

## EXAM TECHNIQUES – AQA ECO

### ANALYSIS

Question: with reference to Extract A, discuss the benefits of division of labour to For. Make one developed point

1. **State your point**
2. **Application** (quotes and examples using the context) and analysis (step by step chains of reasoning that explain your points/evaluations)
3. **Link back** (link back to the question – by repeating the phrasing of the question)

Firstly, division of labour can increase productivity and output. This is because the division of labour allows workers to specialise on specific tasks. This enables workers to master their tasks and become more productive. For instance, Fords tyre fitters can learn to fit their tyres more quickly and Fords painters can learn to spray paint their cars without error. Extract A mentions that “Model T production reached ford levels” showing how specialisation and division of labour can increase productivity and output. - **Application (example from extract)**. This means Ford can produce more cars, increasing sales. This will increase Ford revenue, increasing their profit, benefitting ford. (using questions word)

With reference to Extract A, discuss the benefits of division of labour to Ford. Make one developed evaluation to evaluate our point about increased productivity.

1. **State your evaluation**
2. **Application and analysis**
3. **Link back**

However, the division of labour can make workers less productive. This is because repeating the same task repeatedly can make workers feel bored, which will reduce their motivation, reducing their productivity. For instance,

Fords car paints may grow bored of painting and start to slack on the job or become careless and might start making errors or spilling paint. **This means** Fords productivity will fall, reducing output and revenue and costs will rise from more errors at work. This will decrease Fords profits, limiting Fords benefits. *(evaluation- against the benefits)*

## **Chains of reasoning for 10 marks/25markers**

**So, what: what is the effect and why is this important**

**e.g. EXPLAIN THE EFFECTS OF A MINIMUM PRICE ON ALCHOL  
(10MARKS)**

**diagram included**

The new minimum price  $P(\min)$ , **will** increase prices from  $P(e)$  to  $P(\min)$ . The higher price will reduce quantity demanded to  $Q(d)$ . Reduced quantity demanded of alcohol will improve consumers health. This will reduce visits to the hospital and medical treatments for alcohol-related illnesses. This will reduce government spending. So, the government will have more to spend on infrastructure and healthcare. \_ increase external benefits and lead to a welfare gain of society. **which will have a positive effect on the society (link back to question)**

**E.g. explain two microeconomic effects of a subsidy to renewable energy firms**

A subsidy to renewable energy firms will decrease their costs. This will shift supply from  $S$  to  $S1$ . This will decrease price from  $P€$  to  $P1$  and renewable energy from  $Qe$  to  $Q1$ . This means consumers will pay lower prices for renewable energy. This means consumers will pay lower prices for renewable energy. This means pollution and greenhouse gases from fossil fuels will decrease. This will reduce decrease external costs of climate change. *This will*

benefit future consumers as they won't be as affected by natural disasters and erratic weather; a very positive effect of subsidies for renewable energy firms.

### Why that's ....

**E.g. Assess the economic impact of a depreciation in the pound relative to the euro.**

**Diagram included**

Firstly, a depreciation will decrease the UK demands for imports. This is because a depreciation in the pound will make imports more expensive for UK consumers. This will cause consumers to substitute away from imported goods to domestic goods. This will increase the UK aggregate demand because import expenditure will decrease and  $M$  is a negative component of  $AD$ , Shifting the  $AD$  curve out to the right as shown on diagram 1. This will lead to an increase in real GDP. This economic growth will lead to better living standards for UK consumers.

**e.g. Explain the impact of tax on alcohol**

**DIAGRAM INCLUDED**

A tax on alcohol will increase prices. **WHYS THAT** A tax will increase costs for firms, reducing their supply from  $S$  to  $S_1$  because they can't afford to supply as much after the tax. This increases prices from  $P_E$  to  $P_1$ . **SO, WHAT**. Higher prices reduce consumption of alcohol from  $Q_E$  to  $Q_1$ . This reduces binge drinking and alcohol related illness. This reduces NHS spending and means the government will have more to spend on infrastructure and education, which has external benefits for society.

### DIAGRAMS

- *DRAW DIAGRAM THAT'S HALF OF THE PAGE*
- *EXPLAIN DIAGRAM:*
  - **E.g. effects of market changing from monopoly to perfect competition**
  - **Monopoly diagram**

- **Explanation:** Firstly, the prices decreases. So, consumers must pay less, so they are better off. This is shown in Diagram 1. Because they are price takers, monopolistic firms can set the price at  $P_1$ , above the equilibrium price. But as the industry becomes more competitive, demand will extend from  $P_1Q_1$  to  $P_eQ_e$ . Because supply now equals demand, there is an efficient allocation of resources.

## 25 markers

Knowledge

Application

Analysis

Evaluation

*Structure:*

- 2 points
- 2 evaluations
- Diagrams
- Final substantial Judgement
  - Directly answers the question

- 1. Intro Knowledge: definition of key terms, why is this important***
- 2. 1 point***
- 3. Evaluation***
- 4. 2<sup>nd</sup> point***
- 5. Evaluation***
- 6. Final substantial judgement***

***E.g. "Evaluate the case of gov provision of goods and services such a flood defence schemes or housing"***

- Point: why gov should provide
- Evaluation: shouldn't provide
- Final substantial judgment: gov should intervene

e.g. Assess the impact on economic performance of the UK economy, of an increase in university enrolment

- Points link to why there would be positive economic impact
- Evaluate link to any negative economic impacts

### **Final substantial judgement**

1. Judge (which side of the argument you agree)
2. Justify (why you chose this)
3. However, it depends on (real life factors)

#### **Structure:**

1. Overall....
2. This is because....
3. However, this depends on....

e.g. Assess the impact on the economic performance of the UK economy, of an increase in university enrolment  
(25marks)

#### **Judge:**

Overall, the positive effects of education appear to outweigh the negatives

#### **Justify: reuse previous argument, no new info and chain of analysis**

This is because university education gives workers a range of knowledge and skills, which will increase the productivity of labour.

This will increase the UK's long run potential output, leading to economic growth

However, this depends on

However, this depends on how many students complete their degrees. If dropout rates are very high, the economic benefits of education may not be significant.

## **10 MARKERS – SECTION B**

**KAA**

1. **Knowledge:** definitions and identifying points
2. **Application:** examples and quotes and use of data
3. **Analysis:** step by step chains of reasoning that explain our answers and link directly back to our question

e.g. **Explain 2 supply factors that would enable museums and art galleries to reduce their ticket prices (10 marks)**

**1<sup>ST</sup> PARA**

- **Knowledge:**
  - Supply = the quantity a producer is willing and able to produce at a given price
  - Subsidies: a grant from the government to a firm to increase the supply of a good.
  - Two factors that affect supply:
    - 1<sup>st</sup> point: the first factor that may bring down the price of tickets could be subsidies given by government

- **Application: extracts states**
  - 'the government needs to step in and provide financial support to these institutions in order to bring down prices
- **Analysis: chains of reasoning, link back to question, use the exact same wording as the question for clarity**
  - Subsidies will reduce cost of production, because museums and art galleries are able to use the subsidised towards paying off either fixed costs such as the yearly cost of rent or towards paying the variable costs of operating such as workers' wages.
  - **Link back to the question:**
    - This reduction in costs means that museums and art galleries can now afford to provide more tickets
    - So, supply of tickets will increase, shifting out from S to S1. This will decrease price from  $P_e$  to  $P_1$ , successfully reducing ticket prices. (diagram drawn)

## 2<sup>ND</sup> PARA

- **Knowledge:**
  - A second factor that may allow museums and art galleries to decrease prices may be the adoption of technology or technological advancements in the industry
- **Application:**
  - As the extract's states 'it may be more important to get with the times and to embrace technology when looking at how to improve art and culture'
- **Analysis:**
  - If art galleries and museums were able to embrace technology, such as the 'use of virtual reality' , then this may allow firms in the industry to become more efficient at offering their products, allow them to offer a higher

quantity of products ( for example 100 people watching a virtual reality museum talk instead of 10 people listening to a museum worker), which would reduce average costs and therefore allow art galleries and museums to increase supply.

- **Link back to the question:**
  - From diagram 1 we can see that an increase in supply will reduce ticket prices