



# **Examiners' Report**

## **June 2022**

**International GCSE Economics 4EC1 01**

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## Introduction

A good awareness of economics was shown by candidates who sat this paper at International GCSE level.

In general, candidates seemed to be well prepared for the topic areas covered by Paper 1. Where applicable on the levels-based questions, the ability of the more able candidates was shown through relating knowledge and understanding to the evidence presented. Those candidates who found such concepts difficult, typically answered questions with a more generic approach.

The levels of response questions required knowledge to be developed and applied to the relevant evidence. Although many candidates did adopt this approach, there were instances where a more basic understanding was demonstrated, thus limiting the attainment of higher levels.

## Question 1 (c)

'What is meant by' questions have two marks and require two parts in the explanation of the term.

No marks are awarded for examples.

As per the mark scheme, goods for which demand will increase as incomes increase or demand will decrease as incomes decrease were given two marks.

Any other appropriate response was also credited, such as 'goods with a positive YED'

(c) What is meant by the term normal good?

Goods for which demand increases when <sup>(2)</sup>  
the income increases.



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Examiner Comments

Credit is given for:

- Goods for which demand increases (1)
- when the income increases (1)

2 marks



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Examiner Tip

A two mark question will need two parts to the response.

## Question 1 (d)

There is only one mark available for 'state' questions. Examiners do **not** expect candidates to write extensively.

The full formula is needed to get the mark.

(d) State the formula for social benefits.

(1)

Social benefits = External benefit + Private Benefit



**ResultsPlus**  
Examiner Comments

The full formula is stated, scoring 1 mark.



**ResultsPlus**  
Examiner Tip

Short answer questions require only a short response.

## Question 1 (e)

'Define' questions are only looking for a definition of the term, no further detail is needed.

Any appropriate response defining a niche market was accepted.

(e) Define the term niche market.

(1)

a niche market is a specific and specialised market that  
usually take a very small percentage out of the whole  
market like expensive car brands ~~Examples~~



**ResultsPlus**  
Examiner Comments

This response scores 1 mark for a suitable definition.



**ResultsPlus**  
Examiner Tip

Candidates will not score any marks for providing only an example.  
There are no marks for examples.

## Question 1 (f)

Many candidates were able to correctly calculate the PES and score both marks. It was pleasing to see many showed full workings.

The correct answer will score 2 marks but it is always better to show workings.

Greg produces pottery at a small factory in his local area. At the start of the year price increased by 5.4% and quantity supplied increased by 4.7%.

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

(2)

$$PES = \frac{\% \Delta Q}{\% \Delta P} = \frac{4.7}{5.4} = 0.87$$



The correct PES was calculated to score 2 marks.



Always show workings because an incorrect answer may still result in one mark if the workings are correct.

## Question 1 (g)

Many candidates scored all three marks for a correctly labelled diagram. However, some candidates did not label either the shift in demand or the new equilibrium price/quantity and so did not achieve full marks.

Examiners were looking for a leftward shift in demand – correctly labelled.

(g) Using the diagram below, draw the likely effects on the market for apples following a decrease in the price of bananas. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

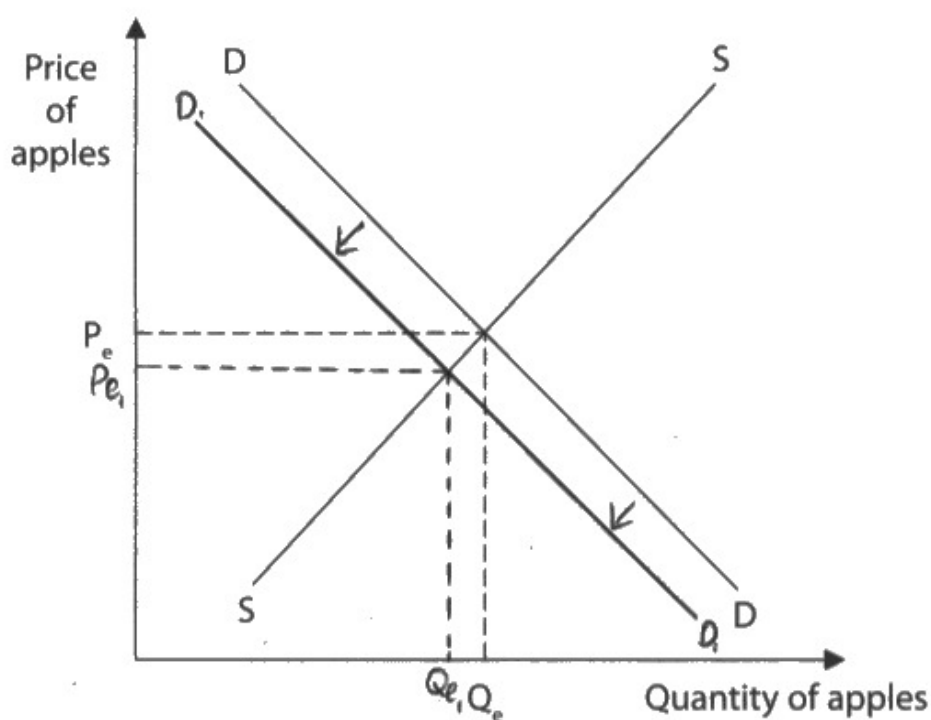


Figure 1



Marks were given for:

- A decrease in demand, labelled (1)
- The labelled, new equilibrium price (1)
- The labelled, new equilibrium quantity (1)

3 marks





You **must** label the shift and the new equilibrium price/quantity on the axes to gain all three marks.

## Question 1 (h)

Some candidates did not receive all three marks because they defined 'division of labour' rather than explain a disadvantage.

Only one mark was available for a disadvantage, marks two and three are for putting the response in context and for a cause/consequence of the disadvantage.

The disadvantage needed to be for the warehouse employee, as stated in the question but the development could relate to the firm and/or the employee.

Warehouse employees at a small firm in Malta specialise in one task, such as sealing boxes, for orders that are sent to consumers.

(h) Explain **one** disadvantage of the division of labour for the warehouse employees.

(3)

Division of labour can lead to employees getting bored due to the repetitiveness of their job. When a worker does the same task repeatedly, there is a high chance that worker will lose interest and they will have no incentive to work hard, which could also lead to a decrease in overall efficiency. If someone is sealing boxes repeatedly everyday, they will lose interest as there is no variation in their day to day life.



Credit was given for:

- employees getting bored (1 – disadvantage)
- repetitiveness of the job (1 – context)
- no interest in working hard (1 – development)

3 marks

Further development was given but the marks had already been credited.



'Explain' questions require a way/advantage/reason which is in context and developed in order to score all three marks.

A shorter response but still worth all three marks.

Warehouse employees at a small firm in Malta specialise in one task, such as sealing boxes, for orders that are sent to consumers.

(h) Explain **one** disadvantage of the division of labour for the warehouse employees.

(3)

One disadvantage is that the workers may get bored doing the same repetitive job over and over again. This will lead to a decrease in productivity and some people may quit their job.



Credit was given for:

- Workers may get bored (1 – disadvantage)
- doing the same repetitive job (1 – context)
- decrease in productivity (1 – development)

3 marks



It is only possible to gain context and development marks if a disadvantage (or reason/way/advantage etc) is given.

## Question 1 (i)

This is the first levels-based question on the paper. 'Analyse' questions require a one-sided argument. There are no marks for evaluation.

Discussion regarding the likely impact on externalities was rewarded.

Regulation was introduced by the German Government in an attempt to reduce the number of plastic bottles being thrown away. A fee of €0.25 is added to the price of a product but is refunded when the bottle is returned. The new scheme is cheaper for the government and 98.5% of the bottles are now returned.

- (i) With reference to the data above and your knowledge of economics, analyse the likely impact on externalities of this type of regulation.

(6)

Externalities are the positive and negative outputs caused as a result of any occurrence. In this case, the disposal of plastic water bottles. Plastic water bottles are non-biodegradable, so they can cause harm if they are thrown into landfills, burned or dumped into the ocean. They can create air pollution, danger to sea marine life, and visual pollution. However, the government's regulation ensures that nearly all the bottles are returned. They are using legal and legislative means to create and imply this policy, and taking the ~~€~~ €0.25 as a form of tax, but returning it as a subsidy and as an incentive for the German citizens to get back their money. ~~Not only does this highly reduce~~ As a result, this highly reduces the negative externalities that ~~was~~ plastic bottle disposal creates, and is ~~more~~ highly beneficial to the environment.



This response fully matched the level descriptors for Level 3 and so was awarded all six marks. It has clear knowledge and understanding, develops relevant points, applies economic terms, demonstrates excellent selectivity, and thoroughly analyses the issues.



Do **not** present a counter argument of 'analyse' questions as there are no 'AO4' marks. It will therefore leave less time to answer other questions on the paper.

## Question 2 (c)

One mark was available for a correct disadvantage.

Any appropriate response was accepted.

(c) State **one** disadvantage to firms of increased competition.

(1)

Lower prices will ~~to~~ lead to less revenue which results in less profits.



There are actually three disadvantages given in this response but only one mark available.

Lower prices (1 mark)

or less revenue (1 mark)

or less profits (1 mark).



When only one disadvantage is asked for, stating two or three will not result in extra marks but may reduce time available to answer other questions.



## Question 2 (d)

Calculate questions require appropriate units to be used in the response. Some candidates received only one mark for the correct calculation of total costs but not for the final answer if the \$ sign was missing.

A firm has total fixed costs of \$75,000 per month and variable costs of \$525 per unit. It produces 1350 units per month.

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

(2)

$$\text{Total cost} = 75,000 + (525 \times 1350)$$

$$\text{Total costs} = \$ 783,750$$



**ResultsPlus**  
Examiner Comments

Credit was given for a correct final answer of \$783 750

2 marks



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Examiner Tip

Make sure you **always** use the correct units for calculate questions.



## Question 2 (e)

This was well answered by many candidates but some confused a takeover with a merger and therefore did not receive the mark.

(e) Define the term takeover.

(1)

When a ~~company~~ firm buys another firm.



**ResultsPlus**  
Examiner Comments

One mark was given for the definition 'a firm buys another firm.'



**ResultsPlus**  
Examiner Tip

A 'define' question does not require examples.

## Question 2 (f)

For 'describe' questions, only one mark can be given for a reason/way/advantage and the second mark is for development.

(f) Describe **one** reason why consumers do not always maximise their benefit from the consumption of a product.

(2)

One reason is that the consumption of that product is a habit which cannot change ~~that~~ easily therefore their benefit is not maximised.



**ResultsPlus**  
Examiner Comments

Credit was given for:

- Consumption of that product is a habit (1 mark – reason)
- cannot change easily (1 mark – development)



**ResultsPlus**  
Examiner Tip

There are no marks for definitions with 'describe' questions.

## Question 2 (g)

As with all 'explain' questions, only one effect/reason/way can be credited. A second mark is available for putting the response in context and a third for developing the response.

Figure 2 shows the supply of wheat in a region during 2019.

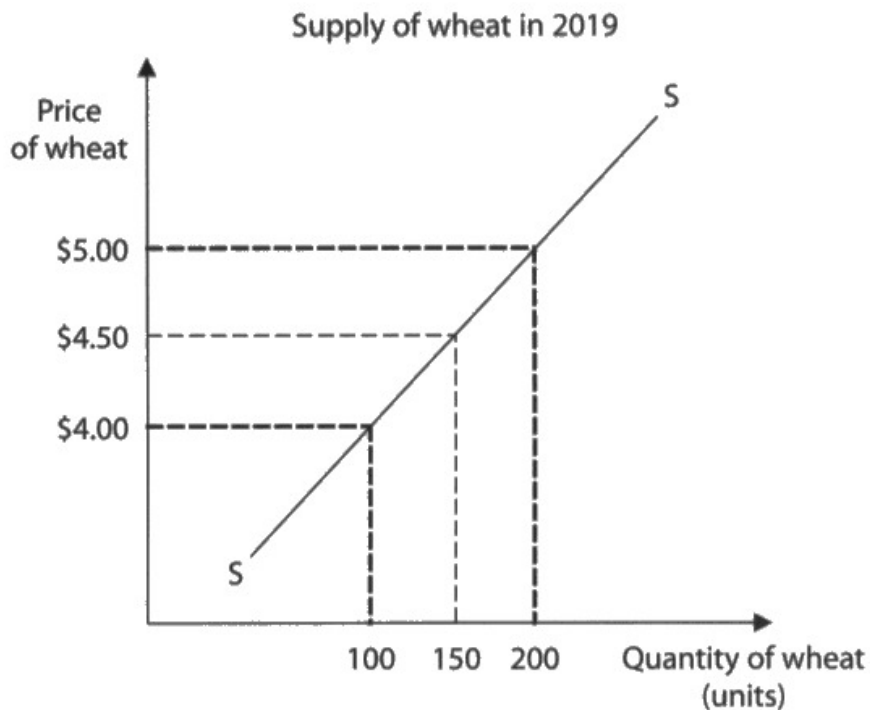


Figure 2

(g) Explain **one** effect on the supply curve of wheat following a change in the price of wheat.

(3)

If the price of wheat falls down from \$4.50 to \$4.00 the quantity supplied in the market will also fall from 150 to 100. This is because a producer will always will to sell more and more product if the prices are high to earn more profits. Similarly if the prices increase from \$4.50 to 5.00 the supply will increase to 200 due to sellers will want to earn more profits by selling in high prices.



Credit is given for:

- Price falls so quantity supplied also falls (1 mark – effect)
- from \$4.50 to \$4.00 (1 mark – context)
- sell more if prices are high to earn more profits (1 mark – development/a cause)

3 marks

Further effects, context and development were given but maximum marks had already been achieved.



Try to avoid repeating the question as there are no marks for doing this and it uses valuable time that could be spent answering other questions.

## Question 2 (h)

A two-sided argument with developed chains of reasoning and use of the evidence was presented by more able candidates.

However, some responses simply repeated the information provided rather than use it to answer the question.

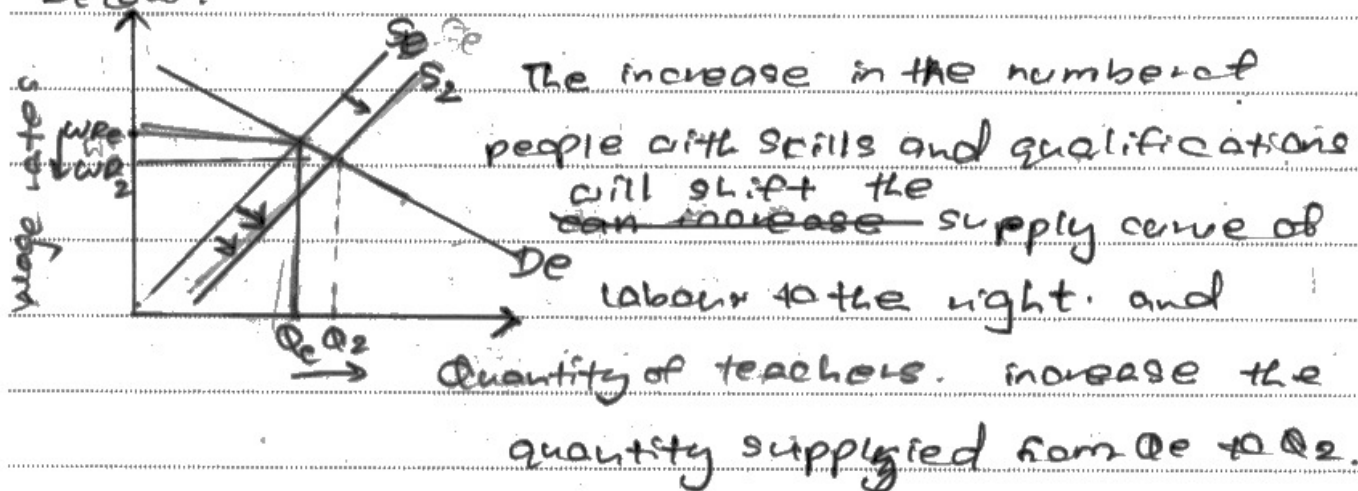
In England, there has been an increase in the number of science, maths and modern language graduates. Some of these graduates choose to enter the teaching profession with these qualifications. Many are encouraged to do so by a government bonus payment of £9000, only available to graduates in these subjects. However, many do not stay in the profession for more than one or two years. This is due to problems of long working hours, bureaucracy and student behaviour. Those with science qualifications often find different types of employment quite easily.

(Source adapted from: <https://www.theguardian.com/education/2019/oct/05/science-and-language-teachers-to-get-9000-staying-on-bonus>)

(h) With reference to the data above and your knowledge of economics, assess whether an increase in the number of people with skills and qualifications will always lead to an increase in the supply of teachers.

(9)

An increase in the number of people with science, maths and language qualifications may also lead to an increase in the supply of teachers because of the government bonus of £9000 and the fact that many other graduates also follow the teaching path. The effect can be seen in the diagram below.



It can also be noted that most people complete maths and modern language qualifications to eventually teach because it is the usual societal expectation. Therefore this may affect the supply of teachers as well.



However, most people with the qualifications may be discouraged from pursuing teaching due to the high staff turnover - as most only stay for one or two years. The long working hours, bureaucracy, etc... may reduce the number of teachers - especially those with science qualifications since they are said to find different employments quite easily. Therefore, most science, maths, language graduates may seek other forms of employments due to the bad reputation of teaching. Furthermore, only <sup>modern</sup> students with science, maths and language are given bonuses by the English government meaning even though there is an increase of people with qualifications - ~~those~~ <sup>those not doing</sup> ~~without~~ those specific subjects will not be encouraged or incentivised to teach.

Therefore, the number of people with qualifications may lead to an increase in the

(Total for Question 2 = 20 marks)

supply of teachers but it will depend on other factors as well, such as reputation of teaching, number of subjects given the teaching bonuses, etc...



This response was awarded the full nine marks, at the top of Level 3. It has a balanced, applied two-sided argument. It was not necessary to include a diagram but in this case it added to the analysis.



Simply copying the extract and chunks will not lead to high marks.

To achieve a high mark, evidence needs to be **used**.



### Question 3 (c)

A pleasing number of candidates were able to answer this question correctly and achieve full marks.

Full labelling is required with all diagrams.

- (c) On the diagram below, draw the effects of an increase in the school-leaving age on the labour market in a country. Label the new curve, the new equilibrium wage rate and the new equilibrium quantity of workers employed.

(3)

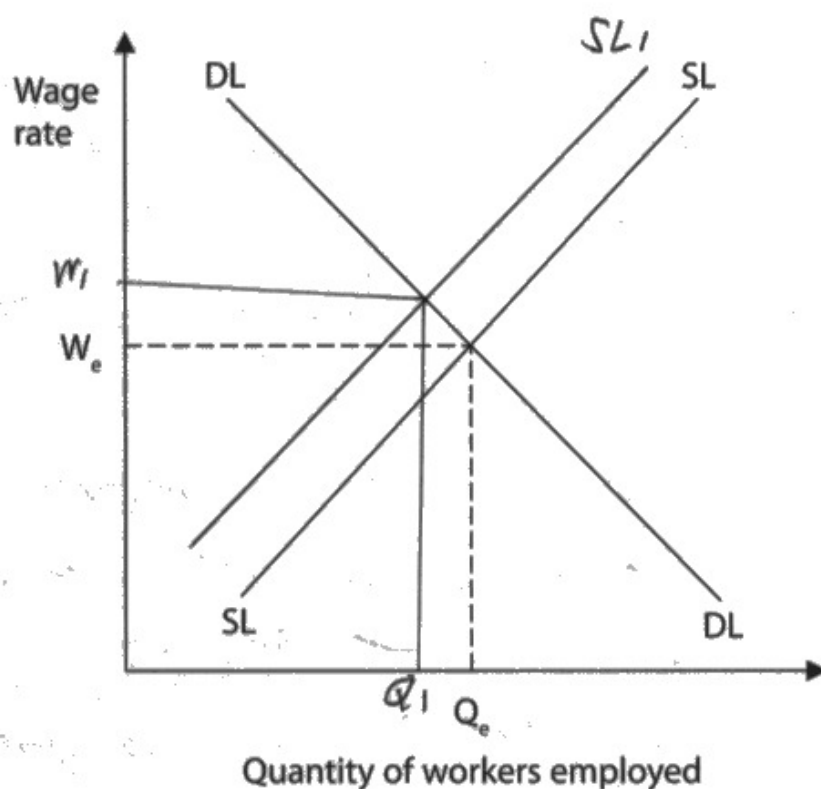


Figure 3



**ResultsPlus**  
Examiner Comments

Credit was given for:

- Drawing and labelling the correct new supply of labour (1 mark)
- Drawing and labelling the correct, new equilibrium wage rate (1 mark)
- Drawing and labelling the correct, new equilibrium quantity of workers employed (1 mark)

3 marks

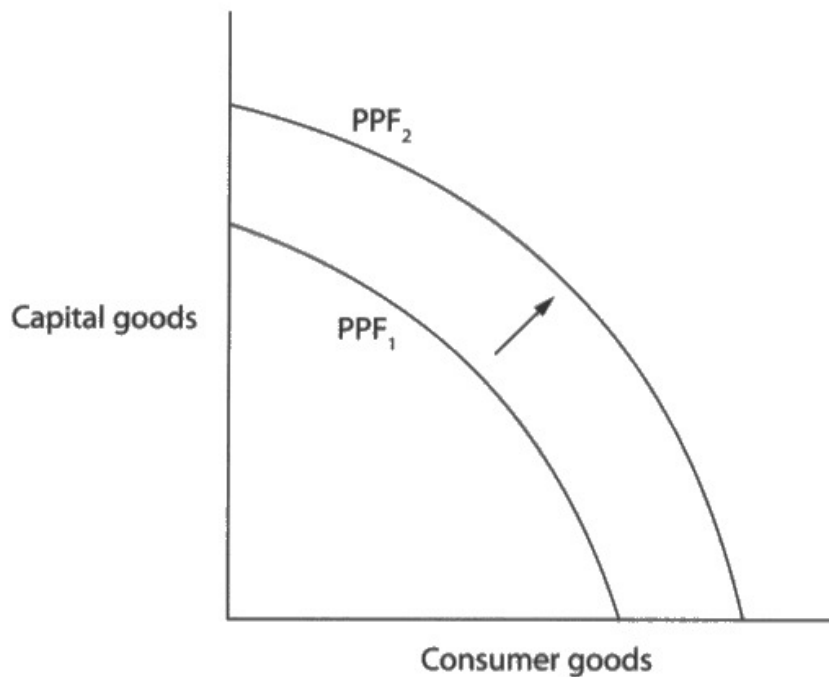


Label your diagram in order to achieve full marks.

### **Question 3 (d)**

Candidates who achieved level 3 on this question used the evidence appropriately.

There was also a good awareness of understanding shown in developed points.



**Figure 4**

Figure 4 shows an outward shift in the production possibility frontier (PPF) for Zambia in 2019. Agriculture, construction and copper production are some of the main areas that contribute to the economy of Zambia.

(d) With reference to the data above and your knowledge of economics, analyse why the economy has moved from PPF<sub>1</sub> to PPF<sub>2</sub>.

(6)

PPF<sub>1</sub> ~~may~~ moved to PPF<sub>2</sub> showing ~~to~~ the economy of Zambia has potential to produce more goods. This may be caused by advancements in technology meaning productivity has been increased so they can extract more agriculture goods in a ~~of~~ quicker time period or transport their materials for construction quicker as examples. This would increase the potential number of goods that could be made.

Also there could have been ~~a~~ new resources discovered such as an ~~of~~ area high in copper. This means they would be able to extract more

copper and so sell more products. They wouldn't need to use money to import as much copper and ~~to~~ invest ~~of~~ that money in to research and development, increasing the ~~pk~~ potential ~~produ~~ good output.



**ResultsPlus**  
Examiner Comments

Clear knowledge, developed points, appropriate application and thorough analysis are shown in this response to achieve full marks.  
Level 3 – 6 marks.



**ResultsPlus**  
Examiner Tip

One-sided arguments only are required for 'analyse' questions.

Focus on developing applied points to present a strong analysis of the situation, rather than listing numerous points as this will not lead to the 'thorough analysis of issues' required for level 3 responses.

### **Question 3 (e)**

Top level responses provided a balanced assessment of the extent to which external costs are present in the production of bricks in Bangladesh.

It is estimated that 23 billion bricks are made each year in Bangladesh. The industry employs over one million people. Demand for bricks is rising due to growth in the construction industry. The production of bricks contributes to the severe air pollution in the country by emitting smoke and dust clouds. Children, the elderly, pregnant women and those with a respiratory or heart condition may be especially affected by the poor air quality.

(Source adapted from: <https://undark.org/2018/09/05/air-pollution-dhaka/>)

(e) With reference to the data above and your knowledge of economics, assess the extent to which the costs of producing bricks in Bangladesh are external costs.

(9)

Since the demand of bricks has increased, the production of bricks has also increased which increases emissions of smoke and dust clouds. This causes pollution of the air which causes respiratory and heart problems in third parties ~~for~~ such as elders for which the firms do not have to pay for making it a social cost.

Producing 23 billion bricks each year also means that there is a lot of noise pollution such as from their factories which affects the residents living around these firms and the firms do not even need to pay for this noise pollution making it an external cost as third parties suffer from it.

Such factories that produce so many bricks may be producing many waste products and chemicals and using water from rivers which they return at really high temperatures to the river reducing the quality of the water for people which could



cause diseases such as cholera which again the firms do not have to pay for making it an external cost. It also kills fish.

However, the firms also provide external benefits as producing such huge amounts of goods will boost the economic growth of the country and generating revenue through taxation which will be used to improve living standards of people.

Government may also try to control the external costs of the firm through fines, taxes but it will only work if the government enforces it, ~~is~~ it is not corrupt and the firms are not too powerful to stand against the government.

Secondly, they also provide external benefits as they create employment due to such high demand increasing

**(Total for Question 3 = 20 marks)**

purchasing power of people improving their standards of living.

In conclusion there are many external costs such as noise, air, water pollution but at the same time there are many external benefits such as employment and economic growth.





This response scores full marks for providing clear knowledge, appropriate application of economic terms, a thorough analysis of issues, evaluation which is balanced, and shows a full awareness of the issues. Level 3 – 9 marks.



'Assess' questions require a balanced, two-sided argument which is applied to the data presented.

There is no requirement for a conclusion or judgement but the analysis and evaluation should be developed, thorough and applied throughout the response.

### Question 4 (a)

A correct answer of 89 seats scored both marks for this 'calculate' question but it is always recommended to show full workings.

- 4 A restaurant in Cyprus can seat 136 diners each evening. The demand for seats from diners over three evenings is shown in Figure 5.

Evening	Quantity of seats demanded
Thursday	98
Friday	114
Saturday	107

Figure 5

- (a) Calculate the **excess supply** of seats if the quantity supplied during these three evenings totalled 408. You are advised to show your working.

(2)

$$98 + 114 + 107 = 319$$

$$408 - 319 = 89 \text{ excess supply of seats}$$



**ResultsPlus**  
Examiner Comments

Two marks for a correct answer of '89 seats'



**ResultsPlus**  
Examiner Tip

It is recommended that you **always** show working in 'calculate' questions.

## Question 4 (b)

Knowledge and understanding of the free rider problem was demonstrated in many responses but some candidates presented a list of points rather than analysed why it resulted in the provision of street lighting by the government.

Street lighting is provided by governments in many countries. It is provided to improve safety for pedestrians and increase visibility for motorists. It also provides a more inviting environment after dark.

(b) With reference to the data above and your knowledge of economics, analyse why the free rider problem means street lighting is provided by the government.

(6)

The free rider problem, is when someone benefits from a good without having to pay for it. This is because some goods are non-excludable, e.g. streetlights.

Street lighting is provided by the government because private firms won't provide it, as private firms aim to profit maximise and with a non-excludable good such as streetlights it is difficult to effectively charge people, therefore not guaranteeing a profit for the firm and because of this private firms will not provide streetlights. The free rider problem means that even if I don't pay for the streetlights, I am still able to use and benefit from the streetlights. Since government aims are to protect consumer interests and not to profit maximise. Streetlights improve safety for pedestrians and increase visibility for motorists, all of which protects consumers. This improved safety means that people are less likely to get injured therefore saving government revenue on health care. The free rider problem means it is not profitable to provide streetlights, therefore since private firms will not provide streetlights the government must provide streetlights for consumers due to the free rider problem.



This response is a good match to the level 3 descriptor as it has:

- clear knowledge
- appropriate application of economic terms
- excellent selectivity and interpretation of economic information
- a thorough analysis of the issues

It therefore received level 3 – 6 marks



Focus on applying each chain of reasoning rather than listing several separate points.

## Question 4 (c)

A very good use of evidence was provided by candidates achieving level 3 on this question.

This was in conjunction with a balanced, two-sided argument.

However, some candidates simply repeated the evidence rather than using it, thus reducing their ability to attain a mark at the top level.



The English city of Kingston upon Hull has an independent telecoms network known as Kingston Communications (KCOM). It is the only provider serving the city and its surrounding towns and villages. People living there do not have many broadband options. The network remained independent when most others joined together to become British Telecom (BT) and it has remained as a separate company to this day.

As well as broadband, KCOM also offers home phone and mobile deals which are available at a discounted price when purchased together. It will soon offer high-quality television packages. Its broadband is fast, with fibre optic packages which can reach impressive speeds of up to 250 Mb. However, these are not available everywhere in the region and KCOM's packages are more expensive than those in the rest of the country. This is especially true as they have low download limits.

(Source adapted from: <https://www.broadbandchoices.co.uk/guides/broadband/hull-broadband>)

(c) With reference to the data above and your knowledge of economics, evaluate whether a monopoly such as KCOM is always bad for the consumer.

(12)

Monopolies occur when there is a market with a sole supplier. KCOM is a monopoly as it is the only provider serving the city and its surrounding towns and villages. This does not provide benefits for the consumer as there is a lack of choice. They are forced to use this independent telecom network as there is no alternative. This does not benefit the consumer as KCOM can take advantage of this and charge higher prices which do not benefit the consumer either. KCOM can charge higher prices as they are aware that they are the sole supplier in the market and that there are no substitutes therefore they can abuse from consumers in this manner. This is supported as KCOM's packages are "more expensive than those in the rest of the country."

for those living in Kingston, therefore they have to pay these higher prices as there is no other option available, no substitutes.

Moreover, the KCOM being a monopoly does not benefit consumers as they can lack innovation.

They are proven to lack innovation in some regions. They are ~~known~~<sup>able</sup> to lack innovation as there are no substitutes, no competition.

and as they will not lose consumers as there is no alternative they do not need to innovate.

This does not benefit consumers as it means their products are not as efficient as they could be and not the best quality, therefore this is a disadvantage for them.

However, on the other hand, KCOM being a monopoly can benefit consumers as it might be more effective as it is a natural monopoly rather than having more firms providing it.

If there were competition and more choice available, most businesses would collapse as the consumers would be distributed so a sole firm would not have enough consumers to keep providing this good or service. <sup>So consumers</sup> ~~therefore~~

would be left without telecom networks if KCOM had a substitute, which does not benefit them so therefore some monopolies are more efficient



Moreover, KCOM could benefit from economies of scale in which they could lower average costs for themselves and then lower prices for consumers, from which they benefit. Therefore, KCOM being a monopoly does benefit consumers. To conclude, a way in which consumers and producers could benefit to avoid these problems could be to prevent telecom network from oligopoly where few large firms dominate the market this way they all benefit. (Total for Question 4 = 20 marks)



This response is an example of one that matches the level 3 descriptors.

It fully meets the requirements for a top level 3 response and therefore achieves 12 marks.



A supported judgement or conclusion is required for top, level 3 responses in 'evaluate' questions.

## Paper Summary

Based on their performance on this paper, candidates are offered the following advice:

- Be careful to read the whole of the question. Certain requirements were stated which were not acted upon by some candidates taking the paper this series, eg where answers are required to be to two decimal places
- Candidates need to understand the requirements of the command words in the questions
- Quantitative skills will be tested throughout the paper. These may be in the form of diagrams/graphs, calculations or by using the data in the extracts
- Application marks will **not** be awarded simply for repeating evidence in the extracts. The evidence needs to be **used** in the response
- 'Analyse' questions do **not** require evaluation but the command words 'assess' and 'evaluate' do require a two-sided argument in order to achieve full marks. The 'evaluate' question also requires a conclusion/judgement
- There may be more answer space than is needed for each response. This is also indicated on the front cover of the question paper
- The descriptor tables for 'analyse', 'assess' and 'evaluate' questions do not change between questions with the same command word or exam series. Candidates are advised to practice writing responses using these tables.

## Grade boundaries

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