

SYNOPTIC PLACE MAT

1 Explain why high demand for fish leads to high demand for fishermen?

2 Calculate the % change in employment in the UK fishing industry from 1970 to 2014.

3 How is UK output measured? Refer to the circular flow of income in your answer.

4 Does the fishing industry contribute significantly to GDP?

5 What is a trade war?

6 Find out about one other trade wars that the UK has been involved in (such as the Banana War).

15 With reference to the fishing industry, explain what is meant by structural unemployment.?

CASE STUDY



UK fish production

Until the 1970s, most fish served in the UK was caught by British producers and Britain's fishing industry employed around 50,000 fishermen. In 2014, there are below 12,000 fishermen in the UK, and fishing (excluding processing) contributes £426m to UK output. Fishing in the UK is based on the east and northwest coasts.

The two biggest obstacles to the UK fishing industry in the last fifty years have been an ongoing trade war between Iceland and the EU, and fishing quotas. In order to protect its own stocks of fish in near its coast, Iceland successfully imposed a 200-mile fishing limit that prevented British ships from catching fish there. Secondly, the 1983 Common Fisheries Policy (CFP) set up a system of quotas for each member state to conserve depleting fish resources.

250m portions of fish and are still sold in the UK every year but most of the fish is imported from Iceland, Denmark or Norway. Over the last 40 years, Iceland has built up its fishing industry on the back of exports to Britain. Meanwhile, Grimsby - the UK's fish-market capital - has had to settle for now processing 80% of frozen seafood, most of which is imported from Iceland.

14 What are "private property rights"?

13 How can they be enforced?

12 Who are the member states of the EU? The Euro Zone? The EEA?

11 Give one advantage and one disadvantage of the CFP for EU member states.

10 Give one advantage and one disadvantage of a country specialising in a particular industry.

7 How does the depletion of fish resources illustrate the Tragedy of the Commons?

8 State two other examples of resource depletion / Tragedy of the Commons.

9 Use a diagram to explain how the UK Government could use a tariff to reduce imports of fish from Iceland.

SYNOPTIC PLACE MAT SUGGESTED ANSWERS

1 Explain why high demand for fish leads to high demand for fishermen?

Demand for labour is a derived demand, so if demand for fish rises, then demand for fishermen to catch the fish will also rise.

2 Calculate the % change in employment in the UK fishing industry from 1970 to 2014.

76% decrease.

3 How is UK output measured? Refer to the circular flow of income in your answer.

Output (GDP) can be measured in one of three ways – national output, national income, national expenditure. The circular flow of income tells us that these three values must be equal. It is important to only measure “value added” at each stage of production. GDP is the value of all goods and services produced in an economy in a given time period, usually one year.

4 Does the fishing industry contribute significantly to GDP?

UK GDP was just under £2,000,000 million in 2015 - £426m is a very small proportion of this figure, therefore the UK fishing industry is not particularly significant.

5 What is a trade war?

A trade war refers to any “tit for tat” intervention in free trade between two or more countries e.g. imposition of further tariffs or other trade restrictions.

6 Find out about one other trade wars that the UK has been involved in (such as the Banana War).

Other trade wars could include: beef trading war between US and EU (US banned UK/EU beef because of the risk of BSE, and the EU banned US beef because of the possible use of growth hormones); the Banana War; China-EU trade war (EU tariffs on Chinese solar panels which they believed were being ‘dumped’, followed by Chinese tariffs on EU wine); steel war between US and China; the ban by Russia on cheese from the EU/chocolate from Ukraine.

7 How does the depletion of fish resources illustrate the Tragedy of the Commons?

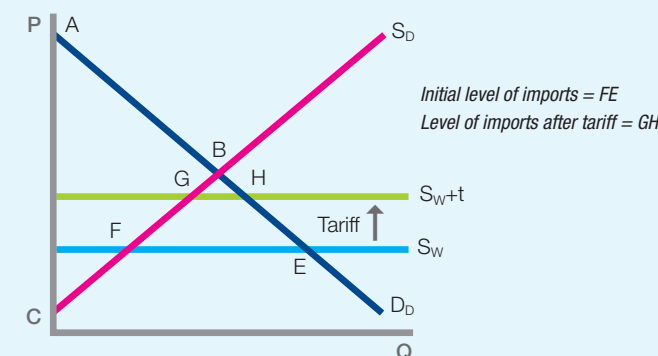
The Tragedy of the Commons exists when property/resources are shared, and individuals acting in their own self-interest rather than that of the group as a whole over-use and deplete the resource.

8 State two other examples of resource depletion / Tragedy of the Commons.

Other examples of the Tragedy of the Commons include grazing of animals on ‘common land’, non-renewable energy sources such as coal or oil, the destruction of the salmon runs on the Colorado river, the water supply in arid places such as Los Angeles, antibiotic resistance.

9 Use a diagram to explain how the UK Government could use a tariff to reduce imports of fish from Iceland.

Tariffs cause an increase in price for imported goods (in his case, fish) in order to make domestic producers appear more competitive.



10 Give one advantage and one disadvantage of a country specialising in a particular industry.

Advantages of specialisation by a country include: improved productive efficiency, higher specific skills for workers perhaps leading to higher wages, increased world output resulting in lower prices and higher output.

Disadvantages of specialisation by a country include: over-reliance on one industry could result in structural unemployment if that industry declines, specialisation can lead to lower prices which causes revenue to fall for goods with inelastic PED (e.g. commodities), increase in negative externalities from increase in transport.

11 Give one advantage and one disadvantage of the CFP for EU member states.

Advantages of the CFP: prevents over-fishing by one particular country's fishermen; ensures minimum prices for fishermen which helps to maintain their income / living standards. Disadvantages of the CFP: over-centralisation of policy management in Brussels without understanding local concerns/issues or changing situations; fish can easily move to different seas / oceans / waters and render the policy out of date; large fishing companies get better access to fishing quotas than smaller (more sustainable) fishing companies; many dead fish are ‘dumped’ because they are accidentally caught but cannot be ‘landed’ because of strict quotas – this is wasteful & doesn't tackle over-fishing.

12 Who are the member states of the EU? The Euro Zone? The EEA?

A) EU member states are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK

B) Euro Zone member states are Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, Spain

C) EEA member states include the EU member states and also Iceland, Norway and Liechtenstein

13 How can they be enforced?

Property rights are usually enforced in a court of law, but in the first instance by social constructs.

14 What are “private property rights”?

Private property rights are a legal “construct” which determine how a resource or good is owned/used. Property rights are an essential feature of a capitalist economic system. There are usually 4 ‘features’ of property rights – these are the right to use the good, the right to earn income from the good, the right to transfer the good to others, and the right to enforce the property rights.

15 With reference to the fishing industry, explain what is meant by structural unemployment.?

Structural unemployment exists when workers cannot find a job as they do not possess the skills required in the economy; it is often caused by a decline in a particular industry for which specific skills are required and those skills are not highly transferable. Fishermen are unlikely to be able to use their specific skills in other industries / jobs, and may therefore be structurally unemployed.