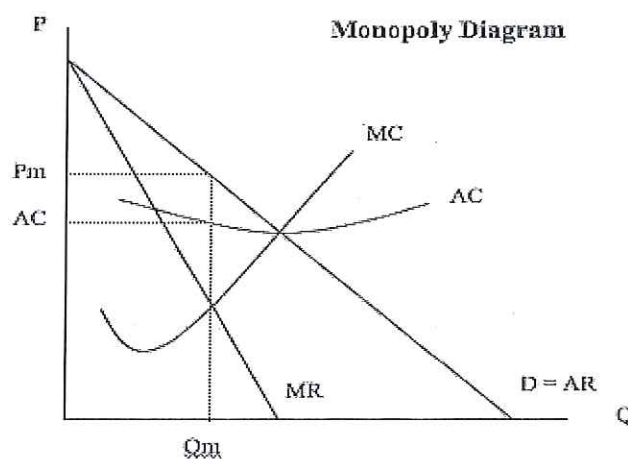
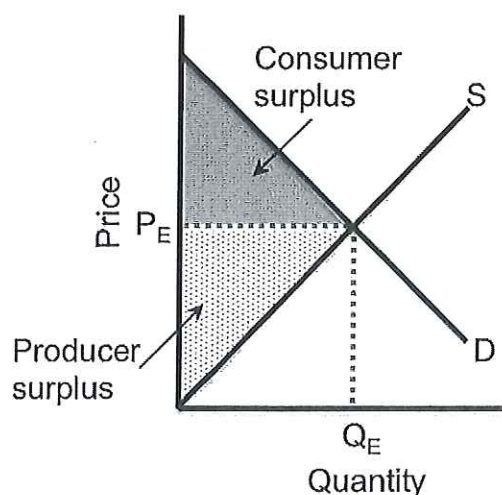


Models for A Level Economics Paper 1

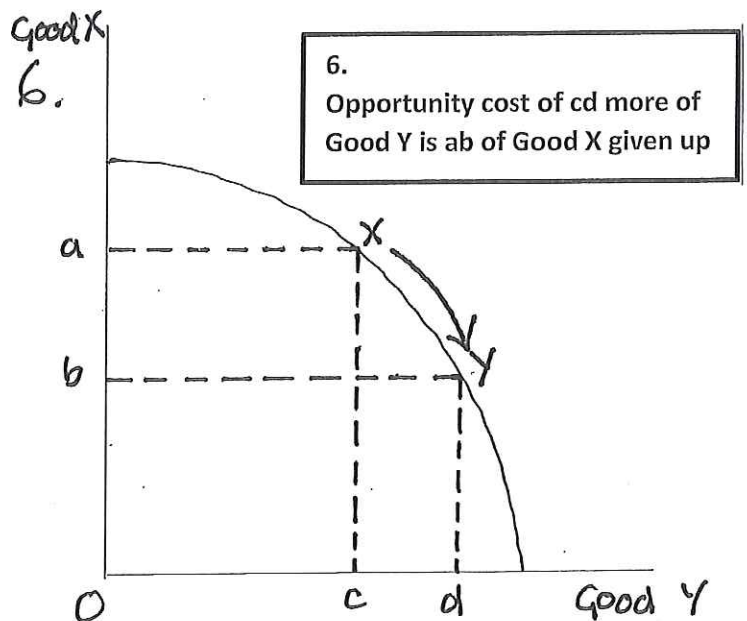
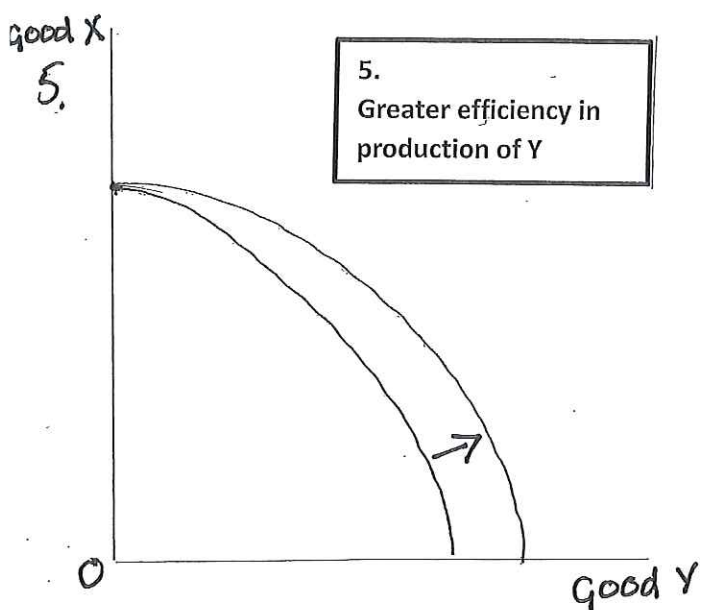
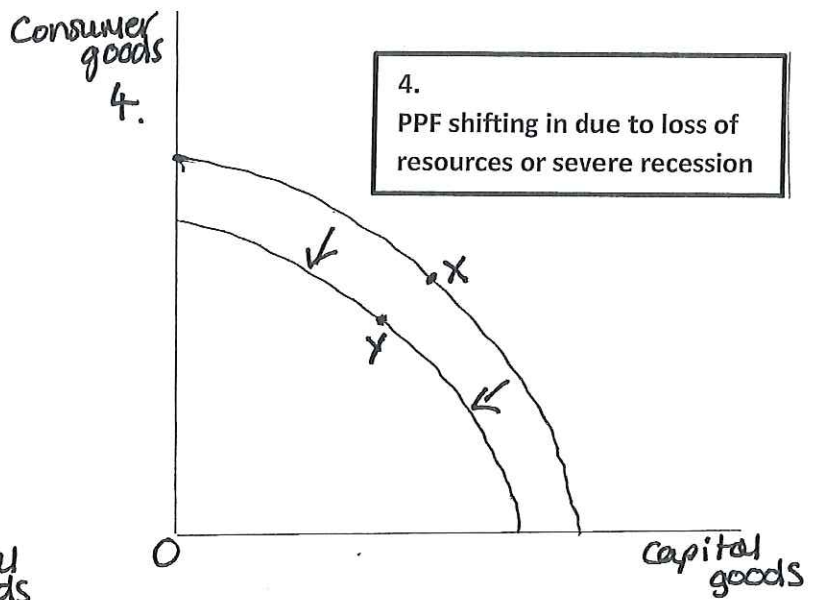
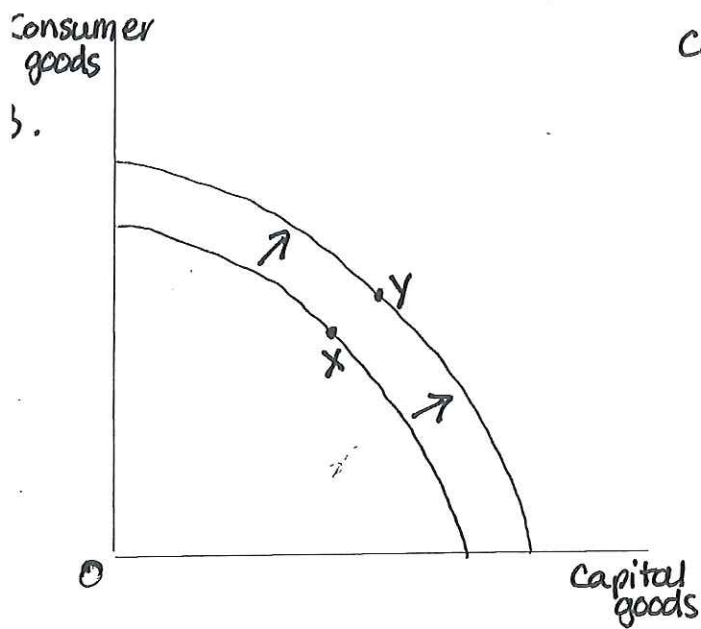
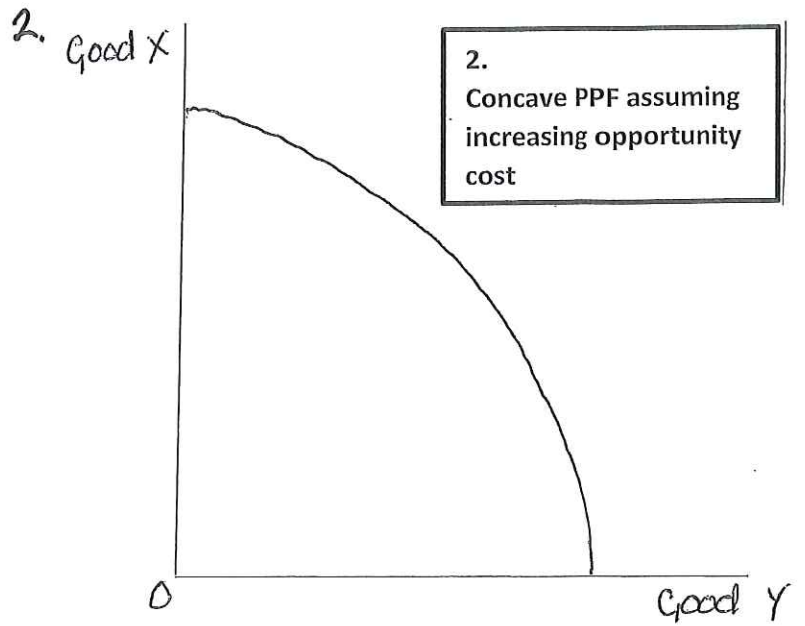
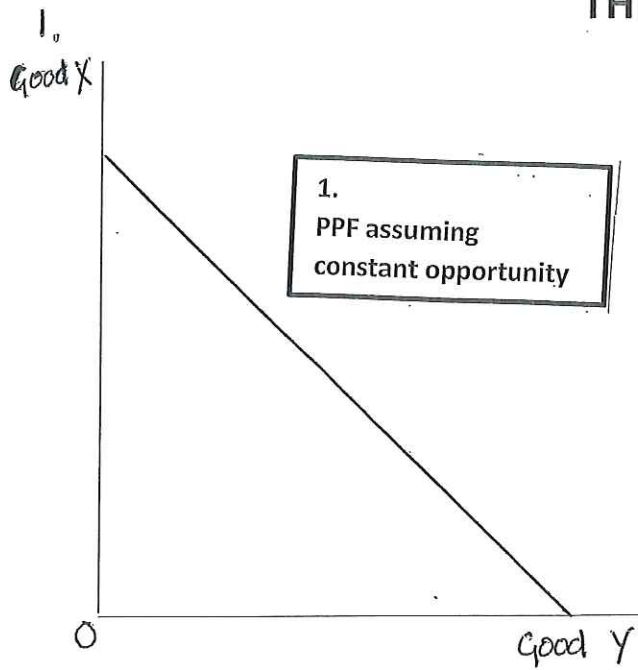
Theme 1 models

Theme 3 models

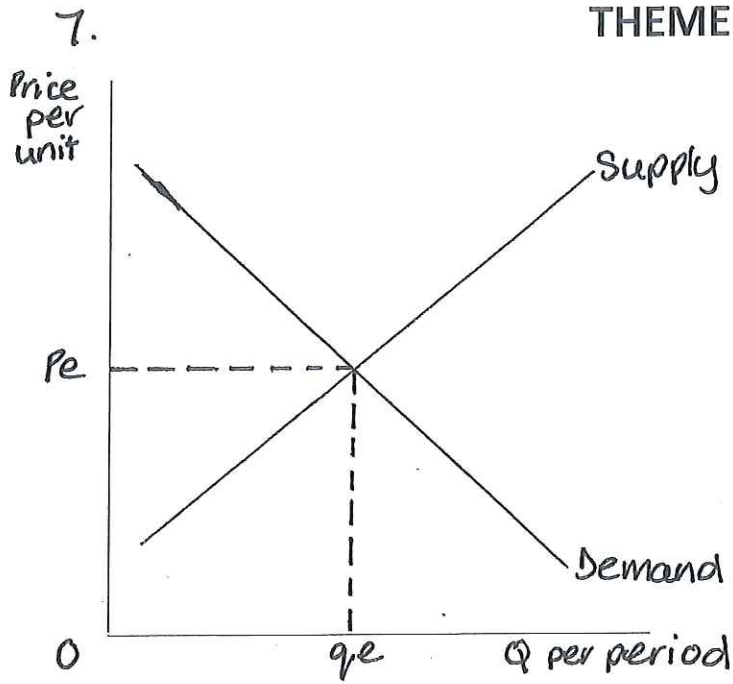


Name:

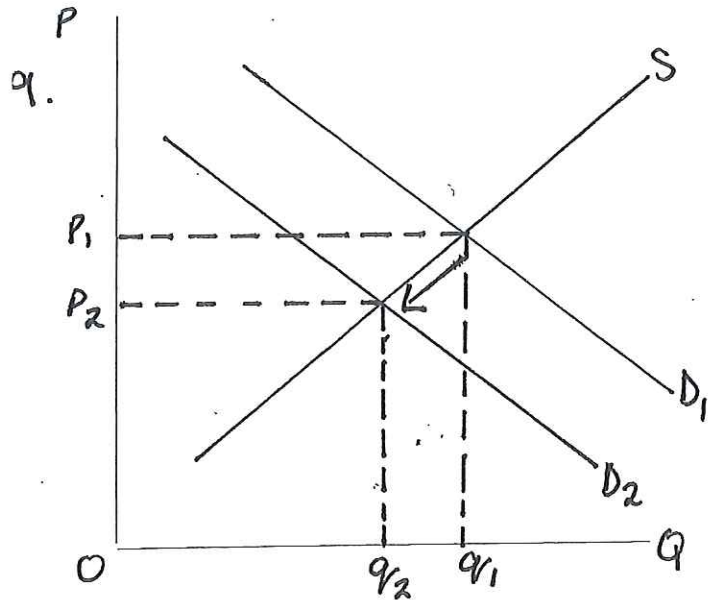
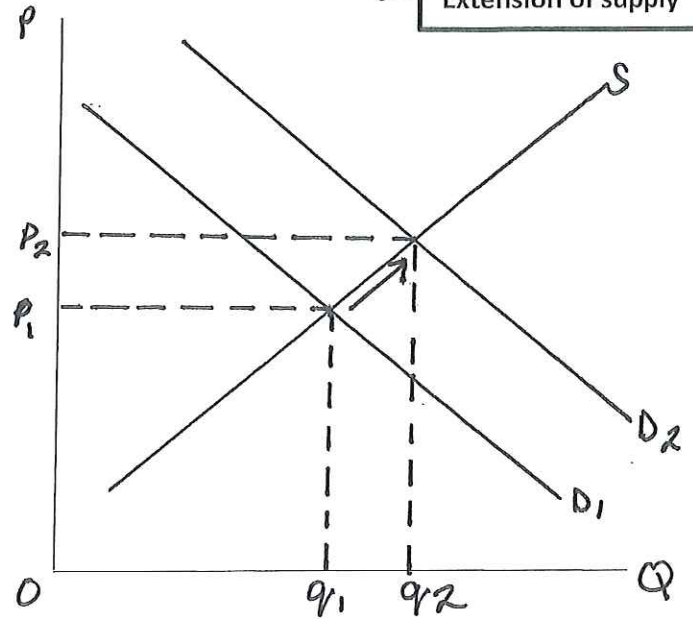
THEME 1 MODELS



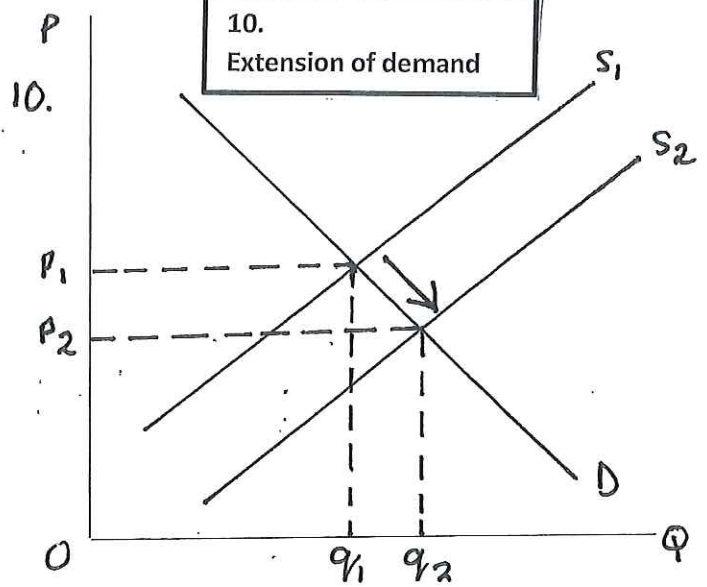
THEME 1 MODELS



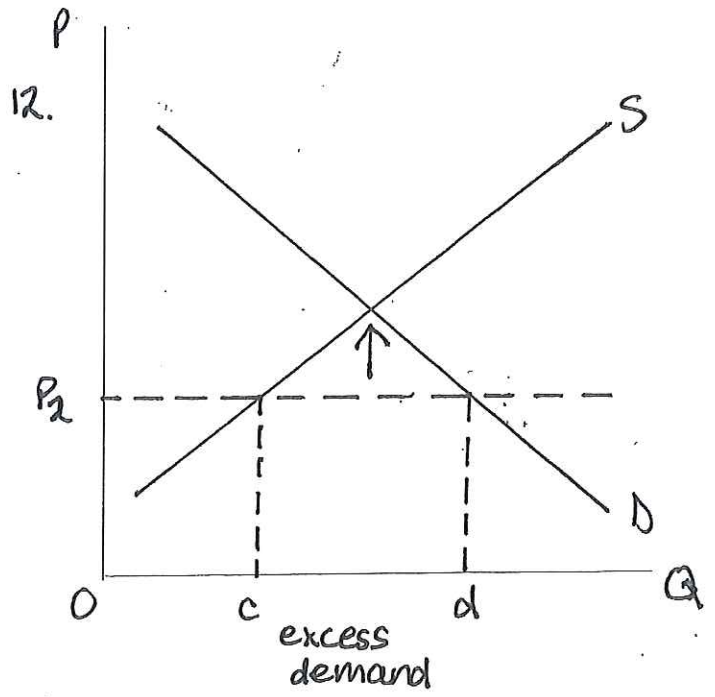
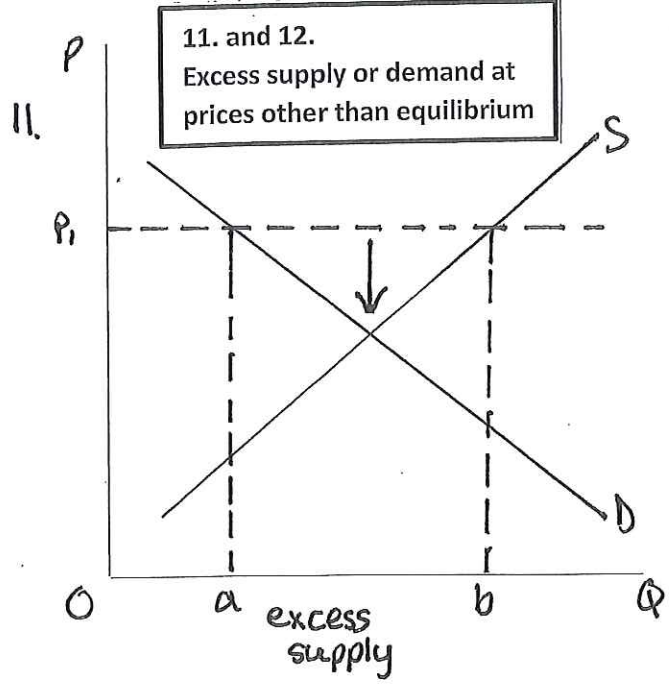
8. Extension of supply



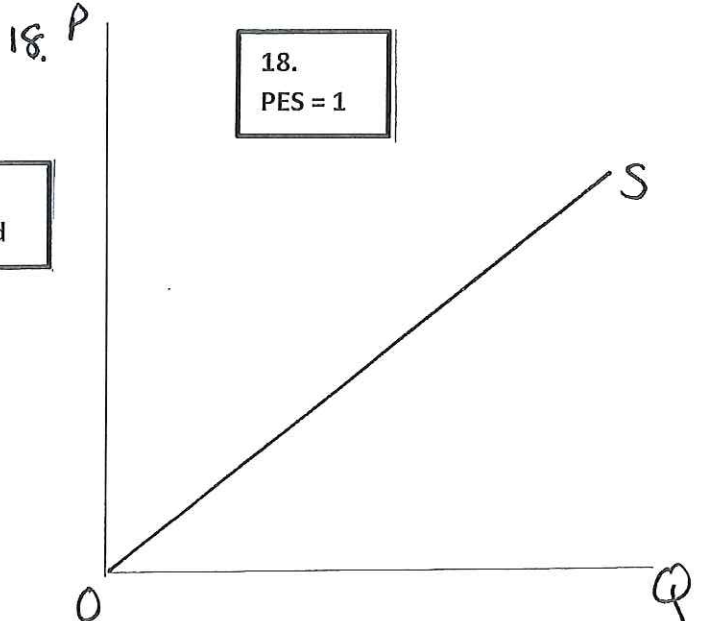
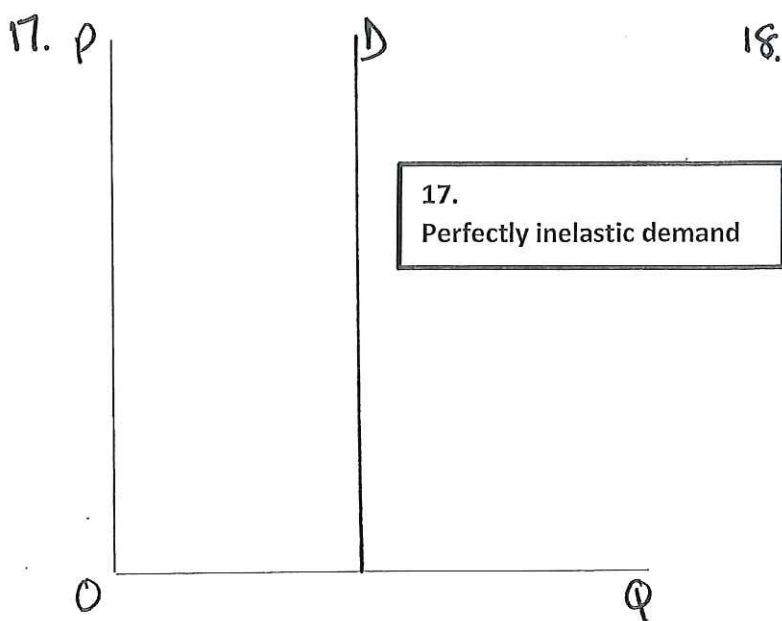
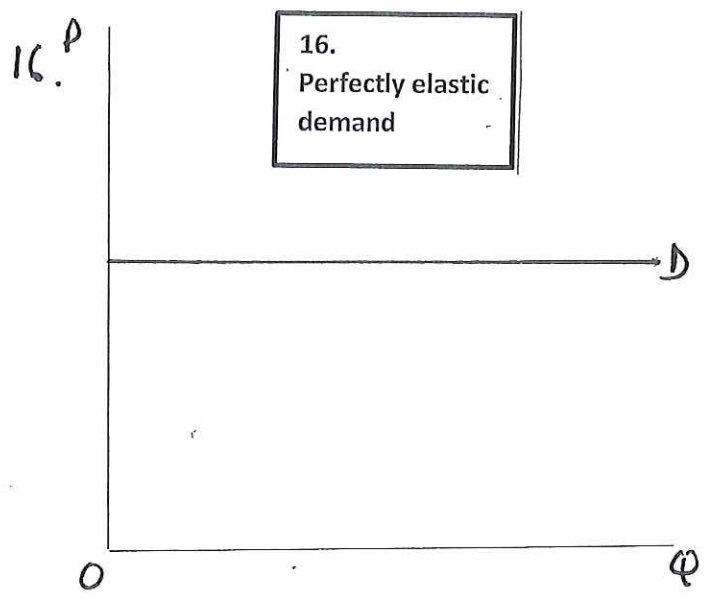
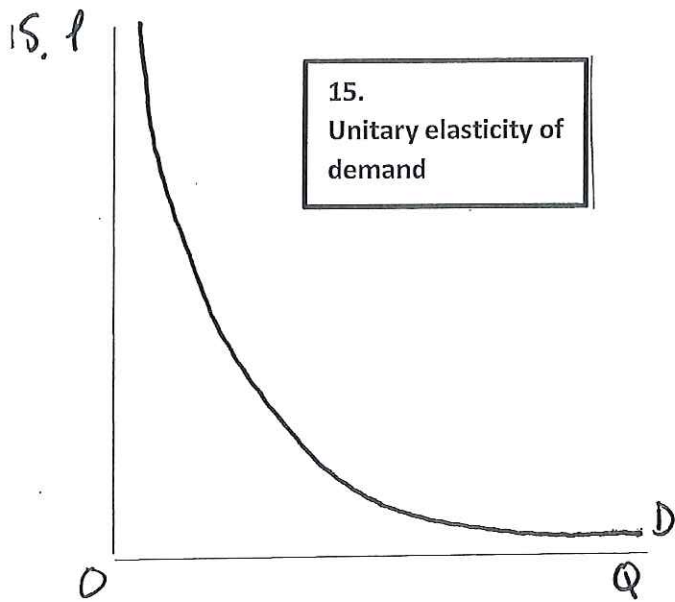
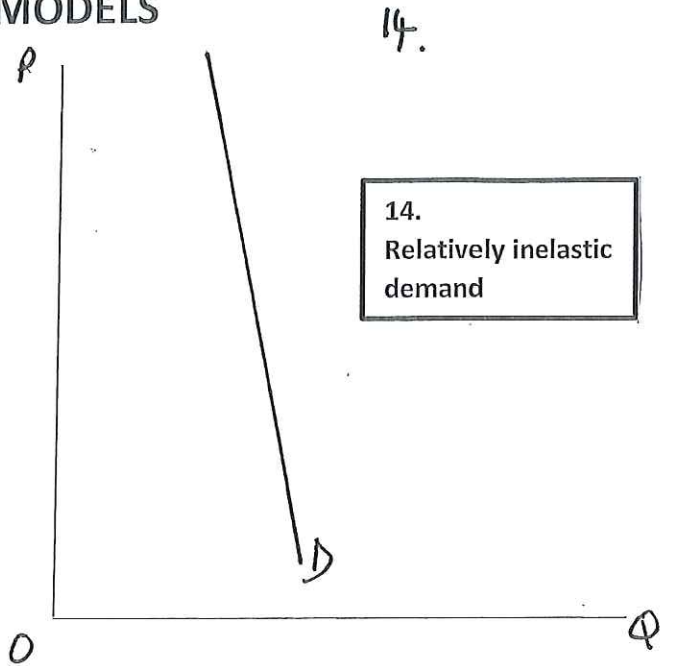
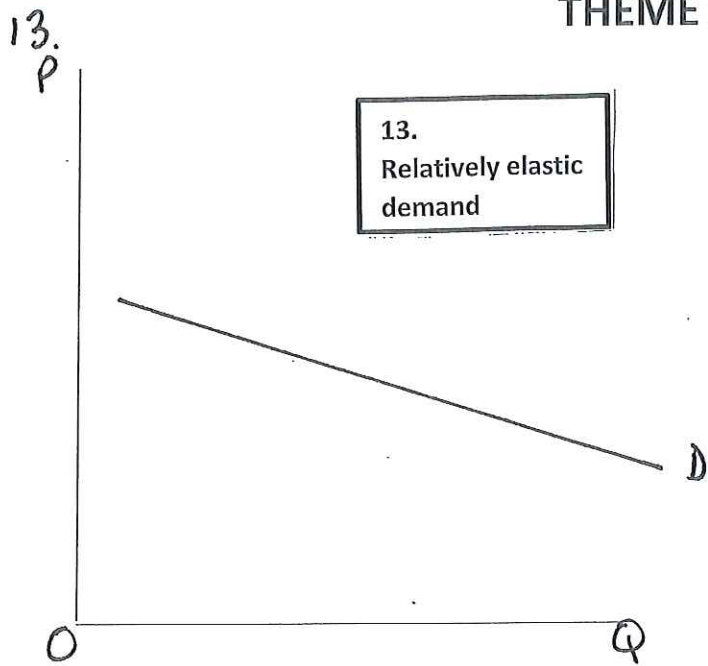
10. Extension of demand



11. and 12. Excess supply or demand at prices other than equilibrium

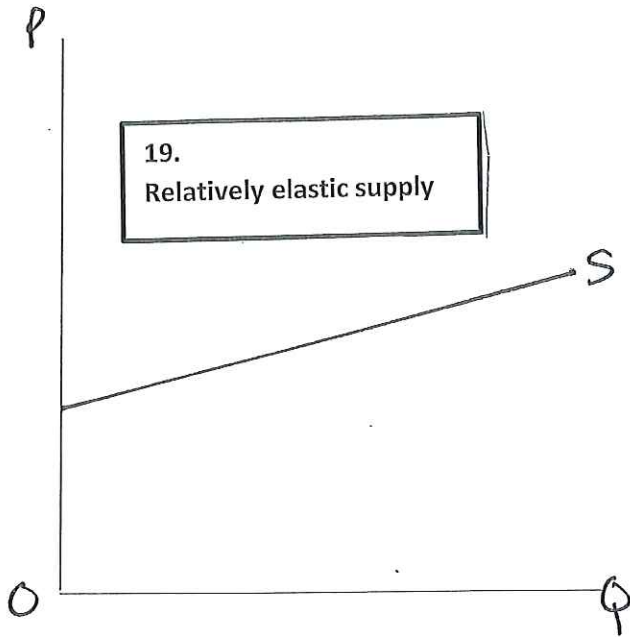


THEME 1 MODELS

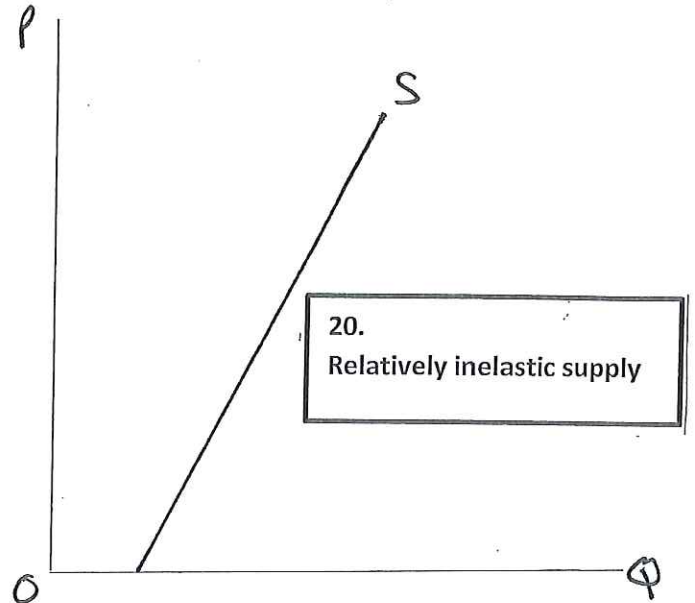


THEME 1 MODELS

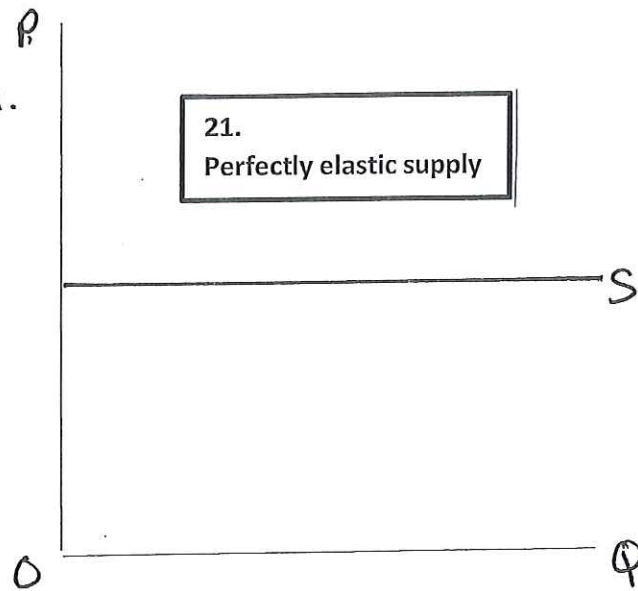
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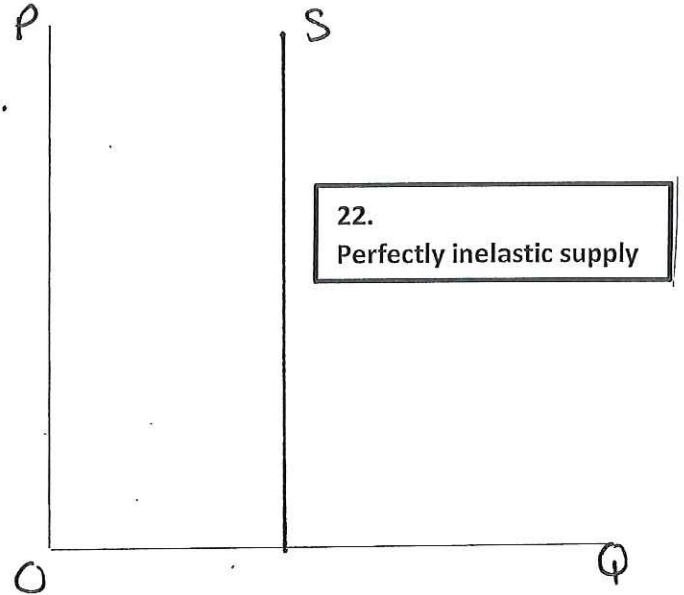
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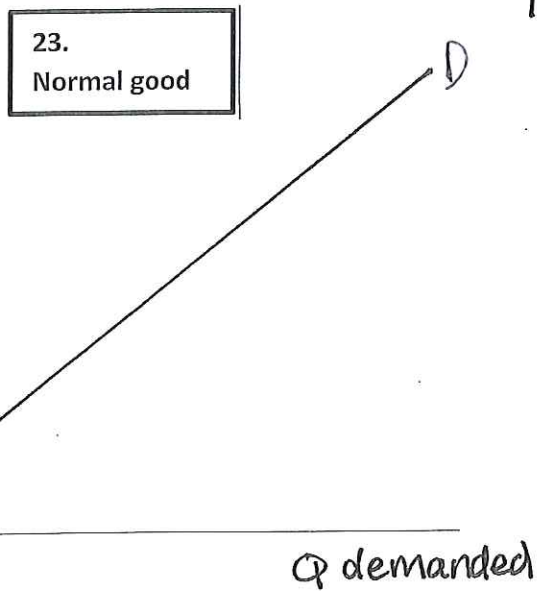
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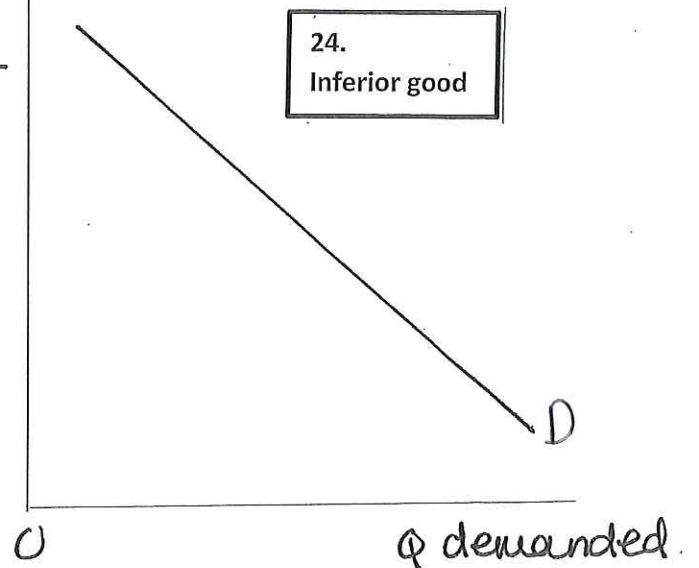
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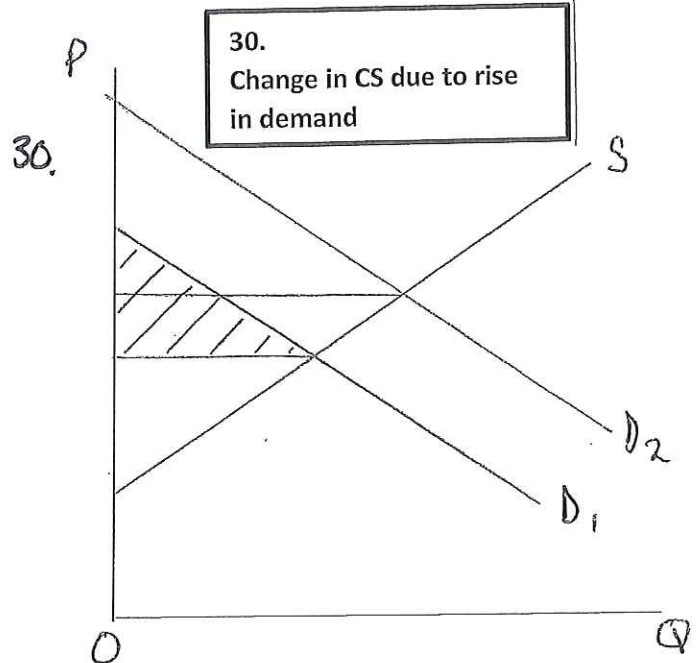
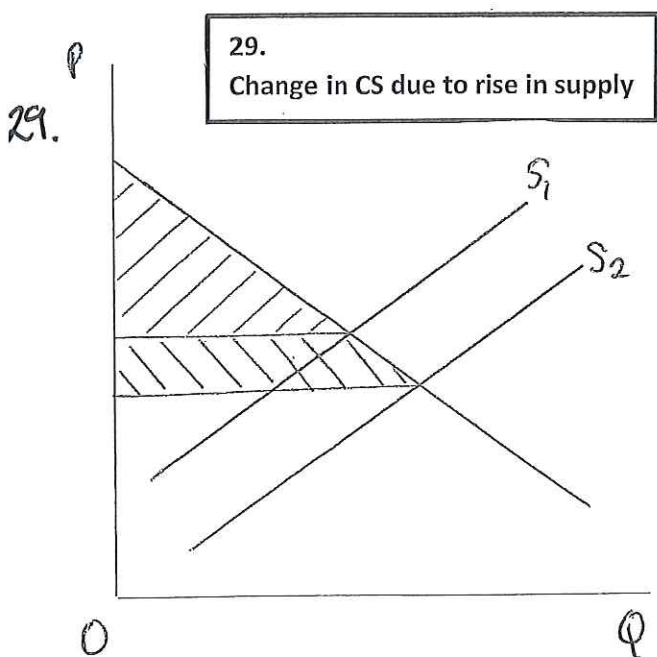
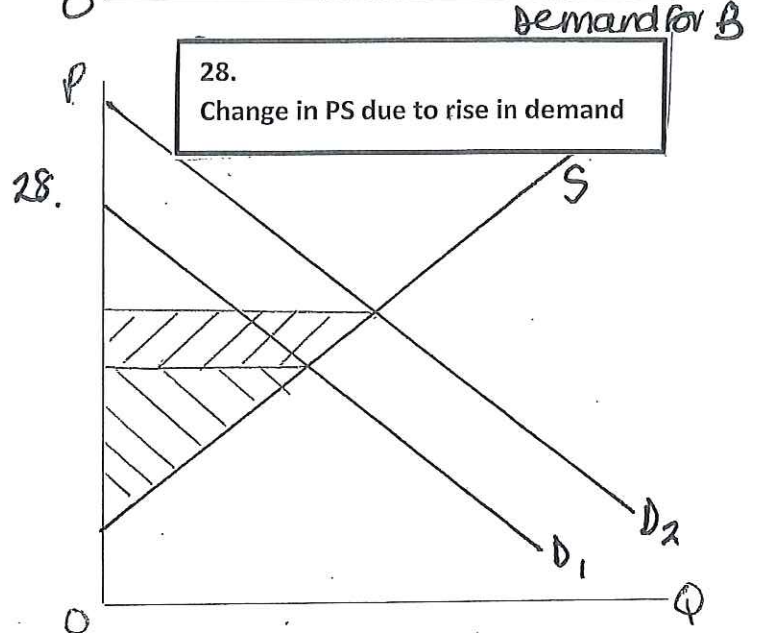
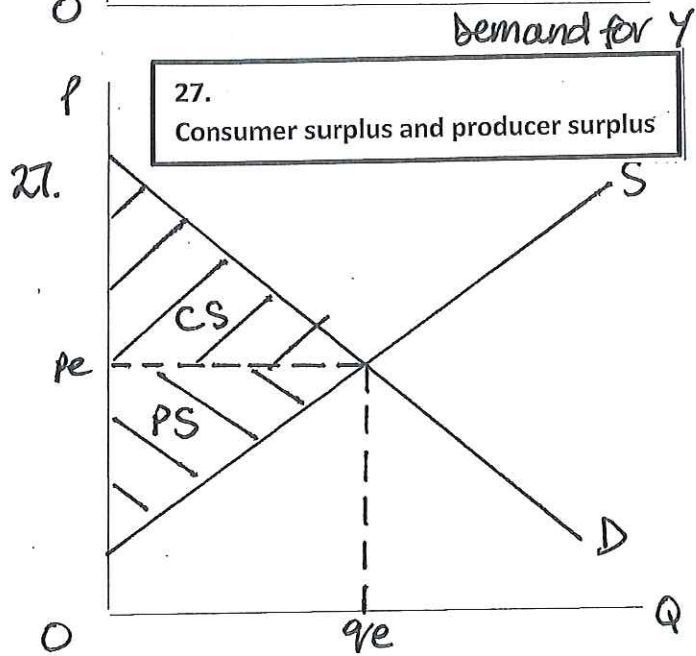
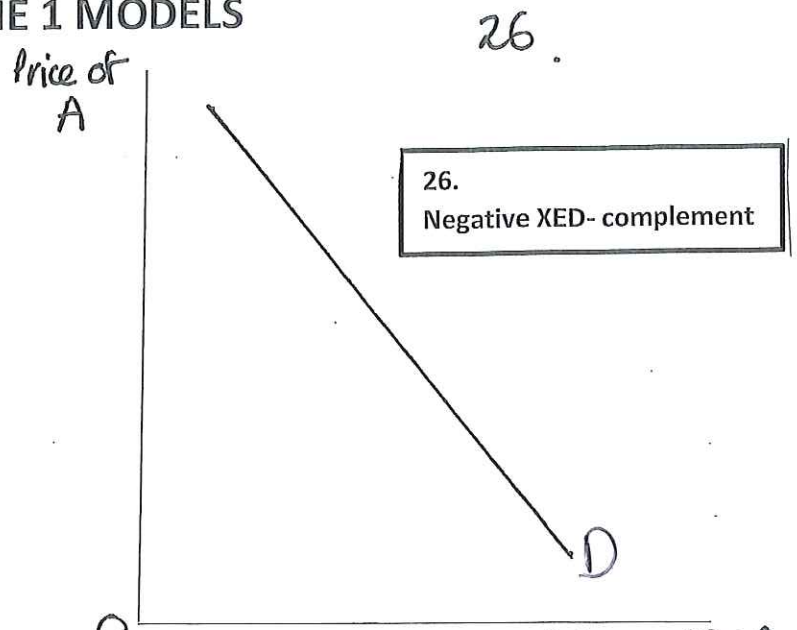
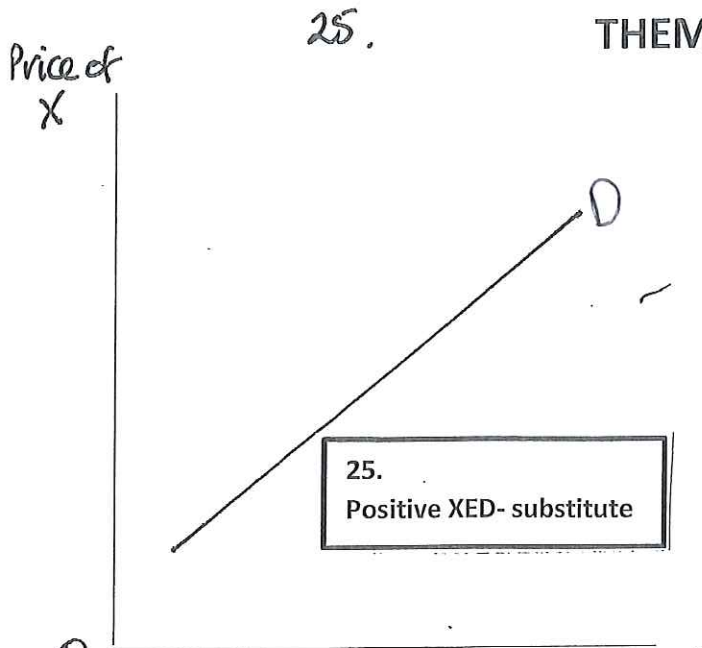
Income
23



Income
24



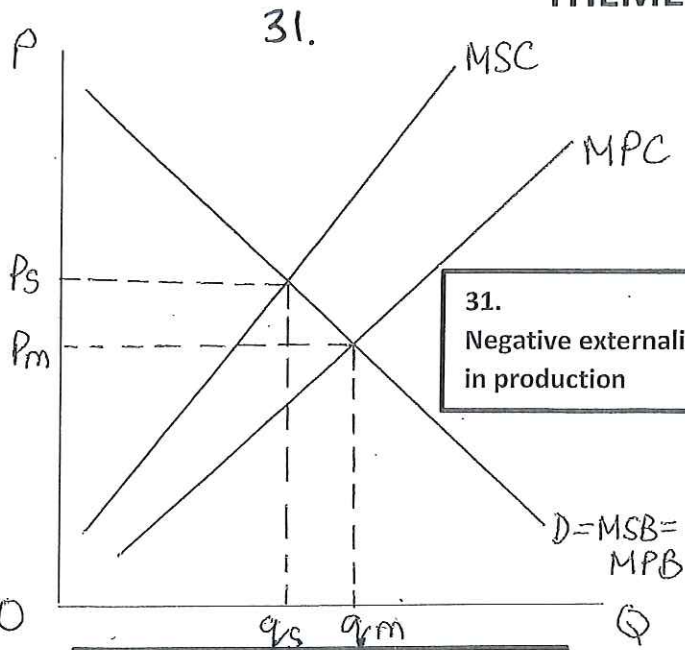
THEME 1 MODELS



THEME 1 MODELS

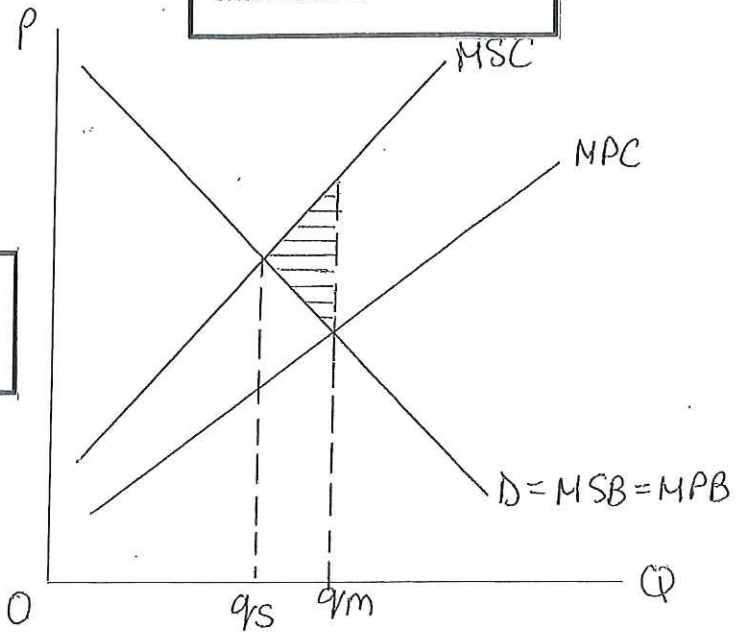
32.

Welfare loss of negative externalities



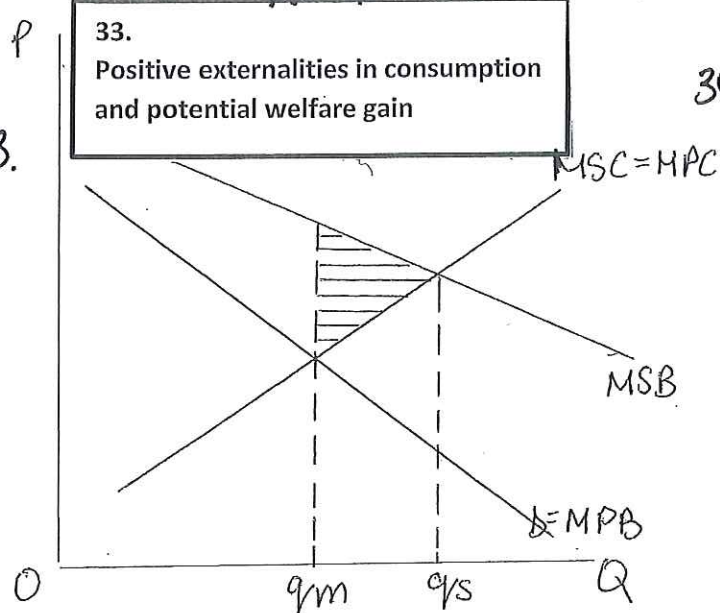
31.

Negative externalities in production



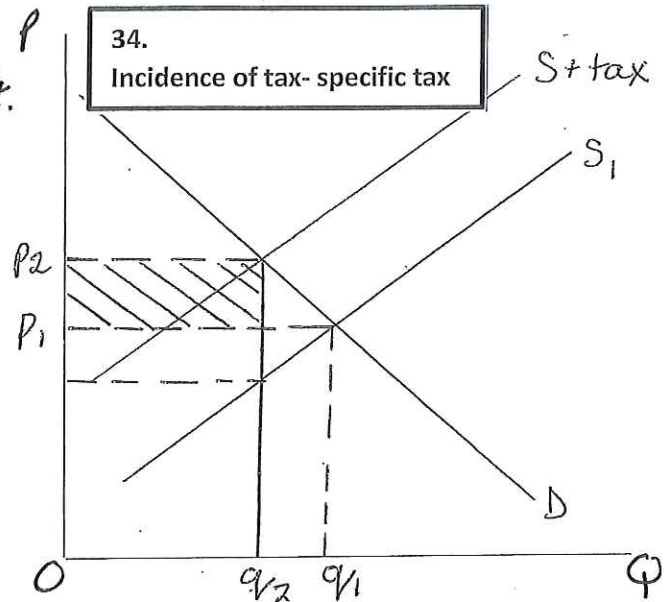
33.

Positive externalities in consumption and potential welfare gain



34.

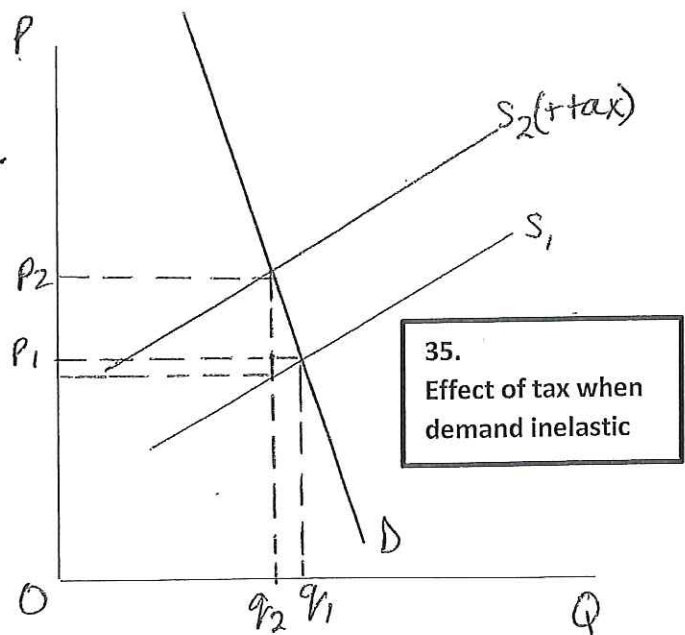
Incidence of tax- specific tax



36

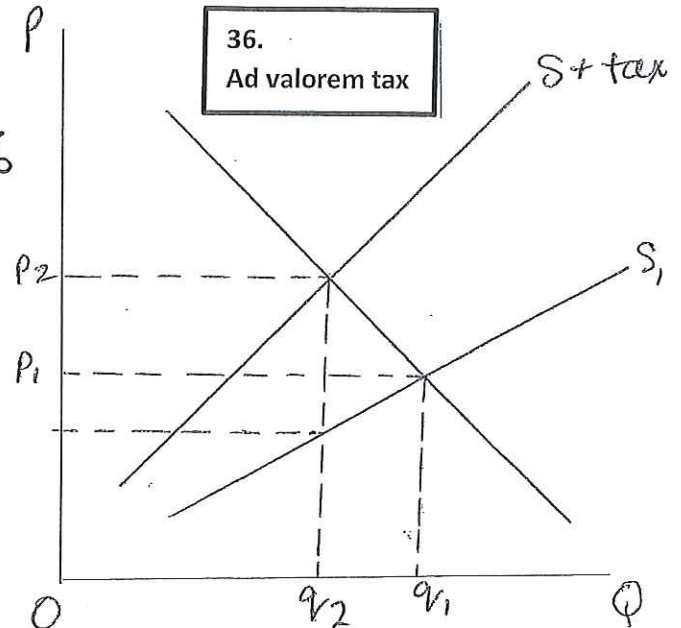
36.

Ad valorem tax

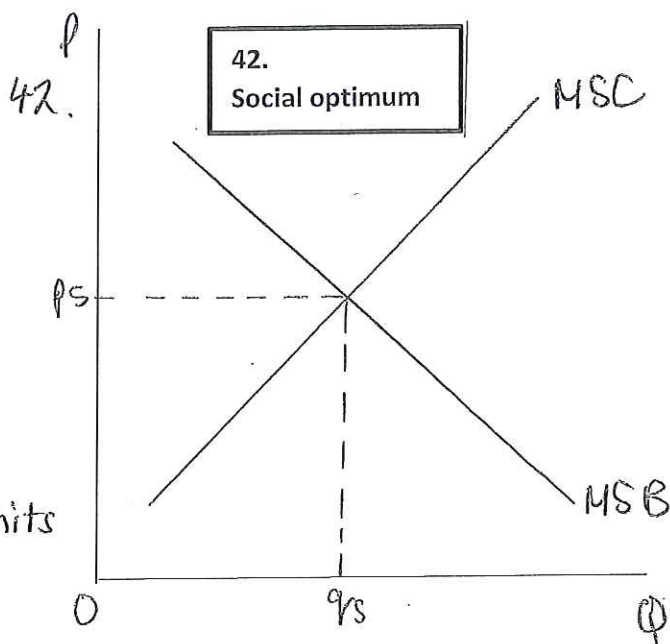
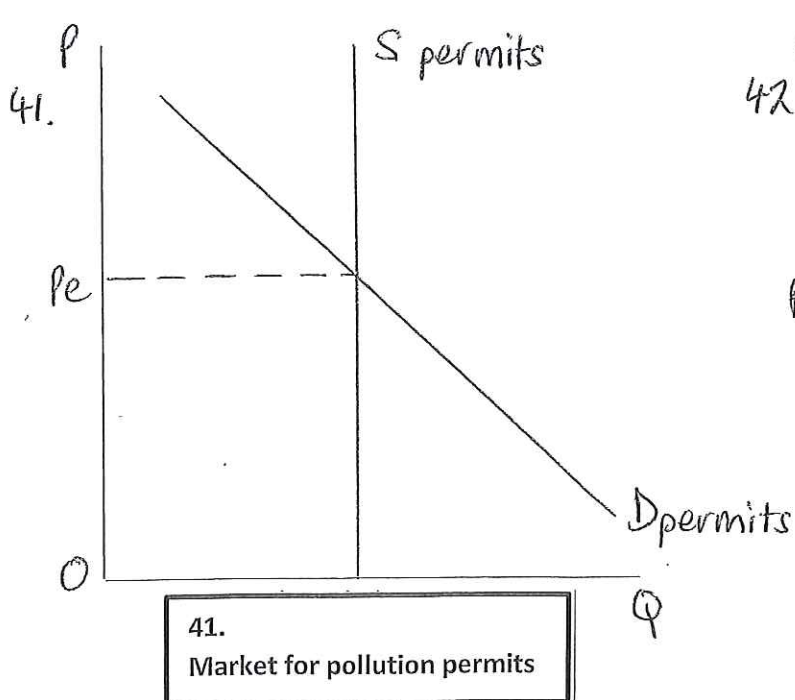
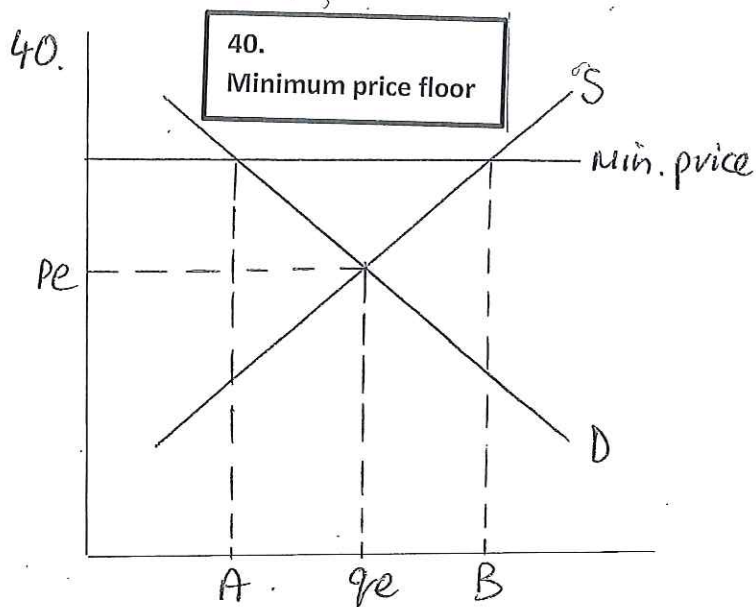
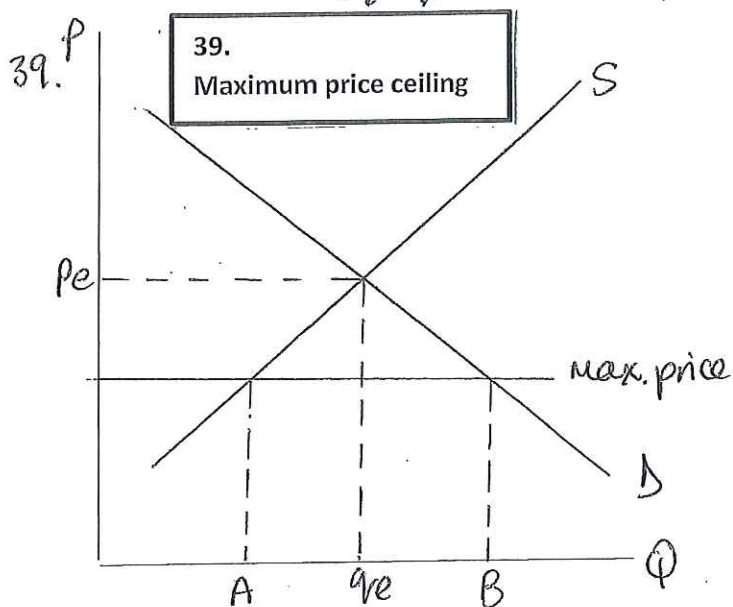
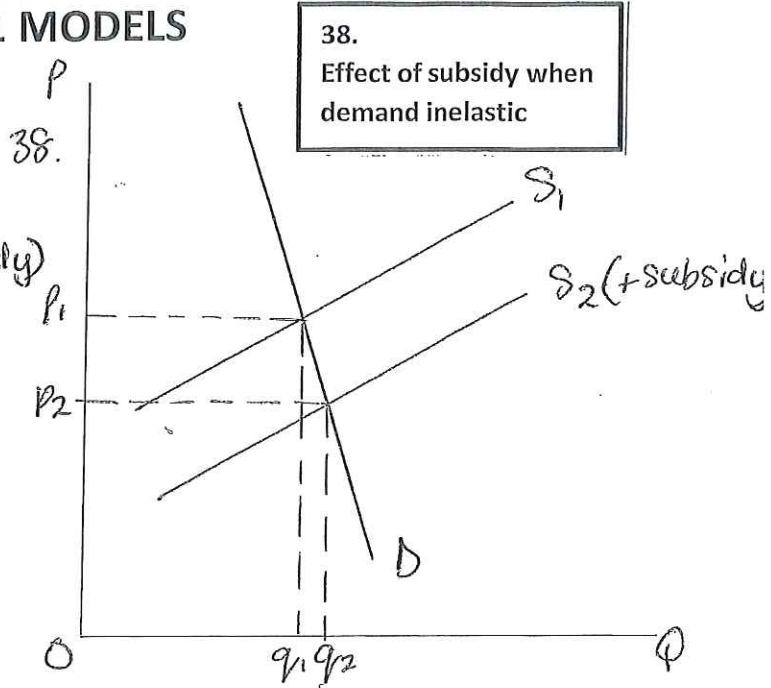
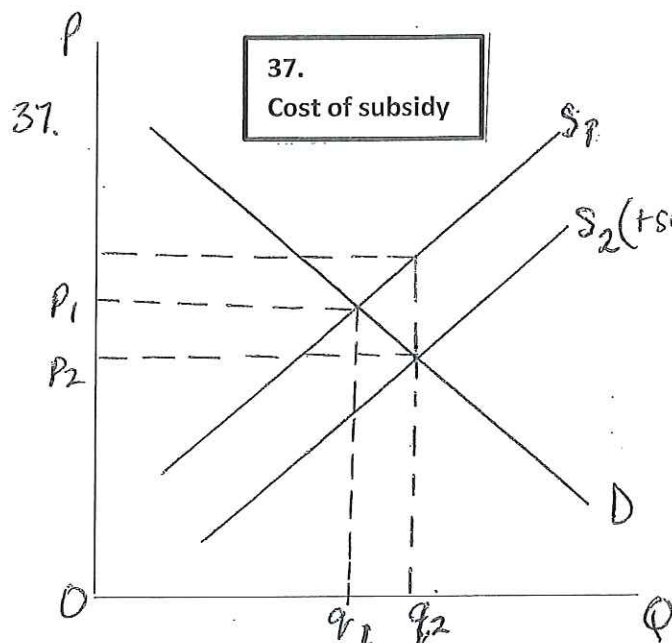


35.

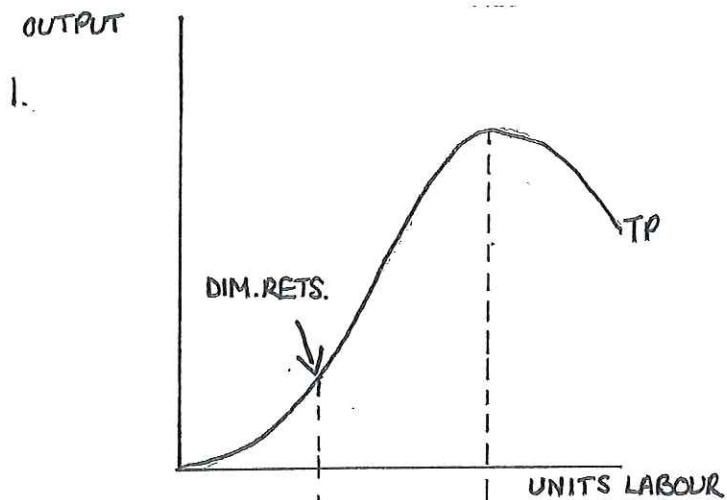
Effect of tax when demand is inelastic



THEME 1 MODELS

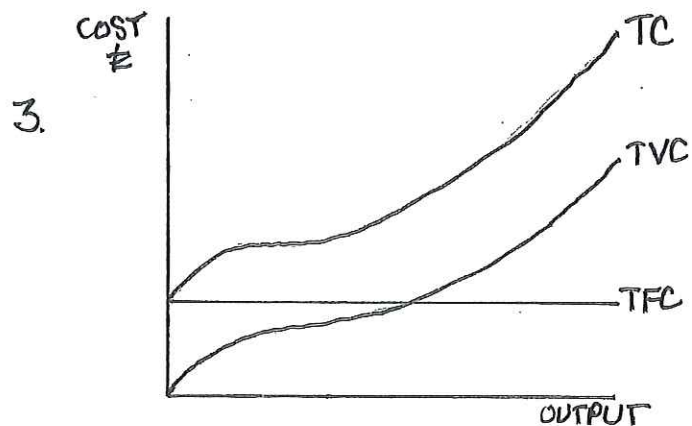
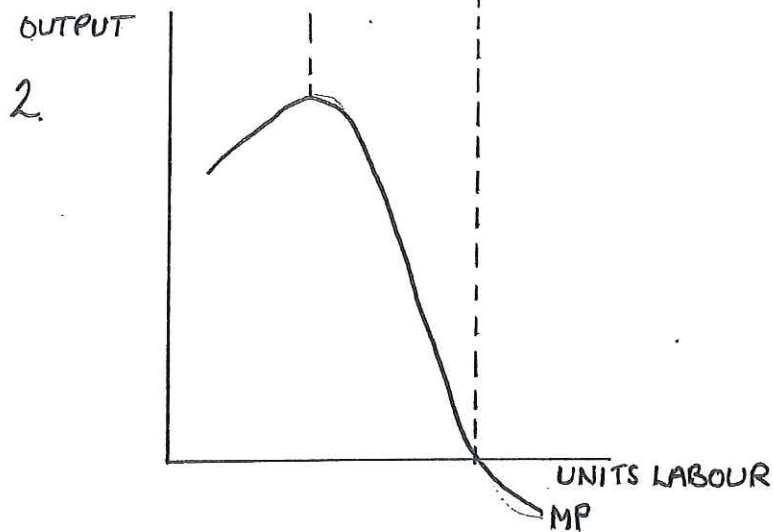


THEME 3 MODELS



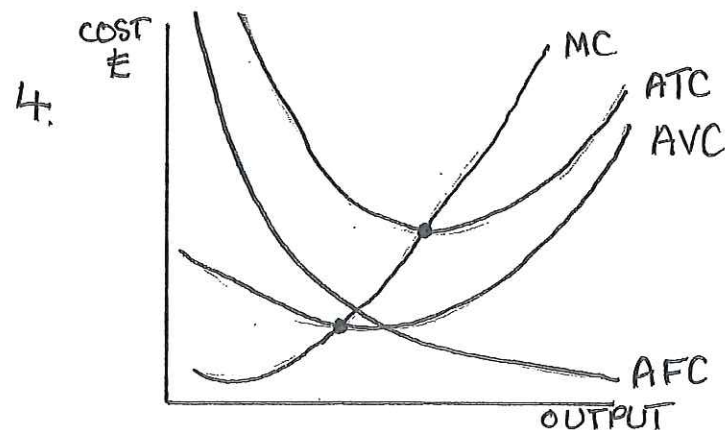
1 and 2

Useful when explaining the shape of cost curves/diminishing returns



3.

Note the shape of the TVC and TC curves which reflects diminishing returns

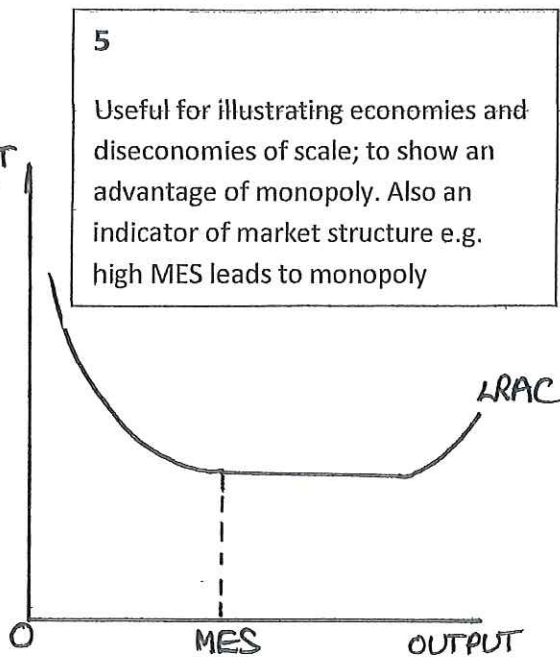


4.

Note that MC cuts AVC and ATC at lowest points

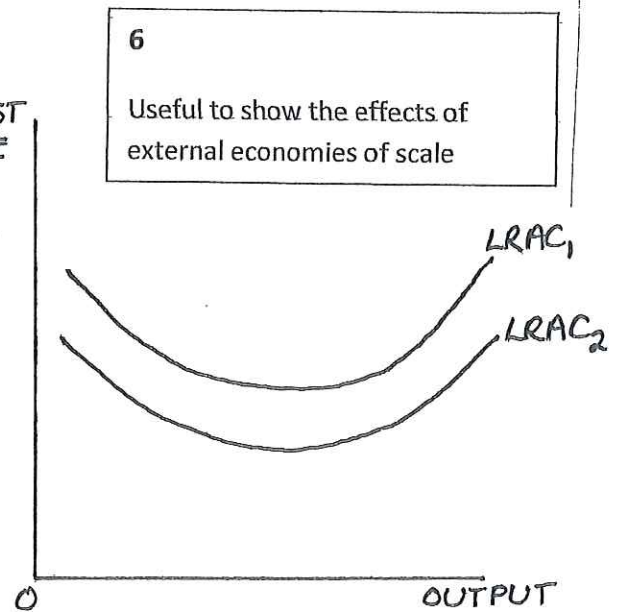
5.

COST
£



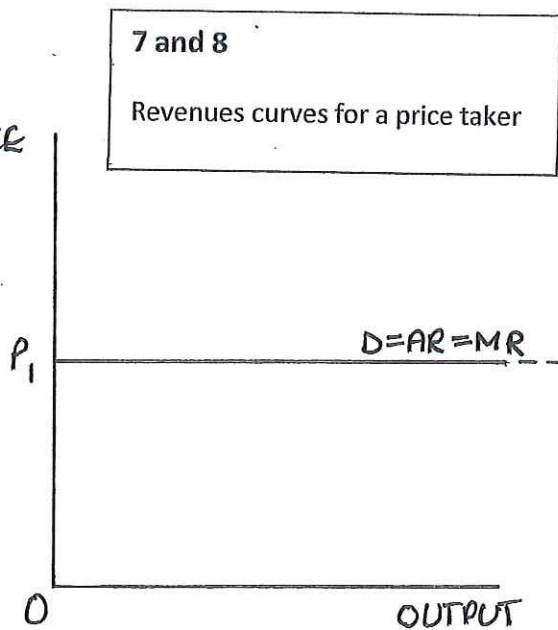
6.

COST
£



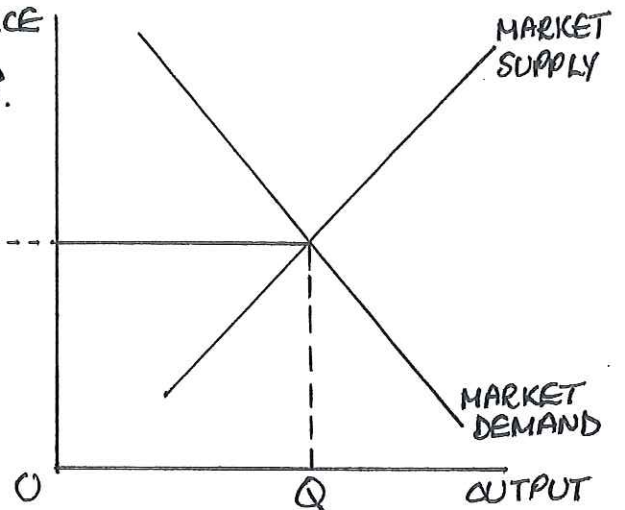
7.

PRICE



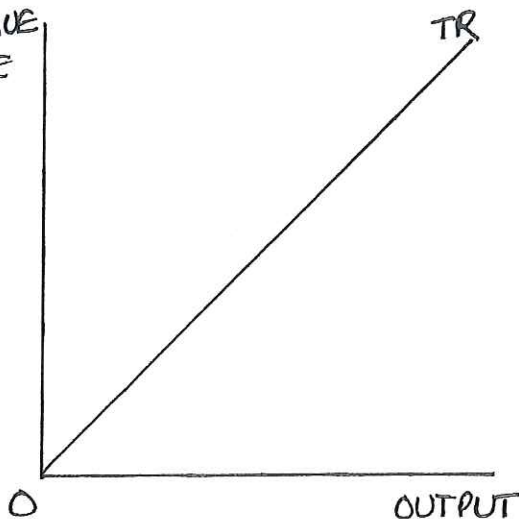
PRICE

8.



9.

REVENUE
£



9.

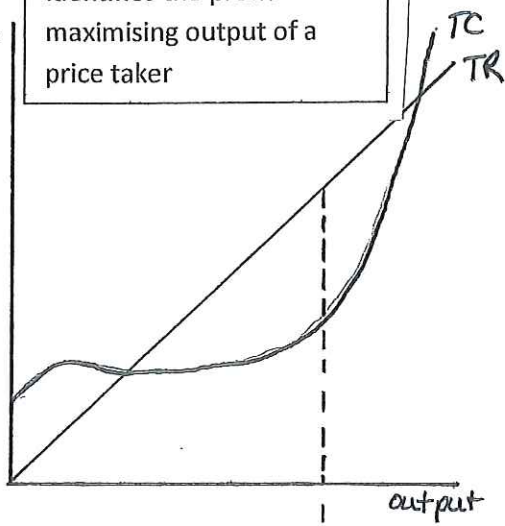
TR function for a price taker with a constant slope.

10.

£

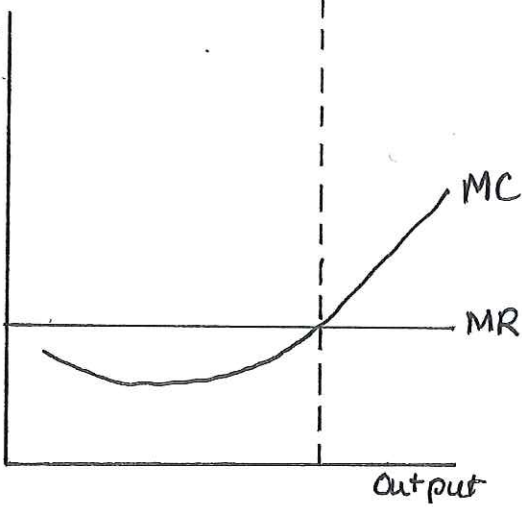
10 and 11

Identifies the profit maximising output of a price taker



11.

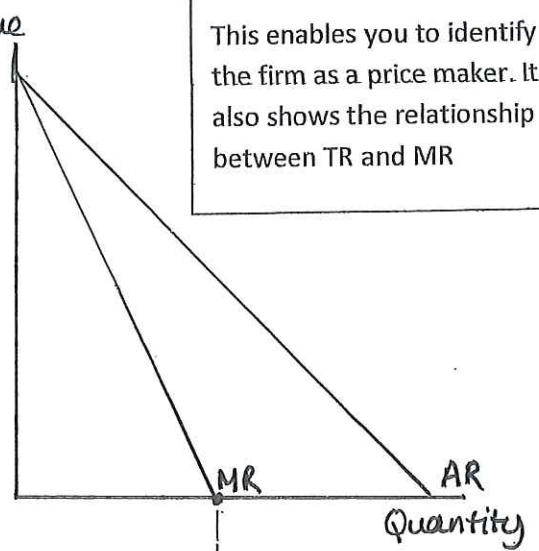
£



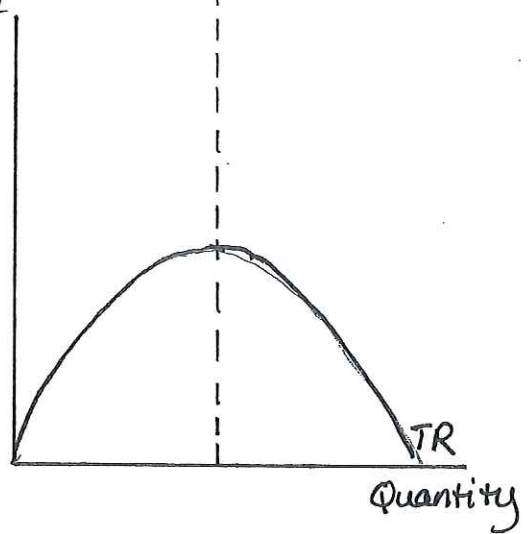
Revenue
12.

12 and 13

This enables you to identify the firm as a price maker. It also shows the relationship between TR and MR



Revenue
13.

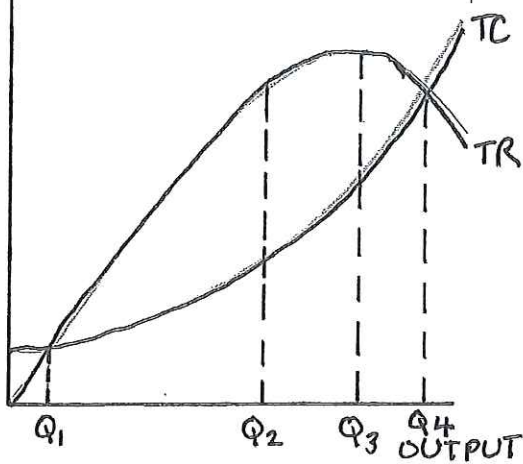


14

Shows a comparison of objectives- profit, revenue and sales maximisation

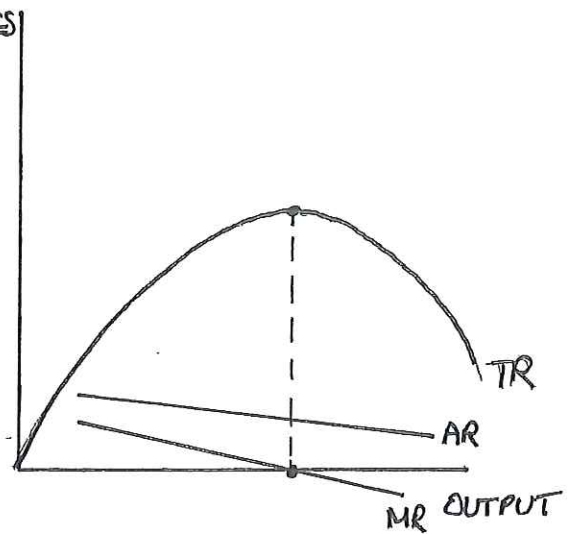
COSTS
REVENUES
£

14.



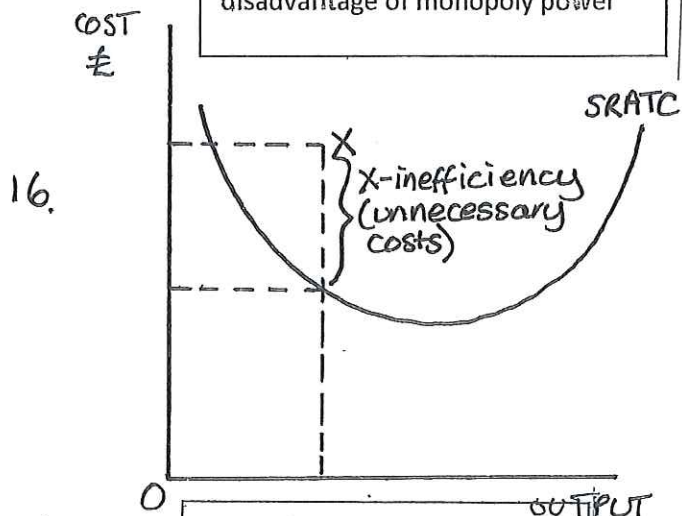
COSTS
REVENUES
£

15.



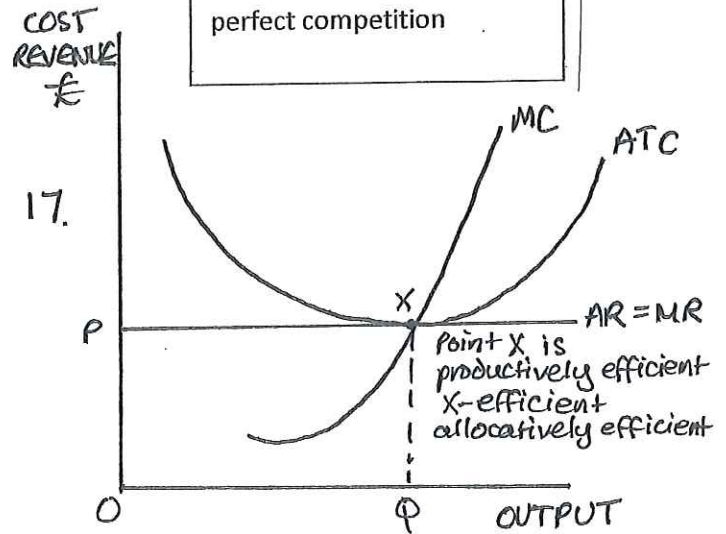
16

Could be used to show a disadvantage of monopoly power



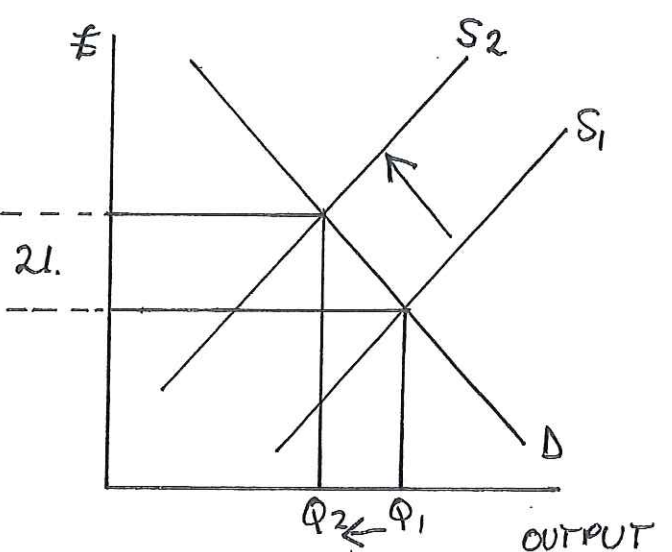
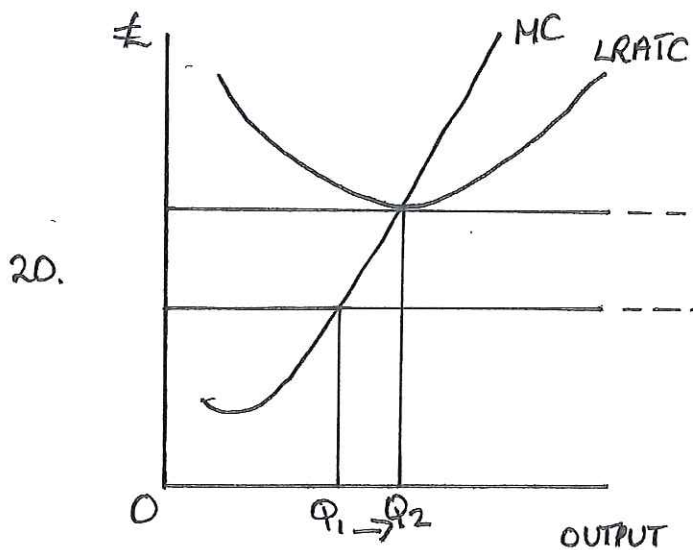
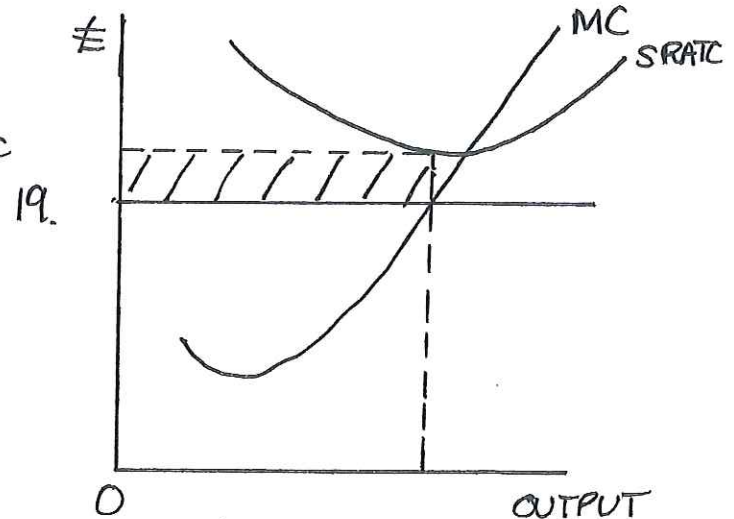
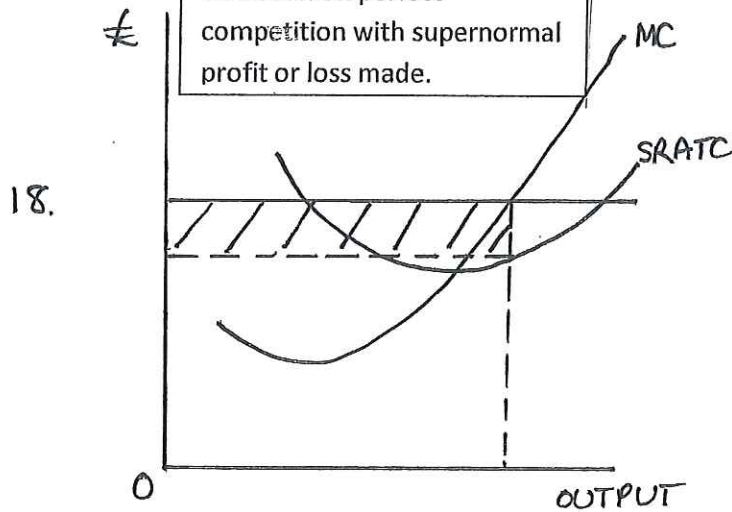
17

Shows the benefits of perfect competition



18 and 19

Short run on perfect competition with supernormal profit or loss made.

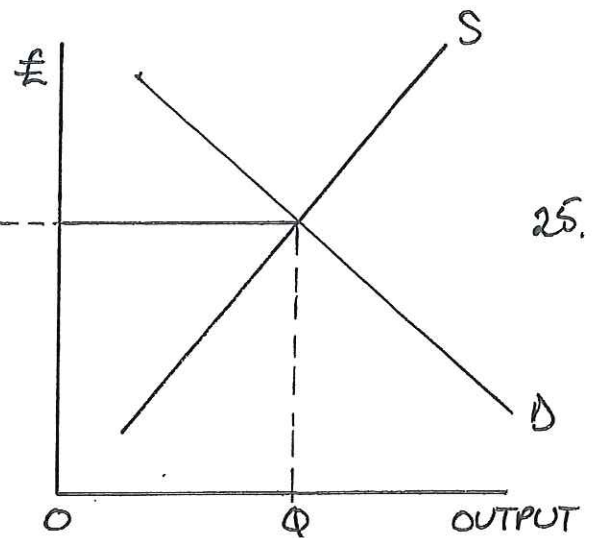
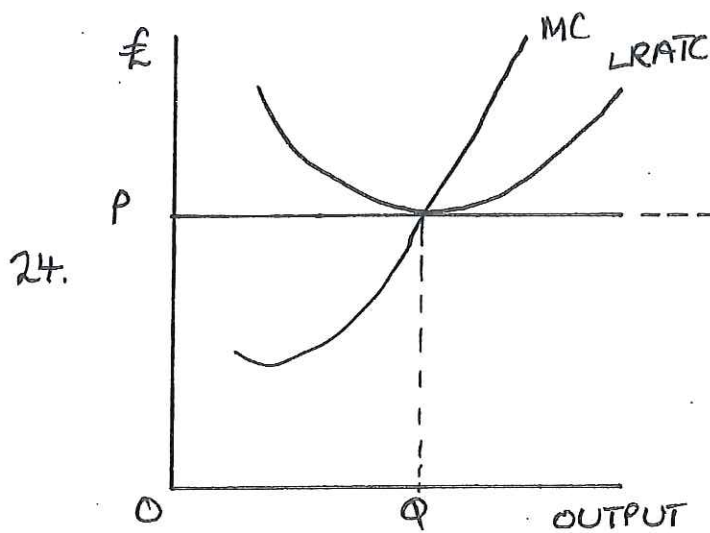
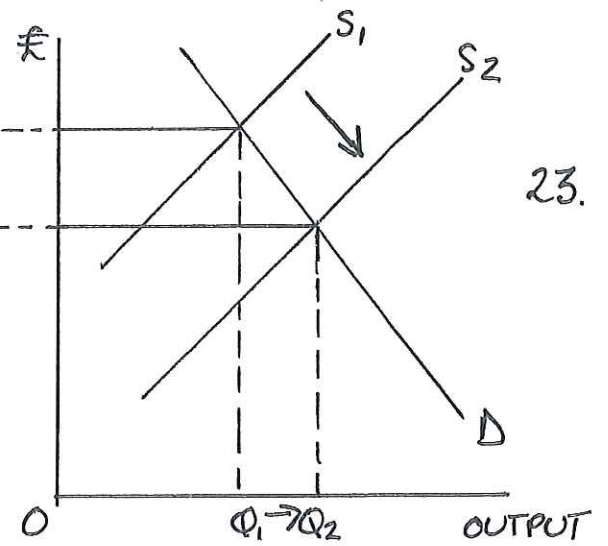
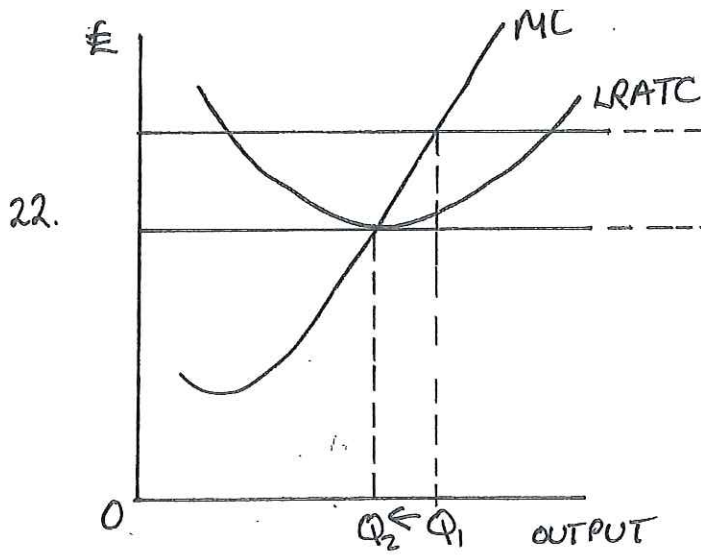


20 and 21

Shows the impact of an exit of firms leading to LR equilibrium; shows changes in firm and industry output

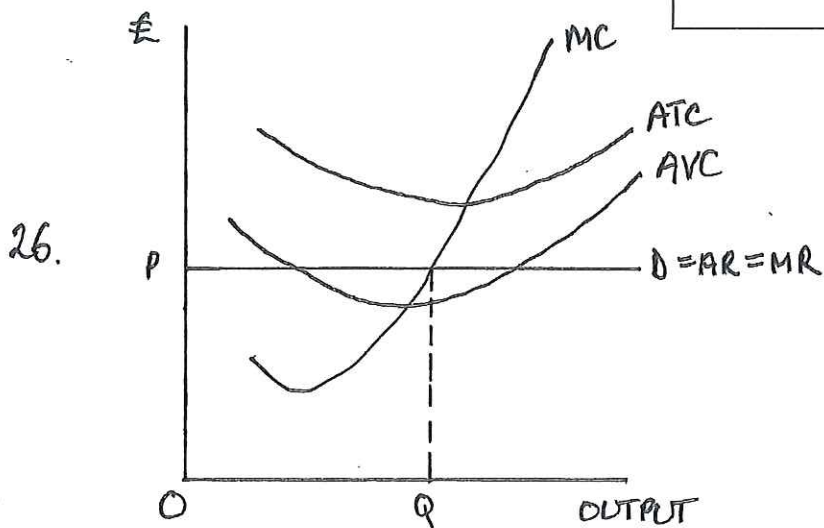
22 and 23

Shows the impact of an entry of firms leading to LR equilibrium; shows changes in firm and industry output



24 and 25

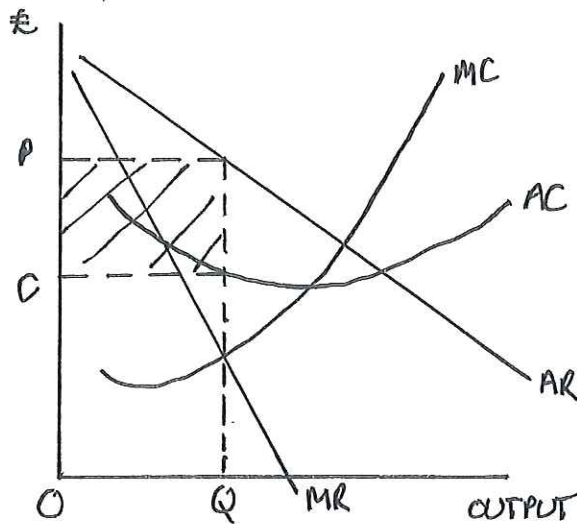
LR equilibrium in perfect competition-



26

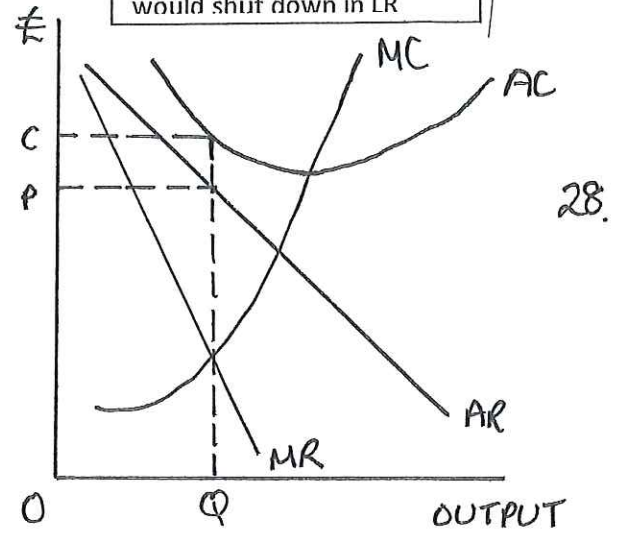
Shut down point in perfect competition. This firm is covering AVC so will continue in SR but shut down in the LR as ATC not covered.

27.



28

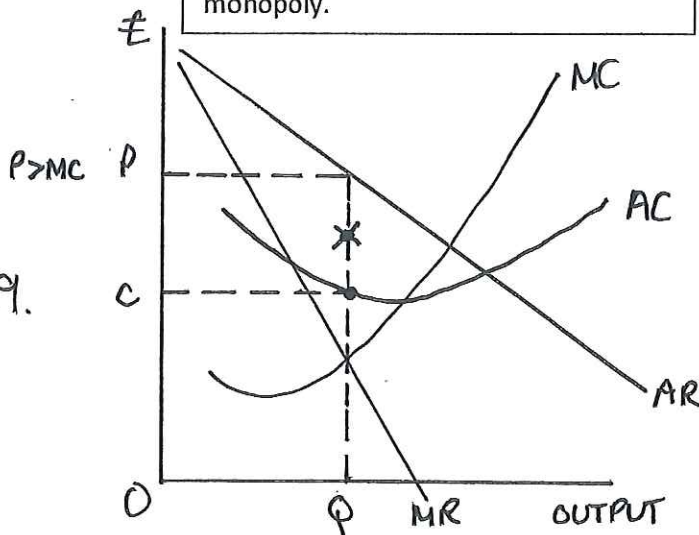
Loss making monopoly-
would shut down in LR



29

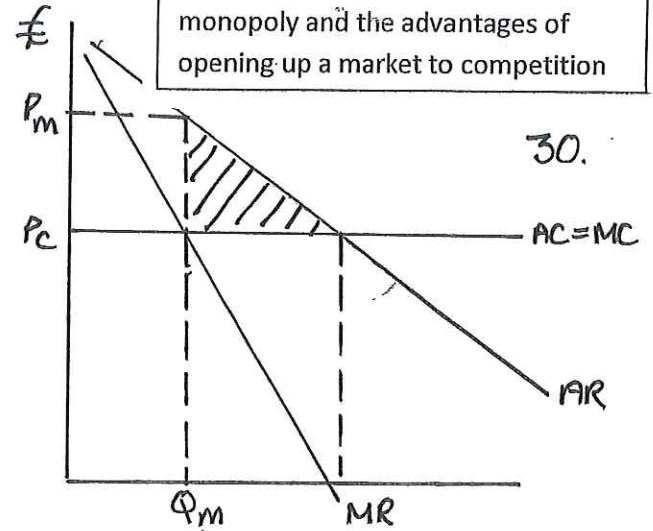
Inefficiencies of monopoly. Case against monopoly.

29.



30

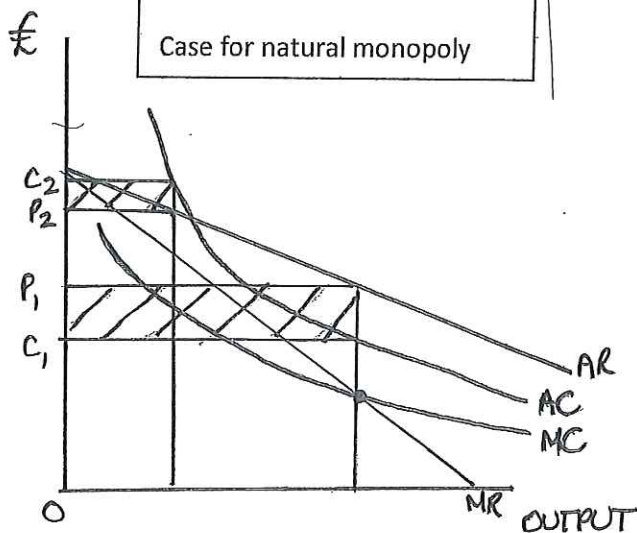
Compares perfect competition and monopoly and the advantages of opening up a market to competition



31.

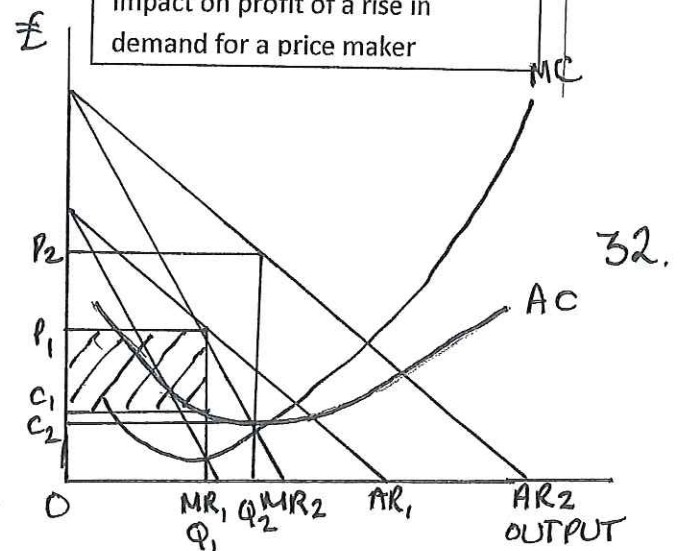
31

Case for natural monopoly

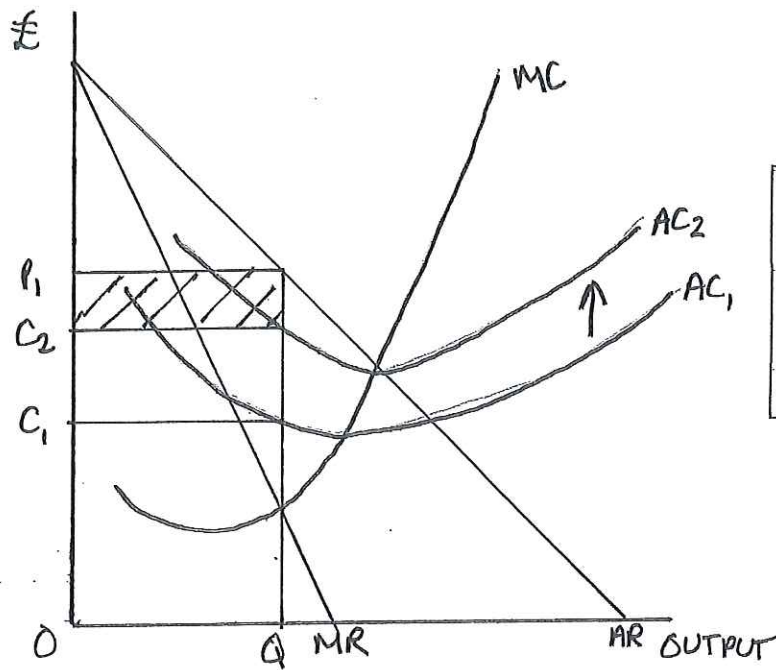


32

Impact on profit of a rise in demand for a price maker



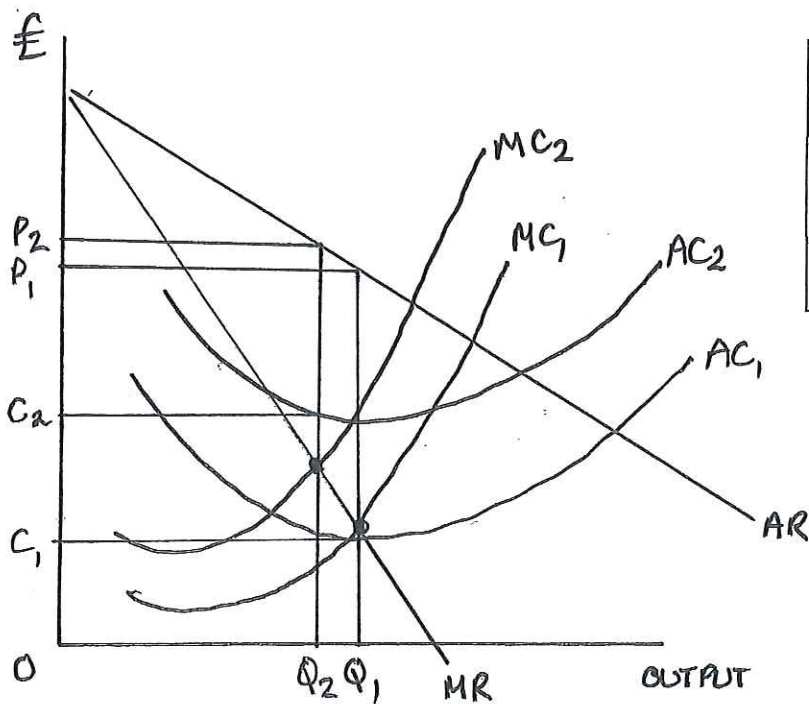
33.



33

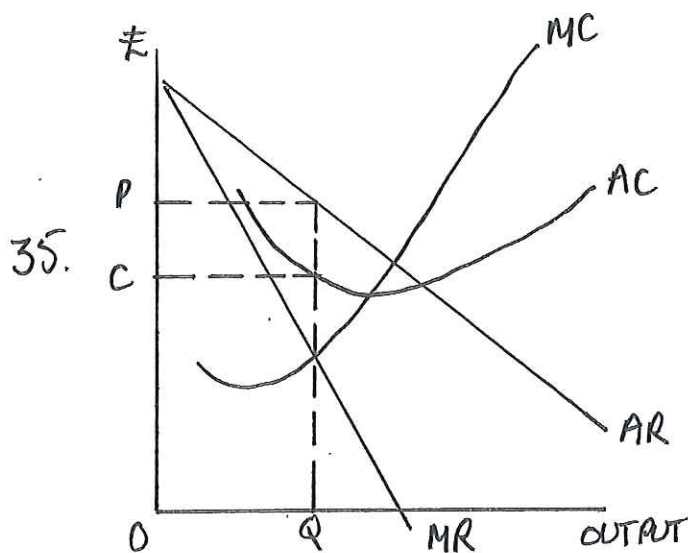
Impact of a rise in fixed costs on the profit of a price maker

34.



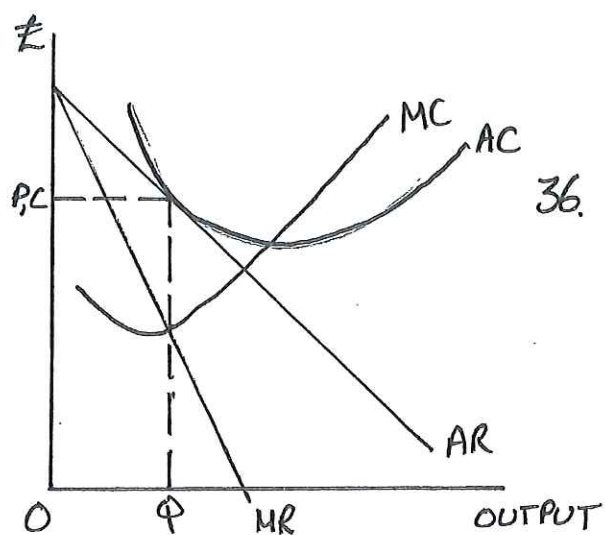
34

Impact of a rise in variable costs on the output, price and profit of a price maker



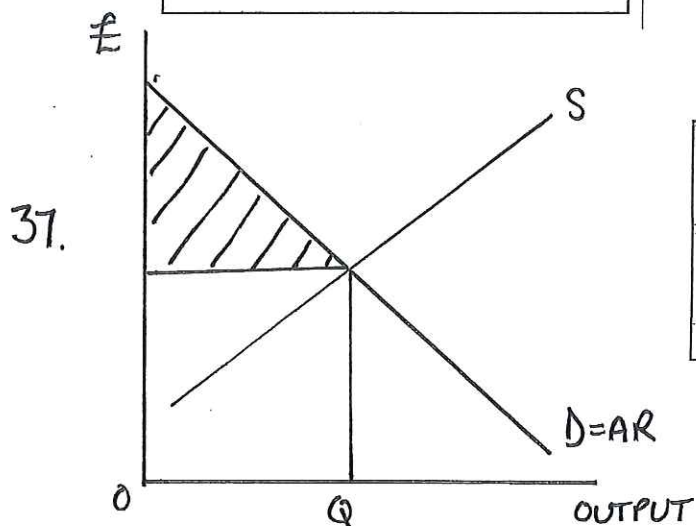
35

Monopolistic competition in the SR



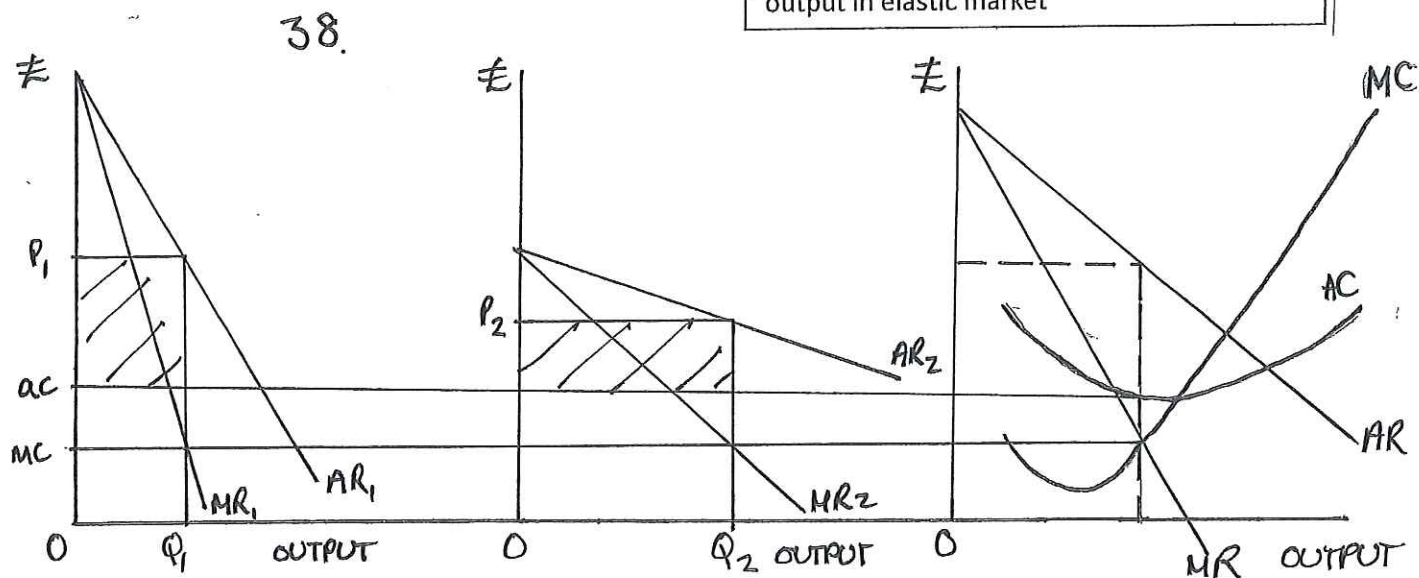
36

Monopolistic competition in the LR



37

Consumer surplus eliminated through perfect (first degree) price discrimination



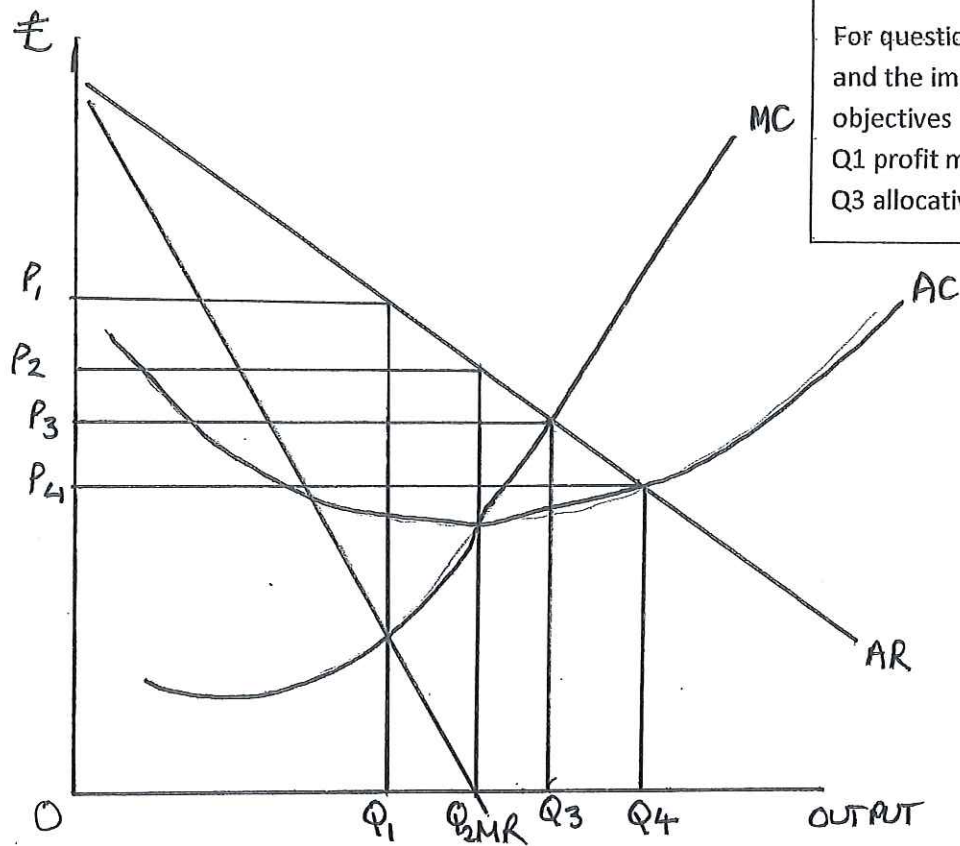
38

Third degree price discrimination shows a higher price in inelastic market and greater output in elastic market

39

For questions on business objectives and the impact on output of different objectives

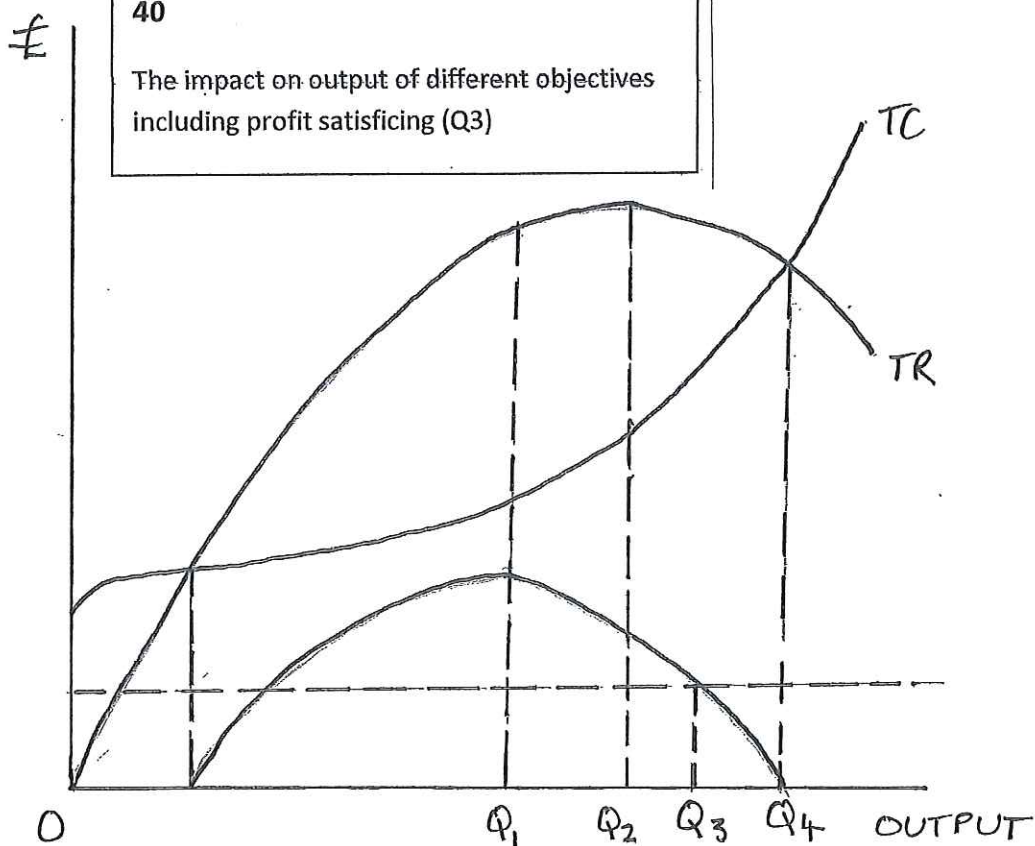
Q1 profit max; Q2 revenue max;
Q3 allocative efficiency; Q4 sales max



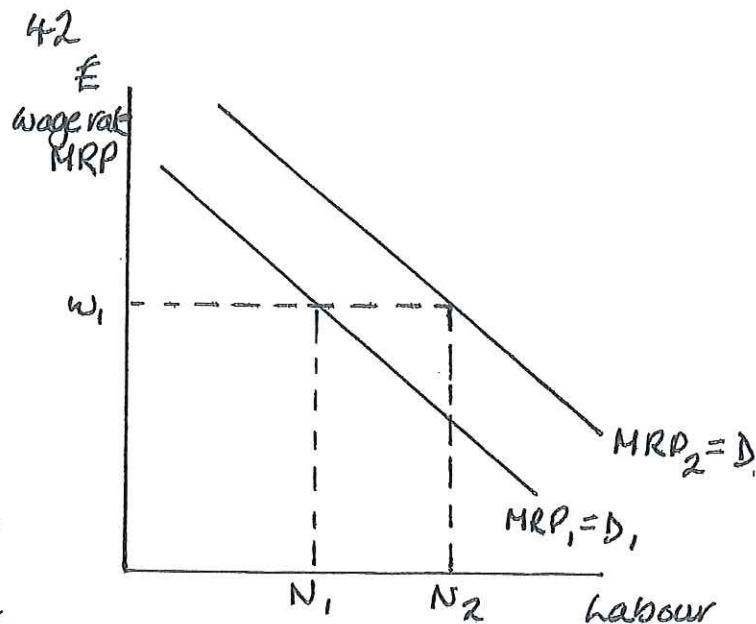
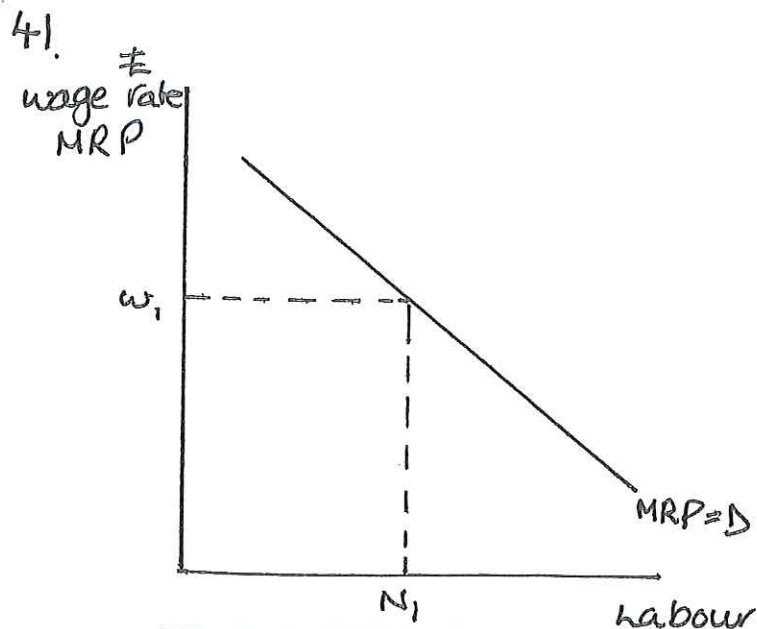
39.

40

The impact on output of different objectives including profit satisfying (Q3)

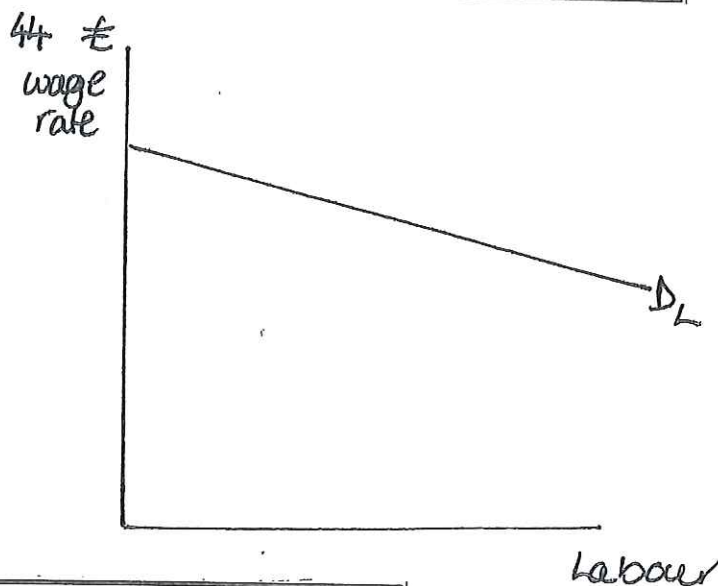
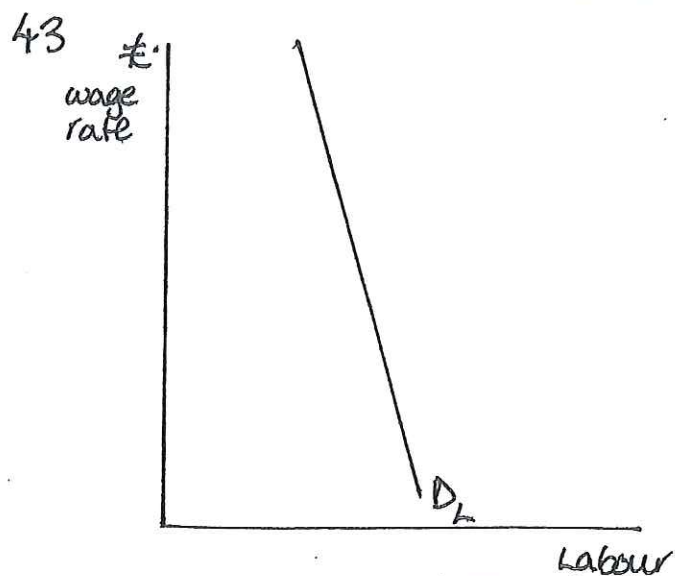


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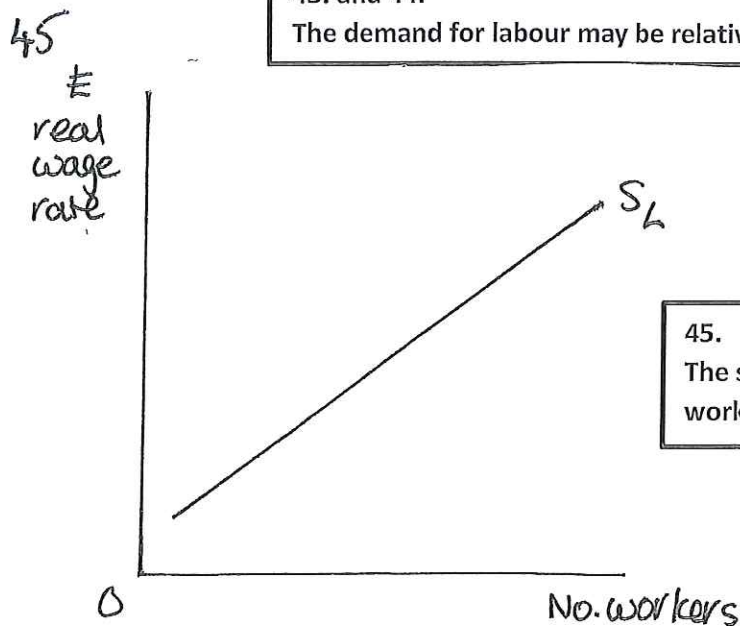
41. and 42.

The demand curve for labour is the marginal revenue productivity curve. If MRP increases the demand curve for labour shifts to the right.



43. and 44.

The demand for labour may be relatively wage elastic or inelastic.



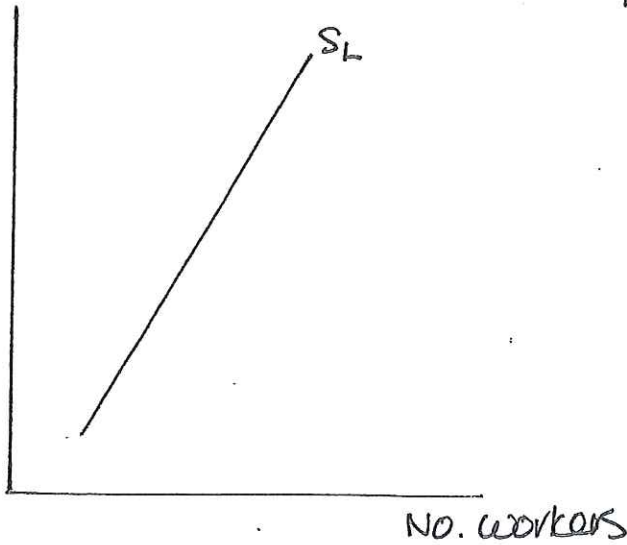
45.

The supply of labour to an industry is upward sloping. More workers will be willing to work at a higher wage rate.

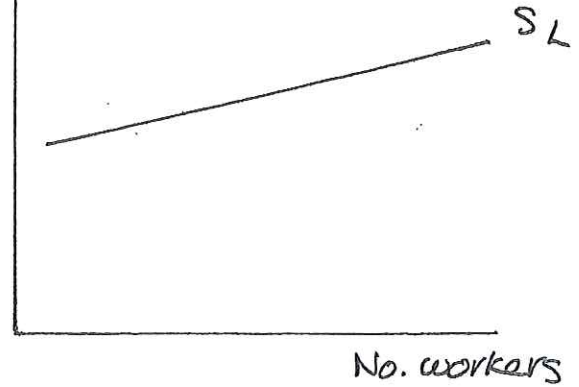
46. and 47.

The supply of workers to an industry may be relatively elastic or inelastic with regard to a change in the wage rate.

46
£
real
wage
rate



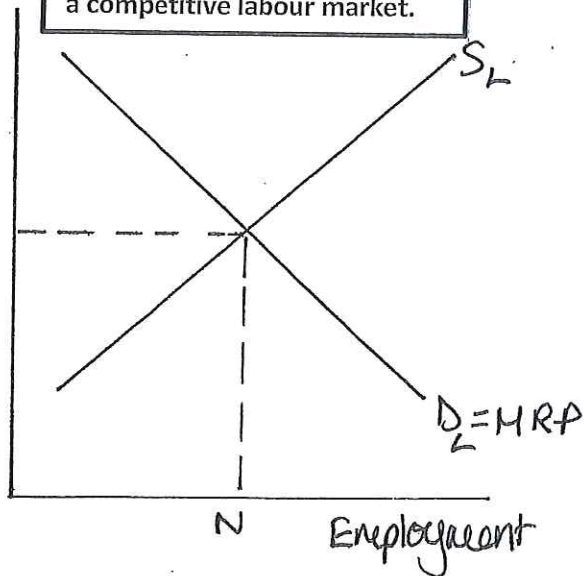
47
£
real
wage
rate



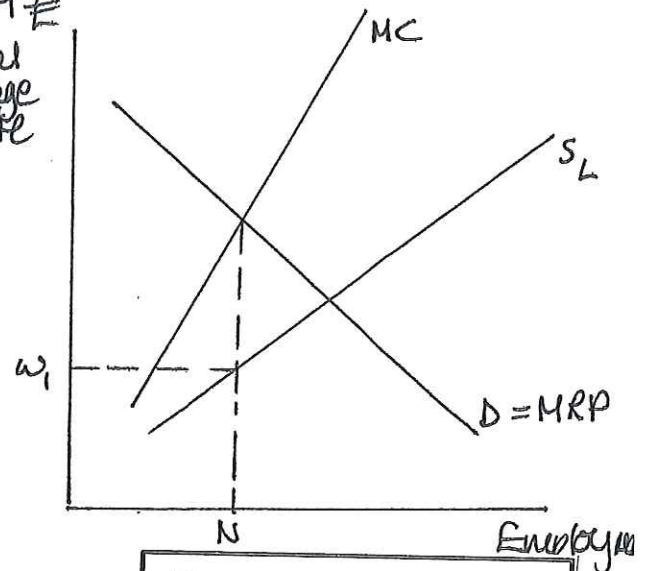
48
£
real
wage
rate

48.

The determination of wages in a competitive labour market.



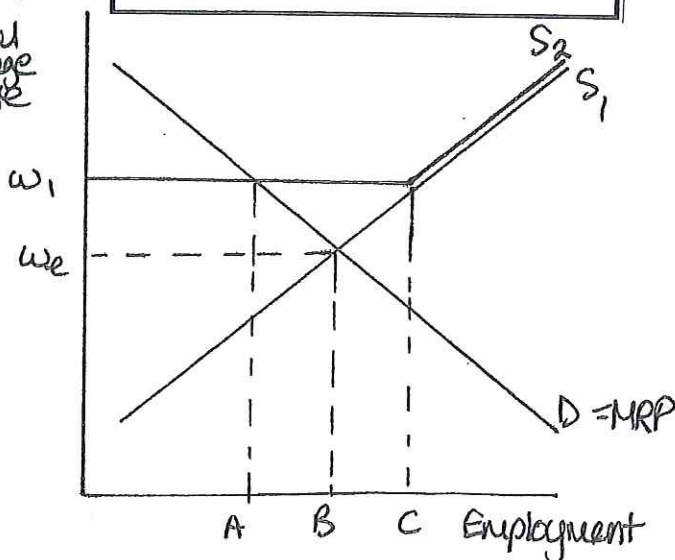
49
£
real
wage
rate



50
£
real
wage
rate

50.

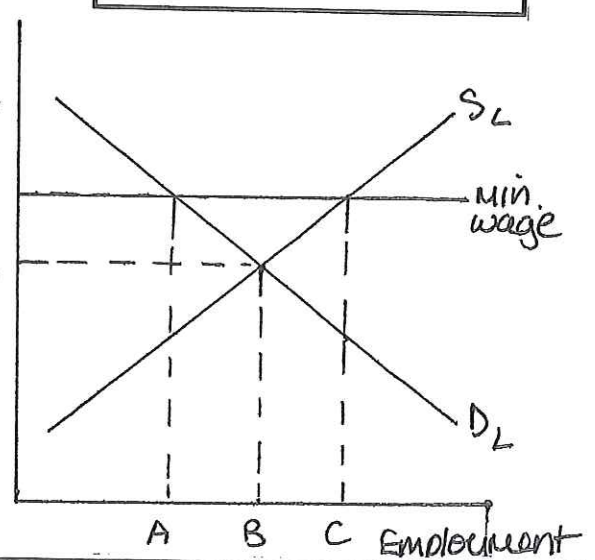
The impact of a trade union on wages



51
£
real
wage
rate

49.

How wages are determined in a monopsony labour market.



51.

The impact of a minimum wage on the labour market