



Examiners' Report Principal Examiner Feedback

Summer 2025

Pearson Edexcel Advanced Subsidiary
In Economics A (8EC0)
Paper 1: Markets and Business Behaviour

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Publications Code 8EC0_01_2506_ER

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Introduction

This was the ninth sitting of this paper (8ECO_01) from the specification that was launched in 2015. It also was the fourth paper following the resumption of exams post the pandemic.

The focus, as with previous examination series, of 8ECO_01 is to test candidates understanding of the topics covered within Theme 1 of the specification content. The structure of the paper comprised of two sections.

Section A included five short questions, broken down into smaller parts, based on a spread of specification elements in Theme 1 (totalling 20 marks).

Candidates were advised to spend 25 minutes on this section.

Section B focused primarily on the farming industry and the use of / production of and consumption of meat, including a focus on issues such as the use of taxation to reduce usage, along with a range of other measures designed to moderate their subsequent private and external impacts.

Section B comprised of one data response question broken down into a number of parts, including a choice of extended open-response questions. Candidates selected one essay from a choice of two. The total time available for this paper was one and a half hours and there were a small number of candidates who did not complete the examination due to time constraints. This was in no way unusual based on previous examination series.

Overall, the paper again, seemed very accessible for candidates and gave opportunities for differentiation of grades across the various questions. In Section A, each short question was broken down into non-supported multiple-choice questions, using option boxes which were answered clearly overall, plus a short answer question worth one, two or three marks. The various three-mark responses were answered with substantial variation, with some responses impressive with good subject knowledge (K), often starting with a definition, analysis (An) and application (Ap) where required. Most of the questions in this section were very well answered, however the question focused upon market forces, therefore allowing strong responses to demonstrate the high levels of understanding. Some candidates found this quite challenging.

In Section B, there was a clear showcasing of how important the use of application is across different data response questions. As per previous examination series, this was again highlighted with the five-mark response where the use of the extract was important. In addition, the reference to price elasticity of demand within the question was found to be an area where some candidates struggled to comment upon to achieve the full mark award. Another key summary observation was that candidates were able to secure high marks/full marks on questions with a limited number of well developed, applied and analysed points, for example two substantial points each evaluated in depth to allow access to the top Level 4 marks. A number of candidates though completed four or five developed paragraphs, very clearly completing much more than was necessary to achieve the highest-level marks.

There was, as in the 2024 paper, still some evidence of candidates struggling with evaluation, with it either being missing entirely or at Level 1 evaluation, which is often generic and not developed. It is very important to ensure full

papers are practiced using the Sample Assessment Materials and the now extensive body of live papers under timed conditions to strengthen examination skills in preparation for this paper to be sat. Evaluation within economics is a key skill that needs to be developed prior to attempting these live papers.

Across the paper, well drawn diagrams would be beneficial in some cases, with more precision in labelling as well as a careful explanation and linked back closely to the question and the written response. Diagrams were again, weak in places and not well integrated or 'dynamic' in terms of ensuring they are well linked into the candidates written work.

Candidates should be encouraged to 'interact' with the diagrams to maximize marks. The performance of individual questions is considered in the next section of the report.

Centres may wish to further encourage candidates to evaluate what they have already written as their substantial point and to critically evaluate the knowledge, chains of reasoning, and data as a means of developing their evaluation. This will also help them to access top level essay evaluation (L3) in the essays where 'sustained judgement' is required.

Candidates would benefit from attempting to weigh up theory and the sufficiency of the data as they write, to offer clear and sustained judgement(s).

With the essays, there are still a small number of candidates that did not indicate clearly which essay (6(f) or 6(g)) they were answering by marking a cross in the box available, although their written responses did make it clear which they were responding to.

Section A: Multiple-choice and short-answer questions

A high number of candidates were very well prepared and demonstrated an excellent understanding of the specification and the techniques involved in answering the questions. The multiple-choice questions format provided an accessible format for candidates to select their chosen option. Candidates are mostly confident in using definitions, annotating, or drawing diagrams and calculations. As discussed previously, the three-mark questions were the weakest part of most candidates' performance within Section A, due to the requirement to contextualise being the additional skill needed.

Question 1(b)

This question focused on the distinction between renewable and non-renewable resources and was answered generally very well, although not all candidates were able to include specific distinctions in the structure of their answers

Question 2 (a)

This question was designed to test quantitative ability and was focused on price elasticity. Candidates who lost marks did not manage to understand how to use the PED figure within the equation to complete the new quantity demanded, however on the whole was very well answered by the vast majority of candidates.

Question 3(c)

This question centred upon whether public goods may not be provided by the private sector and there were many misconceptions on this. A substantial

number of candidates discussed merit goods and their features, rather than correctly identify the profit motive as a clear and simple response, to why with being non-excludable and non-rivalrous, private firms would not provide.

Question 4 (b)

This question was well answered broadly, with many candidates understanding the functions of the price mechanism, and could clearly articulate why this would reduce the excess supply of coffee as mentioned in the question. Referring to coffee, and the price falling due to the high supply were essential to score well on this question.

Question 5 (b)

Many candidates performed very well on this relatively simple calculation question which centred on the understanding of index numbers, which is an area that has not been tested as frequently as other concepts. Most candidates completed this effectively using the correct information and scored well.

Section B: Data response questions

Responses to 6(a)

This question focused on revenue increases as a result of the change to meat-substitute products and generally there was very good use of the extract, however limited further understanding of the link to why and how revenue would increase. Strong responses demonstrated understanding of the inelastic nature of such products as mentioned and made clear within the extract.

Question 6 (b)

This question is one that has been used regularly and really tested the understanding of the newer additions to the specification in 2015 of rational and irrational behaviour. The rational element of consumers understanding the negative impacts of such consumption upon the environment were understood well by the majority of candidates, and therefore the vast majority of answers were structured well in terms of one-sided arguments. Understanding why irrational was more difficult for candidates to explain, focusing on perhaps the price being particularly more expensive. In addition, many candidates were again looking to conclude these questions, with a final judgement which is not required or awardable which is a real shame for the candidates in question.

Question 6(c)

This question was completed very poorly, and a high number of candidates confused this term with demand elasticity. In addition, the influence of price elasticity of supply by factors should focus upon key concepts such as; timescales, spare capacity, substitutability of factors of production to name a few. Many candidates listed factors that shift demand and did not explain these successfully. This is clearly an area to revisit for candidates to ensure there is less confusion on this specific topic.

Question 6d

This question centred upon positive and normative economic statements and was answered really well. Very few candidates confused the two, although not all candidates were able to effectively give examples of the two types even though there were a great number listed throughout the extracts as examples for candidates to utilise.

There was a substantial weighting for evaluation marks (sixteen out of forty-five marks) in the level-based responses. A ten-mark question comprises four evaluation marks, a fifteen-mark question comprises six evaluation marks and a twenty-mark question similarly comprises six evaluation marks. Consequently, it is vital that candidates make in-depth applied evaluative comments when required by the question, as well as offer judgement using positive economics throughout in order to avoid disappointment. Candidates have grasped the need to avoid generic evaluation comments and provided significant depth of explanation and application in their evaluation.

Question 6e

This was a question targeting the difference between private and external costs, on the extract regarding meat farming. One key area where candidates lost marks was the understanding of what private costs are in this example to farmers. The concepts of externalities and pollution was very clearly understood, however private costs were not and therefore many candidates did not score particularly highly here. The use of diagrams although not essential here was advisable to really show further degree of understanding. The strong responses evaluated both private and external and explained why they may not be as problematic or complicated to resolve which again, many candidates were unable to effectively showcase.

To achieve the highest levels within the twenty-mark essays, the maximum evaluative marks, needs to show evidence of a substantiated judgement. This was often missing or left to a conclusion, which summarised the points and made a generic judgement call. Both essay questions were accessible to candidates though question 6(g) (indirect tax) proved to be significantly more popular than question 6(f) (subsidy reduction).

Question 6 (f)

The first of the essay questions, this question was the least popular by a significant margin. Candidates also performed substantially worse on this response than they did on 6(g). The question allowed candidates to demonstrate their understanding of what the likely impact would be of removing subsidies upon animal products and the potential for reduction in market failure as a result

The stronger responses showcased the reduction in deadweight loss through the subsequent switching to other products. Strong responses made a good attempt to substantiate points diagrammatically and could show the subsidy being removed increasing prices of these products, limiting their demand and therefore the size of the DWL. Top level KAA marks required at least one 'effect', very well analysed, and developed relating to the implementation of such a reduction.

Evaluation marks could be achieved by counterbalancing the point(s) made and arguing why/ why not the subsidy being removed could be successful.

Question 6 (g)

This was a highly accessible question considering the use of taxation to reduce the market failure associated with meat farming. There are numerous possibilities that candidates could explore, and the vast majority talked about the increase in price and switching to other goods, using a simple taxation diagram. This essay required a clear exercise of critical analysis, and strong responses would be expected to have developed a clear appreciation of the impact of taxation and its benefits and drawbacks as a method of government intervention to correct the market failure and introducing the concept of the incidence of the tax based on the elasticity of the goods. Sophisticated responses recognised that other forms of government intervention would be more effective than taxation. Good use of diagrams was showcased throughout the candidate's responses, most commonly, an indirect tax diagram.

To access evaluation marks, candidates could explore the various strengths and weaknesses of the proposed method and use the prompts in the extracts to consider how effective the policy might be. Another line of development considered how some combination of policies might be necessary to effectively tackle the problem of excessive consumption of production of these animal products. The best responses would work by proposing realistic solutions to the problem of excess demand and then evaluating the most effective in the context of the real- world situation, in this case limiting negative implications.

Paper summary

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

Section A: short-answer questions and multiple choice

- Define accurately the key economic term(s) used in each question.
- Candidates should not spend too much time on definitions only.
- Be prepared to annotate diagrams when relevant to the question, and make sure these are properly labelled and explained in the text.
- Always refer to the information provided explicitly, it is better to refer to specific numbers and information from the context, for example the data in Extract B relating to 6(b) and (c) on elasticities and rational behaviour.
- Know the difference between merit and public goods
- Ensure candidates practice calculating cross price elasticity of demand, price elasticity of demand etc. and their use of this information/ their influences, and to not confuse with one another
- It is important to emphasise that the stem is used specifically to gain application marks.

Section B: data response

- Similar to 2024, a need to focus on developing economic analysis in the high mark questions. A number of candidates again this series as in previous years, moved from definitions and a brief explanation of an economic issue straight into evaluation. This was evident in fifteen- and twenty-mark questions and limited for the potential development of more higher scoring analysis chains. Economic analysis typically involves explaining the sequence of events leading up to a particular outcome. The weighting on a twenty-mark question is 14 KAA and 6 Eval. If the KAA is not sufficiently developed there is little chance of accessing L4.
- Where diagrams are requested, these should be drawn as they will be well rewarded – with in this 8EC01 specification centring upon externalities, forms of government intervention and various guises of demand and supply. It is essential, however, that they are drawn accurately. Various forms of government intervention were required in 6f & 6g in terms of reducing market failure and diagrams would be needed to secure both KAA and Eval marks.
- Where diagrams are not requested but it helps with your analysis then they should be encouraged. Diagrams that add detail such as referring to welfare loss, incidence, revenue or producer/consumer surpluses were able to access the higher levels on a number of questions. Diagrams completed best were when they were integrated into the analysis and the points on the diagram were explicitly referred to.
- Having identified externalities from extracts, it is important to explain which parties are specifically impacted – also private costs to firms, poorly detailed by candidates.
- When drawing indirect tax diagrams, it is important to show not just the left shift of the supply curve but the overall incidence of the tax and how it is shared between producers and consumers, as this helps generally with the awarding of evaluation marks, regarding the success of the intervention
- Public goods and merit goods were confused again – which has been a regular occurrence noted by examiners. Merit goods is not a term listed on the specification, however, it is awardable when used appropriately. Clearly explaining to the candidates the differences between the two would be advisable for teachers.

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