



Mark Scheme (Results)

November 2025

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	In which sector of the economy is house building? Answer	Mark
1(a)	<p style="text-align: center;">AO1 1 mark</p> <p>The only correct answer is: C Secondary</p> <p>A is not correct because this is not a sector of the economy in which production occurs B is not correct because this would involve the extraction of raw materials D is not correct because this involves the use of services</p>	(1)

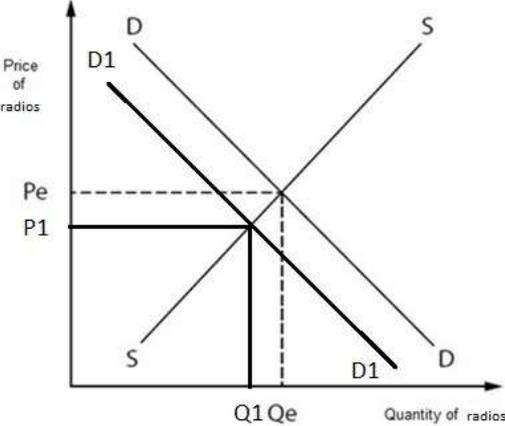
Question number	Wood is an example of which one of the following factors of production? Answer	Mark
1(b)	<p style="text-align: center;">AO2 1 mark</p> <p>The only correct answer is: D Land</p> <p>A is not correct because this would be man-made B is not correct because this would be the combining of factors C is not correct because this would include workers</p>	(1)

Question number	What is meant by the term total costs? Answer	Mark
1(c)	<p style="text-align: center;">AO1 2 marks</p> <p>Award up to 2 marks for a correct definition</p> <p>(Total) fixed costs plus (1) (total) variable costs (1)</p> <p>Accept any other appropriate response</p>	(2)

Question number	State the formula for social benefits.	Mark
	Answer	
1(d)	<p style="text-align: center;">AO11 mark</p> <p>Award 1 mark for correct formula</p> <p>Private benefits + external benefits</p> <p>Accept any other appropriate response</p>	(1)

Question number	Define the term substitute good.	Mark
	Answer	
1(e)	<p style="text-align: center;">AO11 mark</p> <p>Award 1 mark for a correct definition</p> <p>Goods bought as a suitable alternative to another good</p> <p>Accept any other appropriate response</p>	(1)

Question number	Calculate the excess demand in March for the sunglasses. You are advised to show your working.	Mark
	Answer	
1(f)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for showing correct calculation</p> <p>$1,350 - (639 + 715 + 516)$ (1)</p> <p>OR</p> <p>$1,350 - 1,870$ (1)</p> <p>Award 1 mark for calculating correct excess demand</p> <p>= 520 (pairs of sunglasses) (1)</p> <p>Award 2 marks if excess demand in March is correctly calculated as 520 even if no 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 radios following a fall in their popularity. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
Answer		
1(g)	<p style="text-align: center;">AO2 3 marks</p> <p>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</p> 	(3)

Question number	Explain one reason why consumers may benefit as a result of mergers in the pharmaceutical industry.	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"> • Economies of scale may occur as a result of a merger (1) because the new and larger pharmaceutical firms may be able to buy ingredients in bulk at a lower cost (1) meaning consumers may benefit from lower prices being passed on by the firms (1) <p>Accept any other appropriate response</p>	(3)

Question number	With reference to the data above and your knowledge of economics, analyse the possible disadvantages faced by consumers from collusion between firms that provide accommodation for rent. 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"> • The anti-competitive practice of collusion means firms are able to act like a monopoly • This means it is more difficult for new firms to enter the market and reduces choice for consumers/tenants • Collusion to fix prices could lead to firms receiving higher profits at the expense of the tenant, who may have to pay more in rent • Therefore, this could make it more difficult for tenants to find cheaper accommodation or to have a choice of the firm they rent from • As many tenants are struggling to afford the rent they pay and over 1 million properties are affected, the impact on consumers is likely to be considerable

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 is the correct label to replace 'X'?	Mark
2(a)	<p style="text-align: center;">AO21 mark</p> <p>The only correct answer is: C Most efficient</p> <p>A is not correct because this would be to the right of 'X' B is not correct because external economies of scale are not specifically shown on this diagram D is not correct because the diagram does not show profit</p>	(1)

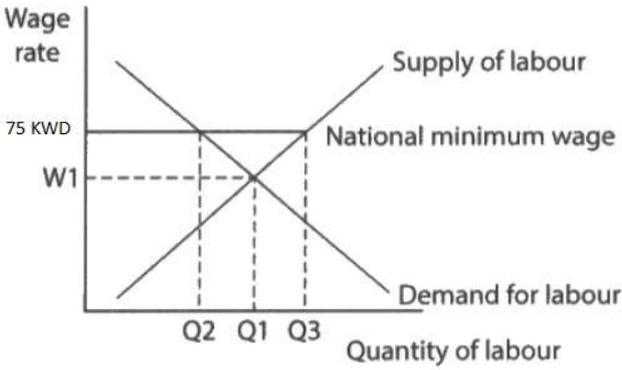
Question number	Which one of the following is the most likely cause of economic growth?	Mark
2(b)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is: B An improvement in efficiency</p> <p>A is not correct because this may hinder economic growth C is not correct because this would reduce economic growth D is not correct because this would not lead to economic growth</p>	(1)

Question number	Calculate, the total revenue for the shop in August. You are advised to show your working.	Mark
Answer		
2(c)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for showing the correct calculation</p> <p>$(227 + 133 + 179 + 301) \times \\3.50 (1)</p> <p>OR</p> <p>$840 \times \\$3.50$ (1)</p> <p>Award 1 mark for calculating the correct total revenue = \$2 940 (1)</p> <p>Award 2 marks if the total revenue is correctly calculated as \$2 940, even if no calculations are shown</p> <p>Award 1 mark if the answer given is 2 940, with or without calculations shown</p> <p>Do not award marks for a formula</p>	(2)

Question number	What is meant by the term bureaucracy?	Mark
Answer		
2(d)	<p style="text-align: center;">AO1 2 marks</p> <p>Award up to 2 marks for a correct definition</p> <p>A system of administration (1) that uses a large number of departments/officials (1)</p> <p>Accept any other appropriate response</p>	(2)

Question number	Describe one government policy to encourage positive externalities.	Mark
Answer		
2(e)	<p style="text-align: center;">AO1 2 marks</p> <p>Award 1 mark for reference to the policy and 1 mark for development of the policy</p> <p>Subsidies (1) to encourage the production/consumption of goods (that have external benefits) (1)</p> <p>Accept any other appropriate response</p>	(2)

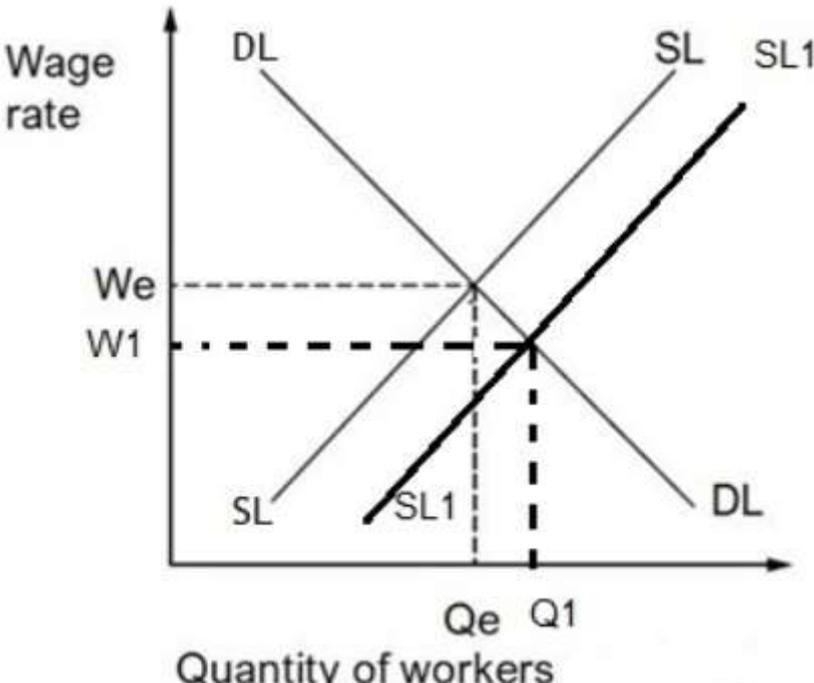
Question number	Explain one way an improvement in drainage may affect the productivity of Indian farmers.	Mark
Answer		
2(f)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for identifying a relevant way Award 1 mark for developing the way Award 1 mark for the response being in context</p> <p>Drainage would reduce flooded areas of land (1) meaning farmers could grow more crops on the newly available land (1) increasing the output/leading to higher productivity (1)</p> <p>Accept any other appropriate response</p>	(3)

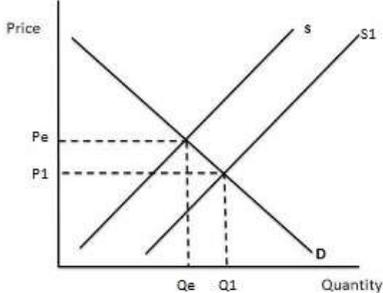
Question number	With reference to the data above and your knowledge of economics, assess the likely effect of having a minimum wage on the demand for labour in Kuwait. Indicative content
2(g)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Having a minimum wage means a higher income is received by people who may have struggled with basic needs than if the national minimum wage was not in place • A minimum wage may affect the demand for labour because firms may need to pay their workers more in exchange for the work carried out • Therefore, it could increase the costs of the firms and consequently, may reduce profit • Possible use of a diagram: <div style="text-align: center;">  </div> <ul style="list-style-type: none"> • As the wage rate increased from W1 to the minimum wage (75 KWD) it means that fewer workers may be employed by the firms, so the quantity of labour demanded may decrease from Q1 to Q2 <p>AO4</p> <ul style="list-style-type: none"> • However, some firms may already have been paying its workers above 75 KWD per month • Therefore, the legislation would not cause a change in the costs of those firms and consequently it may not affect their profits • This may mean that the demand for labour is unchanged • Despite this, the introduction of a minimum wage may put pressure on firms to maintain a higher wage rate to retain workers, meaning demand for labour may still decrease • It may depend on the number of firms paying at or above the minimum wage before its introduction

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 may be a reason why a firm stays small? Answer	Mark
3(a)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is: D Aims of the entrepreneur</p> <p>A is not correct because a small firm is unlikely to have the power to take over any other firm B is not correct because a small firm is likely to have limited sources of finance C is not correct because a small firm cannot spread risk</p>	(1)

Question number	Which one of the following describes a price elasticity of supply (PES) of 1.5? Answer	Mark
3(b)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is: C Price elastic</p> <p>A is not correct because this would be 1 B is not correct because this would be 0 D is not correct because this would be less than 1</p>	(1)

Question number	<p>Using the diagram below, draw the effect of a decrease in the school-leaving age on the labour market in this country. Label the new curve, the new equilibrium wage rate and the new quantity of workers.</p> <p>Answer</p>	Mark
3(c)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for a rightward shift in the supply of labour, labelled</p> <p>Award 1 mark for a lower equilibrium wage rate, labelled</p> <p>Award 1 mark for a higher quantity of workers, labelled</p> <div style="text-align: center;">  <p>The diagram is a coordinate system with 'Wage rate' on the vertical axis and 'Quantity of workers' on the horizontal axis. A downward-sloping demand curve is labeled 'DL'. Two upward-sloping supply curves are shown: the original supply curve 'SL' and a new supply curve 'SL1' shifted to the right. The initial equilibrium is at the intersection of 'DL' and 'SL', with a wage rate 'We' and quantity 'Qe'. The new equilibrium is at the intersection of 'DL' and 'SL1', with a lower wage rate 'W1' and a higher quantity 'Q1'. Dashed lines indicate these equilibrium points on the axes.</p> </div>	(3)

Question number	With reference to the data above and your knowledge of economics, analyse how natural factors, such as favourable weather conditions, may affect the market for olive oil in 2025. 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"> • Possible use of a diagram:  <ul style="list-style-type: none"> • Natural factors, such as favourable weather could shift the supply curve outwards/to the right (from S to S1) • Favourable weather can increase supply because it can make it easier to grow olives and therefore make it cheaper to produce olive oil • Greece's production was expected to increase by 100,000 tonnes from the previous year in the 2025 season (Qe to Q1) • This will therefore result in a decrease in the price (from Pe to P1) if demand stays the same • This is evident from the expected fall in price of olive oil by at least 50%, from €10 000 per tonne to between €4 000 and €5 000 per tonne

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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	With reference to the data above and your knowledge of economics, assess the benefits to Fitnation of offering the discounted price. Indicative content
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"> • Fitnation may have aims that include maximising profit, caring for customers, completing charitable work or maximising revenue/sales • As Fitnation regularly offers discounted entry to city residents, making a profit is not its main aim • Instead, the aim could be described as completing charitable work, meaning the centre is contributing towards benefits for the country • Some people may visit the fitness centre because they like the aim of the business, therefore increasing custom • As a result, the profit of Fitnation may increase as well as an increase in sales due to it completing charitable work <p>AO4</p> <ul style="list-style-type: none"> • However, as fewer facilities are available for members one day a week, some may decide that paying a fee/price of between \$25 and \$50 is not in their best interests • This is because they cannot make the most of their membership and the money they paid, so they are not able to maximise their benefit • Therefore, the number of members/people paying full price to access the facilities at the fitness centre may decrease • This means that revenue may fall and it may be more difficult for Fitnation to make a profit

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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	When the current level of output is 430 units of consumer goods, calculate the opportunity cost of producing an additional 80 units of consumer goods. You are advised to show your working.	Mark
Answer		
4(a)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for showing correct calculation</p> <p>950 - 800 (1)</p> <p>Award 1 mark for correctly calculating the opportunity cost</p> <p>= 150 units of capital goods (1)</p> <p>Award 2 marks if the opportunity cost is correctly calculated as 150 units of capital goods, even if no calculations are shown</p> <p>Award 1 mark if the opportunity cost is calculated as 150, 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 how income elasticity of demand (YED) may affect operators of public transport as incomes increase in Bulgaria. 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"> • By calculating YED, operators of public transport would be able to see the likely effect on demand following an increase in income • Owing to the poor standard of rail travel and of buses often being late in Bulgaria, public transport may be an inferior good • Inferior goods have a negative income elasticity of demand, meaning as incomes increase, demand decreases • Therefore, an increase in income in Bulgaria is likely to lead to a fall in demand for bus and train travel as they switch to using private cars • This means operators of public transport would lose custom due to incomes increasing • Knowledge of YED would allow the operators to take action to improve quality/service according to the likely outcome of YED calculations

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	With reference to the data above and your knowledge of economics, evaluate the extent to which public sector investment may benefit the economy of Western Australia. Indicative content
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"> • The public sector is a part of the economy which is owned by the government and operates in the public interest • An investment of AU\$107m would greatly improve the Swan River ferry network, by increasing the number of ferries and stops along the river • This means there would be greater capacity to transport passengers (>130 people per ferry trip), connecting more people across the Perth area • Therefore, it may be easier/more accessible for people to work in more locations in Perth than without the increase in infrastructure • A greater number and variety of jobs is likely to be available both during the building and operation of the additional ferries • This would create a positive effect for local firms and may increase more revenue for the Western Australia Government through tax • Instead of causing a parking issue, the investment may reduce traffic, as the new stops would allow passengers to travel more easily by buses connecting with the ferries and/or access to university without using private transport <p>AO4</p> <ul style="list-style-type: none"> • However, the cost of expanding the ferry network means the Western Australian Government would have less revenue available for spending on health and education • Therefore, the economy of Western Australia may not benefit as much from public sector investment to improve the network as if the AU\$107m was invested elsewhere • This may be intensified if parking by ferry users leads to accidents and/or congestion due to the increased usage • It will most likely take time for the building of new ferries and addition of new stops, meaning any benefit may not be seen for a number of years • Therefore, costs may be considerably higher than revenue, for the government and the economy during this time • Safety concerns have been raised, meaning additional spending may be needed to investigate potential dangers to small boat users and to rectify problems

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).