

How to answer a 25 marker for AQA Economics A Level | Essay structure guide

With a model answer on sugar taxes

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<https://tfurber.com/aqa-economics/>

Here is a suggested six-paragraph essay structure:

1. Introduction

- Briefly define out a key term and/or theory that's relevant to the question.
- Summarise your answer to the question.

2. Analysis paragraph 1 - argument for.

- Use the **PADELS** structure.
- **P = point** should be stated in one sentence at the start.
- **A = application** using extract or your own case studies throughout.
- **D = diagram**. (If there isn't a possible diagram, add extra explanation).
- **E = explain** your point using a chain of reasoning.
- **L = link** back to the question.
- **S = supercharge your analysis** (high level diagrams or extra explanation).

3. Evaluation paragraph 1 - weigh up your previous argument.

- Use the **PEARL** structure.
- **P = point**.
- **E = explain** the cause of an issue or relevant economic theory.
- **A = application**.
- **R = result** [As a result...].
- **L = link** back to the question.

4. Analysis paragraph 2 - argument against.

- Use the same structure as for the first analysis point.
- Note the analysis paragraphs for and against can be reversed.

5. Evaluation paragraph 2 - weigh up your previous argument.

- Use the same structure as for the first evaluation point.

[Note: In case your previous analysis points were too short, you can add a third set of analysis and evaluation paragraphs at this point].

6. Conclusion - write your final answer to the question.

- Use the **AWAKE** structure
- **A = answer** the question.
- **W = give reason(s) why** to justify your answer.
- **A = application**. Refer to data or extract.
- **K = Refer to the keyword** added to the question, such as "always" or "necessary".
- **E = evaluation**. Give one final evaluation point that your answer depends on.

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Example question and model answer

Consider the following sample question:

Evaluate the effectiveness of a tax on sugary drinks.

[25 marks]

Below is a model answer. It is broken down into paragraphs, with commentary on each paragraph.

Introduction

Sugary drinks may be overconsumed in the free market. One reason for this is negative consumption externalities, which consumers may not take into account. This includes higher illness rates, leading to higher NHS treatment costs for taxpayers. I will argue that a tax on sugary drinks is effective overall, by reducing demand and encouraging firms to reduce sugar content.

Commentary on the introduction

This introduction defines and briefly explains demerit goods and the negative consumption externality. This provides relevant background theory for looking at the effectiveness of a sugar tax.

There is also a short summary of the answer to the question, using the phrase “I will argue ...”.

Keep the introduction short, so you can get into analysis as soon as possible.

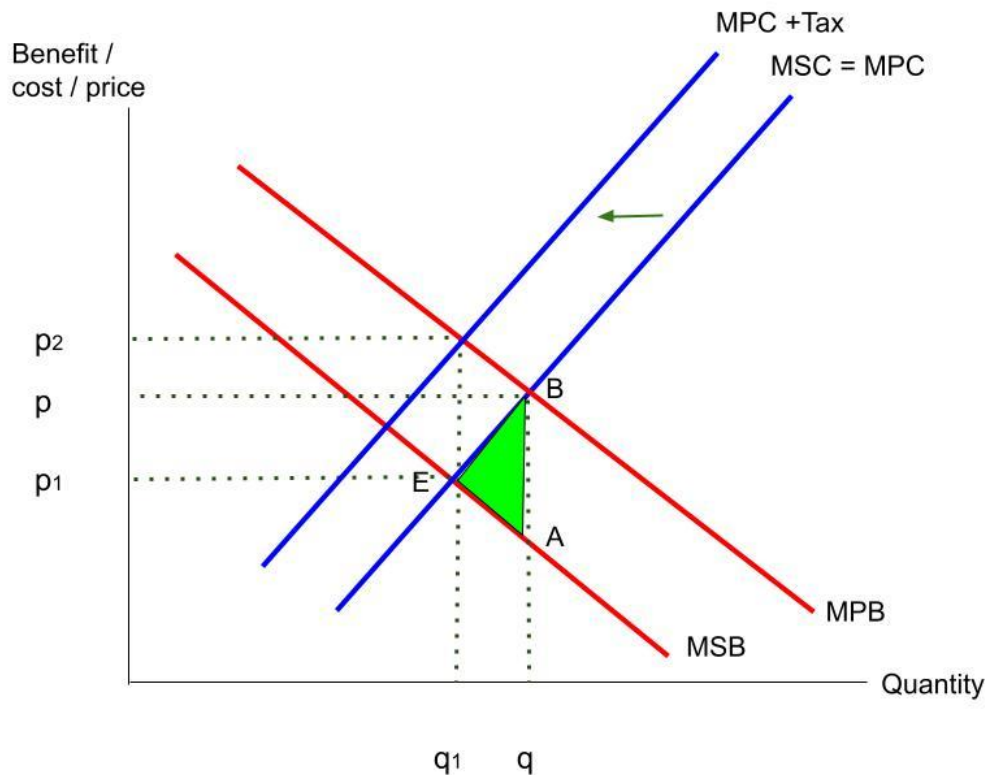
Analysis point 1 - the advantage of a sugary drinks tax.

A sugary drinks tax can correct market failure. The UK Government introduced a Soft Drinks Industry Levy (SDIL), raising the cost of soft drinks with more than 5g of added sugar per 100ml. As sugary drinks cause a negative externality of consumption, the marginal private benefit is greater than the marginal social benefit, and in the free market there is overconsumption of $q > q_1$. The free market quantity without the tax is q where $MPB = MPC$, while the socially optimal quantity is q_1 where $MSB = MSC$. The sugar tax shifts the MPC curve left from MPC to $MPC + Tax$, meaning the market quantity falls from q to q_1 and the price rises from p to p_2 . Thus

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the tax achieves the socially optimal quantity q_1 . This reduces the cost to third parties such as the NHS from treating obesity and the potential harm to the wider economy in terms of higher sick days and reduced productivity. The tax is effective due to a welfare gain of area ABE, reversing the welfare loss from overconsumption in the free market.



Commentary on the analysis

This analysis point completes all the parts of the PADELS acronym:

- The point is briefly mentioned at the start.
- The paragraph contains application throughout, with references to the soft drinks industry levy and the NHS.
- There follows an explanation of how the tax corrects market failure, with reference to the diagram.
- The link to the question is clear.

Here the analysis is “supercharged” with a high level diagram and shaded area. This features a combined tax and negative externality of consumption diagram, with a labelled area. This diagram is fully explained in the text.

Evaluation point 1

However, the government may set the wrong level of the tax to correct the market failure. The government may lack information about the size of the externality, as it may not know the extent to which sugar consumption leads to health problems. As a result, the government may underestimate the externality, setting too low a tax. For instance, the sugary drinks tax does not include some sugary milk substitutes. In that case, the price of sugary drinks would not rise as much after the tax, so demand may not fall as much. So overconsumption of sugary drinks may remain and the welfare gain from the tax is smaller.

Commentary on the evaluation

The evaluation paragraph completes all the steps for a PEARL (point, explain, application, result, link) paragraph.

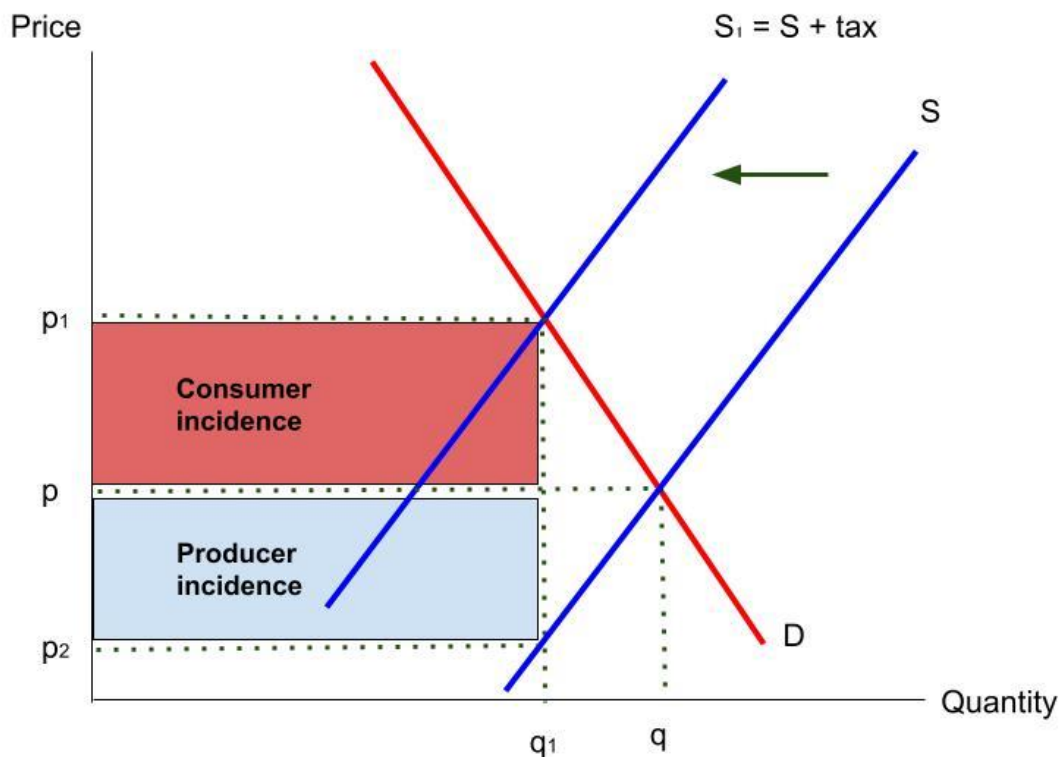
- It starts by setting out the key point of the paragraph.
- Then, there is an explanation of the cause of this. Why would the government set the wrong level of tax? This covers the lack of information, including precisely what information the government may lack.
- There is also application to the real world, using an example of a type of sugary drink that has been exempted from the tax.
- After this, the paragraph talks through the result or consequences of this, using the “As a result” phrase. This explains how the point undermines our previous analysis point (demand for sugary drinks may not fall as much).
- The paragraph ends with a link back to the question. The sugary drinks tax may not lead to a large welfare gain because of this issue.

Analysis point 2 - disadvantage of the sugary drinks tax

A sugary drinks tax is likely to make producers and consumers worse off. The SDIL is even higher when the sugar concentration is above 8g per 100ml, so there could be an increase in costs for sugary drinks producers such as Coca-Cola. The diagram below shows the market for sugary drinks. The tax shifts sugary drinks supply from S to $S + \text{tax}$, resulting in a price increase from p to p_1 and a quantity fall from q to q_1 . This rise in costs may lower firm profits, leading to a producer incidence area in the diagram. This may reduce the ability of drinks companies to reinvest in improving the taste of their drinks. The producers may pass on some of the cost increases from the tax to consumers in the form of higher prices. This reduces consumer surplus and creates a consumer incidence (burden) in the red upper area in the diagram below. Thus the sugary drinks tax creates a burden on both consumers and producers.

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Commentary on the analysis

This point fully explains the burden on consumers and producers as a result of the soft drinks industry levy.

Again, the point features all the points in the PADELS acronym.

In particular, note the use of areas on the tax diagram, as well as the explanation of damages for both consumers and producers from the tax. This helps to “supercharge” the analysis.

Evaluation point 2

However, firms may adapt to the sugary drinks tax by switching to producing non-sugary drinks. Coca-Cola could produce more sugar-free Coca-Cola Zero, to avoid the costs of paying the sugar tax. As a result, the supply of non-sugary drinks would shift right, reducing the equilibrium price of non-sugary drinks. So consumer surplus and producer surplus may increase in the market for non-sugary drinks, compensating for the burden of the tax on consumers and producers in the sugary drinks market. Altogether, the tax is unlikely to cause a large burden on consumers and producers.

Commentary on the evaluation

This point explains the reality of the sugary drinks tax. Namely, in practice, producers simply reduced the sugar content of their drinks to avoid the tax.

This again follows the PEARL acronym. Note in particular the use of the example such as Coca-Cola Zero, as well as the brief explanation of why firms may switch (to avoid the costs of paying the tax). In addition, the point covers the results for the non-sugary drinks market.

Conclusion

Overall, the sugary drinks tax is effective, as it incentivises firms to reduce the sugar content in drinks, which will help improve health outcomes and correct market failure. Indeed the amount of sugar in soft drinks fell by over 40% from 2014 to 2020. This could be partly credited to the SDIL. The effectiveness of the SDIL depends on the time frame. In the short run, consumers may have few substitutes, so the price elasticity of demand (PED) may be inelastic. So a greater burden of the tax falls on consumers. However over time, as more low-sugar substitutes are created, the PED may become more elastic, reducing the extent of the consumer incidence and reducing the extent to which consumer surplus falls.

Commentary on the conclusion

This conclusion is an effective conclusion, featuring the steps in the AWAKE acronym.

The conclusion starts by answering the question (“sugary drinks tax is likely to be effective”).

There is not a particular extra keyword added to the question, such as if sugar taxes are “always” effective. So the keyword point is not so important for this particular question.

Nevertheless, it is good practice to answer using the wording of the question. In this case,

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using the word “effective” or “effectiveness”.

There is then a key reason given for why the writer thinks sugar taxes are effective, based on the most important reason.

Another reason uses the application on the falling amount of sugar in drinks, which also supports the answer. It strengthens the evaluation point 2 mentioned earlier, that firms may switch to producing drinks to avoid the tax.

Apart from using the data, there are many other ways you could give reasons why the sugar tax is effective or ineffective.

For example, you could “evaluate your evaluation”. In other words, decide whether the evaluation points mentioned earlier are strong or weak. For example:

- Evaluation point 1 stated that the government may lack information about the size of the externality. Yet in practice, the government could **estimate the impact on sugary drinks** on health outcomes with reference to academic papers, and then estimate the effect of poorer health outcomes on NHS waiting lists using its own NHS records. The government can use this information in a **cost-benefit analysis** to estimate the right level of the tax. This means the government may set the level of the tax relatively close to the socially optimal level.
- Evaluation point 2 stated that firms could switch production to non-sugary drinks. However, perhaps one **unintended consequence** of this is to make **drinks taste worse**, which may reduce the utility consumers experience from buying these drinks.
- Alternatively, we could emphasise an evaluation point by saying it should be weighted more heavily. For example, switching to less sugar in drinks is as **simple as reducing the concentration of one ingredient**, which may be quite cheap for firms to do. This could reduce the burden of the tax on drinks companies.

There is also a final point, that the answer to the question may depend on the time frame. This explains the importance of the price elasticity of demand, which may change over time, to the incidence of the tax and the broader impact on consumers.

Related resources

Click the link below for more AQA Economics related notes and resources:

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Frequently asked questions

Is this structure the only way to score highly?

No. There are other ways to structure your response and paragraphs to score highly. This is just one way. AQA Economics mark schemes are quite general and do not require a particular essay structure. So if you are already an effective essay writer, there is less need to rely on a given essay structure. However, for students without these essay structuring skills, using this kind of structure can be helpful in my experience.

When should I add a third analysis and evaluation point?

If your first and second points are extended, that should be sufficient. If not, you can also add a third analysis point. Use the example above for reference.

Note: some schools use a different structure as follows:

- Introduction
- Analysis 1
- Evaluation 1
- Analysis 2
- Evaluation 2
- Analysis 3
- Evaluation 3
- Conclusion

This can also work. Indeed I have a few other examples of this structure on my website. In this case, each analysis and evaluation paragraph should be slightly shorter. For instance, the analysis paragraphs may not need supercharging, though it is good practice to show key areas on diagrams where possible. The conclusion can also be shorter.

How do I “supercharge” my analysis?

To supercharge or level up your analysis, consider two options:

- Level up your diagram. This could involve shading key areas and/or showing two shifts on the same diagram. This must be relevant to the question and should not be shoe-horned in simply for the sake of it.
- Extend your chain of reasoning. Again, this must be relevant to the question.

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