

Examiners' Report

June 2023

Int GCSE Economics 4EC1 01

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Introduction

A good awareness of economics was shown by candidates who sat this paper at International GCSE level.

In general, candidates seemed to be well prepared for the topic areas covered by Paper 1. Where applicable on the levels-based questions, the ability of the more able candidates was shown through relating knowledge and understanding to the evidence presented. Those candidates who found such concepts difficult, typically answered such questions with a more generic approach.

The levels of response questions required knowledge to be developed and 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 given for examples.

As per the mark scheme, the sale of an organisation in the public sector to the private sector was given two marks.

Any other appropriate responses were also credited.

(c) What is meant by the term privatisation?

(2)

When state owned goods and services are sold to the private sector



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Examiner Comments

This response scored 2 marks for 'state owned goods and services' 'sold to the private sector', as this showed a full understanding of the term 'privatisation'.



ResultsPlus
Examiner Tip

A two-part question will need two parts to the response.

Question 1 (d)

There is only one mark available for 'state' questions.

Examiners do **not** expect candidates to write extensively.

(d) State **one** reason why the government regulates competition in the economy.

(1)

to allow small firms to compete



ResultsPlus
Examiner Comments

An accurate reason is given, so scores 1 mark.



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Examiner Tip

One-mark questions require only a short response.

Question 1 (e)

'Define' questions are only looking for a definition of the term. No further explanation is needed.

Any appropriate response defining 'congestion' was accepted for one mark.

(e) Define the term congestion.

(1)

Congestion is when a market has too many firms
Competing together



ResultsPlus
Examiner Comments

This response scores 1 mark for a suitable definition.

(e) Define the term congestion.

(1)

When there is prolonged traffic ~~in an area~~
in an area for
a long period of time



ResultsPlus
Examiner Comments

An alternative definition equally worthy of the 1 mark available.



ResultsPlus
Examiner Tip

Candidates will not score any marks for providing only an example as the question requires a definition.

Question 1 (f)

Many candidates were able to correctly calculate total variable costs and therefore, score both marks. It was pleasing to see that many showed full workings, as recommended in the question.

Figure 2 shows some of the monthly production costs for a firm which makes furniture.

Production costs	€
Rent	30 000
✓ Raw materials	16 500
Insurance	7 000
/ Labour (payment depends on output)	95 000

Figure 2

- (f) Calculate the **total variable costs** for the firm each month. You are advised to show your working.

(2)

$$95\,000 + 16\,500 = \text{€}111\,500$$



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Examiner Comments

The correct total variable costs were calculated to score 2 marks.



ResultsPlus
Examiner Tip

Always show workings because an incorrect final answer can still score 1 mark if the workings are correct.

Question 1 (g)

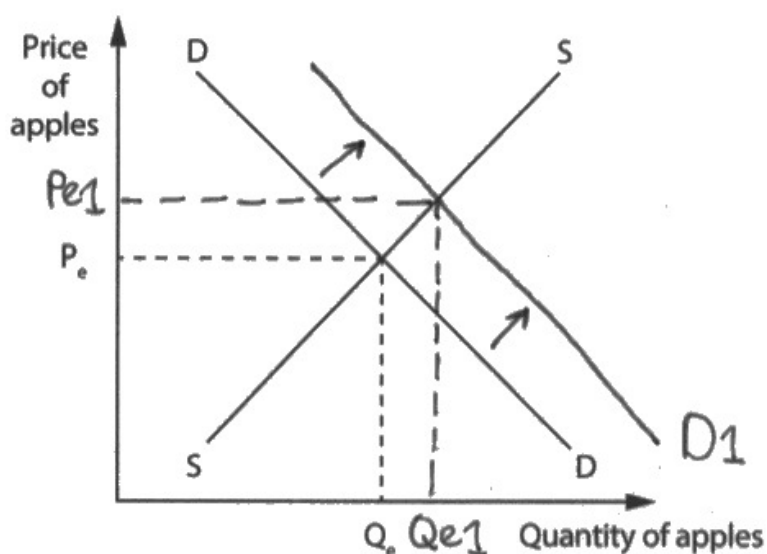
Many candidates scored all three marks for a correctly labelled diagram. However, some candidates did not label either the shift in demand or the new equilibrium price/quantity and so did not achieve full marks.

Examiners were looking for a rightward shift in demand, correctly labelled.

Figure 3 shows the market for apples.

- (g) Using the diagram below, draw the likely effects on the market for apples following an increase in the advertising of apples. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)



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Examiner Comments

Marks were given for:

- An increase in demand, labelled (1)
- The labelled, new equilibrium price (1)
- The labelled, new equilibrium quantity (1)

3 marks.



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Examiner Tip

You **must** label the new curve and the new equilibrium price/quantity on the axes to gain all 3 marks.

Question 1 (h)

Some candidates did not receive all three marks because they defined 'division of labour' rather than explaining an advantage.

Only one mark was available for an advantage, marks two and three are for putting the response in context and for a cause/consequence of the advantage.

The advantage needed to be for the firm, as stated in the question.

A firm produces tennis balls. There are a number of stages in the process of producing tennis balls. The firm uses division of labour in its factory.

(h) Explain **one** advantage of using division of labour for the firm.

(3)

Each worker will only have to focus on one task, meaning that there will be fewer mistakes made. As a result, the firm's productivity for producing tennis balls increases, increasing output.



Credit was given for:

- Each worker only having to focus on one activity (1 – development)
- Fewer mistakes made (1 – advantage to the firm)
- Productivity for producing tennis balls increasing (1 – context)

3 marks.

The advantage can be in any part of the response but **MUST** be present to score any marks.



'Explain' questions require a way/advantage/reason which is in context and developed in order to score all 3 marks.

Question 1 (i)

This is the first levels-based question on the paper.

'Analyse' questions require a one-sided argument. There are no marks for evaluation.

Drinking water in the Canary Islands has to be filtered by machines to remove the salt from sea water. Samples are taken by production workers to ensure salt and impurities have been removed.

Capital
labour
land

- (i) With reference to the data above and your knowledge of economics, analyse how all four factors of production might be used to produce drinking water in the Canary Islands.

(6)

Enterprise would be used to produce drinking water as creating filtration machines requires entrepreneurship. This is because an entrepreneur risks their own money in a business venture, and to ~~create a~~ ^{have a} company to produce filtration machines an entrepreneur would've had to create the company.

Human capital would have been required to produce drinking water as the data states that "samples are taken by production workers" and these production workers are ~~of~~ labour - which is one of the factors of production as they are paid to perform a task.

Working capital would be required as the figure states that water "has to be filtered by machines". These machines qualify as working capital as it is technology used to carry out the task of water filtration.

Land is needed as the sea water comes from the sea which qualifies as land as a factor of production, and land is needed to put the machines and people in order to produce drinking water.



This response matched the level descriptors for Level 3 and so scored all 6 marks available.

It has clear knowledge and understanding, develops relevant points, applies economic terms, demonstrates excellent selectivity and thoroughly analyses the issues.



Do **not** present a counter argument in 'analyse' questions as there are no marks for AO4. It will therefore leave less time to answer other questions.

Question 2 (c)

One mark was available for stating the correct name, 'unitary'.

(c) State the name for price elasticity of demand (PED) with a numerical value of -1 .

(1)

Unitary demand



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Examiner Comments

This response scored 1 mark for a correct response. No more detail was needed.



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Examiner Tip

When only one thing is requested, eg one name, stating two or three will not result in extra marks and may reduce time available to answer other questions.

Question 2 (d)

'Calculate' questions require appropriate units to be used in the response. This includes no units for elasticity. Some candidates received only one mark for the correct calculation of PES but not for the final answer if a % sign was incorrectly added.

A factory producing shoes calculated that quantity supplied decreased by 2.7% following a price decrease of 1.9%.

- (d) Calculate, to two decimal places, the **price elasticity of supply (PES)** for shoes. You are advised to show your working.

(2)

$$\frac{-2.7}{-1.9} = 1.42$$



ResultsPlus
Examiner Comments

Credit was given for a correct final answer of 1.42.

2 marks.



ResultsPlus
Examiner Tip

Make sure you **always** use the correct units for 'calculate' questions.

Question 2 (e)

This was well answered by many candidates, but some responses were too vague, giving an ambiguous definition which could have referred to numerous things. These did not score the mark.

(e) Define the term substitute.

(1)

A good that is closely related to another good that is sold to the same group of customers.



ResultsPlus
Examiner Comments

This response was given 1 mark for an accurate definition.



ResultsPlus
Examiner Tip

A 'define' question does not require examples.

Question 2 (f)

For 'describe' questions, only one mark can be given for a way/reason/advantage and the second mark is for development of that reason.

(f) Describe **one** reason why a firm might stay small.

(2)

There may be better communication within the firm so things are able to be ~~done~~ done rapidly.



ResultsPlus
Examiner Comments

Credit was given for:

- better communication (1 mark – reason)
- so things can be done rapidly (1 mark – development)



ResultsPlus
Examiner Tip

There are no marks for definitions with 'describe' questions.

Question 2 (g)

As with all 'explain' questions, only one effect/reason/way can be credited.

A second mark is available for putting the response in context and a third for developing the response.

There are many market stalls selling food in Taba, Egypt. Some of these stalls have received positive reviews on social media about the quality of the food they sell.

(g) Explain **one** advantage of positive reviews for the owners of food stalls in Taba.

(3)

Owners of food stalls in Taba will receive greater demand for the food they sell, as they have received good advertising. As a result, these owners will generate more sales and revenue, meaning they can maximise profit



ResultsPlus
Examiner Comments

Credit is given for:

- greater demand for food (1 mark – advantage)
- received good advertising (1 mark – context)
- generate more revenue (1 mark – development)

3 marks.

'meaning they can maximise profit' would have been development but all marks have been scored already.



ResultsPlus
Examiner Tip

Try to avoid repeating the question as there are no marks for doing this and it uses valuable time that could be used answering another question.

Question 2 (h)

A two-sided argument with developed chains of reasoning and use of the evidence was presented by more able candidates. However, some responses simply repeated the information provided rather than using it to answer the question.

Rail travel in Poland is considered to be a monopoly. Polskie Koleje Państwowe (PKP) is the main firm that operates the trains and the rail network in Poland. Both passenger and freight trains run on PKP's network. It has over 18,510 km of track. Its main aims are to meet the transport needs of the state and the interests of its consumers.

less efficient

(h) With reference to the data above and your knowledge of economics, assess whether a monopoly such as PKP is likely to benefit consumers.

(9)

~~The monopoly PKP is likely to benefit consumers~~
because A monopoly is a firm when a firm has 25% or more of the market share. PKP is likely to benefit consumers as the firm would benefit from economies of scale which would therefore reduce their average costs. This is beneficial to consumers because PKP may reduce their costs for trains on the rail network in Poland, so tickets may be cheaper. Also PKP is able to produce enough profit to be able to invest in research and development in order to make the railways more efficient, which is beneficial to consumers because they are able to get to their destination quicker and experience more efficient travel. In addition to this point the improvement of the railways would ~~also~~ increase the ~~time~~ decrease the time goods are transported using the freight trains, which therefore allows consumers to benefit from low waiting times. However, PKP may not benefit consumers as they may provide poor quality seating and unhygienic train carriages because they wouldn't care to invest money in it and reduce their profit because consumers don't have other

alternatives or substitutes, which means consumers have to settle for an unpleasant train journey.

Also consumers may be victim to higher prices once Pxp decides to undertake this decision. ~~be~~ This is negative as consumers are forced to pay these high prices as there ~~is~~ is very little choice.

Finally consumers may experience a lack of innovation and improvement because Pxp would want to maximise profit. So their research and development would halt. This could lead to inefficiency and longer, more unreliable journey times which could inconvenience the consumer. Furthermore Pxp is able to stop investing research because it is a monopoly and has ~~no~~ very little competition.

In conclusion I think that Pxp is likely to benefit consumers in the short run ~~so~~ such as efficient train travel, ~~however~~ However in the long run consumers wouldn't benefit as Pxp starts to care more about profit maximisation.



This response scored the full 9 marks, at the top of Level 3.

It has a balanced, applied two-sided argument.



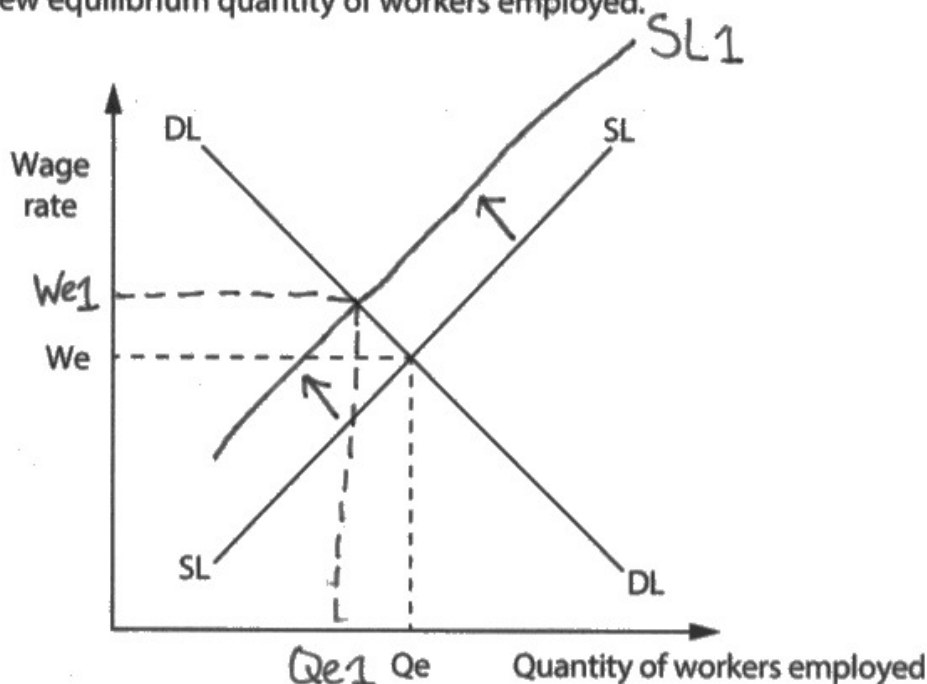
Simply copying the extract will not lead to high marks. Instead, evidence needs to be **used** when answering the question.

Question 3 (c)

A pleasing number of candidates were able to answer this question accurately and achieve full marks.

Full labelling is required on all diagrams to score all the marks available.

- (c) On the diagram below, draw the effects of a decrease in the retirement age on the labour market in a country. Label the new curve, the new equilibrium wage rate and the new equilibrium quantity of workers employed.



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Examiner Comments

Credit was given for:

- Drawing and labelling the correct new supply of labour (1 mark)
- Drawing and labelling the correct, new equilibrium wage rate (1 mark)
- Drawing and labelling the correct, new equilibrium quantity of workers employed (1 mark)

3 marks.



ResultsPlus
Examiner Tip

Label your diagram in order to achieve full marks.

Question 3 (d)

Candidates who achieved Level 3 on this question used the evidence appropriately.

There was also a good awareness of understanding shown in developed points.

Studies have shown that there are a number of negative impacts from spending too much time using a mobile phone. These include pain in the thumbs, loss of sleep and anxiety. Despite this, it is not unusual for people to spend a lot of time using their phone, even in the presence of others.

- (d) With reference to the data above and your knowledge of economics, analyse why some people may ignore the negative impacts of spending a lot of time using a mobile phone.

habit

(6)

Even with all the negative impacts, people will spend a lot of time on their phone as it becomes a habit and over time the habit ~~of~~ forms and becomes stronger so people will find it more difficult to stop even with the impacts such as pain in thumbs, loss of sleep and anxiety. Mobile apps on phones are also programmed to draw people in and spend as much time on the app as possible, for example mobile games can become addictive and a person may get urges to open the app. These addictions can also become strong and difficult to break. Another reason why people spend a lot of time on their phones is social media, and it is

a form of communicating with friends/family, people may purposely stay up very late talking to their friends on their phone and this can also turn into a habit.

In conclusion there are various reasons



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Examiner Comments

Clear knowledge, some developed points and appropriate application are shown in this response to achieve Level 3 – 5 marks.

Further development of points to produce a thorough analysis would have scored all 6 marks available.



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Examiner Tip

One-sided arguments only are required for 'analyse' questions.

Focus on developing applied points to present a strong analysis of the situation, rather than listing numerous points as this will not lead to the 'thorough analysis of issues' required for top Level 3 responses.

Question 3 (e)

Top level responses provided a balanced assessment of the role of the secondary sector in an economy, using appropriate evidence (from the data provided).

Manufacturing is an important part of any economy because as well as providing many products, it generates income and tax revenue. Governments can use this tax revenue to provide things such as health care and education, which are part of the tertiary sector.

(e) With reference to the data above and your knowledge of economics, assess the role of the secondary sector in an economy.

(9)

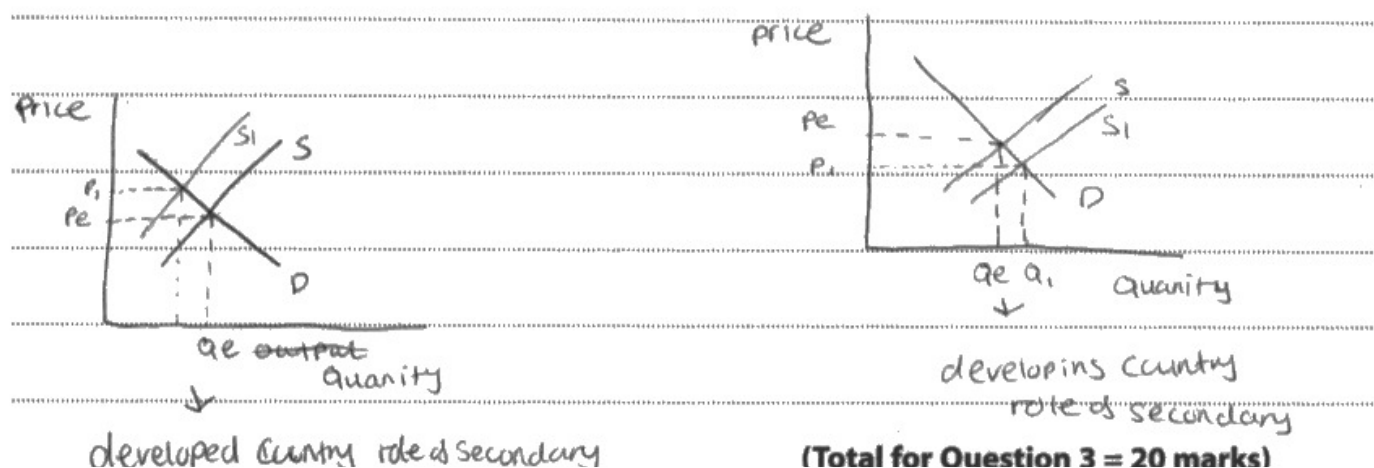
The role of the secondary sector in an economy is to utilise the raw materials and convert it into goods for the economy such as manufacturing. The secondary sector has a role in the investment of tertiary sector services such as healthcare because the money generated from income and tax revenue can be used and invested into better quality services for consumers to enjoy and benefit from.

However the secondary sector might start to diminish as ~~less people~~ the demand for tertiary sector grows so as a result the secondary sector might start to fall as well, because the increased investment into the tertiary sector would entice more people to spend within it rather than the secondary. In high income ~~countries~~ developed countries this may be true as de-industrialisation would occur due to the increased demand for services. In addition to this the government may start to raise more tax revenue from the tertiary sector as it continues to grow which as a result the secondary sector is no longer needed.

The secondary sector ~~the~~ in an economy may also start to fall in developed countries because in ~~developed~~ countries ~~the~~ ~~can~~ there is an increase in competition from developing countries due to the lower prices, therefore the secondary sector would start to decline and not have a big enough role in an economy compared to tertiary.

★ This is especially true in a developing country because the revenue generated can increase the ~~cost~~ efficiency of the tertiary sector as more money can be generated investing in capital. This may make the country more competitive and attract foreign investors.

In conclusion, I think that the ~~se~~ role of the secondary sector in an economy is more useful for developing countries than developed.





This response scores 8 marks (Level 3) for providing clear knowledge, appropriate application of economic terms, some analysis and sound evaluation, which shows a full awareness of the issues.

Top marks would be scored had balance been evident.



'Assess' questions require a balanced, two-sided argument which is applied to the data presented.

There is no requirement for a conclusion or judgement, but the analysis and evaluation should be developed, thorough and applied throughout the response.

Question 4 (a)

A correct answer of 3,450 (tickets) scored both marks for this 'calculate' question but it is always recommended to show full workings.

- 4 A sports arena in Guatemala holds a maximum of 20,000 people for each event. The quantity of tickets demanded for the most recent events is shown below.

Event	Quantity of tickets demanded
A	22,200
B	21,000
C	20,250

Figure 5

- (a) Calculate the **excess demand** for tickets if the quantity supplied for all three events totals 60,000. You are advised to show your working.

(2)

$$22\,200 + 21\,000 + 20\,250 = 63\,450$$

$$63\,450 - 60\,000 = 3\,450$$



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Examiner Comments

Both marks scored for a correct answer of 3,450.



ResultsPlus
Examiner Tip

It is recommended that you always show working in 'calculate' questions.

Question 4 (b)

Knowledge and understanding of the free rider problem was demonstrated in many responses but some candidates presented a list of points rather than analysed why it resulted in the provision of defence force by the Zambian Government.

Zambia has a defence force that includes both an army and an air force. The Zambian Government is responsible for the provision of this defence force.

- (b) With reference to the data above and your knowledge of economics, analyse why the free rider problem has led to the Zambian Government providing the defence force.

(6)

The free rider problem is when a good is non-excludable and non-rivalrous so consumers are able to enjoy the benefits of a service ~~while others~~ for free while others pay for it.

In the case of the Zambian ~~defence~~ defence force, if it was run by a private firm, consumers ~~will~~ would choose not to pay for it because they will be able to experience the benefits of it without paying for it. This is because since it is non-excludable it is impossible to demand all of ~~a~~ Zambia except for one person if they chose not to pay and so nobody would pay as they would hope others will pay and it wouldn't generate any revenue.

As it is run by the government, the defence force is paid for by tax revenue which prevents the free rider problem as it's a legal obligation to pay tax and so can't be avoided by free riders.



This response is a good match to the Level 3 descriptor as it has:

- clear knowledge
- appropriate application of economic terms
- excellent selectivity and interpretation of economic information
- a thorough analysis of the issues.

It therefore received Level 3 – 6 marks.



Focus on applying and developing each chain of reasoning rather than listing several separate points.

Question 4 (c)

A very good use of evidence was provided by candidates achieving Level 3 on this question. This was in conjunction with a balanced, two-sided argument.

However, some candidates simply repeated the evidence rather than using it, thus reducing their ability to attain a mark at the top level.

Polluted air is said to cause over 1,000 deaths each year in Greater Manchester, UK. To reduce the problem, an 800 km² 'Clean Air Zone' (CAZ) has been proposed, where drivers of certain vehicles would have to pay between £7.50 and £60.00 each day they drive on roads in the region.

All lorries, buses, taxis and vans that do not meet the emission standards will be affected. It is hoped the tax will encourage vehicle owners to drive vehicles that are more environmentally friendly.

However, small business owners in particular will be affected by the proposals. An ice-cream business, established over 100 years ago, stated costs would increase by £29 000 a year for its vans to use roads in the region. It cannot afford to replace them and like many other firms risks going out of business.

- (c) With reference to the data above and your knowledge of economics, evaluate the effectiveness of government regulations in dealing with externalities such as air pollution in Greater Manchester.

(12)

The Government regulation is effective at dealing with externalities such as air pollution because cars vehicles ~~would~~ owners would be encouraged to buy electric cars or switch to other methods such as cycling. This would reduce the amount of deaths cause the figure of 1000 deaths per year to decrease, because the amount of money spent can reach up to £60.00 per day which would increase costs for businesses such as the ice cream business that whose costs would increase by £29,000.

Another reason why it's effective is that many people less people would be affected by the air pollution which can cause major health problems. The which as a result would put a massive strain on medical services such as the NHS as they have to treat more health issues related to the air pollution, so new technology may

have to be used. However the ~~fine~~^{tax} would
dissuade people from driving within the 800km²
Clean air zone and as a result less people
in Greater Manchester would be victims to health
issues related to the air pollution, Furthermore
Medical health services can be released of the ~~strain~~
~~Impact~~ Strain.

On the other hand, the tax may have more
negative effects for the Government as more small businesses
would be affected by it as they aren't able to switch
all their vehicles to be more environmentally friendly because
they lack the funds. So instead Subsidies should be used
to help support small firms to making the switch ~~from~~
to electric cars for example because in the long run
it would help maintain competition within the economy
~~and as a result~~ and there would be less air pollution
~~in the air~~ which would decrease the death toll that
Greater Manchester face.

Another reason why the Governments regulations may
not be as effective because if the firms go out of
businesses such as the ice cream business, more ~~benefit~~
unemployment benefits are going to have to be paid as
~~work~~ the businesses wouldn't be able to handle the
taxation for a long period of time. ~~Thus~~ the unemployment
benefits having to be paid could have been spent on

improving healthcare instead. Therefore the Government should place pollution permits instead because this would still reduce the amount of air pollution but it doesn't lead to higher production costs for firms, therefore their businesses wouldn't have to fail.

In conclusion, I think the Government's regulation of taxation is only effective in the short term, as it depends upon how many small businesses are in the area compared to large.

So other techniques such as pollution permits and subsidies should be in use instead because it would help reduce the amount of air pollution but wouldn't risk businesses going out of business and becoming unemployed.



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Examiner Comments

This response is an example of one that matches most of the Level 3 descriptors.

It meets the requirements for a mid-Level 3 response and therefore achieves 10 marks.

The analysis is strong and applied, but the counter argument is not balanced and focuses more on alternatives rather than an evaluation of the effectiveness of Government regulations when dealing with externalities. Nonetheless, it is a good response overall.



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Examiner Tip

A supported judgement or conclusion is required for top Level 3 responses in 'evaluate' questions.

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 stated which were not acted upon by some candidates taking the paper this series, eg where answers are required to two decimal places.
- Candidates need to understand the requirements of the command words in the questions.
- Quantitative skills will be tested throughout the paper. These may be in the form of diagrams/graphs, calculations or by using the data in the extracts.
- Application marks will **not** be rewarded simply for repeating the evidence in the extracts. The evidence 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 conclusion/judgement.
- There may be more answer space than is needed for each response. This is also indicated on the front cover of the question paper.
- The descriptor tables for 'evaluate', 'assess' and 'analyse' questions do not change between questions with the same command word or exam series. Candidates are advised to practise writing responses using these tables.

Grade boundaries

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