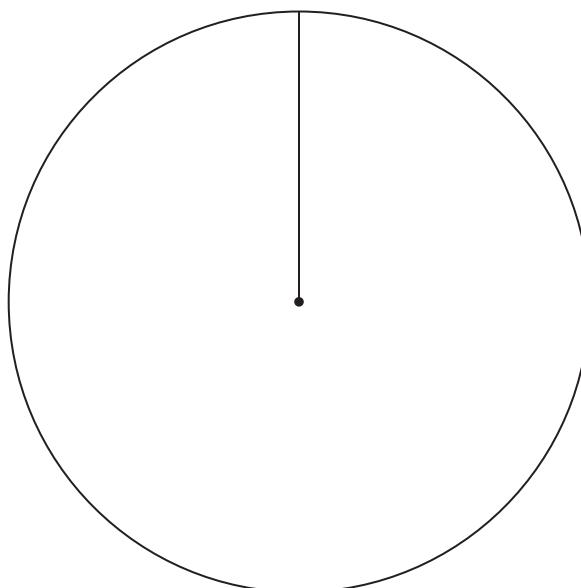


Figure 4



Figure 5 shows the excess demand for tickets at an event in Stockholm, Sweden, when the price of a ticket is 1 500 krona.

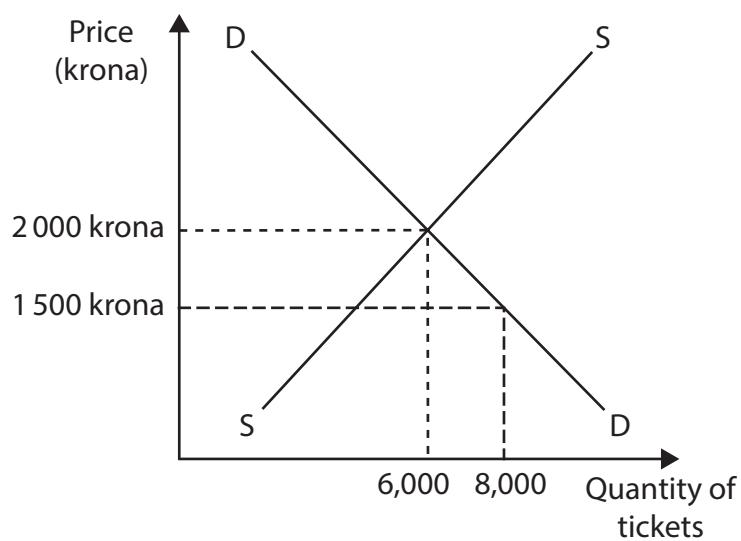


Figure 5

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

(6)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



In 2021, the Indonesian Government spent 9.4% of its budget on healthcare. By 2027, healthcare spending will more than double on a per capita basis from \$114 to \$269.

This increase is due to an improvement in Indonesia's economic growth. The growth is partly because more people in other countries want to buy goods and services made in Indonesia.

(e) With reference to the data above and your knowledge of economics, assess the benefits to Indonesia of the government increasing its healthcare spending.

(9)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 3 = 20 marks)



4 Figure 6 shows the population of Finland in the years 2021, 2022 and 2023.

Year	Population
2021	5,541,075
2022	5,569,299
2023	5,601,185

Figure 6

(a) Calculate, to two decimal places, the **percentage change in the population** of Finland between 2021 and 2023. You are advised to show your working.

(2)

Each year, the Colombian Government increases the national monthly minimum wage. In 2023, it increased by 16% and in 2024, it increased by 12%.

(b) With reference to the data above and your knowledge of economics, analyse why the Colombian Government increases the minimum wage.

(6)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



P 8 0 3 0 4 A 0 1 9 2 4

Soleil is a small restaurant in El Jem, Tunisia. It is popular with tourists visiting the small town on a day trip. The owner, Youssef, is aiming to reduce the impact of his restaurant on the environment. For example, instead of offering plastic straws in drinks, as is the case with many competitors, Soleil provides its customers with reusable metal straws.

Locals also enjoy the unique taste of the traditional family recipes and the different approach to the environment taken by the restaurant. Youssef is considering expanding his business by opening more Soleil restaurants in other Tunisian towns.

(c) With reference to the data above and your knowledge of economics, evaluate the extent to which Soleil would benefit from remaining as a small restaurant rather than expanding into more towns.

(12)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



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

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



BLANK PAGE

Acknowledgements

Question 3(e) adapted from: <https://www.trade.gov/healthcare-resource-guide-indonesia#:~:text=In%202021%2C%20the%20Government%20of,projected%20to%20rise%20to%20IDR692>

Question 4(a) adapted from: <https://www.worldometers.info/world-population/finland-population/>

Question 4(b) adapted from: <https://www.reuters.com/world/americas/colombia-hike-minimum-wage-by-12-2024-2023-12-30/>

