

Revision Worksheet

A2 Economics

Essay Questions

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- (a) Examine possible factors which might have led to changes in the value of the pound sterling against the euro in recent years. **[40]**
- (b) Evaluate the likely economic effects of a significant fall in the value of the pound against the euro. **[60]**

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

Question 1

- (a) Examine possible factors which might have led to changes in the value of the pound sterling against the euro in recent years.

Level 5

28-40 marks

Factors include:

- Interest rates in UK higher than in eurozone
- UK economy stronger than eurozone's
- Independence of Bank of England increase confidence in management of UK economy
- Relatively low inflation rate in UK

Evaluation points might include:

- *Discussion of relative importance of factors*
- *Comment on the significance of hot money flows*
- *Comment on reasons for lack of confidence in the euro.*

For a L5 mark (28-31): Discussion of 3 points and one evaluation point.

A Level 5*mark (32-40) should be awarded for answers which meet the Level 5 criteria convincingly e.g. 3 points with 2 pieces of evaluation.

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 point.

(40 marks)

- (b) Evaluate the likely economic effects of a significant fall in the value of the pound against the euro.

Level 5

42-60 marks

Economic effects include consideration of impact on:

- Impact on competitiveness of UK goods
- The B/P on current account
- The level of unemployment
- The rate of economic growth
- The rate of inflation
- Possibility of UK joining the euro made easier

Evaluation points might include:

- *Consideration of extent of fall in value of £*
- *Effect on B/P depends on Marshall-Lerner condition*
- *Relative importance of different effects*
- *Two evaluation points are required.*
- *J curve effect*

For a L5 mark (42-47): Discussion of 4 points and two evaluation points.

A Level 5*mark (48-60) should be awarded for answers which meet the Level 5 convincingly e.g. 4 points and three pieces of evaluation.

Max 42 marks if no evaluation

Award a L4 mark (36-41 marks) if only 3 points + evaluation

Award a L2 mark (24-29 marks) for identification of points only **(60 marks)**
or for narrow response focussing on one or two points.