



Examiners' Report

Principal Examiner Feedback

January 2019

Pearson Edexcel International GCSE  
In Economics (4EC0) Paper 01

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## General comments

This paper proved to be accessible for the majority of students and produced a wide range of answers. Some responses were very good indeed, showing high levels of economic understanding and analysis.

Unfortunately, some candidates continue to make careless mistakes which cost them marks. Some candidates did not have enough knowledge and either wrote answers of little merit or left the page blank

Particular areas of the specification which appeared to cause the most serious problems for students included:

- Elasticity
- Causes of inflation
- Exchange rates
- Production of commodities

On the other hand these areas of the specification were generally answered well:

- Economies of scale
- Public and private sectors
- Protection of the environment
- Supply side policies

## Question 1

1a (i) Most answers were all, or nearly all correct, or they were all, or nearly all, incorrect.

1a (ii) Many candidates struggled on this question by confusing PED with PES and discussing the demand for copper and/or electric cars

1a (iv) Most candidates were able to offer one reason as to why demand for a product such as electric cars might be price elastic but often struggled to find a second one. Many also incorrectly offered factors affecting demand.

1a (v) Only the better candidates seemed able to go beyond the generic D&S discussion and properly apply it to the labour market and the determination of wage rates. Only a few were able to deliver a reasoned judgement or conclusion.

1b (i) (ii) (iii) Mostly good understanding shown of the PPC. Many candidates defined opportunity cost but ignored the instruction to use the data from figure 1b. Part (iii) saw many vague assertions with little development or understanding of current supply constraints

1c (ii) Most candidates were able to explain the benefits of producing goods and services in the private sector by discussing efficiency and competition. The counter argument was not always as well developed and again, only the strongest candidates were able to offer any kind of conclusion or judgement.

## **Question 2**

2a (i) Mostly well answered although a common mistake was to label the vertical axis 'price'.

2a (ii) Internal economies of scale were generally widely understood and backed with examples. External economies of scale were not explained as clearly, if at all.

2a (iii) Clear awareness was present of the benefits of economies of scale but counter arguments were not as clear. Those responses that did provide a judgement were often perceptive and thoughtful.

2b (i) Invariably well answered.

2b (ii) This caused a surprising amount of difficulty for a large number of candidates.

2b (iii) Lack of finance and the reluctance of banks to give credit were the most popular answers here with a minority erroneously arguing that diseconomies of scale would restrict a small firm!

2b (iv) This was perhaps one of the better answered 6 mark questions with many candidates using some interesting real-life examples. Judgement was often attempted and at times was perceptive and thoughtful.

### **Question 3**

3a (i) Although many recognised the different stages of the economic cycle, a large number of candidates failed to give a reason as requested in the question.

3a (ii) Generally well answered with many students offering valid advantages with development.

3a (iii) Most candidates showed a fair understanding of the benefits of using taxation as a way of protecting the environment. Counter arguments were often on the merits of other policies which could be more effective as well as explaining why taxation was likely to be ineffective in some cases.

3b (ii) Not a well answered question. A large number of students appeared to struggle with identifying and explaining the causes of inflation. Confusion and misunderstanding were common and only the better students did well here.

3b(iii) The impact of reducing interest rates for consumers was often well explained but the downside not as well developed. Some candidates discussed the impact on firms or the whole economy and therefore did not answer the question.

3c For many candidates a similar story as with previous 6 mark questions. A clear awareness was present of the use of supply side policies in reducing unemployment but reasoned judgements and conclusions were comparatively rare.

### **Question 4**

4a (ii) Candidates were usually able to explain FDI but were often unable to adequately explain development aid..

4a (iii) Mostly well answered although disappointingly some candidates ignored the instruction in the question and discussed employment.

4a (iv) Exchange rates have always proved a tricky area for many candidates and this year was no exception, there was much confusion and inaccuracy. Some candidates were able to explain the impacts correctly, however, relatively few were able to access 5 and 6 marks by offering a reasoned judgement or conclusion.

4b (i) Most candidates could offer a valid advantage and disadvantage.

4b(ii) What should have been a straightforward diagram question seemed to cause problems for a minority of candidates.

4b(iii) Some candidates offered reasons that were too similar. Most though, offered two valid reasons but not always with sufficient explanation to gain the second mark.

4c Many candidates treated a commodity as being the same as any good and failed to develop convincing arguments. Those that did appreciate the problems with commodities, such as over reliance and price fluctuations generally did well, although once again judgements or conclusions were missing.

## **Conclusion**

Based on observations from this exam series, candidates are advised to:

- Learn definitions
- Use the appropriate economic terminology
- Read the questions carefully and follow all instructions
- Take care when interpreting diagrams, graphs and tables
- Look for the command words
- On the 6 mark questions make a reasoned judgement or conclusion