

Pearson Edexcel Level 3 GCE

Tuesday 13 May 2025

Morning (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.

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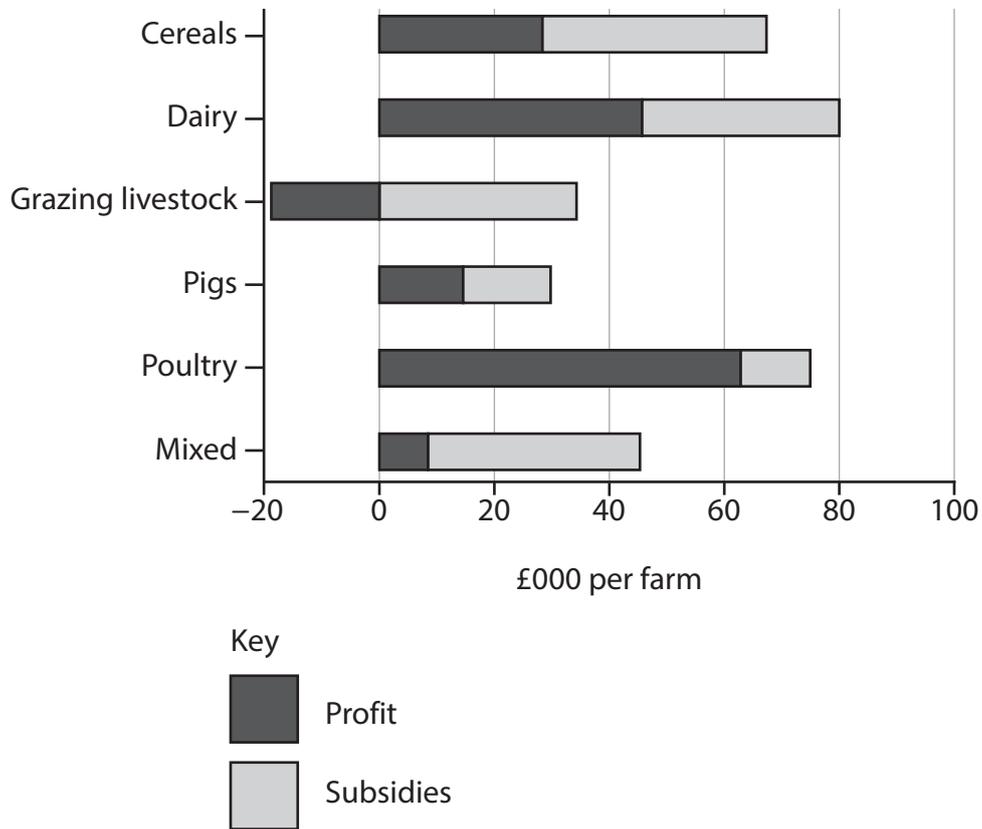
Sources for use with SECTION B

Read the following figures (1 and 2) and extracts (A and B) before answering Question 6.

The market for meat and the growth of vegetarianism

Figure 1

The impact of subsidies on farmer income, in England, 2018–2019 (£000 per farm)



(Source: adapted from www.FT.com)

Figure 2

Potential impact of indirect tax rises on meat prices per kg, 2023–2030

Type of Meat	Before indirect tax increases	After indirect tax increases
Beef/Veal	£24.24	£29.50
Chicken	£7.60	£8.63

(Source: adapted from Tax beef, pork and chicken to help climate and health, EU urged – CGTN)

Extract A

The case for cutting out meat

Around a third of Britons are reducing the amount of meat they eat or are cutting it out altogether. Are these consumers right to be cutting out meat? For a start, there are the greenhouse gases released as a result of producing food. The evidence is clear that switching to a plant-based diet would lower emissions. A UK study found that eating a diet high in meat costs 7.2 kg carbon dioxide emissions per day, compared with 3.8 kg for vegetarians. It would also free up land for other uses. Nearly 80% of the world’s farmland is dedicated to rearing animals; a plant-based diet would cut the use of land for agriculture by 76%. The land currently used by grazing livestock could be used for “rewilding”, allowing the environment and animal species destroyed by meat farming to recover. 5 10

Our health and wealth would be better too. A study published in 2016 modelled what would happen to our health and the global economy if we all switched to vegetarian diets. The economic benefits of switching to plant-based diets could be as much as £700 billion to £1 trillion per year in terms of savings on healthcare costs and lost working days due to ill health. 15

Some economists recommend an increased indirect tax on animal products so that their prices reflect the cost of externalities.

This could impact on European farmers, if adopted by the European Union. The tax could bring £35 billion to the EU, with around £15 billion of that going directly to farmers. The rest would be used to bring down VAT on fruit and vegetables, and fund other policies to encourage healthy-eating diets both in and outside the EU. 20

(Source: adapted from <https://moneyweek.com/499842/the-economic-consequences-of-veganism> December-28-2018)



Extract B

Businesses benefitting from meat-substitute products

There is one group for whom the trend towards meat-substitute products is definitely a good thing: processed food manufacturers and retailers.

Finest British beef burgers are priced at £6.61 per kg. The 'fake burger' (which is made mostly of pea protein) is priced at £21.81 per kg even though the ingredients used to make them, such as mushrooms, peas and palm oil, are cheaper ingredients than meat. Despite high prices, demand continues to rise for these products. This might benefit shareholders, but is it doing any real good for the rest of us?

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A large food producer bought meat-substitute product maker Vegetarian Butcher in December 2018 and is moving towards a range with more meat-substitute products. In 2017, Nestlé bought Sweet Earth, a California-based maker of vegetarian foods, and it is launching its own meat-substitute 'Incredible Burger'. It expects its meat-substitute revenues to reach \$1 billion by 2029.

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As subsidies are being cut in every area of farming, consumers ought to be willing to pay higher prices for all food products. If farmers are to stay in business, they need to find additional sources of revenue such as oyster mushrooms, goji berries and basil.

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(Source: adapted from <http://www.financialtimes.com/the-veganism-boom-does-more-for-food-company-profits-than-the-planet> February-22-2019)