



Mark Scheme (Results)

Summer 2026

Pearson Edexcel International GCSE in Economics

4EC1/ 01

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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 is the lowest amount a worker can legally be paid?	Mark
	Answer	
1(a)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is:</p> <p>C Minimum wage</p> <p>A is not correct because this is the whole market for labour B is not correct because this is primarily the use of workers not machines D is not correct because this would be the highest amount</p>	(1)

Question number	Which one of the following equals €17 520?	Mark
	Answer	
1(b)	<p style="text-align: center;">AO21 mark</p> <p>The only correct answer is:</p> <p>D Total variable costs</p> <p>A is not correct because this cannot be calculated from this information B is not correct because this would equal €37 770 C is not correct because this would equal €20 250</p>	(1)

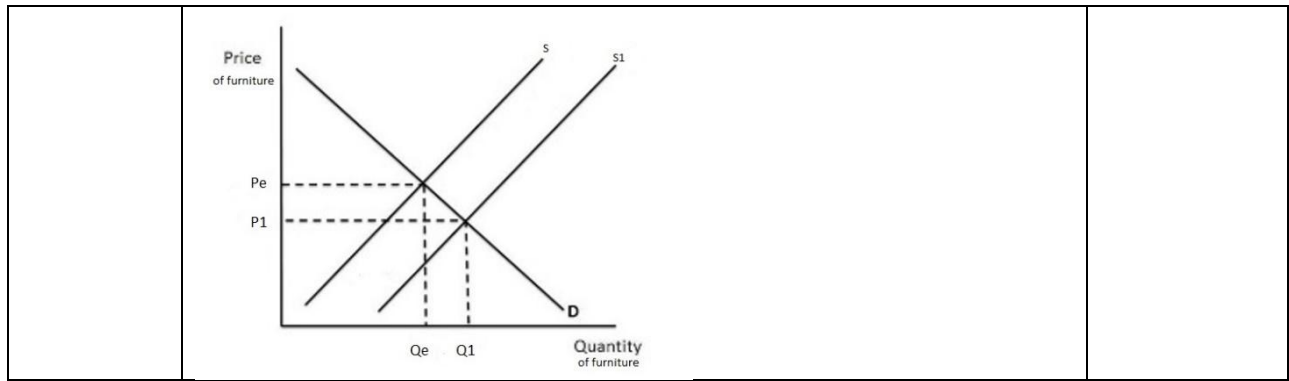
Question number	What is meant by the term subsidies?	Mark
	Answer	
1(c)	<p style="text-align: center;">AO12 marks</p> <p>Award up to 2 marks for a correct definition</p> <ul style="list-style-type: none"> • Money paid by a government (1) to lower costs (of production)/encourage the production of goods (1) <p>Accept any other appropriate response</p>	(2)

Question number	State one factor that will shift a demand curve to the right. Answer	Mark
1(d)	<p style="text-align: center;">AO11 mark</p> <p>Award 1 mark for a correct factor</p> <ul style="list-style-type: none"> • Advertising • Rise in income • Positive change in fashion/taste • Rise in price of substitute goods • Fall in price of complementary goods • Increase in population <p>Accept any other appropriate response</p>	(1)

Question number	Define the term enterprise. Answer	Mark
1(e)	<p style="text-align: center;">AO11 mark</p> <p>Award 1 mark for a correct definition</p> <ul style="list-style-type: none"> • Ability to combine the other factors of production/an entrepreneur <p>Accept any other appropriate response</p>	(1)

Question number	Calculate, to two decimal places, the price elasticity of demand (PED) for Daniel's gardening service. You are advised to show your working. Answer	Mark
1(f)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for showing correct calculation</p> <ul style="list-style-type: none"> • $-3.7\% / 2.2\%$ (1) <p>Award 1 mark for calculating correct PED</p> <ul style="list-style-type: none"> • $= -1.68$ (1) <p>Award 2 marks if PED is correctly calculated as -1.68, even if no calculations are shown</p> <p>Award 1 mark if PED is calculated as -1.68%, regardless of whether calculations are shown</p> <p>Do not award marks for the formula</p>	(2)

Question number	Using the diagram below, draw the likely effect on the market for furniture following a fall in the price of raw materials. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(g)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for a rightward shift of the supply curve, labelled</p> <p>Award 1 mark for a lower equilibrium price, labelled</p> <p>Award 1 mark for a higher equilibrium quantity, labelled</p>	(3)



Question number	Explain one possible reason why the size of Türkiye's tertiary sector may be growing.	Mark
	Answer	
1(h)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context</p> <ul style="list-style-type: none"> As Türkiye has become more developed (1) more services are demanded, such as healthcare/education (1) meaning an increase in tertiary sector activity (1) <p>Accept any other appropriate response</p>	(3)

Question number	With reference to the data above and your knowledge of economics, analyse why a government provides street lighting.
	Indicative content
1(i)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Traffic accidents and crime are potentially increased problems during the hours of darkness • The Brazilian Government spent approximately \$100m to replace 389,000 streetlights, in an attempt to improve the lighting and therefore reduce these problems at night • This provision is likely to occur because the private sector may not be willing to provide services such as streetlighting due to the free rider problem • Street lighting is an example of market failure because the private sector is unlikely to provide resources needed to manage the increase in problems during darkness • Street lighting is an example of a public good, which has non-rivalry and non-excludability, therefore the government provides this service

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 would lead to a decrease in the supply of labour? Answer	Mark
2(a)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is:</p> <p>B Decrease in the retirement age</p> <p>A is not correct because this would increase the supply of labour C is not correct because this would increase the supply of labour D is not correct because this would increase the supply of labour</p>	(1)

Question number	Which one of the following most accurately describes this type of market? Answer	Mark
2(b)	<p style="text-align: center;">AO21 mark</p> <p>The only correct answer is:</p> <p>C It meets the exact requirements of the customer</p> <p>A is not correct because this is a monopoly B is not correct because this would be more likely to deal with the secondary sector D is not correct because labour is likely to be used</p>	(1)

Question number	Calculate, the profit for the firm in May. You are advised to show your working.	Mark
2(c)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for showing the correct calculation</p> <ul style="list-style-type: none"> • $(2\,227 \times \\$11) - \\$13\,523$ (1) <p>OR</p> <ul style="list-style-type: none"> • $\\$24\,497 - \\$13\,523$ (1) <p>Award 1 mark for correctly calculating the profit</p> <ul style="list-style-type: none"> • $= \\$10\,974$ (1) <p>Award 2 marks if the profit is correctly calculated as \$10 974, even if no calculations are shown</p> <p>Award 1 mark if the answer given is 10 974, with or without calculations shown</p> <p>Do not award marks for a formula</p>	(2)

Question number	What is meant by the term division of labour?	Mark
2(d)	<p style="text-align: center;">AO1 2 marks</p> <p>Award up to 2 marks for a correct definition</p> <ul style="list-style-type: none"> • The breaking down of the production process (1) into smaller/different tasks (1) <p>Accept any other appropriate response</p>	(2)

Question number	Describe one result of having finite resources. Answer	Mark
2(e)	<p style="text-align: center;">AO1 2 marks</p> <p>Award 1 mark for reference to the result and 1 mark for development of the result</p> <ul style="list-style-type: none"> Running out of resources (1) due to the demand for resources being greater than the supply of them (1) <p>Accept any other appropriate response</p>	(2)

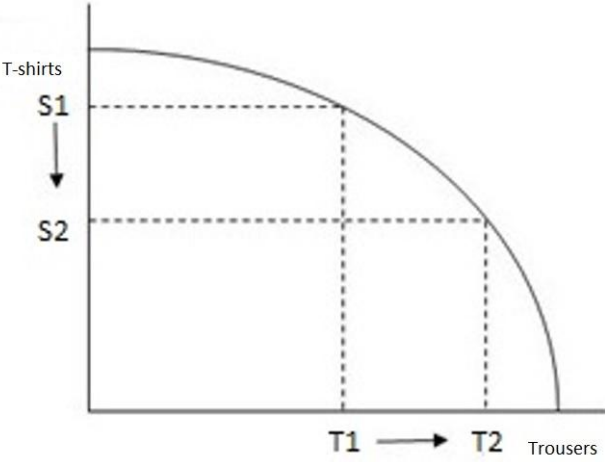
Question number	Explain one effect on the demand for maize following a change in the price of maize. Answer	Mark
2(f)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for identifying a relevant effect Award 1 mark for developing the effect Award 1 mark for the response being in context</p> <ul style="list-style-type: none"> A price increase would decrease the quantity demanded (1). An increase from \$193 to \$198 leads to less demand (1) because there would be a movement up the demand curve (1) A price decrease would increase quantity demanded (1). A decrease from \$203 to \$198 leads to more demand (1) due to the price being more competitive/better value for consumers (1) <p>Accept any other appropriate response</p>	(3)

Question number	<p>With reference to the data above and your knowledge of economics, assess whether an increase in productivity will always reduce the demand for labour in the UK car industry.</p> <p>Indicative content</p>
2(g)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • An increase in productivity may mean firms benefit from the ability to produce the same amount of goods and services by using fewer workers • Firms in the UK car industry have increased the use of technology and robots over the last 40 years, replacing the need for labour • By using fewer workers, firms could reduce labour costs, leading to a potential increase in profit • This would match the common economic assumption that firms aim to make a profit <p>Therefore, the quantity of workers who producers are willing and able to employ may decrease, thus reducing the demand for labour</p> <p>AO4</p> <ul style="list-style-type: none"> • However, an increased demand for cars may result in a higher demand for labour so that the higher volume of cars required can be built • This is likely to increase employment further, as firms aim to meet the demand • Increased productivity of labour is likely as a result of being able to use technology • Labour will be needed to design, install, maintain and operate the technology, as well as to conduct the tasks technology cannot perform • This demand is likely to remain necessary whilst there remains an increasing demand for cars

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	Which one of the following is likely to lead to an increase in the productivity of land?	Mark
3(a)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is:</p> <p>D Increase in the use of irrigation</p> <p>A is not correct because this is likely to lead to a decrease in the productivity of land B is not correct because this is likely to lead to a decrease in the productivity of land C is not correct because this is likely to lead to a decrease in the amount of land available</p>	(1)

Question number	Protecting consumer interests can best be achieved through which one of the following?	Mark
3(b)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is:</p> <p>C Government regulation</p> <p>A is not correct because these relate to firms B is not correct because these relate to production D is not correct because this is likely to be against consumer interests</p>	(1)

Question number	<p>In the box below, draw a production possibility curve (PPC) for a firm that can produce t-shirts and/or trousers. On your PPC, draw and label what would happen if the production of trousers was increased.</p> <p>Answer</p>	Mark
3(c)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for drawing a production possibility curve (PPC) with correctly labelled axes (1) Award 1 mark for showing a decrease in t-shirts on the PPC (1) Award 1 mark for showing an increase in trousers on the PPC (1)</p> 	(3)

Question number	With reference to the data above and your knowledge of economics, analyse why Gillian may have chosen not to maximise profits. Indicative content
3(d)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Many businesses pursue other objectives such as caring for customers • Gillian prioritises caring for customer needs above profit maximisation • By offering lessons at a reduced price on three days every week, Gillian makes her service available to more students, including those from families with lower incomes • This means the education of those students is less likely to suffer as a result of financial issues • As a result, Gillian's business may benefit from a positive reputation and may lead to increased profit as a result • This is especially true due to her classes often being fully booked so far in advance

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<p>With reference to the data above and your knowledge of economics, assess the potential benefits of oligopolies such as MFS firms, for consumers.</p> <p>Indicative content</p>
3(e)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • The MFS market in Bangladesh is an oligopoly, where a few dominant firms (bKash, Nagad, Rocket and SureCash) hold 95% of the market between them • Due to the dominance enjoyed by these MFS, they may benefit from economies of scale, meaning lower average costs • These lower average costs may be passed on to consumers as lower prices for the financial services offered, especially if the main firms enter into price wars • Large firms such as bKash may earn higher profits due to its size and may use some of its profit to invest in R&D in order to increase market share further • As a result, consumers may benefit from better/additional services <p>AO4</p> <ul style="list-style-type: none"> • However, MFS firms may have increased costs as a result of high levels of competition to try to gain market share from competitors • Therefore, paying for costs such as advertising may mean the firms cannot afford to offer low prices to consumers • It may also reduce the ability of smaller firms to enter the market/compete with the larger firms, due to financial (or technical) barriers to entry • This means that fewer firms remain in the market for MFS, potentially restricting competition, which may lead to higher prices and/or reduced services for consumers • Firms such as Nagad and Rocket may even collude in order to restrict the choice for consumers, leading to potentially higher prices

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	Using the information in Figure 6, calculate the excess demand of goods in the market at a price of \$30. You are advised to show your working. Answer	Mark
4(a)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for showing correct calculation</p> <ul style="list-style-type: none"> • $40 - 30$ (1) <p>Award 1 mark for correctly calculating the excess demand</p> <ul style="list-style-type: none"> • $= 10$ (1) <p>Award 2 marks if the excess demand is correctly calculated as 10, even if no calculations are shown</p> <p>Award 1 mark if the answer given is \$10, with or without calculations shown</p> <p>Do not award marks for the formula</p>	(2)

Question number	With reference to the data above and your knowledge of economics, analyse why tourism may lead to external costs. Indicative content
4(b)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Third parties may be negatively affected by the litter dropped by tourists, price increases or overcrowding • The increased number of people in public areas or on buses and trains means these areas are busier as a result of tourism, leading to the possibility of overcrowding • Overcrowding on public transport and in public areas such as parks, leads to a less comfortable/pleasurable experience for local residents • An increased demand for goods and services in the area may push up the price of some products, meaning local people have to pay more, thus potentially reducing their standard of living • As these people are not directly involved in providing or receiving the service, external costs are created by tourism

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<p>With reference to the data above and your knowledge of economics, evaluate the extent to which Mars is likely to benefit from internal economies of scale.</p> <p>Indicative content</p>
4(c)	<p style="text-align: center;">AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Internal economies of scale include purchasing, marketing, technical, financial, management and risk-bearing • Mars would need to purchase ingredients/raw materials on a very large scale in order to manufacture its > 30 brands of confectionery • This means it may be able to negotiate lower costs/discounts when purchasing ingredients • Therefore, Mars may be able to benefit from purchasing economies of scale • Marketing economies may be enjoyed by Mars if the firm is able to reduce advertising costs when publicising its name and products across the 180 countries in which it has customers • Similarly, Mars might be able to benefit from technical economies, as it may be able to spread the cost of production equipment across its > 30 brands • This means average costs of marketing and/or technology may be cheaper due to its expansion by taking over brands such as Hotel Chocolat • A portfolio of more than 30 brands of confectionery and having customers in 180 countries is likely to allow Mars to benefit from risk-bearing economies • This is because if one brand declines or there is a reduced demand from one country, Mars has multiple alternative revenue sources <p>AO4</p> <ul style="list-style-type: none"> • However, if it becomes too large, Mars may suffer from diseconomies of scale where average costs may increase as the firm expands • Operating on a global level and with customers in 180 countries, communication problems may arise due to language and/or cultural differences • Being spread across the world may mean purchases have to be kept on a small scale to cater for individual brands/markets, or transportation costs may become too high • This is especially true due to the possibly perishable nature of the confectionery

	<ul style="list-style-type: none"> • Bureaucracy caused by global transactions, may lead to higher costs, thus possibly reducing any benefits gained by other internal economies • It may not be feasible to advertise different brands or in different countries using combined marketing budgets, meaning marketing economies may be less likely for Mars • Therefore, it may depend on the skill of brand/financial managers as to how effectively Mars can benefit from internal economies of scale • It may be that Mars is able to benefit from some internal economies but not from others
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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).
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