Pearson Edexcel Level 3 GCE

Sample assessment material for first teaching September 2015

Time 1 hour 30 minutes

Paper reference **8EC0/01**

Economics A

Advanced Subsidiary

PAPER 1: Introduction to markets and market failure

Source Booklet

Do not return this Booklet with the question paper.

Turn over ▶

S84143A

©2024 Pearson Education Ltd.

1/1

S 8 4 1 4 3 A

Pearson

Sources for use with SECTION B

Read the following extracts (A–C) and figure (1) before answering Question 6.

The market for beef

Extract A

Boost to UK farmers

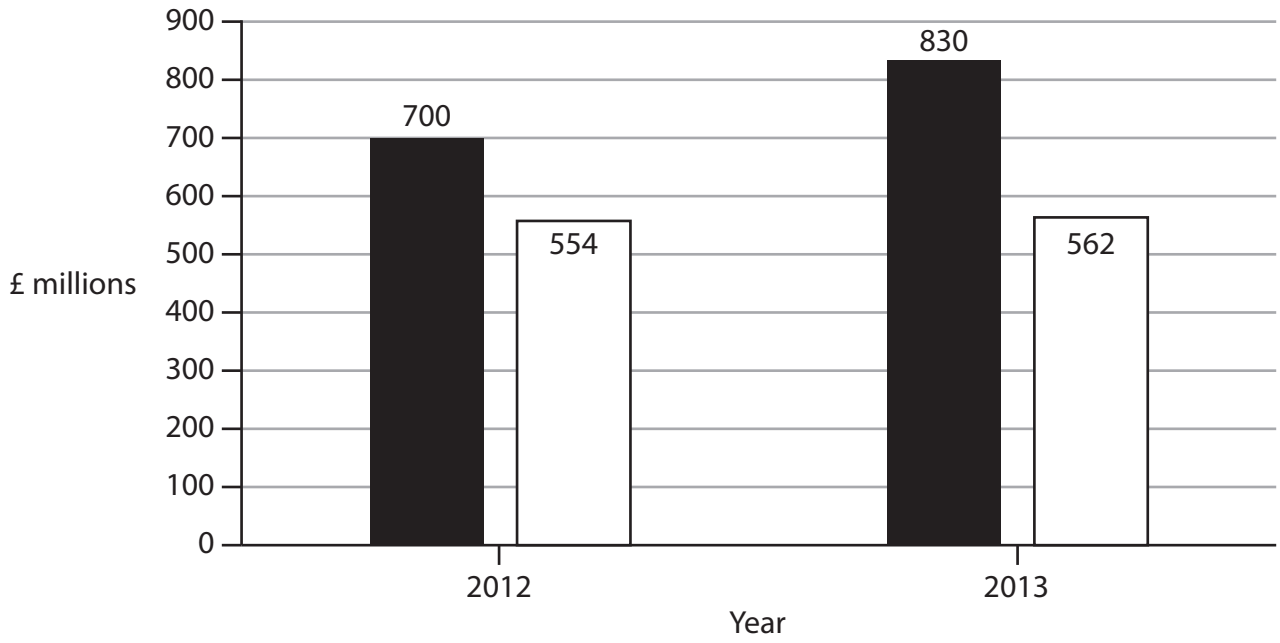
The horsemeat scandal of 2013 affected the demand for many processed meat products. Traces of horsemeat were discovered in products labelled as beef, manufactured by many overseas suppliers. With many beef products customers had little knowledge about where the beef came from. If the manufacturers knew, they were not always making this clear to customers.

As a result of the scandal, the proportion of domestically-sourced beef in British shops rose from 81% to 83% in 2013. Consequently, the prices farmers received for beef in the UK rose by 3%.

Another potential boost for UK farmers is demand from emerging markets. As the middle class grows in countries such as China, so does their demand for protein and dairy products. British meat and dairy products are seen as offering a stable and proven supply chain, unlike in China where baby milk has been found with traces of the plastic melamine. State-owned Chinese companies are approaching dairy farmers directly to secure millions of litres of UK milk.

(Source: 'Boom in farming as UK demands quality' by Graham Ruddick, The Telegraph 25th Jan 2014. http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/10596862/Boom-in-farming-as-UK-demands-quality.html)

Figure 1: Total income from farming and subsidies for Scottish farms 2012 and 2013



Extract B

Reliance on farm subsidies

There is a reliance on subsidies in Scottish farms. The argument for subsidies is that farming is vital to the rural economy and that support payments to farmers can benefit the local community. The counter argument is that farmers should make a living from the free market for what they produce.

Farm subsidies will continue in the European Union. In many of the member states, agriculture and the vast food industry that depends on it still hold significant political influence. Although farmers in the UK complain that their share of EU subsidies is already too low, changes to the EU farm subsidies due to take effect in 2015 mean they are likely to be slashed by one third to one half.

(Source: adapted from 'Even the best farmers would struggle in a free market,' The Southern Reporter, 6th Feb 2014, http://www.thesouthernreporter.co.uk/opinion/columnists/even-the-best-farmers-would-struggle-in-a-free-market-1-3296583)

Extract C

Hidden costs of beef

Eating too many beefburgers has a high cost on the planet and people. The statistics are significant: it takes 1 800 gallons of water to make a single pound of grain-fed beef and 30% of the world's land is used to raise livestock. Cows produce more climate-changing greenhouse gases than the emissions from 22 million cars a year. In addition, tons of fertilisers and toxic contaminants are used in the production of beef.

If Americans stopped eating meat and cheese for just one day a week, the environmental impact would be the equivalent of taking 7.6 million pollution-producing cars off the road for a year, according to a recent report.

(Source: 'News group serves up hidden costs of hamburgers,' by Sarah Henry, August 10, 2012 http://www.berkeleyside.com/2012/08/10/news-group-serves-up-the-hidden-costs-of-hamburgers/)