

Examiners' Report

June 2025

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.

Knowledge and understanding tended to be good on many topics but some areas perhaps lacked the same level of detail as others. A solid use of economic terminology was used by more able candidates, as was reference to the data when required.

Some command words were better practiced than others, with one main issue being the additional time taken to add extra information than is required to some responses.

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 economies of scale?

(2)

falling average cost due to expansion.



This response scored both marks for a correct definition.



There are no marks for examples.

Question 1(d)

This question required one example that may be classed as the capital factor of production. There were several possible answers to this question, all of which were equally acceptable.

(d) State **one** example of an item that can be classified as capital.

(1)

Machine



Credit was given for a correct example.



When only one example 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 price-maker.

(1)

It's when a business dominates
the market so they can set
the price of the good or service



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



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

(e) Define the term price-maker.

(1)

A firm which decides on the price of a good due to control over a market



The mark was scored by all responses with a similar definition to that in the mark scheme.



Candidates will not receive the mark for only repeating the term.

Question 1(f)

Many candidates were able to calculate the correct price elasticity of demand and it was pleasing to see the calculation shown (as recommended in the question) to arrive at this answer.

- (f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for a good if the price decreases by 4.7% and the quantity demanded increases by 1.8%. You are advised to show your working.

(2)

$$= \frac{1.8\%}{-4.7\%}$$

$$= -0.38 \text{ is the PED}$$



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 awarded.



If the question asks for it, make sure that 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 supply curve or the new equilibrium points and so did not receive full marks.

Figure 1 shows the market for smartphones.

- (g) Using the diagram below, draw the likely effect on the market for smartphones following an increase in productivity. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

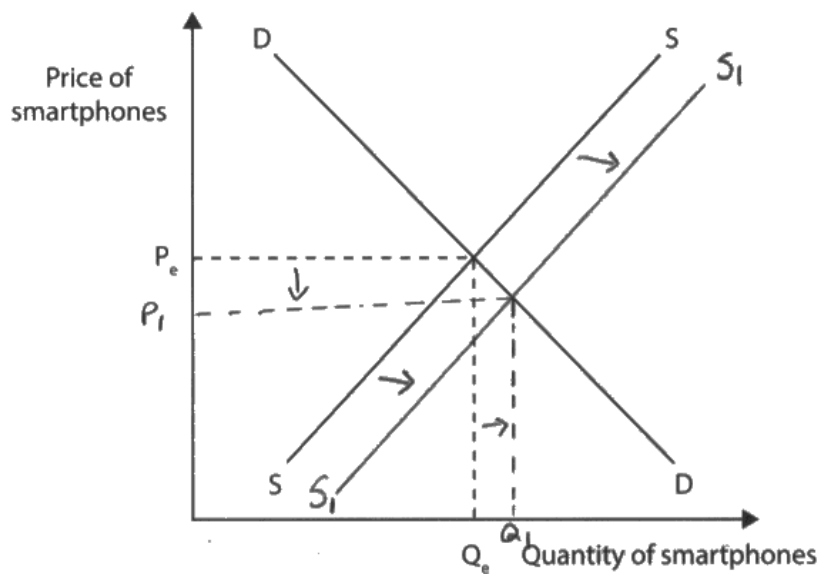


Figure 1



Marks are given for: A rightward shift in supply, which has been labelled (1), the labelled new equilibrium price (1), the new equilibrium quantity (1). 3 marks awarded.



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

Question 1(h)

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

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)

Pension is given when an individual retires so this would mean they have increased the age at which people retire so people are going to work for longer which means there are going to be more people who are willing and able to work resulting in an increase in the supply of labour. Businesses will have more people from which they can recruit workers.



Marks were scored for: Effect 'increase supply of labour' (1), development 'people are going to work for longer' (1), further development 'more people willing and able to work' (1). 3 marks awarded.



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

Question 1(i)

There was a good understanding of the impact of an increase in price on quantity supplied shown by many candidates.

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

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

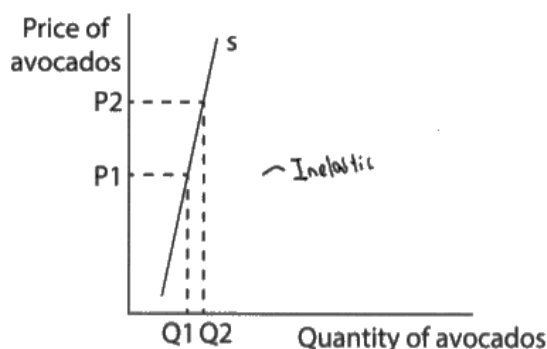


Figure 2

- (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)

Inelastic Price elasticity in supply is when a change in Price results in a proportionally smaller change in quantity supplied.

Since the Price elasticity of supply (PES) of avocados is inelastic this means that ~~Producers~~ ^{Producers} will be relatively unresponsive. This is because it is difficult for avocados to be quickly supplied into the market as they are a primary good. This means that it is difficult for there to be any availability of stock as avocados cannot be stored for a long time without going bad and therefore Suppliers cannot quickly respond for a move from P1 to P2 by heavily raising quantity.

Furthermore there may not be any time to make avocados fast enough. Avocados can take time to grow, leading to time lags and making it difficult for the firms supplying avocados to add to their production capacity as it takes time to grow avocados and they can also only be grown at certain times of year. Therefore an increase in Price from P1 to P2 will lead to a proportionally smaller change in quantity supplied.

(Total for Question 1 = 20 marks)



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 profit for the firm and it was pleasing to see the calculation used to arrive at this answer.

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)

$$\begin{aligned}\text{Profit} &= \text{revenue} - \text{fixed cost} - \text{variable cost} \\ &= 12.5 - 3.25 - 4.58 \\ &= \$4.67\end{aligned}$$



The correct answer of \$4.67 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 awarded.



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 patent?

(2)

A patent is an idea or product that is legally
issued so not be able to be copied. For example
if a firm makes a new engine they patent it
and others cannot copy the idea



This response scored both marks as it showed understanding of the term by referencing both 'legally issued' and 'product/idea...not to be copied'. No marks were given for the example.



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

Question 2(e)

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

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

(2)

One advantage is efficient production. As private firms often aim to maximise profit, they are more likely to reduce costs and increase productivity, which makes the firm more efficient.



Firms aim to profit maximise (1) development of the advantage. More likely to reduce costs/increase productivity (1) advantage. Either of these could be an advantage.



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 advantages etc.

Question 2(f)

A good range of responses were seen from candidates answering this question, many of them developed and in context.

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)

~~Using fines~~ Motorists who drive through red lights can cause accidents, which lead to injuries that need to be treated at a hospital, which is a negative externality to the government. Using fines will discourage motorists from driving through red lights as it may lead to financial stress.



'Can cause accidents' 1 mark (reason). 'Lead to injuries that need to be healed in hospital' 1 mark (context). All the rest is linked development, which is more than enough for 1 mark (development).



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.

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)

~~A car manufacturer benefits from~~

Division of labour is referred to the ~~process~~ breakdown of production processes where each employee gets one specialized task.

Division of labour may be beneficial to a car manufacturer as it saves time. By having each employee do a different task, such as welding, they become skilled at it, and productivity increases, as time is reduced. This allows a car manufacturer to avoid delays, making production more efficient, and smooth. ~~It~~.

~~It~~ Additionally, as each employee is skilled in their own tasks when manufacturing a car, ~~it~~ it reduces the risk of faulty or low quality vehicles, therefore ~~maximising~~ ~~costs~~ causing customer satisfaction which leads to a car manufacturer to establish further, and maximise profit.

~~However~~ However, employees may lose motivation over time as the task of perhaps testing and

Inspection becomes boring, leading to inefficiency and a high risk of turnover, which disrupts the production of vehicles, and may lead to customer dissatisfaction, ~~therefore tarnishing a car man-~~
~~facturers' reputation image and cost increase.~~

~~Also~~ therefore increasing cost to a car manu-
facturer.

Also, as each employee is only skilled in their specific task, ~~at the~~ absence of those employees, such as for painting, will delay the production process. Other employees may have no knowledge on painting automobile parts, and they will have to pause their ~~part~~ tasks too, causing demotivation. (Total for Question 2 = 20 marks)



This response scored 9 marks (Level 3) as it has clear knowledge and understanding, a good interpretation of economic issues, a thorough analysis and offers more than one viewpoint, with balance and evaluation.



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)

A pleasing number of candidates were able to respond to this question appropriately. Clear labels allowed all three marks to be accessed.

- (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)

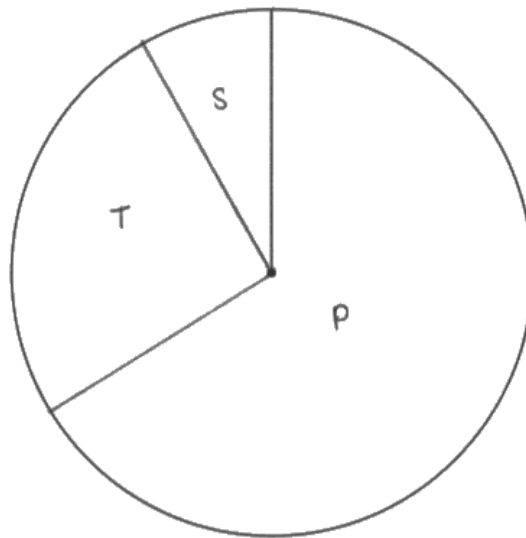


Figure 4



This response scored 3 marks for: primary being the biggest sector (1), primary being greater than 50% (1), the other two sectors being secondary and tertiary (1).



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.

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

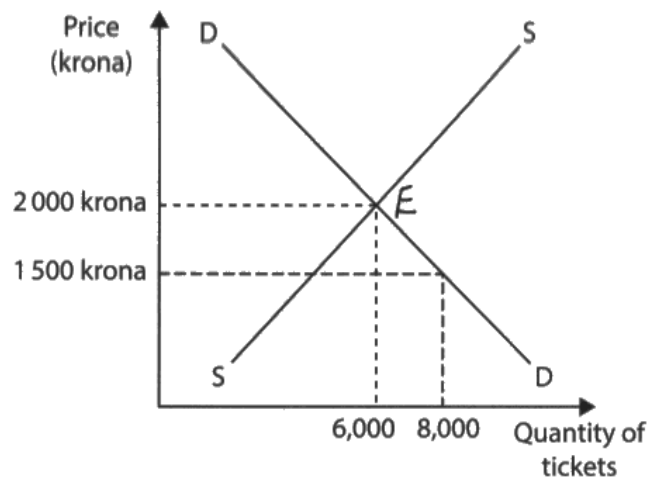


Figure 5

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

(6)

Market equilibrium is when demand meet supply, the quantity that consumers willing to buy is exactly balanced by the quantity that firms willing to sell.

According to the ~~diagram~~ diagram, when market price is 1500 Krona, quantity demanded is 8000, and quantity supplied is less than 6000. There is a shortage which means there are frustrated buyers who want to purchase the tickets at 1500 Krona but sellers are not willing to sell at this price. This will act as a signal to firms to increase price. The higher price will ration demand: ~~the~~ quantity demanded will fall. This process will ~~continue~~ continue until the equilibrium is restored to E. Equilibrium price is 2000 Krona, equilibrium quantity is 6000. At this price, price has no tendency to change.

[illegible]



Clear knowledge, developed relevant points and application, along with excellent analysis is shown in this response. Level 3 – 6 marks.



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 benefits of the Indonesian Government increasing spending on healthcare to Indonesia.

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)

Increasing its spending on healthcare is future investment for the government. This is because if consumers receive more high quality doctors and treatments for free, they can recover more faster and this leads to a decrease in death rates. If consumers were to not receive proper treatment on their serious illness or disease, they could likely remain ill or lead to death. So the government is saving its population. Moreover, ^{people} ~~consumers~~ who are employed can be treated faster so that they can return back to work, producing more output and contributing to GDP in an economy. As a result, the government benefits from ^{taxes} ~~taxes~~ collected by firms from their ~~output of goods and services~~ ^{'as more people want to buy goods and services'}, which they can further use to invest more on healthcare, which they could further use to invest more on healthcare.

However, the government spending more on healthcare leads to an opportunity cost. Instead of increasing its spending on healthcare, the government could use it to improve infrastructure or education provided.

Improvement in education can lead to more people becoming ^{high} skilled doctors and nurses, who can work in ~~healthcare~~ public hospitals. If the government fails to provide good quality education, it could face long term consequences like increased unemployment or crime rates. No improvements in infrastructure would also result in less tourism, leading to less taxes.

Overall, spending on healthcare is important but instead of increasing spending on healthcare, the government should utilise it in other public services.

(Total for Question 3 = 20 marks)



A top-level mark of 8 was given to this response. It matches the level descriptors in the mark scheme for a Level 3 response, with the exception of not having thorough analysis. Clear knowledge and understanding by developing relevant points and relevant use of the data. Information demonstrates some organisation and selectivity, with some analysis of issues. Offers more than one viewpoint, balanced and with good understanding. Evaluation demonstrates some awareness of the significance of competing points made.



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 how to calculate percentage change was shown with responses to this question.

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)

$$\frac{5601185 - 5541075}{5541075} \times 100\% = 1.08\%$$



Full marks were given for a correct final answer of 1.08%. 2 marks awarded.



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

Question 4(b)

Knowledge and understanding of spreading risk was good in many responses but the ability to analyse this knowledge was more varied.

Malaysian company Air Asia was founded in 1993 as a low-price airline. It has grown to offer a wider range of services, including hotels, holiday packages, airport transfers and travel insurance.

It offers flights to over 150 destinations in 25 countries.

(b) With reference to the data above and your knowledge of economics, analyse why Air Asia may benefit from spreading its risk across a wider range of markets.

(6)

~~Internal~~ economies of scale is when the business benefits from a decrease in average costs as the business grows. Here Air Asia is able to benefit from internal economies of scale which is risk bearing. This would be beneficial for Air Asia as this helps Air Asia to spread their brand to a larger variety of markets such as hotels, holiday packages, airport transfers and travel insurance. This means that even if one of these sectors ^{such as hotels} fail to generate enough profit or go on loss Air Asia would still be able to operate its business using the revenue generated from other sectors such as airport transfers or holiday packages. ~~Thus~~ spreading out their brand name throughout different markets ~~would also~~ may also result in higher chance of success for Air Asia as consumers would be familiar with the brand name and thus would trust Air Asia. This would help them grow into a more larger business.

which would further enable them to exploit other economies of scale, ~~there~~ decreasing the overall average cost and thus making more profit.



Total marks = 6 (top Level 3). Clear knowledge and understanding, develops relevant points. Appropriate use of economic concepts. Good selectivity of information in order to successfully answer the question. The analysis is strong, bringing in relevant economic concepts, such as diversification.



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 2024, the Latvian Government increased the national minimum wage from €620 per month to €700 per month.

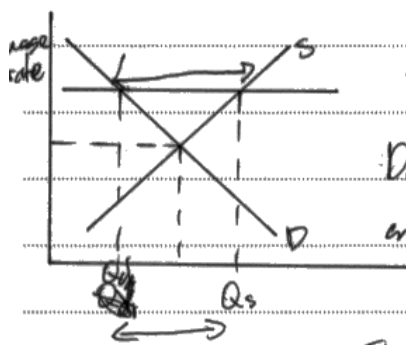
A study had shown that 16% of the population of Latvia were paid the minimum wage. Although this was the lowest percentage for five years, many people had been struggling to pay bills following a rise in the prices of food, energy and clothing.

- (c) With reference to the data above and your knowledge of economics, evaluate whether an increase in the minimum wage would benefit everyone in an economy such as Latvia.

(12)

The minimum wage is the lowest legal amount paid to workers. An increase in the minimum wage allows workers to have more money or disposable income. The increase from €620 to €700 per month means that more workers will be able to afford necessary goods given that there was a rise in the prices of food, energy and clothing. So these people now have the money to purchase these goods. Furthermore, it is said that many people have been struggling to pay bills, meaning the increase in ~~the~~ the minimum wage can help these people pay their bills. By increasing minimum wages, workers may also become more productive due to more motivation from a higher wage rate. So this can benefit employers as well and producers as productivity would increase. So ~~the~~ firms can benefit from higher productivity and efficiency and thus enjoy higher profits. These firms may also experience economies of scale due to an increase in the factor of production and expansion of the firm. Therefore average costs may fall and prices of goods may also fall such as food, energy and clothing, benefiting consumers themselves.

However the ~~same~~ increase in minimum wage may not benefit everyone as only 16% of the population are being paid the minimum wage and even after the increase, they are still struggling to pay bills due to increased food, energy and clothing prices*. Also ~~an~~ an increase in minimum wage means can lead to excess supply ^{of labour} shown from the diagram below.



Therefore more workers may become unemployed. Due to higher costs for the firm following an ~~increase~~ increase in minimum wage.

*So these people may not afford necessary goods. This has also been happening for 5 years meaning ^{in previous} ~~the last~~ years, more people were being paid the minimum wage, probably not being able to afford necessities. There may also be opportunity cost and there could be other ways to benefit these lower income households.

Ultimately it depends on whether increasing the minimum wage will increase productivity in ~~a~~ firms which would let the firms keep its workers, or whether firms will have to decrease the number of workers it employs. A way you can solve this is by combining the increase in minimum wage with other factors such as welfare benefits to households with lower income or ~~subsid~~ providing money to firms ~~with~~ providing these necessities so they can decrease prices.

.....

.....

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



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 their performance on 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

Grade boundaries for this, and all other papers, can be found on the website on this link:
<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

