Candidate 5 evidence

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a	One economic consequence ~~is that~~ of aging population is it a future burden on the UK Tax payer as there would be an increase in pensions and welfare costs as pensions currently make up 55% of welfare costs, so the people of the UK could see increased Taxes in the future to cover for this. Another economic consequence is the government will have to invest more on ~~education~~ health care, as over the age of 85 health care is three times as expensive as people aged ~~85~~ between 65-75 and so the government will be able to invest less in education for the future generation. A further economic consequence is that people may have to work longer as the UK government will not be able to afford public pensions anymore, currently you receive them at 67. This will mean more people will slip below the poverty line as it is all some people rely on. Furthermore could mean the UK is less productive	

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	due to older workers, showing the economic consequences. Further economic consequence is many people might migrate away from the UK due to higher taxes to cover ~~the~~ an older population, this may result in a declining population with labour shortages which could push up cost-push inflation, this would be detrimental to the UK economy. Final economic consequence is that the UK government could see a fall in FDI investment due to a lack of workers in the labour market and because of older workers, and so this would mean the UK would fall behind for international competativeness.	
B	One economic implication is that a fall in the pound would increase the costs of imports, as the UK is a high wage economy many consumers purchase from abroad and so many consumers will not be able to afford as many goods and services, lowering	

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their standards of living. Another economic implication is that a fall in the pound would increase import inflation, like we are seeing now, and so the costs of many raw materials would rise which firms may have to charge more for consumers (depending on the elasticity of the product) leaving consumers with less disposable income. Furthermore many firms might not be able to keep up with the costs of production and go bankrupt causing a negative multiplier and increasing redundancy in the UK economy. Further economic implication is that a fall in the pound will mean the prices of oil ~~and gas~~ will rise as it is a commodity, all commodities are priced in dollars and so this could cause an increase in oil ~~gas~~ costs for consumers slipping many ~~them~~ ~~into~~ below the poverty line. Another economic implication is that many people might not be able to go abroad and ~~so~~ due to the lower value of pound, this will lower their standard of living and ~~[illegible]~~ could decrease revenue for UK airlines such as

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	Easy Jet. A final economic implication is that the UK will see a hot money flow move away from the pound as it has lost value. Therefore ~~not~~ it could fall even more, meaning more imported costs and less trust in the currency.	
C	The UK government could introduce tax breaks for firms to invest more in R&D and efficiency, as the UK has the lowest investment in the G7 for R&D only 17% GDP compared to 25% for Japan. Many have called for a lower corporation tax like Ireland at 12.5% (UK is currently at 19%) This would mean UK firms could ~~be~~ produce more and be more internationally competitive with more profits reinvested into efficiency and R&D. ~~Furthermore~~ Another way the UK government could improve productivity is by investing more in infrastructure; This would reduce regional disparities, ~~and~~ improve connectivity through things such as 5g and improve geographic mobility which improve productivity as it	

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would help more people join the labour force and speed up production times which would all improve productivity. A further way in which the UK government could improve productivity is by investing more in education a training. This would mean that UK workers would be better skilled and qualified enabling them to produce more, improving UK productivity. Another measure the UK government could introduce is a "Help to grow" scheme in which they would train companies for better management as the UK is falling behind to the likes of the USA in this field. The UK could also increase inward migration to attract FDI and improve the current 600,000 job vacancies in areas such as lorry driving. This would benefit long term employment and increase productivity. Final way in which the UK government could increase productivity is by ~~increasing~~ increasing supply-side policies to entice more people to join the labour market. They would do this by increasing NMW or giving subsidies to firms to

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	take on more workers, This would	
	reduce unemployment, increase international	
	competitiveness and productivity.	