

Please check the examination details below before entering your candidate information

Candidate surname					Other names				
Centre Number					Candidate Number				

Pearson Edexcel International GCSE

Friday 8 May 2026

Afternoon (Time: 1 hour 30 minutes)

Paper reference **4EC1/01**

Economics

Level 1/2

PAPER 1: Microeconomics and Business Economics

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- Calculators may be used.
- You are advised to **show all your working out** with **your answer clearly identified** at the **end of your solution**.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1 (a) Which **one** of the following is the lowest amount a worker can legally be paid? (1)

- ☐ **A** Labour market
- ☐ **B** Labour intensive
- ☐ **C** Minimum wage
- ☐ **D** Maximum wage

Figure 1 below shows the monthly costs for a firm.

Rent	€17 000
Raw materials	€6 500
Advertising	€3 250
Labour (pay is linked to output)	€11 020

Figure 1

- (b) Which **one** of the following equals €17 520? (1)

- ☐ **A** Total average costs
- ☐ **B** Total costs
- ☐ **C** Total fixed costs
- ☐ **D** Total variable costs



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(c) What is meant by the term subsidies?

(2)

(d) State **one** factor that will shift a demand curve to the right.

(1)

Enterprise is a factor of production.

(e) Define the term enterprise.

(1)



P 7 9 8 0 1 A 0 3 2 4

Daniel provides a gardening service. Demand for his services fell by 3.7% following an increase in his prices of 2.2%.

(f) Calculate, to **two** decimal places, the **price elasticity of demand (PED)** for Daniel's gardening service. You are advised to show your working.

(2)

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Figure 2 shows the market for furniture.

- (g) 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.

(3)

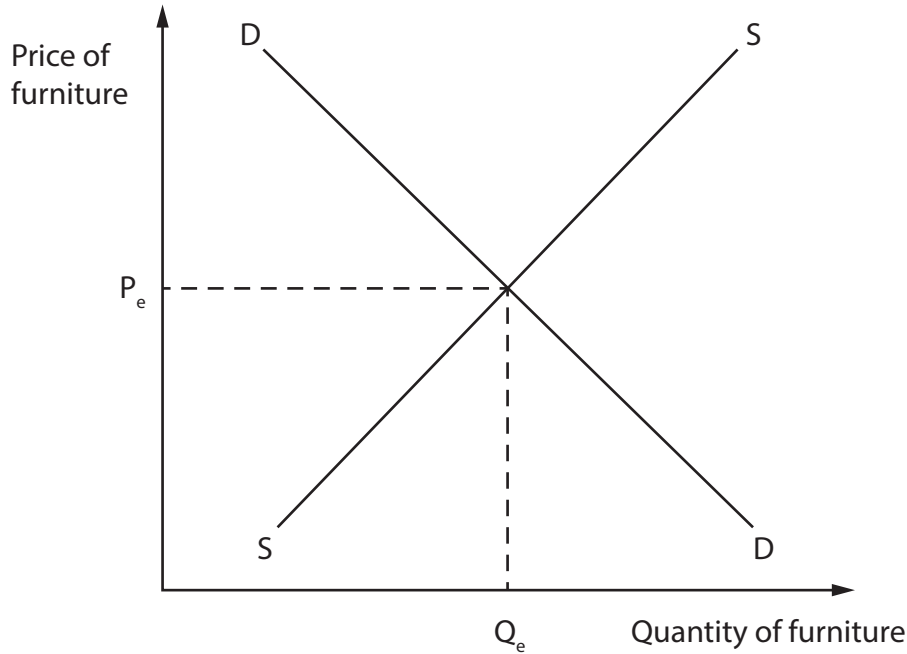


Figure 2

The tertiary sector contributes more than 50% to Türkiye's GDP and it continues to grow.

- (h) Explain **one** possible reason why the size of Türkiye's tertiary sector may be growing.

(3)

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In an initiative to reduce traffic accidents and crime at night, the Brazilian Government spent approximately \$100m to replace 389,000 streetlights, which will provide brighter lighting. This is expected to benefit 4.5 million people.

- (i) With reference to the data above and your knowledge of economics, analyse why a government provides street lighting.

(6)

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(Total for Question 1 = 20 marks)



2 (a) Which **one** of the following would lead to a decrease in the supply of labour? (1)

- ☐ **A** Decrease in the school-leaving age
- ☐ **B** Decrease in the retirement age
- ☐ **C** Increase in female participation
- ☐ **D** Increase in population

A fashion designer operates in a niche market.

(b) Which **one** of the following most accurately describes this type of market? (1)

- ☐ **A** There is only one firm in the market
- ☐ **B** It only deals with the primary sector of the economy
- ☐ **C** It meets the exact requirements of the customer
- ☐ **D** It never uses labour as a factor of production

Figure 3 shows some financial information for a firm selling t-shirts.

Number of t-shirts sold in May	2 227
Total costs for the firm in May	\$13 523
Price per t-shirt	\$ 11

Figure 3

(c) Calculate the **profit** for the firm in May. You are advised to show your working. (2)

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(d) What is meant by the term division of labour?

(2)

(e) Describe **one** result of having finite resources.

(2)



Figure 4 shows the demand curve for maize in a country during 2025.

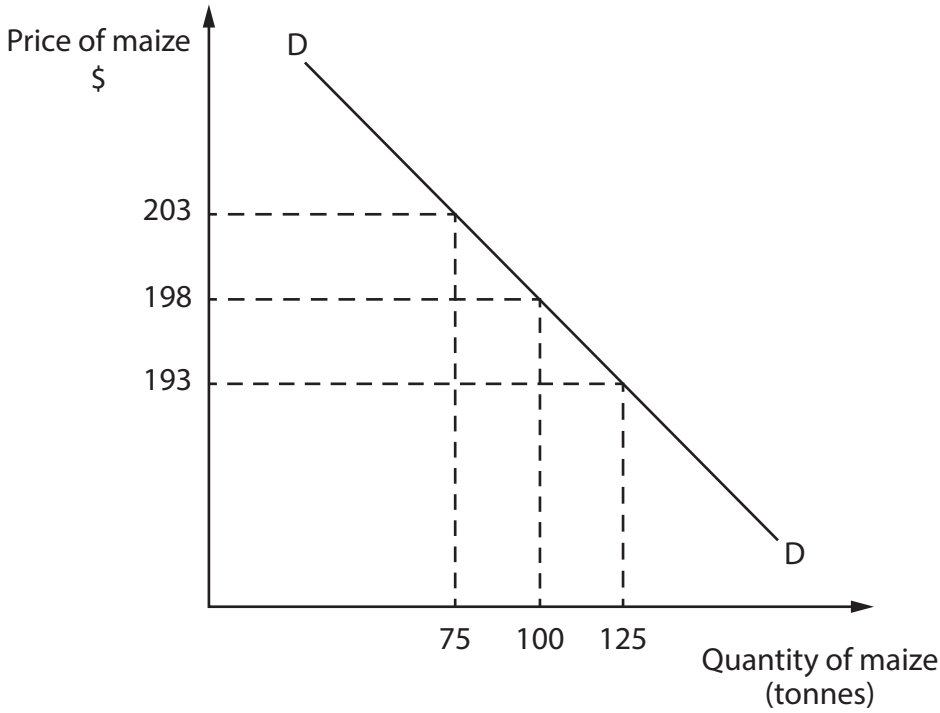


Figure 4

(f) Explain **one** effect on the demand for maize following a change in the price of maize.

(3)

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The UK car industry has experienced fast productivity growth over the past 40 years. Firms in the industry have increasingly used technology and robots as the demand for cars has continued to rise.

(g) 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.

(9)

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(Total for Question 2 = 20 marks)



- 3 (a) Which **one** of the following is likely to lead to an increase in the productivity of land?

(1)

- ☐ **A** Decrease in the use of fertiliser
- ☐ **B** Increase in the use of bureaucracy
- ☐ **C** Decrease in the use of reclamation
- ☐ **D** Increase in the use of irrigation

- (b) Protecting consumer interests can best be achieved through which **one** of the following?

(1)

- ☐ **A** Economies of scale
- ☐ **B** Factors of production
- ☐ **C** Government regulation
- ☐ **D** Profit maximisation

- (c) 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.

(3)



Gillian is a maths tutor who runs her own business, providing tuition to students. Time periods are often fully booked months in advance. Gillian offers tuition for students at a reduced price three days each week, charging just enough to cover her costs. She charges full price on the other days tuition is offered.

(d) With reference to the data above and your knowledge of economics, analyse why Gillian may have chosen not to maximise profits.

(6)

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Figure 5 shows the market share of mobile finance services (MFS) in Bangladesh in November 2024.

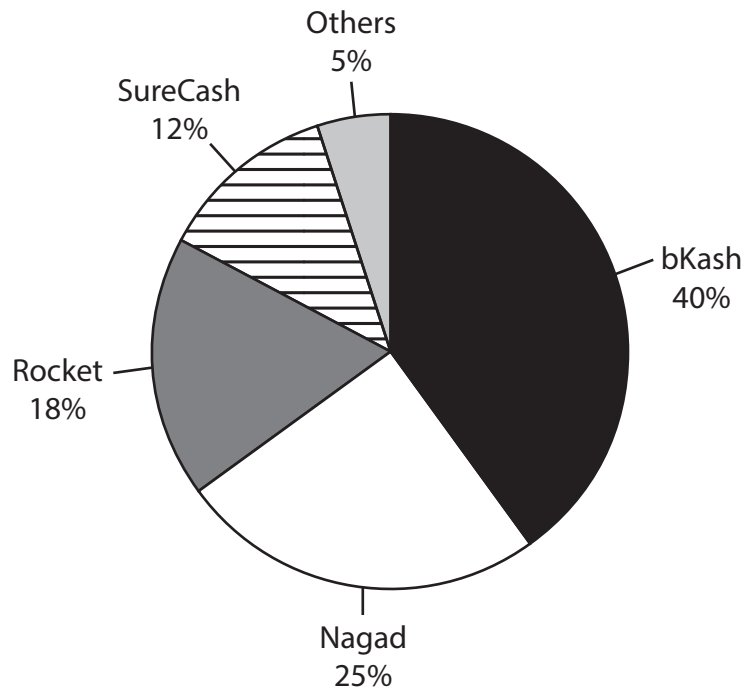


Figure 5

Mobile finance services (MFS) provide banking to over 50 million mobile phone users in Bangladesh. People without access to traditional banks are using MFS to make deposits, withdrawals and transfers of money.

Research has shown that MFS firms have increased growth prospects in the economy and have the potential to improve the quality of life for those consumers on a low income.

- (e) With reference to the data above and your knowledge of economics, assess the potential benefits of oligopolies, such as MFS firms, for consumers.

(9)



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(Total for Question 3 = 20 marks)



- 4 Figure 6 shows the quantity of a good supplied and demanded at different price levels.

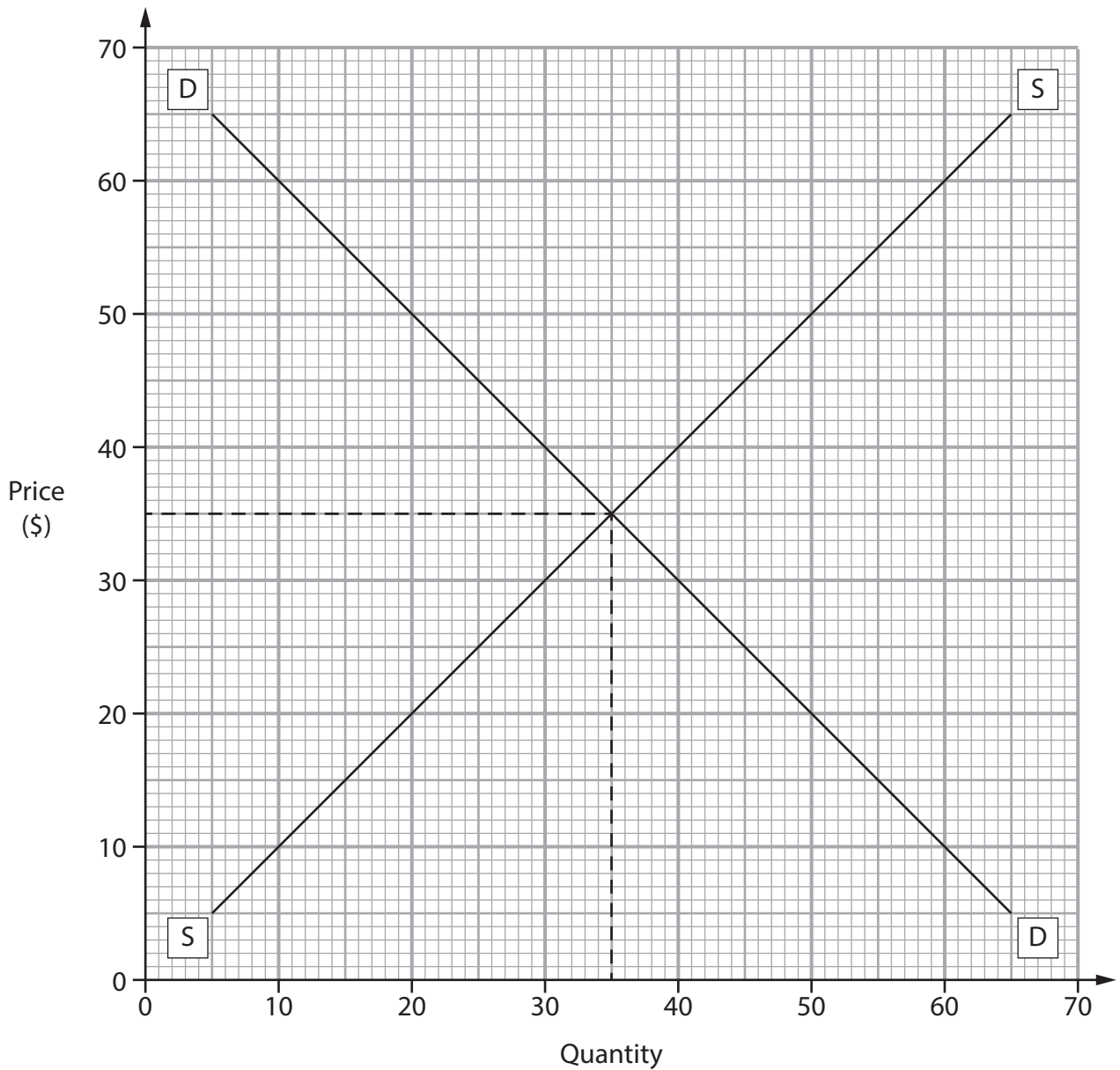


Figure 6

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(a) 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.

(2)

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Around the world, the high number of tourists in popular areas has resulted in overcrowding. This is not only in popular tourist spots but also in public areas and on transportation systems. Increased litter, pollution and increased prices are further issues which greatly reduce the quality of life for local residents.

- (b) With reference to the data above and your knowledge of economics, analyse why tourism may lead to external costs.

(6)



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Mars Incorporated (Mars) is a US-based manufacturer of confectionery and other food products. It is one of the largest privately-owned firms in the US with over \$45bn in annual sales revenue. Mars owns more than 30 confectionery brands. Some of these brands have customers in 180 countries.

In January 2024, Mars announced that it had completed the takeover of Hotel Chocolat, one of the UK’s leading premium-chocolate brands. Mars now aims to develop the Hotel Chocolat brand in the UK and enter new markets.

- (c) 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. (12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

Acknowledgements

Question 1(i) adapted from: <https://www.worldbank.org/en/results/2022/05/02/lighting-the-way-to-safer-streets-in-brazil>

Question 2(g) adapted from: <https://blogs.lse.ac.uk/businessreview/2024/11/05/the-productivity-boom-in-the-british-car-industry-benefited-workers-with-a-caveat/>

Question 3(e) adapted from: https://www.researchgate.net/figure/displays-the-dominant-market-share-of-the-Mobile-Financial-Services-MFS-sector-with_fig2_385827517

Question 4(c) adapted from: <https://www.mars.com/news-and-stories/press-releases-statements/mars-completes-acquisition-hotel-chocolat>

