

Orrelby Market Square

Student workbook | Pearson Edexcel A level Economics A (9EC0), Theme 3, sections 3.4.2 and 3.4.3 | Year 12 or 13 | Original TBS three-lesson data-response pack. Not endorsed by Pearson.

Every Saturday, Orrelby Market Square fills with stalls. On one side is Growers' Row, where potato growers sell crates of potatoes to shops, cafes and families. On the other is the Coffee Corner, where stalls sell coffee and bakes. Over three lessons you work as the market's economic adviser: you will explain how each group of sellers behaves, draw the diagrams, and advise the town council on a decision about the Coffee Corner.

Lesson	Question	You will
1	How do potato growers compete?	complete a cost table, find the profit-maximising output, draw short-run and long-run perfect competition diagrams and explain entry
2	Why do coffee stalls compete differently?	work out marginal revenue, find the profit-maximising output for a stall, draw short-run and long-run monopolistic competition diagrams
3	Which market structure serves Orrelby better?	compare the two structures with figures, test a council cap on stalls, and write a recommendation of about 180 words

Orrelby at a glance

Feature	Details
Money	All prices and costs are in pounds (£). Growers sell by the crate (10 sacks, 250 kg); stalls sell by the cup.
Costs	Every cost includes normal profit: what the owner's time and money would earn elsewhere. Profit above that is supernormal profit.
Market days	One market a Saturday. "Output" means output per Saturday. Season 1 is the first season in the story; Season 3 is two seasons later.
Council	Orrelby Town Council owns the Square and rents out the pitches.
Diagrams	Figures 1 to 5 are numbered. Read prices to the nearest £1 in Figures 1 and 2 and to the nearest 5p in Figures 3 to 5; read output to the nearest crate or 5 cups. The curves in Figures 1 and 2 are smooth curves drawn through the Table 1 values.

Orrelby, its market, growers, stalls, council, survey and every figure are fictional and invented for teaching. They are not real statistics and do not describe any real place or business. You need a calculator, a pencil and a ruler. The data pack is on pages 2 to 4; each task repeats the figures it needs. This is original classroom practice, not an exam paper.

Free sample

Orrelby Market Square: perfect and monopolistic competition

Contents of the full pack

Lesson 1: How do potato growers compete?

Lesson 2: Why do coffee stalls compete differently?

Lesson 3: Which market structure serves Orrelby better?

Student workbook and teacher guide, as PDF and as editable Word files.

The teacher guide has lesson plans, full worked answers and indicative guidance.

This sample is the cover and the first two pages of Lesson 1 of the student workbook. It contains no answers. The pages that follow are exactly as in the full pack.

Lesson 1: How do potato growers compete?

By the end of this lesson you can calculate costs and profit for a grower, find the profit-maximising output, draw and explain short-run and long-run equilibrium in perfect competition, and say why supernormal profit disappears.

Starter: which characteristic?

Write the name of the characteristic of perfect competition that each description shows.

Description (Growers' Row)	Characteristic
1. Each grower is too small to change the market price	
2. Every crate is the same grade, so buyers see no difference between growers	
3. Any grower can rent a pitch and join; any grower can leave	
4. Buyers can see every grower's price on the chalkboard	
5. Hundreds of buyers and 20 growers; none has market power	
6. The demand curve facing one grower is a horizontal line at the market price	

Task 1: complete the cost table

Table 1 (one grower per Saturday). Total fixed cost TFC = £256. Complete TC, AC and MC for 5 to 10 crates. $TC = TFC + TVC$; $AC = TC / q$; $MC = TC$ minus the TC of one fewer crate. AC to two decimal places.

Task 1 continued. Table 1, completing TC, AC and MC for 5 to 10 crates:

Crates (q)	TVC (£)	AVC (£)	TC (£)	AC (£)	MC (£): cost of the extra crate
1	49	49.00	305	305.00	49
2	80	40.00	336	168.00	31
3	99	33.00	355	118.33	19
4	112	28.00	368	92.00	13
5	125	25.00			
6	144	24.00			
7	175	25.00			
8	224	28.00			
9	297	33.00			
10	400	40.00			
11	539	49.00	795	72.27	139
12	720	60.00	976	81.33	181

Working space (the other rows are already completed):

b. At which output is AC lowest, and what is the lowest AC?