

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 **4EC1/01R**

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 ☐. 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 selling of a government-owned enterprise to individuals or firms? (1)

- ☐ **A** Innovation
- ☐ **B** Irrigation
- ☐ **C** Migration
- ☐ **D** Privatisation

A firm charges a price of €240 per unit and has average costs of €190 per unit. It sells 15 000 items.

- (b) What is the total revenue of the firm? (1)

- ☐ **A** €14 760
- ☐ **B** €750 000
- ☐ **C** €2 850 000
- ☐ **D** €3 600 000

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(c) What is meant by the term trade union?

(2)

(d) State **one** factor that may influence price elasticity of demand (PED).

(1)

(e) Define the term risk.

(1)



Luca provides swimming lessons. The quantity supplied of his swimming lessons increased by 1.9% following an increase in his prices of 2.5%.

- (f) Calculate, to **two** decimal places, the **price elasticity of supply (PES)** for Luca's swimming lessons. You are advised to show your working.

(2)

Figure 1 shows the market for golf balls.

- (g) Using the diagram below, draw the likely effect on the market for golf balls following a fall in the price of golf clubs. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

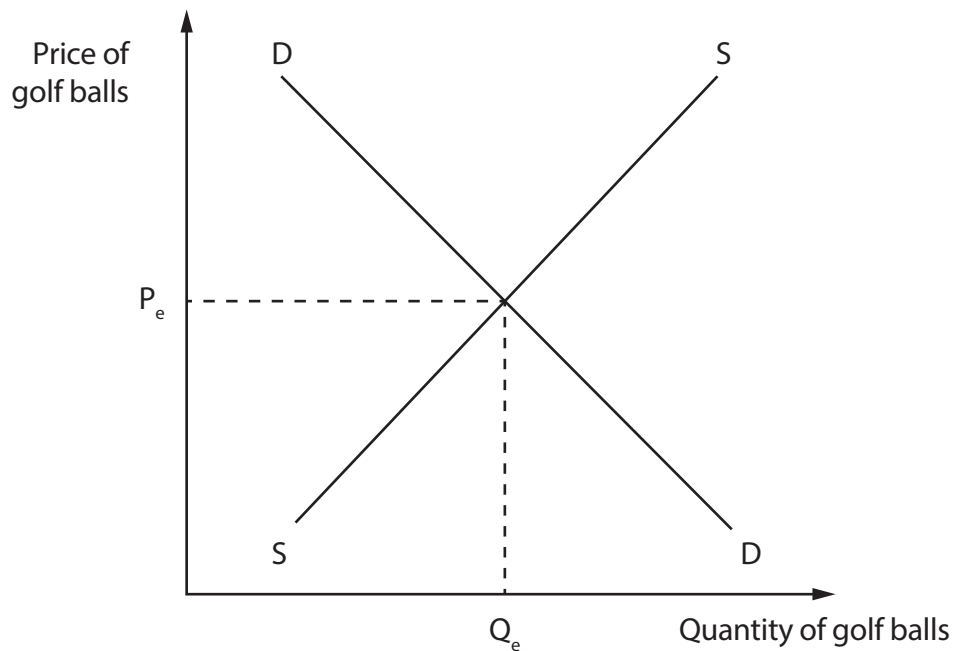


Figure 1



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A calculator manufacturing firm breaks down the production process so that each worker specialises in one task. Tasks include component assembly and quality testing.

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

(3)

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In 2025, the Uzbekistan Government spent \$2.8 bn on defence. This was the highest amount spent by any country in Central Asia.

- (i) With reference to the data above and your knowledge of economics, analyse why the free rider problem may have led the Uzbekistan Government to provide defence.

(6)

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(Total for Question 1 = 20 marks)



- 2 (a) Which **one** of the following occurs when a firm's average costs fall due to the growth of the industry? (1)
- ☐ **A** Internal economies of scale
- ☐ **B** External economies of scale
- ☐ **C** Technical economies of scale
- ☐ **D** Diseconomies of scale

The price elasticity of demand (PED) for coffee in Armenia is -1 .

- (b) Which **one** of the following most accurately describes this value of PED? (1)
- ☐ **A** PED is perfectly price inelastic
- ☐ **B** PED is price inelastic
- ☐ **C** PED is unitary price elastic
- ☐ **D** PED is price elastic

Figure 2 shows selected financial information for a firm.

Total fixed costs	€5 722
Variable costs per unit	€ 32
Number of units produced per month	520

Figure 2

- (c) Calculate the **total costs per month** for the firm. You are advised to show your working. (2)



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(d) What is meant by the term income elasticity of demand?

(2)

(e) Describe **one** reason why producers do not always maximise their profit from the production of a product.

(2)



Figure 3 shows the supply curve for maize in a country during 2025.

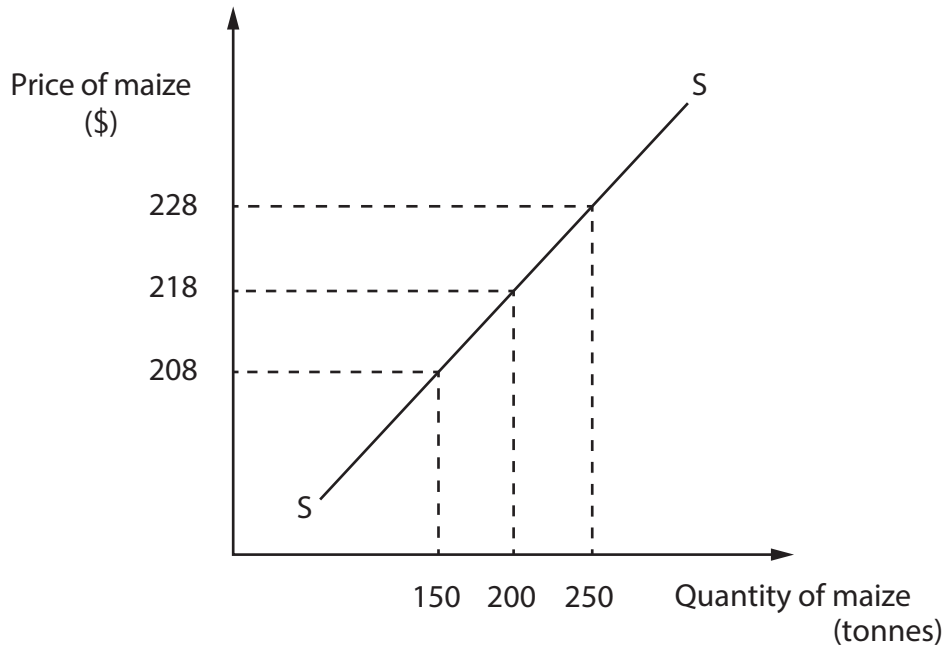


Figure 3

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

(3)

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The retirement age in Scotland is due to rise from 66 years to 67 years from 2028.

- (9)

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(Total for Question 2 = 20 marks)



3 (a) Which **one** of the following is a factor of production?

(1)

- ☐ **A** Bureaucracy
- ☐ **B** Capital
- ☐ **C** Patent
- ☐ **D** Regulation

(b) In which **one** of the following sectors is farming?

(1)

- ☐ **A** Financial
- ☐ **B** Primary
- ☐ **C** Secondary
- ☐ **D** Tertiary

Figure 4 shows a labour market.

(c) On the diagram below, draw the effect on the labour market if there is an increase in demand for the final product produced by that labour. Label the new curve, the new equilibrium wage rate and the new equilibrium quantity of labour.

(3)

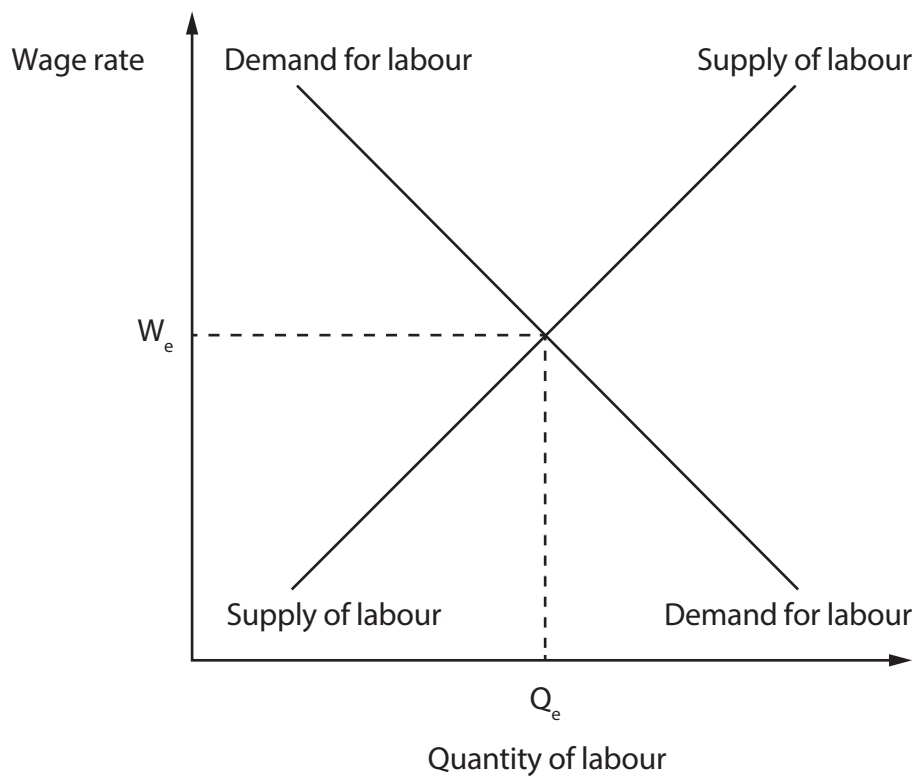


Figure 4



Figure 5 shows a production possibility curve (PPC).

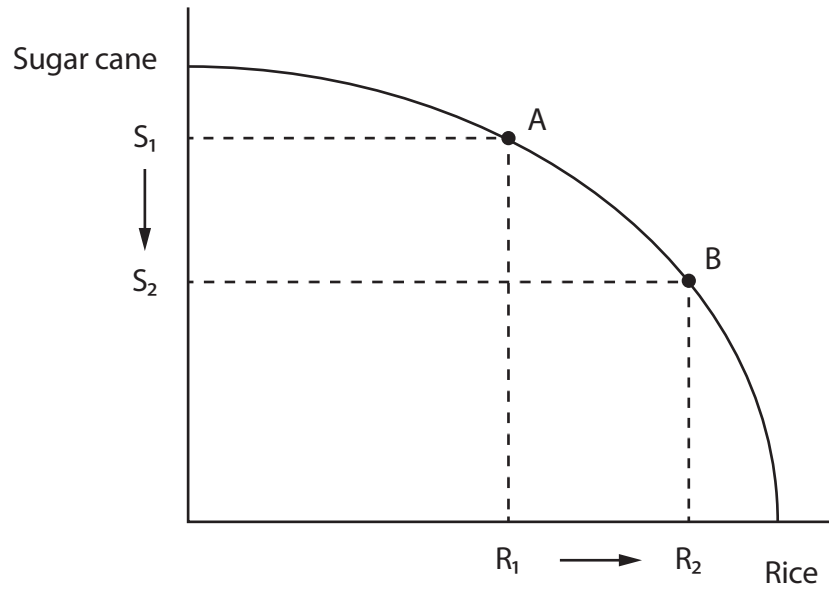


Figure 5

Rice and sugar cane are grown in a country that uses its resources to produce these agricultural products.

- (d) With reference to the data above and your knowledge of economics, analyse why the production of sugar cane decreases if the production of rice increases.

(6)



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Amazon Go was one of the first to introduce shops where a customer could just walk in, pick up what they wanted to buy and walk out. No checkouts or queues. Cameras and sensors powered by AI (artificial intelligence) track what the customer has taken and automatically charge their account.

AI already makes suggestions to online shoppers about which products to buy. It may soon become normal for customers in shops to receive phone notifications when passing products that they may be interested in or when something they usually buy is on offer.

- (e) With reference to the data above and your knowledge of economics, assess whether an increase in the use of technology is the best way to increase efficiency in shops.

(9)



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

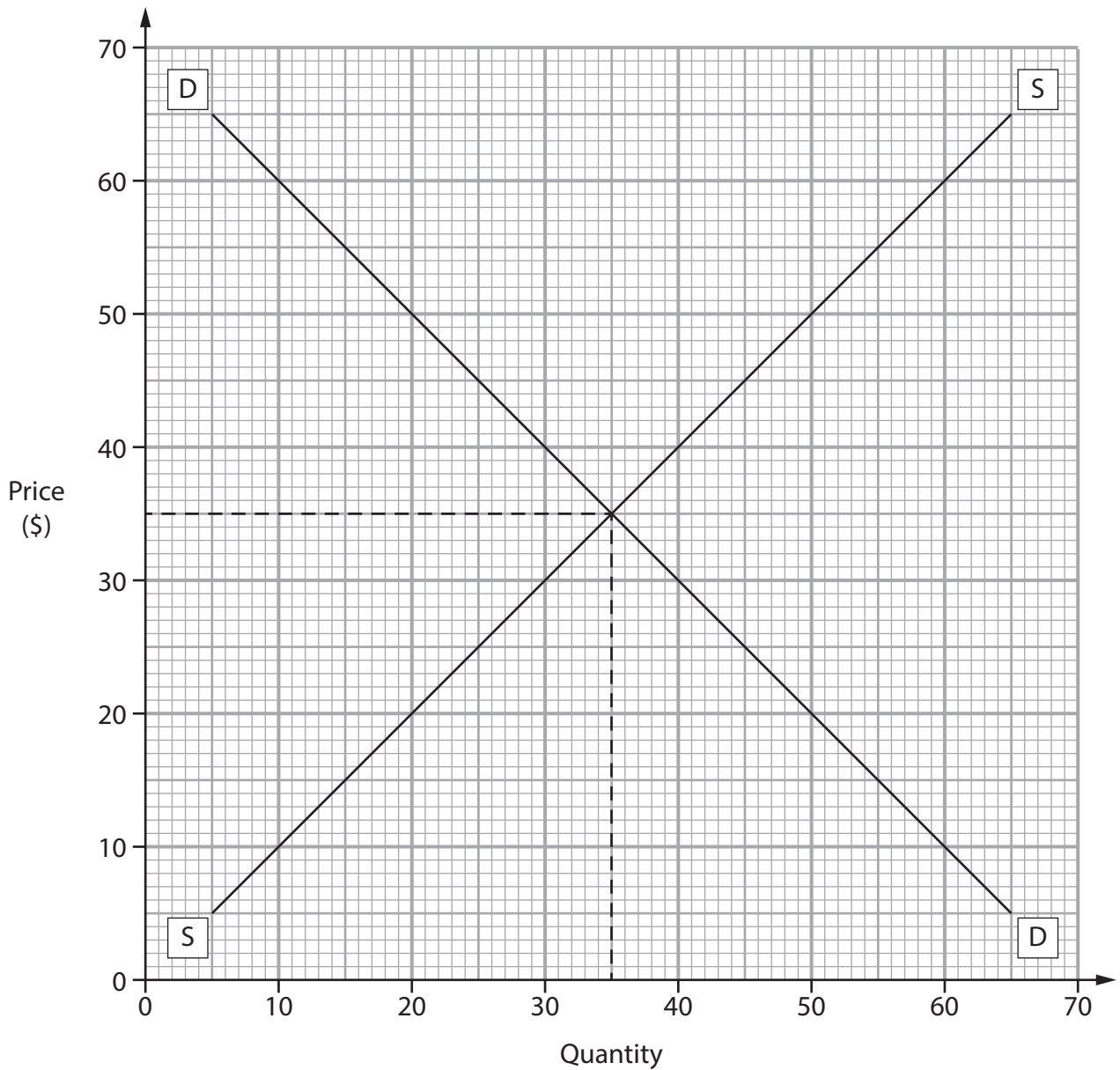


Figure 6

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(a) Using the information in Figure 6, calculate the **excess supply** of goods in the market at a price of \$50. You are advised to show your working.

(2)

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(6)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

Acknowledgements

Question 1(i) adapted from: <https://timesca.com/uzbekistans-new-emphasis-on-the-military/>

Question 3(e) adapted from: wearetechwomen.com/ai-in-aisle-five-the-next-big-shift-in-shopping/

Question 4(b) adapted from: <https://www.wallstreetmojo.com/monopoly-examples/>

Question 4(c) adapted from: <https://worldpopulationreview.com/cities/romania/cluj-napoca>

