

Revision Worksheet

A2 Economics

Essay Questions

Worksheet by: Apsara Sumanasiri

Student Name :

Date:

TheRevisionGuide® (www.TheRevisionGuide.com) is a free online resource for Economics and Business Studies.

Don't forget to visit our website as part of your revision.

JUNE 2002 Question 3

- (a) Examine the factors which might explain how a surplus of £18bn was achieved on public sector finances in 2000/01. **[40]**
- (b) Evaluation the likely effects of decisions by multinational companies to relocate production to the UK on the UK's public finances and on the rest on the UK economy. **[60]**

[Write your answer plan in this space before looking at the answer guide]

Question

Scheme

Mark

Qu.3

Examine the factors which might explain how a surplus of £18bn was achieved on public sector finances in 2000/01.

EVEL 5

(28-40 marks)

Factors include:

- Higher GDP
- Increased employment
- Lower unemployment
- Increased consumer spending, leading to higher revenues from VAT and excise duties
- 'Stealth' taxes
- Controls on public expenditure in previous years
- Under-spending by some government departments
- Increased company profits and, therefore, higher revenues from corporation tax
- Higher incomes leading to higher revenues from income tax
- Sale of mobile phone licences

For a L5 mark: 3 factors, one of which should refer to growth/ employment, and evaluation of their significance.

Max 28 marks if no evaluation.

Award a L4 mark (24-27 marks) if only 2 factors + evaluation

Award a L2 mark (16-19 marks) for identification of points only or for narrow response focussing on one or two points.

40

Question	Scheme	Mark
(b)	Evaluate the likely effects of decisions by multinational companies to relocate production to the UK on the UK's public finances and on the rest of the UK economy.	

LEVEL 5

(42-60 marks)

Effects include:

- *Improvement in public finances because increased employment.*
- *Increase in GDP via the multiplier effect. Therefore, higher incomes and living standards. Expect AD/AS analysis.*
- *Short run improvement in the capital account of the Balance of Payments. In long run deterioration in current account by repatriation of profits but this could be offset by exports of goods and/or reduced imports of goods*
- *New technology*
- *More efficient management techniques*

For a L5 mark: should consider impact on public finances and 3 other effects on the rest of the economy + evaluation.

Evaluation Points: Size of impact, value of multiplier, short and long term effects, regional effects

Max 42 marks if no evaluation.

Award a L2 mark (24-29 marks) for identification of points only or for narrow response focussing on one or two points.

60