

经济组教研 (AL)

By Danny

Contents

1. Teaching Progress discussion
2. Demo sharing

时间	1/22 14:00-15:00
参加人员	Doris / John/ Cyndie / Lily/ Danny
记录者	Danny
内容	1. 课程进度讨论
	2. Demo class : 讨论: * 对于重点概念进行分析 给到一定的definition * 4+4结构/ 5+3 结构 * NEC账号 (教练系统)

Courses	Cyndie	Lily	John	Doris
G1	Money and banking	Money and banking	Allocation	
G2	Monetary policy	PES		
AL				A1. Macro A2. Well
AP	Already started the 1st round review			

G1: Cyndie / Lily / John
Intro : John / Doris
Business foundation

Demo sharing

2(a) Assess whether all market economies should become mixed economies. [12]

2023/m/22

1. template

- a) definition: 解释题目中所有的经济名词，通常2-3个词，占2分
- b) explanation: 根据题目要求解释事件的2-3方面。由于主观题采用加分制，在2个点的基础上尽量多写一个，以防万一有1个点写偏了。
- c) evaluation: 取决于什么因素，总结什么时候yes，什么时候no，2分
- d) 经验之谈: 8分题目分为2+3+3，12分题目分为2+4+4+2

2. outline

- a) definition: market economy, mixed economy, nationalization
- b) explanation
 - i. strength of mixed economy : **correct market failure; economic growth; improve local people's living standard**
 - ii. **weakness of mixed economy: inefficiency of producers; consumers only have limited choice ;**

3. Sample

a) definition

- i. **A market economy** is an economic system that allocates resources through market mechanisms. (1)
- ii. **A mixed economy** is an economic system that allocates resources through both market mechanisms and government intervention. (1)
- iii. When a market economy transitions into a mixed economy, certain resources shift to the government, resulting in **nationalization**.

b) explanation

- i. There are many strengths in mixed economies compared to market economies. Market economy must face market failures, like pollution, the absence of public goods, and the overconsumption of demerit goods. In a mixed economy, the public sector plays an important role in solving market failures through methods such as taxation, subsidies, and direct provision.
- ii. Moreover, the government in a mixed economy can control the price of essential goods to stimulate economic growth and improve the living standards of local residents. For instance, the government can

directly provide electricity at a lower cost, benefiting factories through reduced energy expenses, and citizens through lower living costs. This approach also reduce of income inequality by helping the poor.

- iii. However, there are several weaknesses in mixed economies. Government intervention can result in inefficiencies among producers. Subsidies and nationalization may remove competition among producers, leading firms to become dependent on these forms of assistance. Besides, consumers may experience a limited choice of products. Moreover, the government's shift towards a mixed economy necessitates increased tax revenue. It is essential to for government to consider if it is beneficial to use tax revenue on nationalization or education and healthcare.

c) evaluation

- i. So if it is a low-income country, the low cost for firms to produce and people to live is important for economic growth and development. Government should take actions to correct market failure and create more capital goods. But if it is a high-income country, the government can step back a bit to let the market mechanism make effect because the opportunity cost is higher than benefit.

- A falling death rate is affecting the size of China's population, which in turn is influencing demand for a range of products including table salt. The Chinese Government has recently considered ending the state salt monopoly. An online survey, however, revealed that most Chinese people oppose introducing more competition into the market, thinking it will cause the price of salt to rise.

- (c) Analyse why price can be lower in a monopoly market than in perfect competition. (6)

- Economies of scale

- Avoids duplication of capital equipment

- May be subsidised by government

- The firm's objective is to promote economic welfare

- Price can be lower in the monopoly market if the monopoly enjoys economies of scale. As the monopoly expands its scale of production, it is able to enjoy purchasing economies of scale, eg. Purchase raw material at lower prices due to bulk buying; etc. Average cost will be lower for monopoly than for a perfectly competitive firm. Because perfect competition is unable to enjoy economies of scale due to relatively smaller scale.

- Prices can also be lower if the monopoly is subsidised. For example, if the monopoly is a state owned enterprise, the firm can provide lower prices due to reduced cost. Perfect competition may result in wasteful duplication of capital equipment, while for a monopoly, it is the only producer in the market, it can avoid duplication and waste, thus reduce average cost.

- A state monopoly may not be trying to maximise profit because the objective may be to promote economic welfare ensuring products it produces are affordable. Eg. Electricity, water. So it may keep prices low.

Section B

3. Trade union membership is much higher in Sweden than most countries. In 2019, 70% of Swedish workers were members of a trade union. More than 85% of Swedish workers are employed in the tertiary sector, compared with only 2% in the primary sector. Swedish workers spend their incomes on a variety of products some of which, e.g. sweets, are demerit goods. Sweden has the 7th highest per head consumption of sweets in the world.

[a] Identify **two** influences on what products a person buys. [2]

[b] Identify **two** ways a government could decrease the consumption of demerit goods. [4]

[c] Analyse why workers may join a trade union. [6]

[d] Discuss whether or not tertiary sector workers are paid more than primary sector workers. [8]

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[a] Identify **two** influences on what products a person buys. [2] **Two from e.g.:**
• Price [1] • Income [1] • Tastes / Habit / Culture [1] • •
Advertising [1] • Availability [1]
• Social Media / Influencers [1] • Quality [1]
• Government Regulations / Laws [1] • Age [1]

[b] Identify **two** ways a government could decrease the consumption of demerit goods. [4] **1 mark for each way & 1 mark for each explanation.**
• (i) Impose an **(indirect) tax** / tariff on goods [1]
= raise the price [1]
• (ii) **Provide information** [1]
= about harmful effects [1]
• (iii) **Ban / regulate** [1]
= to stop or reduce availability of product [1]
• (iv) Set **minimum price** above market price [1]
= raise prices [1]
• (v) Import **quota** [1]
= restricts availability for purchase [1]

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[c] Analyse why workers may join a trade union.

[6] **A coherent answer covering some of the following:**

Understand the **role of trade unions** [1]

- (i) greater **bargaining power** [1]
 through industrial action [1]
- (ii) to **negotiate** with employers **for** [1]
 - (a) higher **wages** [1]
 - (b) better **working conditions** [1]
 - (c) **fringe benefits** [1]

Understand the **concept of representation** [1]

- (i) **Representing employees** during **dispute** [1]

[1] each for e.g., protecting rights, unfair dismissal / discrimination, job security, compensation for work injury

- (ii) Greater **influence on government** [1]

[1] each for e.g., national minimum wage, more job opportunities

- (iii) Union **services to employees** [1]

[1] each for e.g., training, health & safety, advice, other benefits

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[d] Discuss whether or not tertiary sector workers are paid more than primary sector workers. [8]

Reasoned discussion of both sides of the argument; both sides need to be considered and developed; while reaching a conclusion, the possible uncertainties of the alternative also need to be addressed.

Why they **might be**:

- More **skilled / qualified**
- More **productive**
- Tertiary products may have **higher value added**
- **Higher demand** for tertiary products = higher wage level

Why they **might not be**:

- Less likely to be part of a **trade union**
- Lower **experience level**
- **Lower paid types** of tertiary sector jobs
- **Higher demand** for certain types of primary sector jobs
- **Lower supply** for certain types of primary sector jobs
- **Higher demand** for certain primary sector products
- **Declining** tertiary sector firms / occupations

a) Analyse, using a production possibility curve (PPC), the opportunity cost to an economy of producing more consumer goods. [6]

难度系数: ☆☆☆

考察范围: Chapter4: PPC (production possibility curve)

答题技巧: (1) 注意需要画PPC图, 在图上体现opportunity cost。(2) 另外需要图标志完整。(3) 利用PPC图, 解释the opportunity cost to an economy of producing more consumer goods。

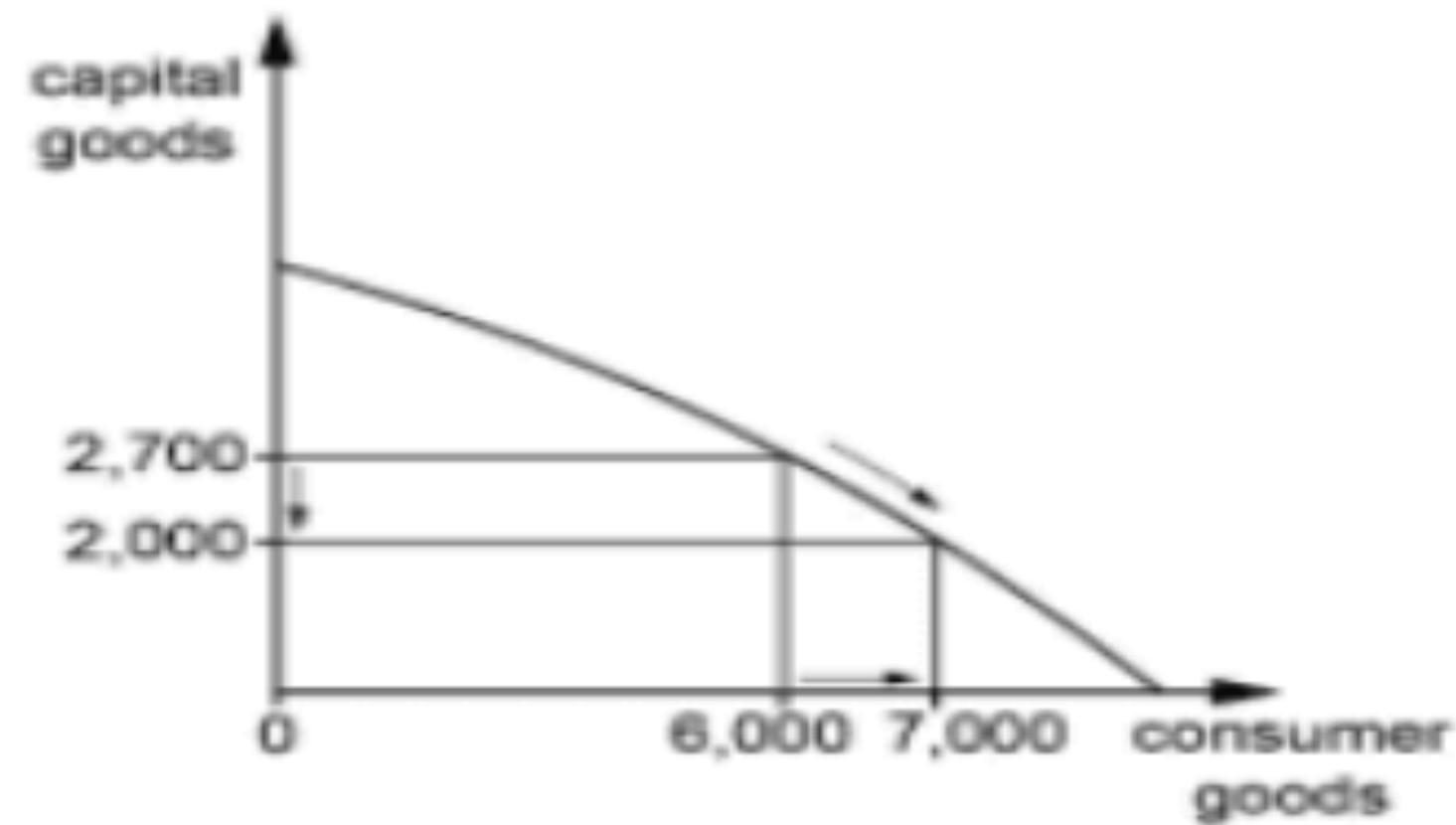
思路分析:

1. 画图, 用数字标好, 体现opportunity cost。标好consumer goods and capital goods。(2) 写opportunity cost的定义。

(3) 解释由于经济生产更多的consumer goods, 因为资源有限, 所以机会成本是会减少生产capital goods。短期内因为consumer goods, living-standard会上升, 但是牺牲了长期的经济发展, productive capacity减小由于capital goods的减少。

参考回答:

- Opportunity cost is the (next) best alternative forgone (1)
resources used to produce consumer goods cannot be used to produce capital goods (1).
- Producing more consumer goods now may mean fewer consumer goods in the future (1) as there may be fewer capital goods to make them (1).



Discuss whether a government should provide subsidies to families to spend on housing.

考察范围: subsidies

答题技巧: 找关键词: subsidies, housing

从subsidies比较固定的优缺点内容结合housing。Housing的特征是: necessity.

Why it might:

- will increase the spending power of families who receive it
- may increase quantity supplied
- may give low-income families access to a basic necessity, reducing poverty
- may enable families to spend more on e.g. education
- may increase employment / reduce unemployment, creating jobs building housing / increase labour mobility
- may increase quality of housing and so improve health

Why it might not:

- rich can already afford housing
- some families may not spend it on housing
- may be inflationary, demand increasing for housing and e.g. furniture, carpets
- opportunity cost
- taxes may be raised to finance subsidy
- building more houses may result in environmental damage

Subsidies are a form of financial assistance given by the government in order to encourage the consumption of a public/merit good or improve the general welfare of the people. Providing subsidies to families for housing makes this basic necessity more accessible, which will likely lead to an increase in the standards of living and reduce poverty. Moreover, subsidies on housing may encourage immigration and may attract more skilled labour into the country, increasing the country's output. Additionally, this can enable families to spend more on education. This can raise the skills and qualifications of their children which can increase their chances of employment.

However, an increase in subsidies involves an opportunity cost in government spending, as the money may be better spent on education or the government directly investing in housing stocks. The subsidy may also be too small to make a difference as housing is a relatively large cost. Subsidies may also go to families that do not need it, such as those who are rich and already own multiple houses, which would not make a difference in relative poverty. Increased housing would also increase noise pollution from construction and would cause habitat destruction which are negative externalities.

缺定义 Subsidising houses could reduce the rate of homelessness for families and increase the **standard of living** since houses are a **necessity**. Subsidising a home for a family means the family does not have to spend a large proportion of their income on housing. So, savings of families could go up and consumers could **spend more on other goods**.-没有细化

缺however等转折 Subsidising a house may not be enough as house prices may be too expensive, causing the family to still not afford a house. The government may not have adequate funds to provide a subsidy to all poor families and so some families may be left out in the process.

Answers which achieved Level 2 explained some of the points made but either lacked depth, or less frequently, were one-sided.
Example of an L2 answer