Pearson

Delegate Booklet

International Alevel Economics

Understanding assessment and Improving delivery

YEC11-24IF1

Aims and Objectives

Delegates will:

- be given an understanding of the assessment objectives
- learn how different types of question in exam papers match the different assessment objectives
- consider each assessment objective, with reference to questions from previous papers
- discuss strategies to help students to access questions targeting different assessment objectives
- review the support Pearson offers for the qualification
- network and share ideas with other teachers.

Session Agenda

- Introductions and housekeeping
- Session 1: Features of the International A Level
- Session 2: Overview of Assessment Objectives & Quantitative Skills

Break

- Session 3: Levels based assessment with marking activities

Lunch

- Session 4: How assessment objectives are applied in points based questions with marking activities
- Session 5: Support provided by Edexcel for IAL; Consideration of best practice and networking

(e) With reference to Extract B, discuss the likely effects of the introduction of an indirect tax on meat.

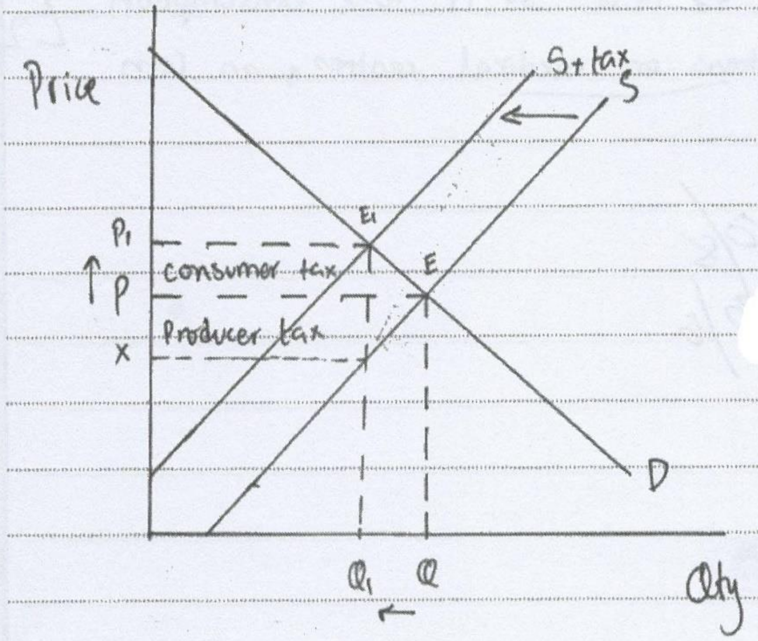
Illustrate your answer with an appropriate diagram.

8 6
KAAE

(14)

An indirect tax is a tax faced by producers that is then passed onto consumers. It's a tax on spending

Studies have looked at the impact of a global meat tax. 40% tax on beef, ~~20% ta~~ and 8.5% tax on chicken would reduce emissions and save 500 000 lives a year.



Due to an imposed tax, the supply reduces and shifts to the left from S to S+ tax. Then there's a ~~a~~ contraction in demand as prices rise from P to P1 ~~and~~ hence a fall in quantity from Q to Q1.

Due to the addition of the tax, ~~demar~~ people purchase less of meat and so meat producers lose revenue and profits. The impact of the tax on the supply would depend on the size of the tax, 40% tax on beef is a lot but an 8.5% tax on chicken is low therefore the supply of chicken may not be affected too badly. Going back to meat producing firms, unemployment may ~~tax~~ take place as costs are rising. The producer surplus also falls as prices rise and supply falls. "Consuming 100 grams of red meat per day increases the risk of developing diabetes by ~~19~~ 19%" so if less consumption, there will be less stress on medical centres, as less chance of diabetes.

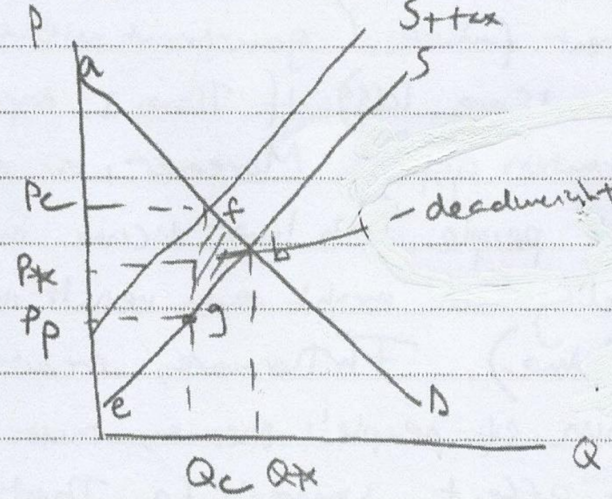
ACTIVITY 2, EXEMPLAR 2 WEC11, Q12e

(e) With reference to Extract B, discuss the likely effects of the introduction of an indirect tax on meat.

Illustrate your answer with an appropriate diagram.

(14)

Indirect tax is tax put on expenditure on goods and services. An indirect tax, results in higher costs for suppliers and Therefore decreases supply.



Consumer surplus + producer surplus decreases.

Original c.s = P*ab   Original p.s = P*be

New c.s = Pcaf   New p.s. = Ppge

An indirect tax would result in a lower supply due to high production costs. A lower supply would result in higher prices for consumers. If PED of meat is elastic, This will result in a higher Than proportionate decrease in demand (so incidence of tax falls mainly on supplier). If PED is inelastic, incidence of tax will fall mainly on consumer, so quantity demanded of meat will fall dramatically.

ACTIVITY 2, EXEMPLAR 2, Q12e

The effects of an indirect tax have a high magnitude. A study found "a 40% tax on beef, a 20% tax on dairy products and a 8.5% tax on chicken would reduce emissions and save 500 000 lives a year". 500 000 is a very large number, so effects are positive. However, an indirect tax could result in government failure (government intervention results in net welfare loss) if there is imperfect information (information gaps). Moreover, an indirect tax would affect people with lower income more, This results in inequality and might even result in poverty (government failure). Furthermore, meat is only a small proportion of people's income, most of the time, so the effect wouldn't be that large.

There is also another way to reduce emissions: the government should provide information to the ~~p~~ people ~~abo~~ about the negative effects of meat production and consumption. Now, there is information failure, as "problems associated with meat production are not well-known by the public" (market failure), so if government intervenes and provides information using the internet, posters, etc, there would be symmetric information + people would have better computation skills, resulting in lower demand of meat.

ACTIVITY 2, EXEMPLAR 2 Q12e

However, lower demand of meat + lower supply will result in less revenue + less profit for producers.
The tax revenue could be used to improve services or technology, increasing the living standard of people.

(Total for Question 12 = 34 marks)

TOTAL FOR SECTION C = 34 MARKS

Activity 3 EXEMPLAR 3, Q14 WEC12 Q14

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 ☒.

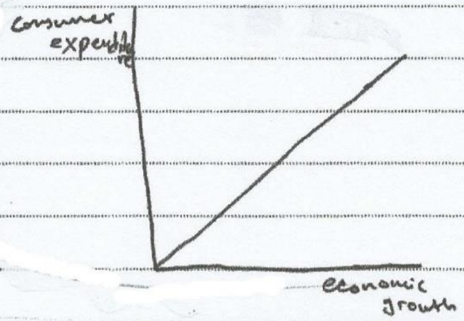
Chosen question number: **Question 13** ☐ **Question 14** ☒

Write your answer here:

By rising consumer expenditure GDP of the country grows. Therefore there are more money in the economy it is a huge pro for the economic growth. Also government gets more money from tax and has more opportunities to spend the money on public goods. The more householders are going to spend money, the more companies are going to have money to invest in the company, so the businesses are going to get bigger and the economic growth is going to increase.

In India a high rate of economic growth is as important as in any other country. Consumer expenditure is not the only factor which benefits an economy but it is one of the most important factors.

Consumption - How much householders spend money in a economy.



ACTIVITY 4 EXEMPLAR 4, Q14 WEC11, JUNE 2019

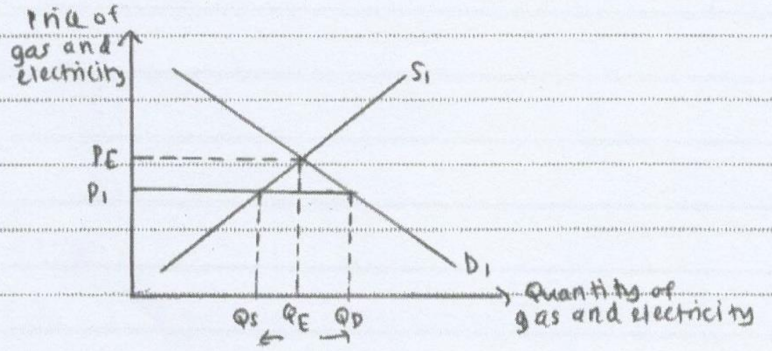
Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

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

Write your answer here:

A maximum price is a price ceiling or limit on the highest price that can be charged for a good or service. As ~~4 stated~~, consumers in the UK were charged £1166 per year for gas and electricity, with a ~~minu~~ minimum of ~~A~~ £935 per year.

The introduction of a maximum price, ~~with~~ which set below the equilibrium price level, will prevent prices from rising beyond that level.



The maximum price benefits consumers, as they will be more easily able to afford gas and electricity. It also benefits consumers on low income groups help to achieve a higher standard of living. The maximum price also helps to prevent the country's rate of inflation from increasing, which could lead to unemployment or a ~~fall~~ deficit on the trade ~~bto be~~ balance. The maximum price also prevents the exploitation of consumers by energy suppliers. ~~It may also reduce the consumption~~

ACTIVITY 4, EXEMPLAR 4, Q14 WEC11, JUNE 2019

~~Ho~~

However, the implementing of a maximum price may also cause several problems. As shown in the diagram, when the maximum price is set. this causes a contraction in supply from QE to Qs and an expansion of demand from Q_E to QD. This causes ~~a~~ a shortage or ~~ex~~ excess demand within the economy. This will cause shortages of gas and electricity for consumers, which will cause standard of living to fall. Further, the decrease in prices will lower of ~~cost of profit marg~~ revenue and profits of energy suppliers. | This may cause firms to lay off workers in an attempt to maintain their profit margins. This would increase unemployment, as well as reduce living standards.

In addition. the maximum price may cause the exit of firms from the market or the relocation of energy suppliers to other countries where there is no maximum price allocated. this causes a fall in the international competitiveness of the country. Further, the maximum price may cause shadow markets or ~~hide~~ the presence of a "black" market. This will allow energy suppliers to provide gas and electricity at a higher price, leading to the exploitation of consumers and making the maximum price ineffective, showing that there is government failure.

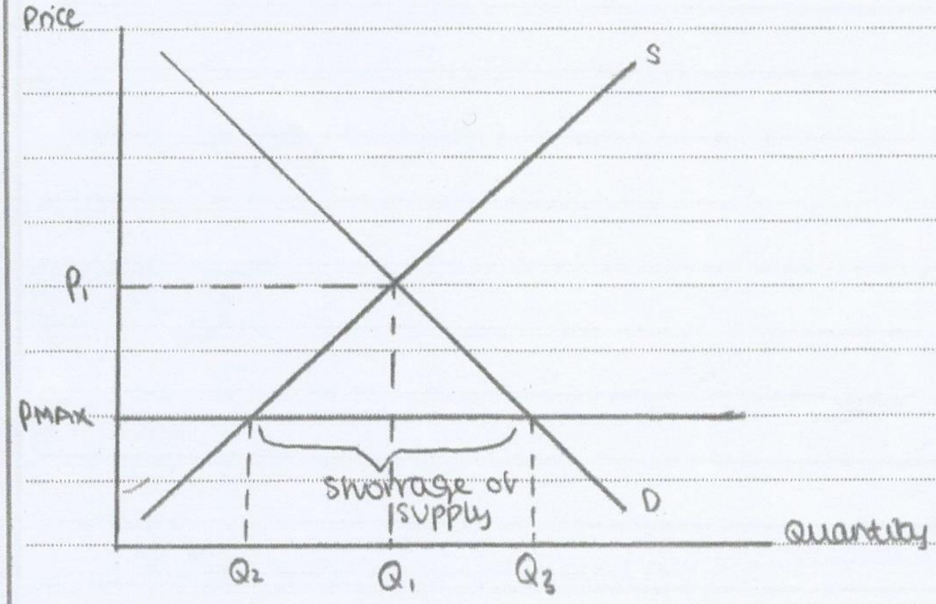
ACTIVITY 5 EXEMPLAR 5, Q14 WEC11 JUNE

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** ☒

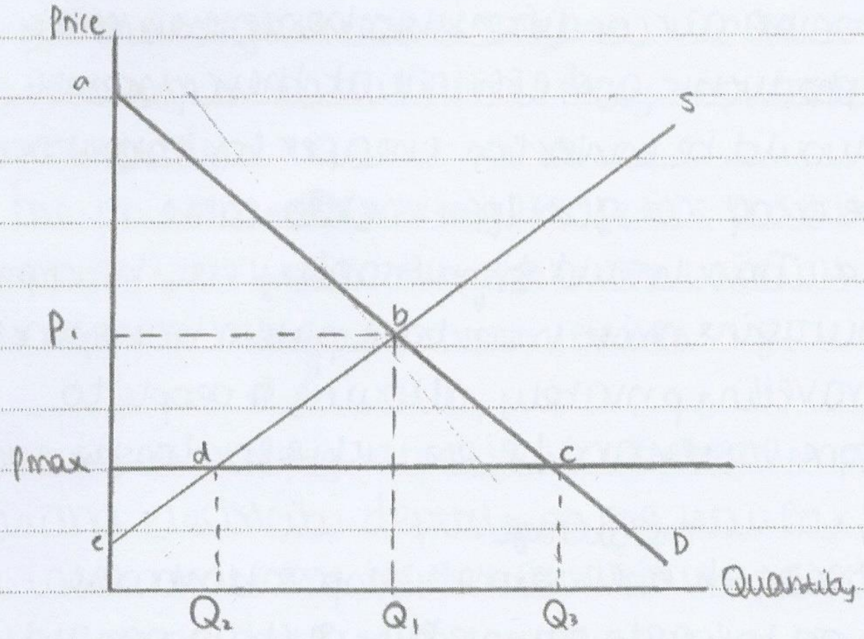
Write your answer here:

A maximum price is the highest amount a producer can charge for a product. It acts as a price ceiling, and ~~enables~~ ~~prevents consumers from being~~ enables all consumers to be able to afford ~~the~~ the ~~products~~ good / service.



The diagram above shows the impact of a maximum price on the market for gas and electricity. There will be a shortage of supply $Q_3 - Q_2$.

ACTIVITY 5 EXEMPLAR 5



Consumer surplus is likely to ~~[illegible]~~ increase from P_1ba to Pmax ca. Comparatively producer surplus will significantly decrease from P_1bc to Pmax dc. This may cut firms' profits and revenues, removing their incentive to supply more. Firms may lose too much money and lower their investment, or even reduce their demand for labour, ~~increasing~~ leading many workers to become unemployed.

On the other hand, consumers of all incomes will more likely be able to afford gas and electricity, improving their living standards and quality of life.

ACTIVITY 5 EXEMPLAR 5

Consumers will consume more electricity, for purposes like heat or ~~A/C~~ air conditioning, hence they may be more productive and efficient at their places of work. It would be ~~easier for~~ cheaper for consumers to purchase a car, as gas ~~open~~ is ~~cheap~~ more affordable. This would significantly cut transport costs, encouraging those that take public transport to start travelling privately, allowing ~~to~~ people to get to work faster and be productive for longer hours.

A large portion of ~~a~~ the average consumer's disposable income is likely to go towards paying bills such as gas and electricity. Hence a significant reduction in the prices of gas and electricity, will enable consumers to enjoy a larger portion of their disposable income.

On the other hand, with an increase of private vehicles on the road, there's a higher possibility of congestion and pollution ~~occurring~~ being emitted. This is harmful to the natural environment and could cause future problems, such as climate change.

Additionally, gas is a non-renewable resource, which means its supply is finite. By speeding up its consumption, by lowering its price, its exhaustion will come sooner than expected.

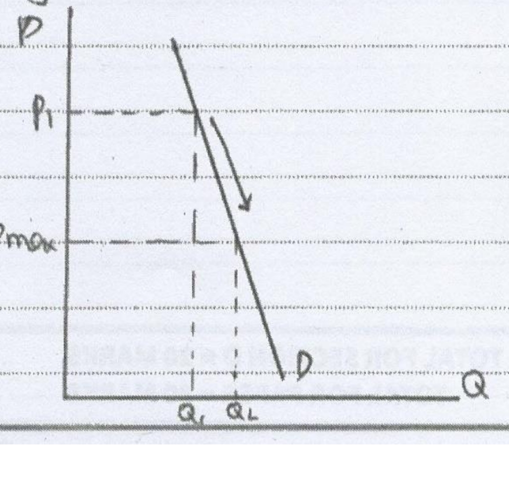
ACTIVITY 5 EXEMPLAR 5

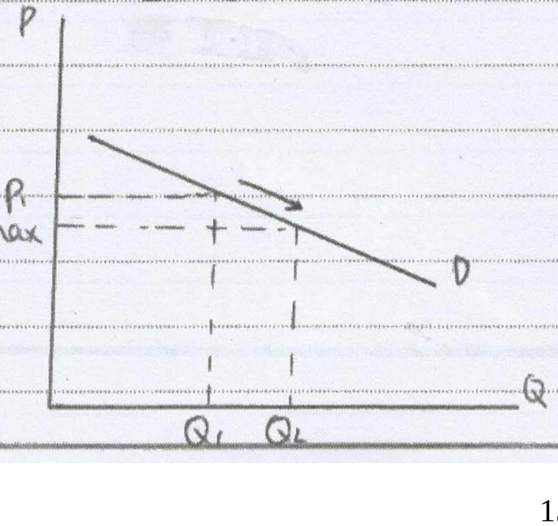
In the short run prices may be low, however in the long run ~~(as gas becomes scarcer to~~ (as the resource gas starts to run out) prices may be pushed up ~~to~~ significantly.

As the price falls, firms will make less profit and revenue, which will only reduce the amount of tax revenue the government receives.

However, the likely impact of a maximum price on gas and electricity depends on ~~how~~ how far below it is set under the market equilibrium price. If there's only a small decrease, firms may not lose too much profit.

Additionally, it depends on the PED of gas and electricity. If the PED is elastic, firms' revenue will only increase, however if inelastic it reduces their revenue. There's a high possibility that gas and electricity are PED inelastic, as they are a necessity for basic everyday activities. However, there are alternatives to gas, which could make it PED elastic.





ACTIVITY 5 EXEMPLAR 5

Furthermore, the overall impact of a maximum price on gas and electricity will depend on the magnitude of people that benefit from it. In the UK 12 million will be impacted, so a large effect may be seen, although it may be difficult to measure.

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