

Revision Worksheet

A2 Economics

Essay Questions

Worksheet by: Apsara Sumanasiri

Student Name :

Date:

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The average tariff on industrial goods is 4% in the USA, 14% in Brazil and 30% in India.

- (a) Examine the reasons why a country might wish to restrict imports. **[40]**
- (b) Evaluate the likely economic implications of an increase in protectionism on a country's economy. **[60]**

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

3. The average tariff on industrial goods is 4% in the USA, 14% in Brazil and 30% in India.

(a) Examine the reasons why a country might wish to restrict imports.

LEVEL 5

28-40 marks

Reasons include:

- To protect employment in domestic industries ✓
- To prevent dumping
- To raise tax revenue (in the case of tariffs)
- To correct a Balance of Payments deficit on current account
- To protect industries of strategic importance
- To protect infant industries
- To allow time for geriatric industries to revive. ✓

Evaluation points might include:

- *Dumping artificially distorts comparative advantage and is therefore a valid reason that can be used to justify protectionism*
- *Protectionism unlikely to protect jobs in long run*
- *Protectionism might harm other domestic industries*

For a L5 mark (28-31 marks): Discussion of 3 points and at least 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 at least 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 focusing on one point.

(b) Evaluate the likely economic implications of an increase in protectionism on a country's economy.

LEVEL 5

Allow different question interpretations i.e. EITHER increase in protectionism in world as a whole OR one country increasing protection.

Implications include impact on:

- Output and living standards (analysis based on the law of comparative advantage and empirical evidence of countries following protectionist policies)
- Prices for consumers and welfare (analysis based on tariff diagram)
- Levels of unemployment
- Economies of scale for firms
- Analysis based on AD/AS - e.g. on inflation ✓
- Retaliation by other countries ✓

Evaluation points could include:

- Short run/long run effects
- Extent of dependency on world trade
- Extent of increase in protectionism
- Nature of protection e.g. tariffs, quotes.

For a L5 mark (42-47 marks): Discussion of 4 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. 4 points and at least 3 pieces of evaluation.

Max 42 marks if no evaluation.

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

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