

Economics A level (Edexcel specification A)

February Revision Tasks

Using the cue cards and dictionary and personalised learning checklist to support your learning and revision is essential. Spending at least one hour a day revising the key terms is necessary. This is not considered part of the tasks for half term work.

The tasks for half term are essay focussed tasks centring on Paper 2. Completing skeletal answers to all essays is the minimum expected revision. Skeletal answers must be detailed and include diagrams but a full essay write up is not necessary.

Topic 1: 2.1 to 2.6 The UK economy- performance and policies

1 The UK Economy	2.1.1: Economic growth; 2.1.2: Inflation; 2.1.3: Employment and unemployment; 2.1.4: Balance of payments; 2.2.1 to 2.2.6: The characteristics of aggregate demand (AD); 2.3.1 to 2.3.3: The characteristics of AS; 2.4.1 to 2.4.4: National Income; 2.5.1 to 2.5.4 Economic growth; 2.6.1 to 2.6.4: Possible macroeconomic objectives and policies
-------------------------	--

Revision Task 1

- Read pages 2-35 in Zigzag Theme 2, your notes and my power-points
- Answer the following

<ol style="list-style-type: none">Assess the macroeconomic policies that could be adopted to cure either (a) unemployment (b) low economic growth (c) inflation (d) deflation/disinflation (e) balance of payments deficit (25)Discuss the consequences upon the UK economy of either (a) unemployment (b) low economic growth (c) inflation (d) deflation/disinflation (e) balance of payments deficit (25)

Topic 2: 4.1 International Economics

2. International Economics	4.1.1: Globalisation; 4.1.2: Specialisation and trade; 4.1.3: Pattern of trade; 4.1.4: Terms of trade; 4.1.5: Trading blocs and the World Trade Organisation (WTO); 4.1.6: Restrictions on free trade; 4.1.7: Balance of payments; 4.1.8: Exchange rates; 4.1.9: International competitiveness
-----------------------------------	--

Revision Task 2

- Read pages 2-16 in Zigzag Theme 4, your notes and my power-points
- Answer the following

<ol style="list-style-type: none">"The growth of Multi-National Corporations has been the main cause of increased globalisation". How far do you agree with this statement (25)Common external tariffs imposed by the European Union (EU) on agricultural products average 18%. Discuss the possible reasons for such restrictions on free trade. (25)Evaluate the likely economic effects of the decision by the UK to leave the EU on the UK economy. (25)Evaluate the impact upon the UK economic growth of a depreciation of Sterling and the Euro. (25)

Topic 3: 4.5 Role of the state in macroeconomics

3. The role of the state in macroeconomics	4.5.1: Public Expenditure; 4.5.2: Taxation; 4.5.3: Public sector finances; 4.5.4: Macroeconomic policies in a global context
---	--

Revision Task 10

- Read pages 37-46 in Zigzag Theme 4, your notes and my power-points
- Answer the following

- Discuss the impact of large infrastructure spending on an economy of your choice (25)
- Discuss the policies a government could adopt to cure a Balance of Payments deficit. (25)
- Discuss the effectiveness of increasing Corporation Tax to reduce a budget deficit. (25)

Economics A level (Edexcel specification A)

OUTLINE ANSWERS:

Below are outline answers. They are not exhaustive but indicative of the expected content.

Topic 1: 2.1 to 2.6 The UK economy- performance and policies

- 1. Assess the macroeconomic policies that could be adopted to cure either (a) unemployment (b) low economic growth (c) inflation (d) deflation/disinflation (e) balance of payments deficit (25)**

KAA – Identify Fiscal Monetary and SSP. Define U/E / E/G / Inflation/ BOP. Ensure to identify types of each. (critical to link to AD policies and AS policies).

Discuss AD policies in detail. Use diagrammatic analysis of AD/AS. Repeat for AS. Use diagrammatic analysis of AD/AS.

Ev – depends upon timescales, type of / case of U/E / E/G / Inflation/ BOP, scale/size of problem. Trade off implications of AD and AS policies.

- 2. Discuss the consequences upon the UK economy of either (a) unemployment (b) low economic growth (c) inflation (d) deflation/disinflation (e) balance of payments deficit (25)**

KAA – No reference to policies is needed. Define and identify types of U/E / E/G / Inflation/ BOP.

Link consequences to other objectives. Ensure use types as a source of these links such as DP inf linked to high E/G (increasing GDP) but CP inflation linked with falling E/G (falling GDP). To do this use diagrammatic analysis showing either AD rising or falling (dependent upon problem and type of problem) and AS rising or falling (dependent upon problem and type of problem).

Ev – depends upon cause of problem (shown above), level of permanency (link to timescales), reaction of Government (its priorities), scale of problem, performance relative to others

Topic 2: 4.1 International Economics

- 1. “The growth of Multi-National Corporations has been the main cause of increased globalisation”. How far do you agree with this statement (25)**

KAA – MNC operating in (not just selling in) other countries. Identify other causes (6 Ts) of trade liberalisation, trading blocs, technology (inc transport and internet), the emerging economies, the end of the cold war.

MNC case for – market forces (SIR) and self-interest efficient at allocating resources. Examples – to do with resources, access to markets, economies of scale, etc.

MNC against (or other cause)- ignored costs and benefits and other market failures. (other causes – outline role of [e.g.] trading blocs and stimulus for globalisation.

Ev – objectives of MNCs, size and scale of MNCs, inter-relatedness of factors (such as technology and trading blocs / trade liberalisation, time with change importance, depends who you are considering when globalisation is being debated.

- 2. Common external tariffs imposed by the European Union (EU) on agricultural products average 18%. Discuss the possible reasons for such restrictions on free trade. (25)**

KAA – outline impact of tariffs and other forms of protection (keep this brief but diagram would be useful if referred to by reasons). Reasons link to: infant / senile industries – to protect revenues and jobs; prevent dumping and other cheating; trade creation v trade diversion.

Ev – scale of cheating, costs to consumers, size of inefficiency / efficiency, protect dependence culture

- 3. Evaluate the likely economic effects of the decision by the UK to leave the EU on the UK economy. (25)**

KAA – discuss trade bloc gains (firms and jobs protection) and costs (loss of consumer surplus and higher prices). Use tariff diagram and analyse. Ensure to link effects to inflation, U/E, E/G, BOP.

Ev – great unknowns of what comes next, scale of trade diversion and creation, extent of loss of protect and generated, who you are – firm, employee, consumer etc.

- 4. Evaluate the impact upon the UK economic growth of a depreciation of Sterling and the Euro. (25)**

KAA- WPIDEC. E/G and types. Import dear debate (including raw materials) Exports cheap debate. Diagrammatic analysis – ensure to bring back to E/G.

Ev – other trading partners and size of impact, PED of M and X, size of change, price and non-price competition discussion, timescales linked to impact of change (J Curve)

Topic 3: 4.5 Role of the state in macroeconomics

- 1. Discuss the impact of large infrastructure spending on an economy of your choice (25)**

KAA- AD impact with diagrammatic analysis and then AS consequences with diagrammatic analysis.

Ev- appropriateness of spending, timescales, consequences (including unintended consequences)

2. Discuss the policies a government could adopt to cure a Balance of Payments deficit. (25)

KAA- BOP definition. AD led and AS led causes. AD policies – reduce AD. FP (G down T up) MP (i/r up MS down). AD/AS diagrammatic analysis. AS led – SSP AD/AS diagrammatic analysis.

Ev – cause of BOP, MP discussion (inc J Curve), timescales, question whether BOP a problem – link to timescales.

3. Discuss the effectiveness of increasing Corporation Tax to reduce a budget deficit. (25)

KAA- Corporation Tax –definition. Budget deficit – definition. Gain from income boosting. Laffer curve. Disincentive to work concept- impact upon costs of production. Capital flight discussion.

Ev – scale of tax, timescales, PED and ability to pass on tax, price competition v non-price competition, reaction of businesses, size of corporation tax, need for budget deficit.