



Mark Scheme (Results)

Summer 2025

Pearson Edexcel International GCSE
In Economics (4WEC1) Paper 01

Paper 01: Microeconomics and
Business Economics

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question number	Which one of the following explains the behaviour of these consumers?	Mark
	Answer	
1(a)	AO1 1 mark The only correct answer is: B Consumers aim to maximise benefits A is not correct because firms often aim to maximise profit C is not correct because consumers are giving up the products D is not correct because these consumers would be calculating benefits	(1)

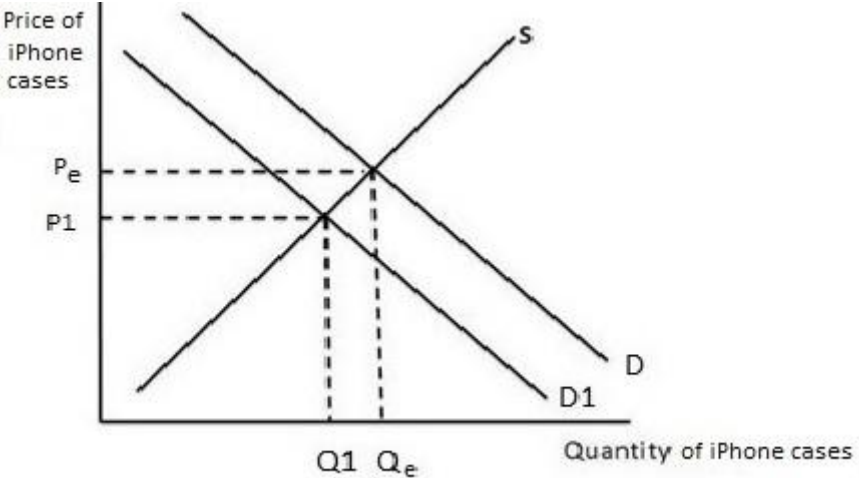
Question number	Which one of the following best describes the product?	Mark
	Answer	
1(b)	AO2 1 mark The only correct answer is: D An inferior good A is not correct because YED does not determine whether a good is a public good B is not correct because the YED would be positive C is not correct because the YED would be positive and greater than 1	(1)

Question number	What is meant by the term productivity?	Mark
	Answer	
1(c)	AO1 2 marks Award up to 2 marks for a correct definition The amount of output produced (1) in relation to the resources used (1) Accept any other appropriate response	(2)

Question number	State the formula for social benefits.	Mark
	Answer	
1(d)	AO1 1 mark Award 1 mark for correct formula Private benefits + external benefits Accept any other appropriate response	(1)

Question number	Define the term producer.	Mark
	Answer	
1(e)	AO1 1 mark Award 1 mark for a correct definition A person/company/country that supplies goods and/or services Accept any other appropriate response	(1)

Question number	Calculate the total costs per month for the firm. You are advised to show your working.	Mark
	Answer	
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $\text{€}37\,000 + (\text{€}170 \times 650)$ (1) Award 1 mark for calculating correct total costs $= \text{€}147\,500$ (1) Award 2 marks if total costs per month are correctly calculated as $\text{€}147\,500$ even if no calculations are shown Award 1 mark if the answer given is 147 500, with or without calculations shown Do not award marks for the formula	(2)

Question number	Using the diagram below, draw the likely effect on the market for iPhone cases after an increase in the price of iPhones. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(g)	AO2 3 marks Award 1 mark for a leftward shift of the demand curve, labelled Award 1 mark for a lower equilibrium price, labelled Award 1 mark for a lower equilibrium quantity, labelled 	(3)

Question number	Explain one reason why the CMA may have made this decision. Answer	Mark
1(h)	AO2 3 marks Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context • In order to prevent monopoly power (1) and so promote competition (1) as a firm with over 60% of the market may be less likely to innovate (1) Accept any other appropriate response	(3)

Question number	With reference to the data above and your knowledge of economics, analyse how an increase in demand for furniture made of wood may affect the demand for woodcutters.
	Indicative content
1(i)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • When an industry needs labour to create a good/service, the demand for labour is a derived demand • This is because the good/service cannot be produced without labour • Therefore, woodcutters are needed to cut the wood with which to make the furniture (the final product) • An increase in demand for furniture made of wood by 5% is likely to lead to an increase in the demand for woodcutters • This is because the greater the demand for a good or service, the greater the demand for labour is likely to be

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	Which one of the following options shows unobtainable production? Answer	Mark
2(a)	AO2 1 mark The only correct answer is: C Y A is not correct because production is possible using all resources B is not correct because some resources are unemployed D is not correct because all resources will be fully employed	(1)

Question number	Which one of the following is a factor that may affect the supply of labour? Answer	Mark
2(b)	AO1 1 mark The only correct answer is: A Age distribution of population B is not correct because the supply of labour is not affected by economies of scale C is not correct because this may affect the demand for labour D is not correct because these will not cause changes in the supply of labour	(1)

Question number	Calculate, to two decimal places the price elasticity of supply (PES) . You are advised to show your working.	Mark
	Answer	
2(c)	AO2 2 marks Award 1 mark for showing the correct calculation -4.6%/-5.6% (1) Award 1 mark for calculating the correct PES = 0.82 (1) Award 2 marks if PES is correctly calculated as 0.82, even if no calculations are shown Award 1 mark if the answer given is 0.82%, with or without calculations shown Do not award marks for a formula	(2)

Question number	What is meant by the term innovation?	Mark
	Answer	
2(d)	AO1 2 marks Award up to 2 marks for a correct definition The commercial exploitation (1) of a new invention (1) Accept any other appropriate response	(2)

Question number	Describe one reason why a car mechanic is a factor of production.	Mark
	Answer	
2(e)	AO1 2 marks Award 1 mark for reference to the reason and 1 mark for development of the reason A car mechanic provides the service of repairing vehicles/machinery for use in production (1) therefore a car mechanic is labour (1) Accept any other appropriate response	(2)

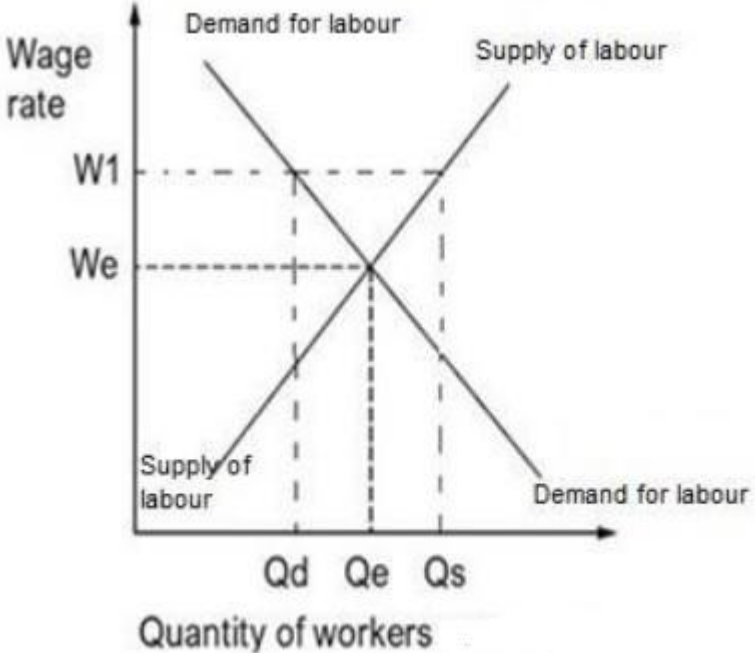
Question number	Explain one possible disadvantage of this privatisation for other broadcasters in Argentina. Answer	Mark
2(f)	AO2 3 marks Award 1 mark for identifying a relevant disadvantage Award 1 mark for developing the disadvantage Award 1 mark for the response being in context The newly privatised Radio Nacional will be under pressure to make a profit (1) meaning there would be more incentive to meet the needs of listeners of Radio Nacional. (1) This would increase competition for other broadcasters (1) Accept any other appropriate response	(3)

Question number	With reference to the data above and your knowledge of economics, assess the effectiveness of trade unions in increasing pay and improving working conditions for their members. Indicative content
2(g)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Trade unions can help raise wages and improve working conditions for workers by putting pressure on employers during negotiations • Mine workers have already been helped by the GMWU, in obtaining an increase in the monthly minimum wage to \$500 • A higher rate of pay may lead to increased productivity from more motivated workers, making employers more likely to accede to the union's demands • The union has been supporting workers for 80 years and has over 16,000 members, meaning it could have a lot of influence on employers • This longevity and the ongoing pressure of GMWU on employers to improve health and safety, shows the union has been reasonably effective so far AO4 • However, the need for further talks to protect mine workers' jobs shows GMWU membership may only be partially effective • Workers may not think it worth paying a membership fee to a trade union if it is unable to guarantee secure jobs • When wage rates increase, employers may not be able to afford to employ the same quantity of workers, thus meaning mine workers' jobs are at risk • Improving health and safety is likely to incur higher costs for mining firms • This means that the effectiveness of trade unions may depend on whether firms can pass on these increased costs through increased prices, such as when demand for products from mines is falling • The alternative may be reduced profit margins for the mining firms, meaning they would be less likely to agree to pay increases

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	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question number	A free rider can be defined as an individual who does which one of the following? Answer	Mark
3(a)	AO1 1 mark The only correct answer is: B Enjoys the benefit of a good but does not pay for it A is not correct because a free rider does not pay for the good C is not correct because a free rider does neither of these D is not correct because a free rider does use the good	(1)

Question number	Which one of the following is an example of an occupation in the tertiary sector? Answer	Mark
3(b)	AO1 1 mark The only correct answer is: C Hotel receptionist A is not correct because this role is in the secondary sector B is not correct because this role is in the primary sector D is not correct because this role produces primary products	(1)

Question number	Using the diagram below, draw the effect of a minimum wage (W_1) that has been set above the equilibrium wage (W_e). Label the new quantity of labour demanded and the new quantity of labour supplied. Answer	Mark
3(c)	AO2 3 marks Award 1 mark for drawing the new wage rate, labelled Award 1 mark for the new quantity of labour demanded, labelled Award 1 mark for the new quantity of labour supplied, labelled 	(3)

Question number	With reference to the data above and your knowledge of economics, analyse how natural factors, such as bad weather, may affect the supply curve for firms that have their goods transported through the Panama Canal. Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The supply curve shows how much of a good that producers are willing and able to supply at different prices over time • Natural factors such as bad weather could shift the supply curve inwards/to the left • Possible use of a diagram: • Bad weather, such as a drought, can reduce supply because it can make it more difficult to supply and therefore more expensive • This is evident from the congestion of cargo ships waiting to pass through the Panama Canal and the increased cost to firms trying to transport goods globally • If it is more difficult and/or more expensive to supply, the quantity supplied is likely to shift to the left (from Q_e to Q_1 on the diagram) • This will therefore result in an increase in the price (from P_e to P_1) if demand stays the same

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	With reference to the data above and your knowledge of economics, assess the effectiveness of subsidies in dealing with externalities, such as road congestion. Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Congestion is an example of a negative externality because it is created by high volumes of traffic and has an external cost, such as pollution, for the people of Sri Lanka • One method of government intervention to reduce negative externalities is to offer subsidies to producers of services, such as SLR providing rail travel • These subsidies will encourage the provision of cheaper and more comfortable rail travel, thus attracting passengers onto the trains and away from the busy roads • The Sri Lankan Government offers these subsidies in an attempt to reduce congestion and therefore reduce the negative externalities to the public in Sri Lanka AO4 • However, there is no guarantee that the cheaper rail travel will attract people onto the trains, as the existing railway tracks need upgrading and the trains can be overcrowded • This means that rail travel may be uncomfortable, limiting the demand from passengers even with cheaper ticket prices • As SLR has made a loss of Rs 331bn over the last 10 years, the Sri Lankan Government may need to provide a larger subsidy to cover this loss, as well as paying for the upgrade of the rail service • Other policies may be more effective, such as taxation of vehicles on the road • There may be an opportunity cost of providing the subsidies, such as reduced revenue to cover education and/or health care

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	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question number	Calculate, to two decimal places, the percentage change in profit for the firm between 2021 and 2023. You are advised to show your working. Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing correct calculation $\frac{\$214\,100 - \$211\,600}{\$211\,600} \times 100 \quad (1)$ OR $\frac{\$2\,500}{\$211\,600} \times 100 \quad (1)$ Award 1 mark for correctly calculating the percentage change = 1.18% (1) Award 2 marks if the percentage change in profit is correctly calculated as 1.18% even if no calculations are shown Award 1 mark if the percentage change in profit is calculated as 1.18 with or without calculations shown Do not award marks for the formula	(2)

Question number	With reference to the data above and your knowledge of economics, analyse why the market for petrol in Uganda could be described as an oligopoly.
	Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • There are five firms dominating the market for petrol in Uganda • Having a distinctive logo and colours for the brand of petrol allows the offering to customers to be different from competitors • The petrol companies compete through non-price competition, for example excellent customer service is offered by Vivo Energy whereas Total Energies aims to improve its impact on the environment • As a result of having something different about the product, such as Stabex International may be able to keep customers coming back to buy petrol from its pumps, rather than going to competitors such as Nile Energy or Hass Petroleum • Barriers to entry due to very high start-up costs mean it is unlikely new firms will be easily able to enter the market for petrol in Uganda, again showing features of an oligopoly

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	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	With reference to the data above and your knowledge of economics, evaluate the likely impact of competition on sauna firms and their customers. Indicative content
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • There are many sauna firms in Finland, meaning they are likely to have to keep prices low and offer quality services, in order to remain competitive • As a result, efficiency may be achieved, as the sauna firms will want to reduce costs to enable a profit to be made in spite of the lower prices • It is also beneficial to customers as they will be able to relax when using a sauna without the need to spend a lot of money, meaning more people are likely to use a sauna • Therefore, this may create more custom for sauna firms, possibly leading to higher profits • The variety of saunas available provides sauna firms with ways to try to compete on factors other than price, such as offering entertainment or transport at the same time • This encourages innovation from the sauna firms, when aiming to provide a choice to customers AO4 • However, as the saunas are less profitable, some sauna firms may not focus as highly on quality in all areas of the business • This means that some sauna firms may not provide quality refreshments in their restaurants as they focus on trying to reduce costs to make more profit instead • Some sauna firms may not be able to stay in business if they cannot bring in enough revenue to cover their costs • This may mean some customers can no longer use their favourite sauna • The attempts by firms to make their saunas different to those of the competitors could lead to monopoly situations, meaning prices may be increased or quality may suffer • There may be a limit to how innovative the sauna firms can be, possibly reducing the advantages to customers • Therefore, there are likely to be a number of both positive and negative impacts for both sauna firms and their customers, depending on the state of the economy due to other economic influences

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).

