

# Examiners' Report June 2022

**International GCSE Economics 4EC1 01R** 



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### Introduction

A good understanding of economics was shown by candidates taking this paper on the International GCSE specification.

In general, candidates appeared to be well prepared for the topic areas covered by Paper 1. Where applicable, on the levels-based questions, the ability of 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-based questions required understanding to be 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)

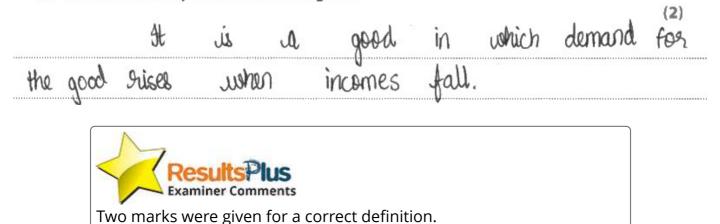
'What is meant by' questions have two marks and require two parts in the explanation of the term.

No marks are awarded for examples.

Examiners accepted the mark scheme response or any other acceptable response, for two marks.

Partial definitions received one mark.

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



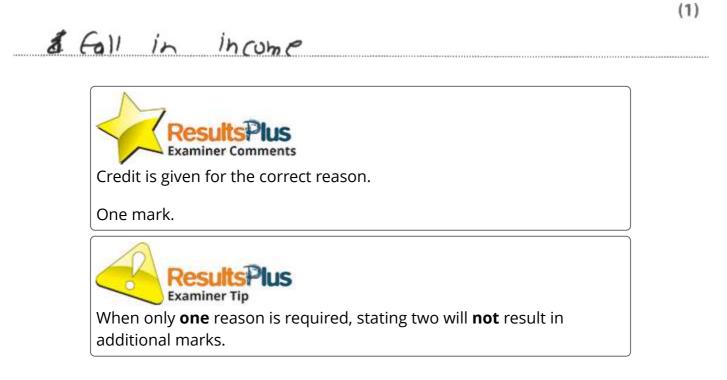
Results Plus Examiner Tip There are no marks for examples.

# Question 1 (d)

This question required one reason for a leftward **shift** in the demand curve. Therefore, price was not credited as it results in a movement along, not a shift.

There were several possible answers to this question, as per the specification. However, it was important to state the 'decrease in incomes' and not just 'incomes' because this alone would not show the direction of the shift in the demand curve.

(d) State one reason why a demand curve will shift to the left.

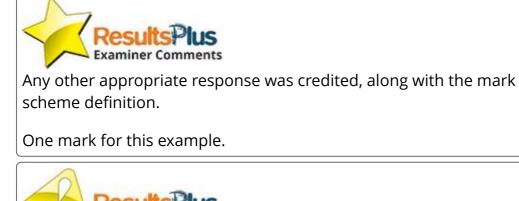


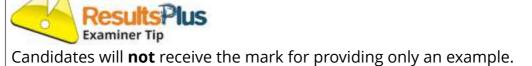
# Question 1 (e)

'Define' questions are only looking for a definition of the term **not** examples.

(e) Define the term production.

(1)Production is the procency converting resources into goods and servi rervices.





# Question 1 (f)

Many candidates were able to calculate the correct price elasticity of demand and it was pleasing to see the calculation shown to arrive at this answer. However, some candidates did not show the minus sign in either the calculation or the final answer.

Inny provides a window cleaning service to homeowners in his local area. He recently increased prices by 1.6% and quantity demanded fell by 2.1%.

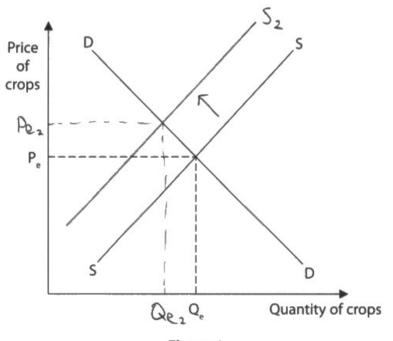
(f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for Inny's window cleaning service. You are advised to show your working.

(2)PED denan Examiner Comments The correct answer of – 1.31 is given. If the correct answer had not been given, one mark is still available for a correct calculation of - 2.1/1.6 or - 2.1%/1.6%. There are no marks for stating a formula in 'calculate' questions. 2 marks Results **Examiner** Tip Do **not** ignore the minus sign when calculating elasticity.

# Question 1 (g)

This question was answered well by many candidates. However, some did not label either the new supply curve or the new equilibrium points and so did not receive full marks.

(g) Using the diagram below, draw the likely effects on the market for crops after farmland is damaged by flooding. Label the new curve, the new equilibrium price and the new equilibrium quantity.







\* A leftward shift in supply, which has been labelled (1)

\* The labelled new equilibrium price (1)

\* The new equilibrium quantity (1)

3 marks



You **must** label the new shift and the new equilibrium points to gain full marks.

(3)

### Question 1 (h)

Some candidates did not receive full marks because they defined the tertiary sector, rather than provide a developed explanation in context.

Tertiary sector employment has increased by 13.1% in China during the last 10 years. However, there have been few changes in the level of employment in the secondary sector.

(h) Explain one possible reason for this trend.

Chipais economy is becoming more developed, Herefor they have mireased when output in the service sector as a result their employment in the tertiary sector has moreased as demand for labour hus increased to be able to increase the level of output

(3)



Full marks were given for a developed reason, which is in context.

China is becoming more developed (1 – reason)

....increased output in the service sector (1 – context)

...to be able to increase the level of output (1 – development)

3 marks



'Explain' questions require **one** reason/way/advantage, which is in context and developed, to gain all three marks.

## Question 1 (i)

There was a good understanding of profits shown by many candidates. It was the ability to analyse and apply the data from the extract that differentiated candidates' marks.

Either analysis of the effect on profits being positive **or** negative for Unilever was credited.

Unilever is a multinational corporation that sells consumer goods. It currently uses 700,000 tonnes of non-recyclable plastic packaging each year. By 2025, it plans to reduce overall usage by 100,000 tonnes and replace the remaining 600,000 tonnes with more expensive plastic, which can be recycled.

(Source adapted from: https://www.npr.org/2019/10/07/767983664/unilever-vows-toreduce-plastic-packaging-use-by-2025?t=1573738349481)

(i) With reference to the data above and your knowledge of economics, analyse how the profits of Unilever may be affected.

Uniterer's profit can increase by 2025, this is due to its awareness of environmental friendly strategy, becaute Uniterer is paying more attentitive to recycling, their consumers may appreciate their hand work: into saving plastic, spreading the news to their friends, helping uniterer gain more continuers. By gaining more consumers they can save morey on advertising and gain more revenue, that can eventually cover the costs of the new expensive hecycle able plastic used for packaging.

Unitedent may experience loss for the first few years of this new vecycling plan, due to having to purchase 600,000 tonnes of expensive plustic to vecycle.

(6)



This response scored Level 3,

There is clear understanding, applied and developed of the information but the analysis of issues is not as thorough as required for the full 6 marks.

5 marks



Candidates should **not** evaluate 'analyse' questions. There are no marks available for doing so and it will result in less time being available for other questions.

# Question 2 (c)

There is only one mark available for this question and so examiners do not expect candidates to write extensively.

(c) State the formula for price elasticity of supply (PES).

(1)P 0/. m pric Credit is given for the correct formula. 1 mark **Results**<sup>2</sup> us **Examiner** Tip One-mark questions require only a short response.

## Question 2 (d)

Calculate questions require appropriate units to be used in the answer and so some candidates received only one mark for the correct calculation of 115 000 but not the second mark if they missed the 127 000.

Figure 2 shows some of the monthly production costs for a firm which manufactures clothing.

Production costs	US\$	
Rent	25 000	
Raw materials	12000	
Insurance	5 500	
Labour (payment depends on output) 1		

#### Figure 2

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

#### 12000 + 115000 = 12 7000

\$ 127,000



The response also shows a correct calculation, which could earn one mark if there was an error in the final answer given.

2 marks



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

## Question 2 (e)

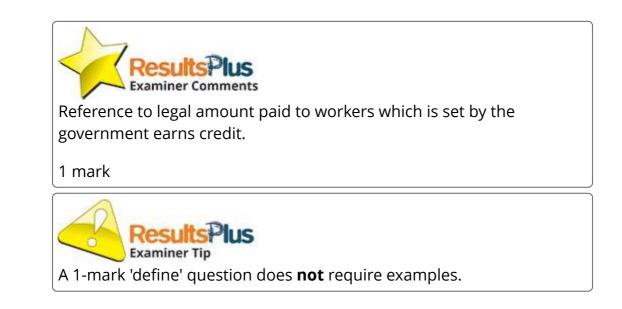
This was well-answered by many candidates but some wrote a very vague reference to the money that employees have to be paid without a sense of the 'lowest' amount or 'legally obligated' to pay.

(e) Define the term minimum wage.

(1)

It is the legal amount paid to workers which is set by the

government.



# Question 2 (f)

This question required one reason and development of the reason for both marks.

(f) Describe one reason why infinite wants lead to scarcity.

(2)Because there are only finite reading are available to be used to fulfill wants, therefore not everyone's want. the Wants



Both marks are gained for:

- a reason 'there are only finite resources'(1)
- development 'therefore not everyone's wants can be fulfilled' (1)

2 marks



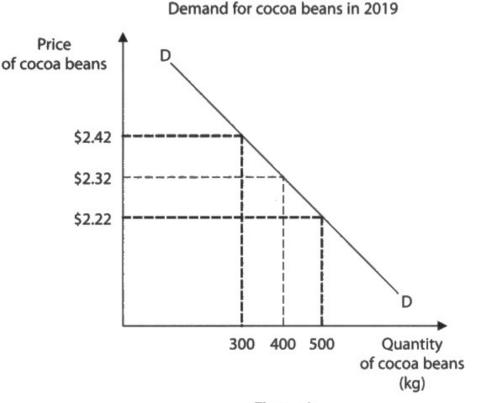
Only one reason/advantage/way/factor etc. is required for one mark.

The second mark can **only** come for development of this and **not** for a list of reasons etc.

# Question 2 (g)

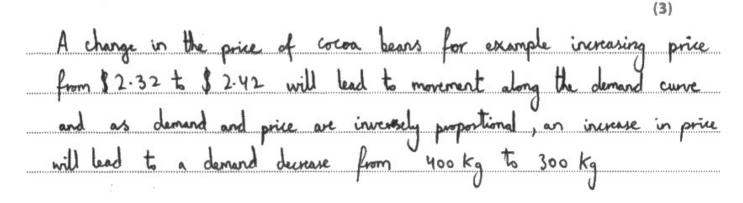
A good response was seen from candidates answering this question, many of them developed and in context. However, a few tried to explain how demand would affect price instead of the question asked and some mistakenly tried to explain a shift in demand rather than a movement along the demand curve.

Figure 3 shows the demand for cocoa beans during 2019.





(g) Explain **one** effect on the demand curve for cocoa beans following a change in the price.





Credit was given for:

- Increasing price from 2.32 to 2.42 (context 1)
- will lead to movement along the demand curve (effect 1)
- an increase in price will lead to a decrease in demand (development – 1).

3 marks

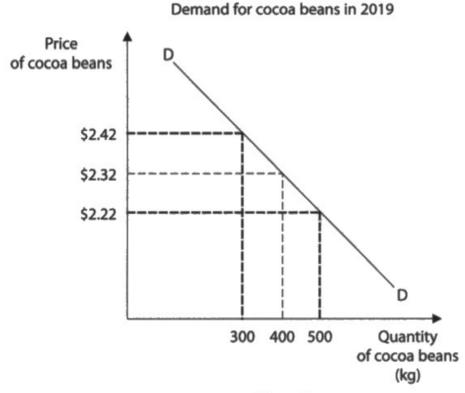
Please note that in this response, the effect and the development could be the opposite way around to still achieve the marks.

Additional context is given but that mark has already been given.



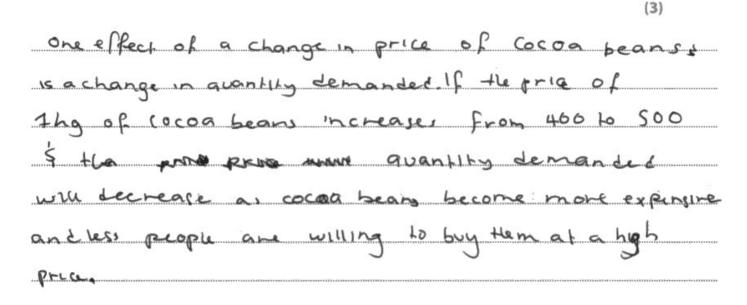
Avoid repeating the question as there are no marks for doing this.

Figure 3 shows the demand for cocoa beans during 2019.





(g) Explain **one** effect on the demand curve for cocoa beans following a change in the price.





A slightly different approach with this response but of equal merit.

Credit was given for:

- If the price of 1kg of cocoa beans increases from 400 to 500\$ the quantity demanded will decrease (1 effect) (1 context)
- as cocoa beans become more expensive and less people are willing to buy them at the higher price (1 – development)

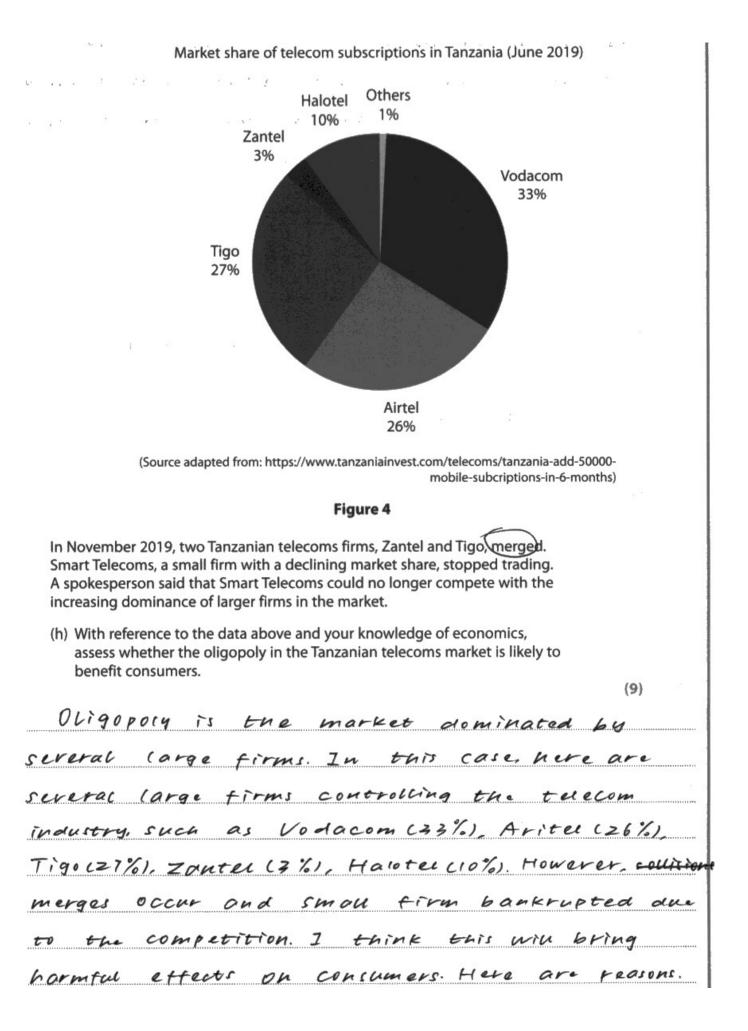
3 marks



Use the date available to gain the context mark.

# Question 2 (h)

A two-sided argument, which used the evidence, was offered by more able candidates. However, several responses simply repeated the information provided, rather than using it to answer regarding the likely benefit to consumers of the oligopoly in the Tanzanian telecoms market.



First, with couldsions and merges in the market, the degree of competition will reduce sharply. In this case, Zantel and Tigo merged and get a larger market share, in total 20%. So with increasing market share, the firms can get more money and profit. So they may force up the price by fixing the output, or reduce the quality of products to minimise its production cost and also consumers' choices will be cimited.

Second, with bonkruptice of small firms, there will also be less competition. Small firms tend to provide personal services or to meet exact requirements of their consumers, surviving in a mich. market. However, with the disapperance of the small firms, consumers' choices decrease and they will het be able to enjoy personal services. In this case, Smart Telecoms is the small firm Stopping trading due to a declining market share. So the consumers of the Smart Telecoms will be affected hegatively. However, With increasing scale of the firm, it

with hove enough money to improve its product quality as a method of non-price competition Therefore, consumers will receive a product with lower price, higher quality and more

#### market with large firms, Vocadom, Airtel,

#### Halotel, Figo and Zantel.



This response was given Level 3, 8 marks.

It has clear and developed knowledge, economic information and evaluation showing awareness. The balance and application let it down slightly, leading to the level 3 midpoint rather than full marks.



Simply copying the extract or re-writing parts of it is **not** going to lead to high marks!

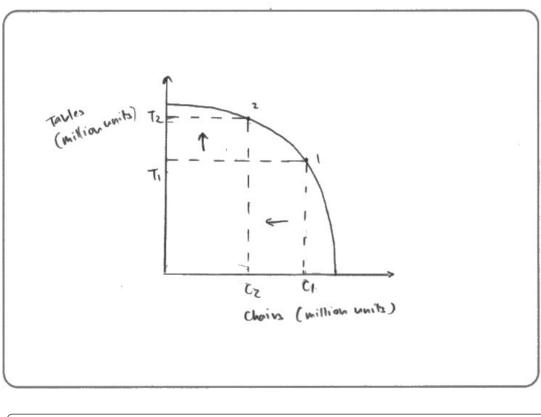
High level arguments need to **use** the evidence, rather than repeat it, to present arguments that are applied to the question.

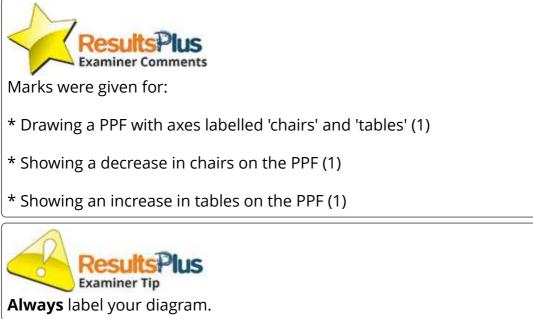
# Question 3 (c)

Pleasing numbers of candidates were able to respond to this question appropriately. Clear labels allowed all three marks to be accessed.

(c) In the box below, draw a production possibility frontier (PPF) for a firm that can produce tables and/or chairs. On your PPF, draw what would happen if the production of chairs decreased and tables increased.

(3)





### Question 3 (d)

The evidence was used well by candidates who achieved level 3 on this question. There was also a good awareness of understanding shown in developed points.

In 2019, the National Health Service (NHS) in England began a campaign to check the records of all children who had been given the measles, mumps and rubella (MMR) vaccination. Those children missing the MMR vaccination were then invited to make an appointment to receive the vaccination.

(Source adapted from: https://www.gov.uk/government/publications/mmr-catch-up-for-10to-11-year-old-children-information-for-gps)

(6)

(d) With reference to the data above and your knowledge of economics, analyse why vaccinations may be an external benefit.

External benefit is the positive spillover effect of an economic activity	<b>.</b>
on the third partnes. Social benefit = private benefit + external benefit	
By taking the vaccination, there will the children in England are to	
more titier takely to have a stronger immune system, this is unside	
as the private benefit for the dividions in the England. The Acoph	
to the extract, From the extract, the too campaign check the records	J
of children who had been taking the vacune and invite the missing	١
MMR vaccination children to receive the vaccination. This action	
provide an information of for the government to describe the	
spent and of expenses spent of on protect providing medical care	to of
MMR. If the rate of taken worth MMR vacane is highly, the	go
government can put the reduce the expenses spent of on provi	
medical case of MMR, instead, the government can put on	J
my providing other & services to increase the social meltane. Theref	Fore,
vacconations is tikely to considered as external bebenetit	



Clear knowledge developed relevant points and application, along with excellent analysis is shown in this response.

Level 3, 6 marks



One-sided arguments **only** are needed for 'analyse' questions.

In 2019, the National Health Service (NHS) in England began a campaign to check the records of all children who had been given the measles, mumps and rubella (MMR) vaccination. Those children missing the MMR vaccination were then invited to make an appointment to receive the vaccination.

(Source adapted from: https://www.gov.uk/government/publications/mmr-catch-up-for-10to-11-year-old-children-information-for-gps)

(d) With reference to the data above and your knowledge of economics, analyse why vaccinations may be an external benefit.

(6) External benefit is the benefit given to third parties during consumption. In this case, vacanation helps to reduce the risk of sphered of disease. If one is voccinated. others have a lower chance of getting measles. Manys and tubella, benefitting then due to their healthier budy. In extent to that, the people without disease wook can spend less on heatthcase due to their early prevention, reducing their nith of getting sick. Besides, the government also has berefits. If the dicease is spread. The greenment has to spend a lot of healthcoke, being that apportunity and of other altomotives like education. yet with that preverted. More can be spent on education and supporting these with low pcy. Without sickness, it algo implove efficiency and productivity of wirken. Thereesing output guilting wore propits to firms, busting ecohomic grouth, therefore being an external benefit.



A further example of a level 3, 6 mark response.

The knowledge is demonstrated through developed points and appropriate application. It is presented with an excellent interpetation with a thorough analysis.



Focus on developing applied points to present a strong analysis **not** an undeveloped list.

# Question 3 (e)

Top level responses provided a balanced assessment of whether the availability of substitutes, such as machines, would reduce the demand for labour.

Each year, in the UK there are an increasing number of shops closing down in town centres. At least 10% of all shops have been empty for the last five years. At the same time online sales are growing and reached more than 20% of total retail sales in 2019.

The continuing development of technology has made it easier for consumers to buy online. However, this is at a cost to some shop employees whose jobs have been replaced by machines that send out online orders from warehouses.

(e) With reference to the data above and your knowledge of economics, assess whether the availability of substitutes, such as machines, will reduce the demand for labour.

Derived demand is the demand for labor as a result in demand for a good.

The availability of machines means that many jobs in retail may be replaced by order shipping robots, thus. As these jobs are more efficient and cheaper when completed by a robot, firms may snitch to automation, and therefore make labores redundant, as the demand for labor decreases.

As more people purchase from online instead of physical phops, this will mean that demand for shop Flems will decrease, and as there is less need to operate the shop, denied demand for labor also falls. Substitutes like machines contribute to decreasing demand for labor, as automation is faster than having specialized workers, and offentimes they are much less expensive. In order to reduce costs and boost productivity, firms may switch to robots, loweving demand of labor.

In evaluation, automation and & alternatives to labor like 106013 pose a significant risk, as for example 20% of retail sales in 2019 were made online. However, there are many jobs in which robots momentarily cannot compete with humans in, and many shops still nave human service, as some consumers prefer A. So Although of lentimes the availability of substitutes harms the demand for labor. If may be possible that humans can pr perform some jobs better than robots. The extent to which robocs will decrease demand for labor depends on the public's willingness to adapt to the automation.



Top marks were given for this response.

It presents a two-sided argument which is applied to the data and has balance in the developed, contextualised analysis and evaluation.

Level 3, 9 marks



'Assess' questions require a balanced, two-sided argument, which is applied.

There is no requirement for a judgement or a conclusion, but the argument(s) and counter argument(s) should be developed and thorough, as well as in context.

### Question 4 (a)

An excellent understanding of excess demand was shown with responses to this question. The main issue was if calculations were incorrectly made, leading to an incorrect final answer.

4 A concert venue in Malaysia holds a maximum of 3,200 people for each performance. The quantity of tickets demanded for the most recent concerts is shown in Figure 5.

Concert	Quantity of tickets demanded
A	4,200
В	6,000
c	3,250

#### Figure 5

(a) Calculate the **excess demand** for tickets if the quantity supplied for all three concerts totals 9,600. You are advised to show your working.

(2) 4,200 + 6,000 + 3,250 = 13450 tickets demanded in total 9600 - 18450 = 9600 = 3850 excess demand for tickets 13450 -Ans = 3850 excess demand for tickets. Examiner Comments Full marks were given for a correct final answer of 3850 tickets. 2 marks



It is recommended to **always** show full calculations in **all** 'calculate' questions.

## Question 4 (b)

Knowledge and understanding of public sectors was good in many responses but the ability to analyse this knowledge was varied in responses.

The Cuban Government owns and runs most industries in the country and more than 75% of the labour force is employed by the state.

(b) With reference to the data above and your knowledge of economics, analyse the benefits of having a large public sector to a country such as Cuba.

(i) Cuba having such a large public sector means they can provide merit goods more efficiently to their population and maximise social benefits. The Cuban healthcare system would be nationalised, meaning the state is able to provide healthcare as a non-excludable and non-rivalrous service, thus maximising the welfare and health of their citizens as the aim of state inn enterprise is not profit, but benefits to their people. It also means that they are able to ensure high employment rates as the employment would not be fired as easily with the rise in availability of substitutes since market mechanisms are not in play here.

uba having such a large public sector also means honever that they are unable to capitalise off the benefits of having a competitive private sector with many sellers producing goods. that they are less incentivised to innovate and his Means create product differentiation, meaning less consumer choice as this incentive to innovate comes from the desire for survival and maximisation. Quality of goods may also not be good in Cuba for the same reason.



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

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

It received full marks.

Level 3, 6 marks



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

# Question 4 (c)

The use of evidence was very good for candidates achieving level 3 but this was in conjunction with balanced, two-sided arguments. Some candidates simply repeated the data rather than using it, thus reducing their ability to attain a toplevel mark.

Instagram, WhatsApp and Facebook Messenger are social network messaging services, taken over and owned by Facebook. Between them, they have more than 2.6 billion users. Although they currently operate as stand-alone apps, Facebook's chief executive, Mark Zuckerberg, has now taken greater control of all three. He has plans to combine the services, allowing messages to be sent between the different apps.

Both Instagram and WhatsApp have grown considerably since the takeover but their original founders have left due to the increased control from Facebook. Some employees are unhappy and do not understand the planned changes to the services. However, Zuckerberg thinks there will be long-term benefits including reduced costs. He says that less software will be needed once the system is in place and consumers will be less likely to use competitors' apps.

> (Source adapted from: https://www.nytimes.com/2019/01/25/technology/facebookinstagram-whatsapp-messenger.html)

> > (12)

(c) With reference to the data above and your knowledge of economics, evaluate whether Zuckerberg's decision to combine all three services is likely to lead to economies of scale.

Economics of Scale is when me total average uses Jall when the firm inpands. In this care Mark Tuck erberg nouts to mp and his busines by lombing me more services; Facebook, whats app and metagram. Mark Turker here is while to appliet who mies of Scale due to the galt: . He will be able to alhieve technical upponies of Eall. as the software used to when apps can be don's so at once and fixing hugs and durloping yodates could be managed unore afficiently. - He an also allieve managerial workness of sectle - This Internal upnoncy of Side nul allow Man allen to talented workpore and mane gers from all there platforms. This allow's convergence and professional management of his company. promer harson why Mark ton allice younomies of

Stall is because he is making use of sisk bearing expronnes, hence ensuing mat if the eating supstaction of one of his platforms galls, he has no ome sound networking services which unsures most elimand zor his services stays afcoat and he does not enpuience significant wesco. If Mark duiches to wombine are mu Survius he is likely to appoint internal cionomia of scale as well. He will have auge to talimped and skilled work force and Mussing improves will become easier as he has duess to people with initar herefield Skille It will also be easier to manage all mue swins at once if may were to her combined as performance statistils ian be understand move afficienty as mey will be wontined. However, dispite all of mese property fastors, Mark is not immore to lisks of diseronnes BScale. As a result of working all three survius, he will be increasing nearran way Significentry. Adminshohon and management of The wompany will prove to be even harder as The services are already nopular on meir own. Bitween them my have more man 26 billion Viers'. Albuittoring allepterbu user policies and popularity of the platforms invitation to wonpetitive will prove to be

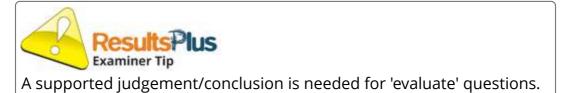
even alfficilt. Monoral Mark will not be able to Taures updates and innovation products easily us mire vis alot of paper work and adminihabon n to prough Bom instagram and wheets upp have grown significantly". Furthermore me yep pehreen senior working and ground floor workers pull innease Wennedously. Some employees (Total for Question 4 = 20 marks) TOTAL FOR PAPER = 80 MARKS are unhappy and do not understand me planned theinger and to the services The lack of understanding may laure unmobiliabon and read to a tall in Productivity do it lads to confusion annong employees because of me entensive paperwork and mul ut takes the enforce a new command. In conclusion Mark has a good chance of inploiting conomies of Scale as we much blicon dollar wap any has auco to me best capital and capour, how way, meinwased ad minstrahon and lank of worked world lead to average with vising and hence could cause disconomies of scale.



This response is another match to the level 3 descriptor, this time for an 'evaluate' question.

It meets all the requirements for level 3 with a balanced, two-sided argument, leading to a supported conclusion.

Therefore, it achieves level 3, 12 marks.



## **Paper Summary**

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

- Be careful to read the whole of the question. Certain requirements were not acted upon by some candidates in this series, eg when answers are required 'to two decimal places'
- Candidates need to understand the requirements of the command words in the questions. This will allow them to access marks relating to each of the four assessment objectives tested on the paper
- Quantitative skills will be tested throughout the paper. These may be in the form of diagrams/graphs, calculations or using the data in the extracts, to provide the application in the questions
- Application marks will **not** be awarded simply for repeating evidence from the extracts. It 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 supported judgement/conclusion
- There may be more answer space provided than needed for responses. This is also indicated on the front cover of the question paper.
- The descriptor tables for questions with the command words 'analyse', 'assess' and 'evaluate' do **not** change between questions with the same command word, nor between exam series. Candidates are advised to practice writing responses using these tables.

### **Grade boundaries**

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https://qualifications.pearson.com/en/support/support-topics/results-certification/gradeboundaries.html

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