Revision for CAP

When examiners (or teachers writing assessments) are considering what questions to ask, the first thing they need to consider is the syllabus as shown in your course outline. Questions which cannot be shown to be part of the syllabus are going to be viewed as invalid. For this reason, the starting point of your preparation should always be the course outline. It is common for questions to include wording which comes straight from the course outline.

This CAP according to your assessment schedule is on elasticity, equity and efficiency. I have listed the dot points which are relevant to these content areas below. The first thing you need to do in your revision is to make sure that you are familiar with content and can provide examples to illustrate your understanding of each so that you can demonstrate that understanding. Sometimes examiners may give you examples and ask you to apply your knowledge.

It is my understanding that you will be given two questions and asked to choose one. You should always answer questions you feel more comfortable with. Extended answers can be sectionalised or consist of one question broken into several parts. For example, using the first dot point the question could be framed as follows:

1. Explain the concept of price elasticity of demand and how it is measured. (20 marks)  
   OR
2. a) Explain the concept of price elasticity of demand. (10 marks)  
   b) Describe how price elasticity of demand is measured (10marks)

In question 1 you would need to think about the mark allocation yourself whereas in question2 you are given the mark allocation. Make sure that you use any mark allocation to help you plan your time. If a question is broken up into two parts worth 6 and 14 it is obvious that the 14-mark section should require more time than the 6-mark question.

Your task in the coming week is to make up your own questions (using your course outline) and to practise writing answers to them. You can submit them to me via our ONE NOTE page or by email. I would like you to do at least timed response so that you can judge how you are going, and I can give you feedback.

Course Dot Points

the concept, and measurement, of price elasticity of demand

• determinants of price elasticity of demand

• the distinction between goods that are price elastic and price inelastic in demand

• the link between price elasticity of demand and total revenue

• the concept, and measurement, of income elasticity of demand

• the behaviour of normal goods and inferior goods in response to changes in income

• the concept of cross elasticity of demand

• the significance of substitute and complementary goods in relation to price, income and cross elasticity of demand

• the concept of price elasticity of supply

• the distinction between goods that are price elastic and price inelastic in supply

• determinants of price elasticity of supply

• the significance of price and income elasticity for consumers, business and government

• the concept of efficiency

• the benefits to consumers as market participants, applying marginal benefit and consumer surplus

• the benefits to producers as market participants, applying marginal cost and producer surplus

• the efficiency of market equilibrium i.e. maximising total surplus

• the concept of equity (fairness)

• the relationship between equity and efficiency

• policy options to promote equity

• the effects of price ceilings and price floors on total surplus

Remember that in Economics you need to follow the 3Ds rule:

DEFINITIONS  
 DIAGRAMS  
 DESCRIPTION with Examples