Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Friday 9 January 2026

Afternoon (Time: 1 hour 45 minutes)

Paper reference **WEC11/01**

Economics

International Advanced Subsidiary
UNIT 1: Markets in action

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **ALL** questions in Sections A, B and C.
- Answer **ONE** question in Section D.
- Answer the questions in the spaces provided – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.

Turn over ▶

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SECTION A

Answer ALL questions in this section.

Questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 Cuba has many features of a command economy.

Which **one** of the following is a possible *disadvantage* of a command economy?

☒ **A** The profit incentive leads to more innovation

☒ **B** Bureaucratic systems that are inefficient

☒ **C** Unemployment is non-existent

☒ **D** Inequality of income between workers

(Total for Question 1 = 1 mark)

2 Which **one** of the following is the best definition of a normative economic statement?

☒ **A** A statement that is value-free

☒ **B** A statement beginning with the term '*ceteris paribus*'

☒ **C** A statement that contains a value judgement

☒ **D** A statement that can be proved to be true or false

(Total for Question 2 = 1 mark)

3 Which **one** of the following is an example of government failure?

☒ **A** An increase in the price of a product resulting from an increase in demand

☒ **B** The free-rider problem resulting in the non-provision of public goods

☒ **C** A market bubble resulting from speculators buying stocks and shares

☒ **D** Unintended consequences resulting from the introduction of an indirect tax

(Total for Question 3 = 1 mark)

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4 The table shows the percentage change in real wages and the percentage change in the number of cinema tickets sold between 2023 and 2024 for Slovakia.

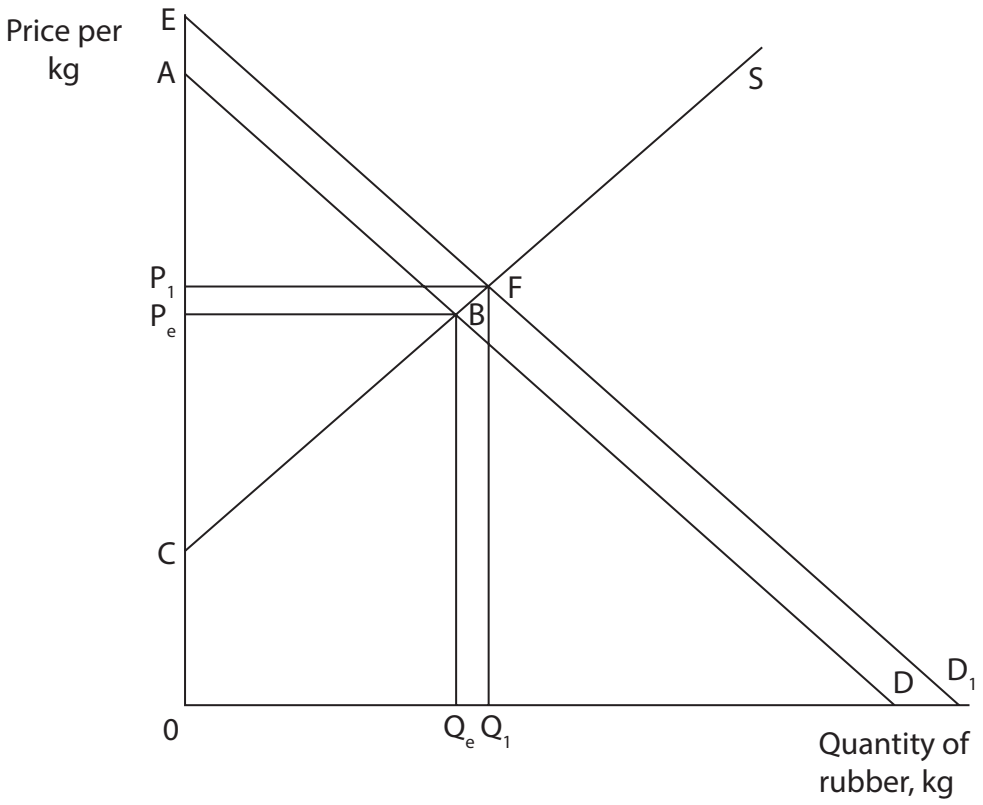
	Percentage change
Change in real wages	+3.7%
Change in the number of cinema tickets sold	+8.0%

Ceteris paribus, which **one** of the following can be deduced from the table?

- ☒ **A** Income elasticity of demand is 2.16
- ☒ **B** Income elasticity of demand is 0.46
- ☒ **C** Demand for cinema tickets is price elastic
- ☒ **D** Cinema tickets are an inferior good

(Total for Question 4 = 1 mark)

5 The diagram shows the market for rubber following an increase in demand for its use in the manufacture of tyres.



Which **one** of the following can be deduced from the diagram?

- ☒ **A** P_1EF is the new producer surplus
- ☒ **B** P_1FC is the new consumer surplus
- ☒ **C** P_eP_1FB is the change in consumer surplus
- ☒ **D** P_eP_1FB is the change in producer surplus

(Total for Question 5 = 1 mark)

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6 The table shows the estimated cross elasticities of demand for selected types of drinks with respect to a change in the price of fizzy drinks in Nigeria.

Drinks	Cross elasticity of demand
Chocolate drinks	+ 0.15
Bottled water	– 0.13

Ceteris paribus, which **one** of the following can be deduced from this information?

- ☒ **A** Bottled water and fizzy drinks are inferior goods
- ☒ **B** Chocolate drinks and fizzy drinks are complements
- ☒ **C** Chocolate drinks and fizzy drinks are weak substitutes
- ☒ **D** Bottled water and fizzy drinks are strong substitutes

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS

SECTION B

Answer ALL questions in this section in the spaces provided.

7 In 2025 the European Union introduced a new regulation for businesses producing medical technology devices. As a result, these businesses experienced an increase in costs of production.

Draw a diagram to illustrate the impact of this new regulation on the price of medical devices.

(Total for Question 7 = 4 marks)

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8 In the UK the maximum price (of the tuition fee) to study for a university degree was increased from £9 250 to £9 535 per year in 2025.

Explain **one** possible impact of the increase in the maximum price to study for a university degree.

(Total for Question 8 = 4 marks)

9 The table shows the price elasticity of supply for housing in selected cities in China.

City	Price elasticity of supply
Shanghai	1.52
Beijing	0.53

With reference to the table, explain the difference between price elastic supply and price inelastic supply.

(Total for Question 9 = 4 marks)

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10 The table shows the average monthly price per subscriber globally and the number of streaming subscribers for films in April 2023 and March 2024.

	Average monthly price per subscriber	**Number of streaming subscribers for films**
April 2023	\$6.47	157.8m
March 2024	\$7.28	153.6m

Ceteris paribus, calculate the price elasticity of demand for streaming films.

Show your workings.

(Total for Question 10 = 4 marks)

11 Between 2000 and 2025 Bulgaria's population decreased from 8.0 million to 6.7 million.

Ceteris paribus, explain the likely impact of this change in population on Bulgaria's production possibility frontier (PPF).

Illustrate your answer with a diagram.

(Total for Question 11 = 4 marks)

TOTAL FOR SECTION B = 20 MARKS

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SECTION C

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering Question 12.

Write your answers in the spaces provided on the following pages.

12 (a) Define the term 'habitual behaviour.' (Extract B, line 14)

(2)

(b) With reference to Figure 1 and Extract A, analyse **two** factors that caused flight prices to increase significantly between January and July 2024.

Illustrate your answer with a supply and demand diagram.

(6)

(c) With reference to the final paragraph of Extract B, explain the difference between renewable and non-renewable resources.

(4)

(d) With reference to Extract C, examine **two** effects of the Government of Spain's decision to pay subsidies to the tourist industry.

(8)

(e) With reference to Extract B, discuss the likely external benefits of Disney's expenditure on improving its theme park in California.

Illustrate your answer with an externalities diagram.

(14)

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12 (a) Define the term 'habitual behaviour.' (Extract B, line 14)

(2)

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(b) With reference to Figure 1 and Extract A, analyse **two** factors that caused flight prices to increase significantly between January and July 2024.

Illustrate your answer with a supply and demand diagram.

(6)

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(c) With reference to the final paragraph of Extract B, explain the difference between renewable and non-renewable resources.

(4)

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(d) With reference to Extract C, examine **two** effects of the Government of Spain's decision to pay subsidies to the tourist industry.

(8)

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(e) With reference to Extract B, discuss the likely external benefits of Disney's expenditure on improving its theme park in California.

Illustrate your answer with an externalities diagram.

(14)

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(Total for Question 12 = 34 marks)

TOTAL FOR SECTION C = 34 MARKS

SECTION D

Answer ONE question from this section.

Write your answer in the space provided.

EITHER

13 In 2024 the global manufacturing and construction industries:

- produced 6.22 bn tonnes of greenhouse gases
- used 50% of all global natural resources extracted
- used 15% of the world's freshwater
- used 25% of the world's wood.

Evaluate possible external costs associated with the manufacturing and construction industries.

Illustrate your answer with an appropriate diagram.

(Total for Question 13 = 20 marks)

OR

14 In Zimbabwe fast food consumption has increased resulting in an increase in obesity, diabetes, heart disease and cancers.

In January 2025 the Government of Zimbabwe introduced an indirect tax at a rate of 0.5% on fast food including pizzas, burgers, shawarma and tacos.

Evaluate the benefits of introducing this indirect tax on fast food.

Illustrate your answer with an appropriate diagram.

(Total for Question 14 = 20 marks)

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Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

Chosen question number: **Question 13** ☐ **Question 14** ☐

Write your answer here:

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TOTAL FOR SECTION D = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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GradeMax

Pearson Edexcel International Advanced Level

Friday 9 January 2026

Afternoon (Time: 1 hour 45 minutes)

Paper reference **WEC11/01**

Economics

International Advanced Subsidiary

UNIT 1: Markets in action

Source Booklet

Do not return this Booklet with the question paper.

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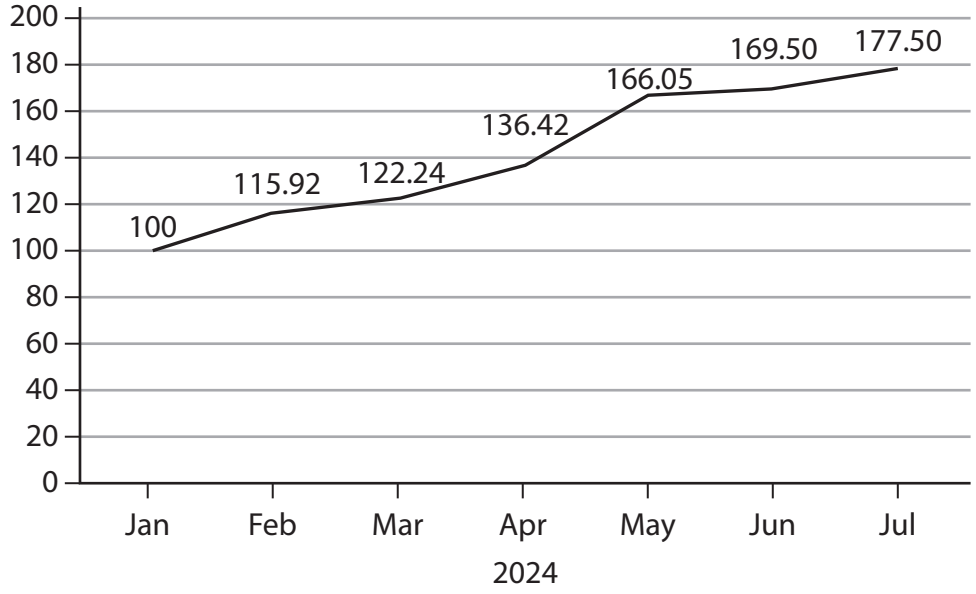
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Sources for use with Section C

Flights, theme parks and financial support for tourism

Figure 1 Index of the average price of flights to Europe from the UK, January to July 2024, (January 2024 = 100)



Extract A European flight prices

European flight prices increased significantly between January and July 2024. A number of cost pressures led to higher flight prices.

Firstly, there was a substantial rise in the price of jet fuel in 2024. Jet fuel makes up 30% of an airline's costs.

Secondly, there was a shortage of new aircraft. Boeing and Airbus, two of the major aircraft manufacturers, had difficulty in sourcing enough parts from their suppliers. Consequently, airlines had to use older, less fuel-efficient aeroplanes that require more jet fuel.

Thirdly, there were wage increases for pilots and aircrew. For example, the minimum annual wage for a co-pilot increased from €25 000 in 2023 to €51 000 by early 2025.

Extract B Disney theme parks

Research conducted in the USA found that there are significant external benefits to the community for every $1 billion Disney spends on improving Disneyland Park in California. These benefits include:

- the creation of 7 869 construction jobs
- $1.9 billion worth of output on construction
- the creation of 3 634 jobs operating the theme park
- $508m worth of economic output
- an extra $87m of tax revenue.

In 2025 Disneyland Park, California also directly supported the local community by spending:

- $30m on affordable housing
- $8m for park improvements including playgrounds and sports courts.

Consumers of Disney theme parks were found to display habitual behaviour. 83% of its consumers returned for further visits to Disney theme parks.

Disney has four theme parks in the city of Orlando. 72% of Orlando's electricity is generated through gas and 25.4% from coal. Disney will now be able to power two of its four theme parks from a new solar panel facility at Walt Disney World Resort. This will reduce its greenhouse gas emissions by 52 000 metric tonnes per year.

Extract C Government of Spain's support for the tourist industry

The number of tourists visiting Spain is much lower between October and June than between July and September. To support the tourism industry during the months of low demand, the Government of Spain offers a subsidy for holidays taken by Spanish citizens aged over 55. When these citizens book their holiday a payment is made by the Government to the hotel or holiday park. In 2024 the subsidy contributed to 886 269 holidays. The budget for this subsidy was €300m. This scheme is not available for foreign tourists.

Acknowledgements

Figure 1 adapted from:

https://www.ons.gov.uk/economy/inflationandpriceindices/adhocs/2362domesticeuropeanandlonghaulairfaresconsumerpricessubindicesjanuary2017tojuly2024

Extract A adapted from:

https://oilprice.com/oil-price-charts/#WTI-Crude

https://baatraining.com/blog/5-reasons-why-pilot-salaries-will-continue-to-rise/#:~:text=This%20upward%20momentum%20continued%20into%20spring%202024%2C%20with,the%20aviation%20sector%2C%20with%20salaries%20surpassing%20pre-COVID%20levels.

https://www.reuters.com/business/aerospace-defense/air-india-ceo-sees-global-aircraft-shortage-least-four-years-2025-03-18/

Extract B adapted from:

https://disneyconnect.com/disneyland/disneylandforward/community-benefits

https://disneyconnect.com/disneyland/disneylandforward/economic-benefits/

https://thewaltdisneycompany.com/powering-the-magic-with-renewable-energy/

https://www.gridinfo.com/florida/orlando#:~:text=View%20monthly%20electricity%20generation%2C%20the%20breakdown%20by%20power,9%20power%20plants%20in%20Orlando%2C%20FL%2C%20and%20more.

Extract C adapted from:

https://www.euronews.com/travel/2024/02/15/spain-gives-its-pensioners-subsidised-holidays-and-it-wants-other-eu-countries-to-join-in