

Revision Worksheet

A2 Economics

Essay Questions

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JUNE 2004 Question 2

- (a) Examine the impact of the European Union's Common Agricultural Policy on the world trade in agricultural goods. **[40]**
- (b) Evaluate the implications of a significant reduction in barriers to the trade in goods and services for the global economy. **[60]**

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

Question 2

- (a) **Examine the impact of the European Union's Common Agricultural Policy on the world trade in agricultural goods.**

LEVEL 5

28-40 marks

Responses could include:

Outline of CAP

Effects include:

- guaranteed prices on EU producers leading to development of surpluses
- dumping of surpluses on world market, depressing prices
- production in countries outside EU disrupted by dumping of surpluses
- limited access to EU markets
- no exit of inefficient producers
- potential impact on trade relations with other countries
- trade diversion
- trade creation.

Evaluation points might include:

- *magnitude of effects*
- *reduction of surpluses in recent years due to quotas, set aside*
- *conclusion: inefficient resource allocation*

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 two pieces of evaluation.

(40 marks)

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.

- (b) Evaluate the implications of a significant reduction in barriers to the trade in goods and services for the global economy.

LEVEL 5

42-60marks

Implications include:

- Higher output and higher living standards: application of law of comparative advantage
- For consumers: lower prices; more choice
- For Producers: possible benefits of larger markets and economies of scale
- External costs

Evaluation points might include:

- *Critique of assumptions behind law of comparative advantage*
- *Differential effects on developing countries compared with developed countries*
- *Growth of multinationals might limit benefits of lower prices and greater choice*
- *Welfare analysis*

For a L5 mark (42-47): Theoretical analysis and 2 other points and two evaluation points..

A Level 5* mark (48-60) should be awarded for answers which meet the Level 5 criteria convincingly e.g. As above and 3 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 or for narrow response focussing on one or two points.

(If no reference to theoretical analysis then maximum Level 3 (30-35 marks).

(60 marks)