



Mark Scheme (Results)

January 2026

Pearson Edexcel in International A Level in Economics
WEC11/01A

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General Marking Guidance

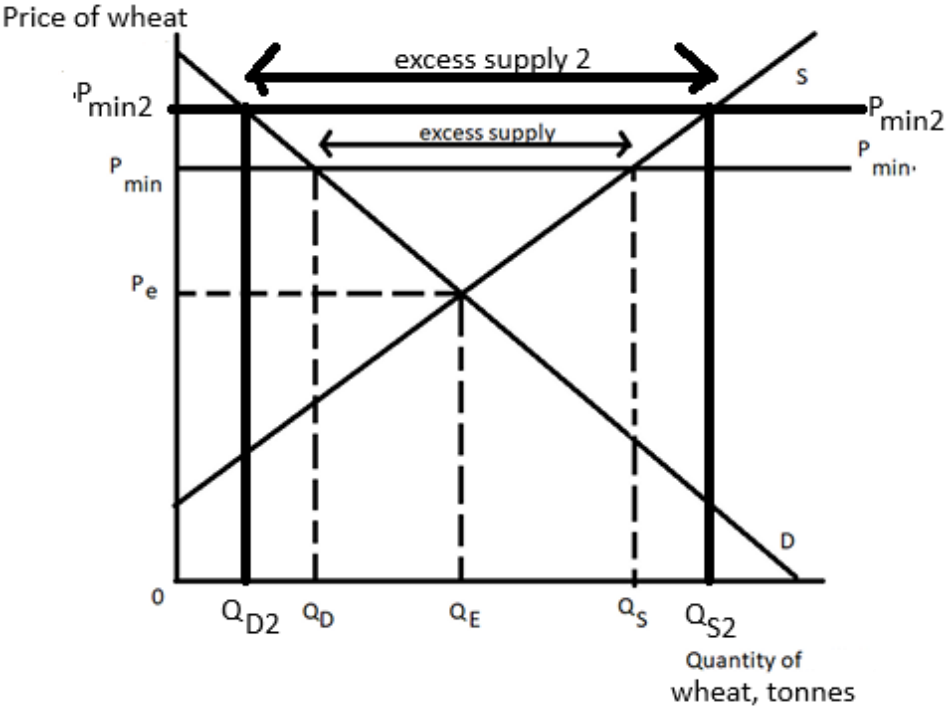
- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should 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.

Section A

Question	Quantitative skills assessed	Answer	Mark
1	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is A</p> <p>B is not correct because firms would supply less if the price decrease C is not correct because the price decrease would be caused by lower demand D is not correct because government intervention is not a function of the price mechanism</p>	(1)
2	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is C</p> <p>A is not correct because increased boredom is a disadvantage B is not correct because costs to make each pair of shoes are likely to decrease D is not correct because less time will be required for training as they focus on fewer tasks within the production process</p>	(1)
3	<p>QS8: Make calculations of elasticity and interpret the result QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is C</p> <p>A is not correct because inferior goods have negative income elasticity B is not correct because there is no information on the price elasticity of demand D is not correct because luxury goods have an income elasticity of demand above 1.</p>	(1)
4	<p>QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is D</p> <p>A is not correct because Q_1 is the market equilibrium output B is not correct because Q_2 is the social optimum output C is not correct because the welfare gain triangle sits above the supply line not below.</p>	(1)

<p>5</p>	<p>QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is C</p> <p>A is not correct because if too many permits were issued the price would be lower B is not correct because too few permits being issues in 2025 would see the permit price rise D is not correct because this change in supply would see the price rise</p>	<p>(1)</p>
<p>6</p>	<p>QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is B</p> <p>A is not correct because the utility is maximised at four glasses of fruit juice C is not correct because diminishing marginal utility sets in at the fourth glass D is not correct because the consumer experiences maximum utility with the fourth glass</p>	<p>(1)</p>

Section B

Question	<p>In 2025 the Government of India increased the minimum price for wheat by 6.6%. The minimum price was above the equilibrium price. Draw a diagram to illustrate the impact of the increase in the minimum price for wheat in India.</p> <p>Answer</p>	Mark
7	<p>Knowledge 1, Application 3 Quantitative skills assessed: QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge</p> <p>1 mark for showing knowledge on the diagram</p> <ul style="list-style-type: none"> Original supply and demand curves with axes correctly labelled (1) <p>Application</p> <p>Up to 3 marks for the following information included on the diagram:</p> <ul style="list-style-type: none"> Original minimum price (1) New minimum price (1) New excess supply (1)  <p>NB: A response that only shows one minimum price can secure a maximum of 2 marks</p>	(4)

Question	<p>In 2020 the US city of Miami had the highest risk of a housing market bubble in the world. Between 2019 and 2024 the average price of a house increased by 50%. With reference to Miami’s housing market, explain what is meant by a ‘market bubble’.</p> <p>Answer</p>	Mark
8	<p>Knowledge 2, Application 2</p> <p>Quantitative skills assessed: QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge</p> <p>2 marks for understanding ‘market bubbles’</p> <ul style="list-style-type: none"> • A market bubble occurs when the market price of an asset becomes significantly above the true/real/intrinsic value (1) • A market bubble is created by speculation/consumers buying in the hope of selling at higher price/expectations of further price increases (1) • The price is unsustainable / might fall rapidly (1) • A market bubble is an example of a market failure (1) <p>Application</p> <p>2 marks for applying to Miami’s housing market e.g.:</p> <ul style="list-style-type: none"> • Miami has the highest risk of a housing market bubble (1) • Between 2019 and 2024 the average price of a house increased 50% (1) • House prices may be at risk of falling/the housing price bubble may be at risk of bursting/demand may fall when potential buyers can no longer borrow money/loss of confidence about future price rises (1) 	(4)

Question	<p>The price elasticity of demand for petrol is -0.27 in the USA and -0.35 in Japan. Explain one reason why the price elasticity of demand for petrol is price inelastic. Answer</p>	Mark
9	<p>Knowledge 1, Application 1, Analysis 2</p> <p>QS8: Make calculations of elasticity and interpret the result. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge 1 mark for definition/understanding of inelastic demand e.g.: • Inelastic demand is where a change in price will result in a smaller percentage/proportionate change in quantity demanded • PED value between 0 and -1</p> <p>Application 1 mark for applying to the stem, e.g.: • -0.27 USA/ -0.35 Japan (1)</p> <p>Analysis Up to 2 marks for explaining one reason e.g.: • There are few substitutes for petrol (1) so even when price changes people will continue to demand petrol (1) • Consumers are reliant on the product/see the good as necessary (1) and would find it difficult to reduce consumption (1) • Expenditure on petrol is a small proportion of total expenditure/income (1) so an increase in price will not discourage consumers from buying (1)</p>	(4)

Question	<i>Ceteris paribus</i> , calculate the price elasticity of demand for sugar. Show your workings.	Mark
Answer		
10	<p>Knowledge 1, Application 3 Quantitative skills assessed: QS8: Make calculations of elasticity and interpret the result. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge 1 mark for definition Responsiveness of quantity demanded to a change in price</p> <p>/the formula of price elasticity of demand $\frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}} \quad (1)$</p> <p>Application Up to 3 marks for calculations:</p> <ul style="list-style-type: none"> • • Change in quantity ÷ original quantity x 100 $178.79-177.33 \div 177.33 \times 100 = 0.82332375\% (1)$ • • Change in price ÷ original price x 100 $0.37-0.43 \div 0.43 \times 100 = -13.9534883721\% (1)$ • PED calculation $0.82332375\% \div -13.9534883721\% = -0.059 (1)$ <p>NB: if correct answer (e.g. -0.059/-0.06 etc) is given, award full marks regardless of working. Accept reasonable rounding from full calculation (e.g. 0.8/14=-0.057) Award the mark for 0.0082332375 ÷ -0.139534883721 where they have not multiplied by 100 for the % change in number of tickets sold or % change in price Award 3 marks for -0.059% or +0.059</p>	(4)

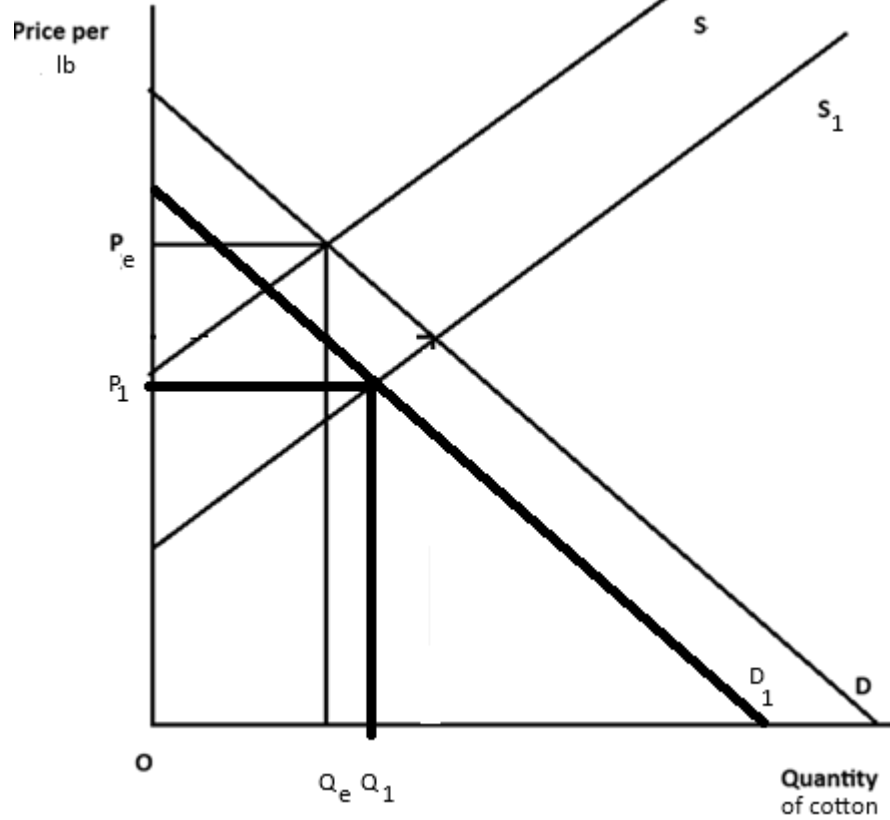
Question	<p>The cross elasticity of demand for meat burgers with respect to meat alternative burgers is estimated to be 0.11 in the USA. Explain the likely impact of a 10% increase in the price of meat alternative burgers on the demand for meat burgers in the USA.</p> <p>Answer</p>	Mark
11	<p>Knowledge 1, Application 1, Analysis 2</p> <p>Quantitative skills assessed:</p> <p>QS8: Make calculations of elasticity and interpret the result.</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge</p> <ul style="list-style-type: none"> • 1 mark for definition or formula of cross elasticity of demand e.g.: Responsiveness of demand for one product to a change in the price of another product <p><u>% change in quantity demanded of good x</u> % change in price of good y (1)</p> <p>Application</p> <p>1 mark for application to meat burgers and meat alternative burgers</p> <ul style="list-style-type: none"> • Meat burgers and meat alternative burgers are substitutes (1) • XED between meat burgers and meat alternative burgers is positive (1) <p>Analysis</p> <p>Up to 2 marks for calculating the likely impact on demand for meat burgers</p> <ul style="list-style-type: none"> • An increase in demand (1) of 1.1% (0.11×10) (1) <p>Or</p> <p>Up to 1 mark a demand and supply diagram showing an increase in demand for meat burgers and 1 mark for explaining that the impact will be less than proportionate.</p> <p>Or</p> <p>2 marks for alternative written explanation.</p> <ul style="list-style-type: none"> • If the price of meat alternative burgers increases consumers will buy more meat causing the demand for meat to increase (1) the percentage increase will be less than 10% as the cross elasticity is inelastic (1) • Not close substitutes (1) so the increase in demand will be so will be proportionately less than the change in price of meat alternative burgers (1) 	(4)

Section C

Question	Define the term 'indirect tax'. (Extract B, line 10)	Mark
12 (a)	<p>Answer</p> <p>Knowledge 2</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Up to 2 marks for understanding of indirect tax e.g. 1 mark for:</p> <ul style="list-style-type: none">• Expenditure/sales/consumption tax/tax added to the price of a good (1) <p>And 1 mark for any 1 of the following:</p> <ul style="list-style-type: none">• Paid to the government through a third party (1)• Could be ad valorem or specific tax (1)• Increases costs (1)• Decreases supply (1)• Used to discourage consumption (1)• Examples of indirect taxed including VAT/excise duties/customs duties (1)• Indirect taxes need introducing on clothing to reduce the impact of the external costs (1)	(2)

Question	With reference Extract B, explain the difference between an ad valorem tax and a specific tax. Answer	Mark
12 (b)	<p>Knowledge 2 Application 2</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge</p> <p>1 mark for understanding of ad valorem tax:</p> <ul style="list-style-type: none"> • A percentage tax (1) <p>1 mark for understanding of specific tax:</p> <ul style="list-style-type: none"> • A set amount of tax paid per item (1) <p>Application</p> <p>1 mark for application for ad valorem only accept:</p> <ul style="list-style-type: none"> • 5% (1) <p>1 mark for application for specific tax only accept:</p> <ul style="list-style-type: none"> • \$5 (1) 	(4)

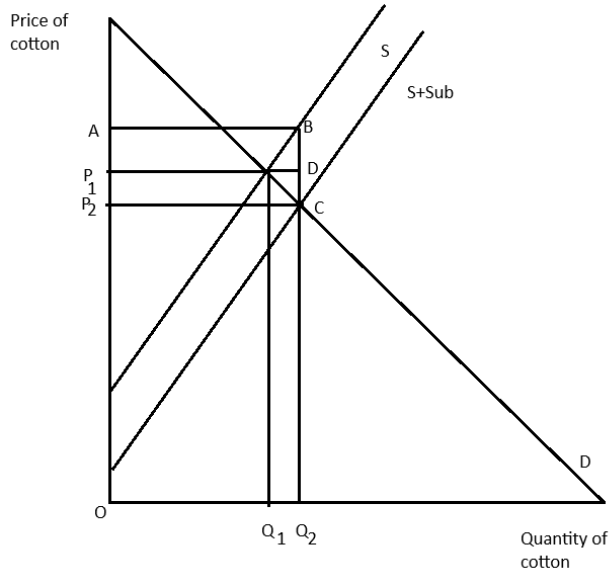
Question	With reference to Figure 1 and Extract A, analyse one supply factor and one demand factor why the world price of cotton decreased between January 2024 and July 2025. Illustrate your answer with a supply and demand diagram. Answer	Mark
12 (c)	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Quantitative skills assessed: QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge</p> <p>Up to 2 marks for the diagram showing:</p> <ul style="list-style-type: none"> • Original supply, demand and equilibrium price and quantity (1) • New equilibrium having shifted both supply and demand correctly showing decreased price (1) <p>Analysis</p> <p>Up to one mark for one supply factor from Extract A: . The USA, Turkey, Greece and Brazil all experienced large increases in the size of their crop harvest.</p> <ul style="list-style-type: none"> • The 2024-25 crop season saw a record 6.2% increase in global production (1) • The USA/Turkey/Greece/Brazil all experienced large increases in the size of their crop harvest (1) <p>Up to one mark for one demand factor from Extract A:</p> <ul style="list-style-type: none"> • Weaker than expected increases in real incomes (1) • Consumers are also substituting to man-made alternatives that are more durable, such as polyester (1) <p>Application</p> <p>2 marks for diagram</p> <ul style="list-style-type: none"> • Shift supply to the right (1) • Shift demand to the left (1) <p>1 mark for reference to Figure 1 if other two application marks not achieved:</p> <ul style="list-style-type: none"> • Figure 1- Jan 2024 price as \$0.80 and by July 2025 it was \$0.67 per lb (1) 	



(6)

Question	With reference to Extract B, examine two external costs associated with the production of clothing. Answer	Mark
12(d)	<p>Knowledge 2, Application 2, Analysis 2, Evaluation 2</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge and Analysis Up to 2 marks for identifying two external costs and up to 2 marks for linked explanations, e.g.:</p> <ul style="list-style-type: none"> • Less drinking water is available (1K) resulting in higher prices charged to consumers by water suppliers (1AN) • Resulting in global warming (1K) and increased risk of flooding for those living on the coast (1AN) • Resulting in visual pollution (1K) as landfill may reduce value of nearby properties (1AN) • Reducing the income of the fishing industry (1K) as increased number of fish and seafood have to be rejected as they contain microplastics (1AN) <p>Application Up to 2 marks for application to Extract C</p> <ul style="list-style-type: none"> • Clothing industry is the second-biggest consumer of water / one t-shirt requires 700 gallons of water to produce (1AP) • Produces 10% of global carbon emissions (1AP) • 85% of clothing is disposed of in landfill (1AP) • Washing clothes result in 500 000 tonnes of microplastics in the oceans (1AP) <p>Evaluation Up to 2 marks for evaluative comments (2+0 or 1+1), e.g.:</p> <ul style="list-style-type: none"> • The revenue of clothing industry is \$1.84 trillion which creates private benefits to shareholders of these businesses (1+1) • 430 million people employed in the sector creates external benefits as they spend money in the economy (1+1) • The magnitude of the external costs is significant with 10% of carbon emissions (1+1) • The impact is international as it affects the global climate and available water globally (1+1) 	(8)

Question	<p>With reference to Extract C and Figure 2, discuss the impact of the subsidies paid to cotton farmers in China and the USA. Illustrate your answer with an appropriate diagram.</p> <p>Indicative content</p>
12(e)	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance.</p> <p>The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Quantitative skills assessed</p> <p>QS4: Construct and interpret a range of standard graphical forms</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge, Application and Analysis (8 marks) – indicative content</p> <ul style="list-style-type: none"> • Subsidy- cash grant paid to encourage production • Subsidy- decreases costs of production • Increases supply S to $S+Sub$ • Decreases price P_1 to P_2 • Decreases quantity Q_1 to Q_2 • Consumer subsidy DCP_2P_1 • Producer subsidy $ABDP_1$ • Consumer surplus increases • Producer surplus increases • More employment in China and USA- 125 000 jobs protected • Cotton exports may increase • Reduce costs for clothing manufacturers <p>Diagram</p>



NB Maximum Level 2 if no diagram

Level	Mark	Descriptor
	0	No rewardable material
Level 1	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach, which has no chains of reasoning.
Level 2	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 3	7-8	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using relevant examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (6 marks) – indicative content

- Magnitude- substantial spending by China has significant impact on cotton farmers
- Short-term less impact but over long-term the full impact will be realised
- Dependency may impact efficiency of growers
- Government spending ABCP₂ – in China \$41 billion/ in USA \$7 billion
- Money spent creates an opportunity costs
- A risk to the one million who work in cotton farming in West Africa in India/ exports of West African farmers may suffer
- After being protected firms may be complacent/uncompetitive
- Figure 2 shows the Chinese manufacturers make more than 5 x more clothes than in Bangladesh and this can have a significant impact on lowering clothing prices/ USA clothing less significant with \$21bn so less impact on prices

NB Positive impacts can be viewed as KAA and negative impacts as EV and vice versa.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3-4	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	5-6	Evaluation recognises different viewpoints and/or is critical of the evidence. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Section D

Question	In 2023 government spending as a percentage of GDP was 10% in Singapore, 11.3% in Switzerland and 12.2% in Ireland. Evaluate the possible benefits of an economy operating closer to being a 'free market economy'. Indicative content
13	Quantitative skills assessed QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Indicative content guidance Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. Knowledge, application and analysis (12 marks) – indicative content <ul style="list-style-type: none">• Definition of free market economy- resources are allocated by the price mechanism with little/no government intervention• Mixed economy- where resources are allocated by the price mechanism and government• Incentive to work harder as workers can earn more• In 2023 Government spending as a percentage of GDP was 10% in Singapore, 11.3% in Switzerland and 12.2% in Ireland• All mixed economies but closer to being free market• Movement towards more free market- more resources are allocated by price mechanism and less by the government Benefits of a free market economy <ul style="list-style-type: none">• Resources are allocated efficiently to where expected profit is highest• Competition between firms creates better products for consumers• The profit motive encourages firms to spend money to create better products• Resource allocation is determined by the pattern of consumer demand rather than by the government• Competition between firms encourages them to lower prices to keep customers• Reduces risk of government failure as less resources wasted in expensive administration by governments Candidates should be rewarded for relevant use of a diagram.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach, which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.
<p>Evaluation (8 marks) – indicative content</p> <p>Disadvantages of free market economy</p> <ul style="list-style-type: none"> • Can lead to significant inequality • Some firms can become powerful raising prices • Non- provision of public goods • Underprovision of goods with external benefits such as health and education • Overprovision of goods that cause external costs • Instability- e.g. after financial crises/lockdown <p>Other evaluative comments</p> <ul style="list-style-type: none"> • Magnitude- sizeable proportion government involvements e.g. 12.3% Ireland • Ireland. Singapore and Switzerland are still a mixed economy • The public goods and key public services are still be provided • Need data on other factors to determine whether Ireland/ Switzerland/ Singapore have benefitted or not by being closer to free market economy • Just over 10% is still government spending so still significant government involvement in the economy 		

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4-6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7-8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Question	<p>In Australia, mortgage customers typically stay with their mortgage provider. 20% of customers would never consider switching, but they could save \$300 per month by switching to the best deal.</p> <p>Evaluate ways that would help consumers to make rational decisions.</p> <p>Indicative content</p>
14	<p>Quantitative skills assessed</p> <p>QS4: Construct and interpret a range of standard graphical forms</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance.</p> <p>The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, application and analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> • Define rational decisions- where consumers maximise utility/welfare/satisfaction • Utility- satisfaction achieved by consumers • Banking mortgage customers typically stay with mortgage provider- could save \$300 per month by switching <p>Barriers to rational behaviour and ways that would encourage and enable consumers to make rational decisions</p> <ul style="list-style-type: none"> • The influence of other people’s behaviour (herding) <ul style="list-style-type: none"> o Ensure banks/electricity/gas/broadband providers explain the best deal available to them o Hopefully as they switch to better deals will advise other people to switch too • Habitual behaviour <ul style="list-style-type: none"> o Provide information on the costs of loyalty e.g. \$300 per month o Other providers might offer incentives to switch- bonuses/ cash payment • Inertia <ul style="list-style-type: none"> o Regulation and laws ensure banks and electricity/gas/broadband suppliers provide tariff information so that consumers can easily compare tariffs o Comparison sites then compare deals on different networks and the process happens automatically without any effort from the consumer • Poor computational skills <ul style="list-style-type: none"> o Provision of websites- which calculate savings and compare banks/electricity/gas/broadband suppliers deals o Regulation and laws that insist banks and electricity/gas/broadband suppliers provide information on their best deals and are clear about the tariff they are on • The need to feel valued <ul style="list-style-type: none"> o Other providers may provide incentives- bonuses <p>Other ways to encourage rational behaviour</p> <ul style="list-style-type: none"> • Subsidies provided to comparison sites- lowering their costs and enabling them to provide more support to consumers • Subsidising smaller banks outside big 4 to enable them to advertise to gain more consumers with better deals • The government could introduce a maximum price if it is felt the price is too high- reduces the price but does not necessarily improve rationality.

		<ul style="list-style-type: none"> • State provision- e.g. Government provide electricity and gas to prevent consumers from being overcharged • Regulation- to ensure that banks/electricity/gas/broadband providers have rules that make it harder for them to exploit. • Support companies to provide information to help consumers to make rational decisions • Provision of information so people are aware of costs/benefits of switching so better able to make rational decisions
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<p>Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Use of generic material or irrelevant information or inappropriate examples.</p> <p>Descriptive approach which has no chains of reasoning.</p>
Level 2	4–6	<p>Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Limited application of knowledge and understanding to economic problems in context.</p> <p>A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.</p>
Level 3	7–9	<p>Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.</p>
Level 4	10–12	<p>Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to link knowledge and understanding in context, using appropriate examples which are fully integrated to address the broad elements of the question.</p> <p>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.</p>

Evaluation (8 marks) – indicative content

- Different consumers will be able to save more or less than this amount
- Some may save much less and therefore it is rational to stay with the current provider
- Automatic switching may not always work and could cost the consumer as they may not be switched to the lowest priced deal
- Websites- may be captured by industries paying them incentives to highlight their deals despite them not being the best deal
- Other providers may provide incentives- bonuses which add to the costs of the business reducing profitability
- Subsidies create an opportunity cost and this might be better spent on improving efficiency of energy generation
- A maximum price reduces the price but does not necessarily improve rationality
- State provision- costly for the government and without competition they may be less efficient
- Regulation- even with these rules consumers may not be able to calculate or have inertia and therefore still not switch
- Provision of information may be ignored as people follow others or have inertia
- People may in fact be acting rationally- there may be other loyalty schemes, customer service, quality benefits of their loyalty
- A lower price is not always the best/rational choice as quality and after sales service need to be considered

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.