

## Question 4(a)

### Candidate A

4a)	One macroeconomic aim of UK governments	
	is to improve the standard of living in the	
	UK, they can do this by <del>the</del> helping reduce	
	unemployment or by offering benefits so people	
	have a source of money to survive on.	
	Another aim of UK government is to reduce	
	the unemployment rate. This can be done by	
	offering education to everyone in UK for free	
	to ensure people are educated <del>to</del> <del>the</del> <del>point</del> <del>that</del>	
	can supply for themselves <del>to</del> <del>the</del> <del>point</del> <del>that</del>	

<del>Another aim is to</del>		
Another aim is to boost economic growth.		
<del>This can be done by</del> This is will		
help the UK to become more developed & will		
create a better standard of living as the		
government will have a bigger pool of money		
to spend on growing & becoming better off.		

## Q4(a) cont.

### Candidate B

4a)	One main aim is to keep unemployment rates at below 4%.	
	Another aim is for the UK to have stable economic growth.	
	Another aim is for inflation rates to be around 2% with low and stable inflation.	

### Candidate C

ENTER NUMBER OF QUESTION		DO NOT WRITE IN THIS MARGIN
4a)	a sustainable rate of economic growth high levels of employment	

### Candidate D

4a	The UK government aims for low unemployment, which is typically considered below 4%, and for sustainable economic growth, which means positive growth but not so high as to cause inflation.	
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## Question 4(b)

### Candidate A

b)	<p>CPI is the consumer price index to measure rate of inflation. The UK's current inflation rate is around 9% which is the highest it has been in decades. This is due to the cost of living crisis currently going on.</p> <p><del>CPI is calculated</del></p> <p>CPI is calculated by taking a family's basket of goods &amp; services. This basket is then weighed to find out the average weight. This is now used to calculate how much people are buying &amp; consuming in a household</p>	
	<p>to help work out inflation rates.</p> <p>CPI does not include housing costs, however a new method called CPIH now includes housing costs within it.</p>	

## Question 4(b) cont.

### Candidate B

b)	send living costs and food survey across UK.	
	create <del>a</del> the basket of goods (most commonly bought <sup>items</sup> )	
	calculate the weighting of each item which is how much is usually spent on it. For example more money is likely to be spent on petrol than beauty products. calculate the percentage change by weighting x base year, repeat this and sum together to find <del>inflation</del> inflation	
	Housing costs not included.	

### Candidate C

4b	The CPI is calculated by conducting a living costs and food survey to find out what people buy. This is used to create a basket of several hundred goods and services. Each item is given a weighting based on how much is typically spent on it, e.g. petrol has a higher weighting than cinema tickets. Prices are checked from last time to calculate percentage change in price, an average is taken to find CPI. This does not include housing costs.	
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## Question 4(c)

### Candidate A

4c	An increase in interest rates means that borrowing money is more expensive. For individuals this means they have to pay more <del>the</del> interest on loans such as mortgage repayments. Therefore they have less disposable income and less money to spend on goods and services so their standard of living will fall, they may need to switch to cheaper substitutes. For those who save, an increase in interest rates means a greater return on their savings in the bank so they are encouraged	
	to save. For firms an increase in interest rates makes borrowing more expensive so they may hold off on plans to grow their business as it is too expensive. This will slow economic growth. Firms may struggle as they may see demand fall, as consumers have less money to spend on goods and services and are more likely to save than spend. Some firms may struggle to survive and have to make staff redundant to cut costs. Businesses in budget	
	industry such as Aldi may see revenue rise.	

## Question 4(c) cont.

### Candidate B

c)	- An increase in interest rate will cause more investors to invest in the UK, hot money (money which investors move around in search for the highest interest rates) will flow into the country.	
	- An increase in interest rate will mean individuals and firms with savings will keep their money in there for longer and not spend as much as	

	the amount will increase.	
	- An increase in interest rate will mean individuals and firms with variable loans will have to pay higher payments.	
	- An increase in interest rate will mean less individuals and firms will take out loans as they will increase by much more, people will be less likely to spend money on goods and services, such as holidays and meals out, and instead put it into savings.	
	- Firms will be less likely to take out loans for the development of things such as new offices or	

	machinery, which in turn could weaken their efficiency and lower their output.	
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## Question 4(c) cont.

### Candidate C

c)	<p>one <del>positive</del> negative impact of an increase in interest rates on individuals is job losses. This is because there will be less aggregate demand in the economy so therefore less <del>are</del> workers are needed to produce products. <sup>This may</sup> lead to a decrease in <del>multi</del> <del>and</del> expenditure.</p> <p>Another negative on individuals is it discourages borrowing. This may mean that people may be unable to take out loans; This may increase individuals debt.</p>	
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	<p>Another negative on individuals is it discourages spending. This means that <del>there</del> it may be more expensive to buy</p>	
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<p>goods and services, taking a larger % of their incomes. Therefore, they can afford as much as they did before, possibly decreasing standards of living. This will <del>also reduce economic growth at a rate</del>.</p> <p>A positive on individuals is that it encourages saving. This means that individuals <sup>can</sup> save up lots of money to be used at a later date. For example, saving to buy a house. This will help with budgeting.</p>
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## Question 4(c) cont.

### Candidate C cont.

<p>One negative on firms is that they will experience less demand for their goods and services. This will mean they <sup>will</sup> produce less output. Therefore, less demand for their products will decrease their sales and profit.</p> <p>Another negative is firms may <sup>have to</sup> increase their prices. They may do this to attract demand. Therefore, receiving less profit.</p>
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**Candidate D**

4c)	An increase in interest rates for firms will mean that it will discourage them from borrowing as the cost of borrowing is more expensive. This can limit them in making investments which can limit their growth and profit. Firms may have to make staff redundant in order to cover costs.	
	Higher interest rates discourage individuals from borrowing and therefore can discourage	
	the use of credit cards which will decrease the overall demand for goods and services. Individuals may have to pay more on things like mortgages and motor vehicles which they have to pay back. This can again mean a fall in demand for goods and services as they will have less disposable income to spend on the economy.	

## Question 4(d)

### Candidate A

<p>d) one benefit of economic growth is increased employment. This is because there is more consumer spending and aggregate demand in the economy. This means firms will need to be more productive and increase output. Therefore, more workers are required.</p>	
<p>Another benefit is there will be higher wages. This means that individuals have more disposable income to spend, creating further growth. This will also improve their standard of living.</p>	
<p>Another benefit is increased tax revenue for the government. This is because they will collect more from income tax from increased employment, more VAT</p>	

## Question 4(d) cont.

### Candidate A cont.

<p>from increased consumer spending and more corporations and from big and new businesses setting up. This will allow the government to reinvest in the economy, creating further growth. For example, on public services. <del>an</del> <del>interest</del> This will create a budget surplus. <del>the</del></p>	
<p><del>the</del> one cost is income inequality. This is because the gap widens between the rich and the poor. This is due to the top earners earning even more. However, less people will be in absolute poverty.</p>	
<p>Another cost is inflation will increase. This is due to more consumer spending, driving prices up. An increase in inflation will then worsen the balance of payments. This is due to exports being less attractive.</p>	
<p>Another cost is <sup>#creates</sup> <del>is</del> <del>potential</del>. There will be</p>	

## Question 4(d) cont.

### Candidate A cont.

increased sales, creating pollution. An
increase in production and investment
in new machinery will also create
environmental damage like noise pollution.
This shows economic growth is not
environmentally friendly and may damage
the planet.
A final cost is if the growth is
driven by government spending, this
will create a budget deficit. Therefore,
reducing national income.

### Candidate B

d) One cost of economic
growth is an increase in
inflation.
A benefit is that foreign
firms will be attracted. This
increases FDI.

## Question 4(d) cont.

### Candidate B cont.

As more is being produced	
there will be a decrease	
in unemployment.	
The government will receive	
more <sup>revenue.</sup> <del>money</del> from income tax,	
VAT and corporation tax.	
As there is an increase in	
exports there will be a	
reduction in the UK's deficit	
of balance of payments.	
Increased foreign direct	
investment may lead to	
multinationals building roads	
and improving the infrastructure.	

## Question 4(d) cont.

### Candidate C

		MARGIN
d)	Benefits of <del>economic</del> economic growth:	
	include a greater GDP <del>fr</del> and output	
	in the economy which results in	
	a higher standard of living for	
	individuals. Unemployment will be	
	reduced as <del>aggregate demand</del> <del>to</del> firms	
	are willing to employ more as they	
	are gaining higher revenue. The	
	growth may attract foreign direct	
	investment, increasing prosperity. <del>is</del>	

	MNCs and <del>at</del> global firms may	
	see new markets to capitalise	
	on, as there is profit to be made.	
	There is <del>greater</del> tax revenue from	
	corporation tax and income tax	
	which allow the government to	
	invest in healthcare, infrastructure	
	etc, <del>which</del> <del>are</del>	
	Costs of Economic Growth,	
	= There may be an increased level	
	of pollution due to booming industry	

## Question 4(d) cont.

### Candidate C cont.

	which damages the environment.	
	<del>There may</del> If there is poor	

	income distribution a gap in standards	
	of living could be created.	
	Inflation could occur due to	
	cost-push inflation which could	
	result in higher avg price levels.	
	If left unchecked monopolies could	
	control the market reducing	
	competition.	

## Question 4(e)

### Candidate A

e)	One use of national income statistics is to check on economic growth. Using national income statistics allows you to see how much economic growth is occurring which is useful to economy as can make changes if little economic growth is happening.	
	Another use is to improve standard of living. Being able to see national income allows government to see how to improve standards of living in the UK & can improve it.	

## Question 4(e) cont.

### Candidate A cont.

	Another use is to be able to see \$ calc	
	how interest rates increasing will affect	
	national income in the UK & prepare.	
	Another is to see how much money is	
	going into economy each year & can	
	monitor it to see how much growth	
	\$ money is going into economy which	
	lets a country become more developed.	
	It also lets us predict how inflation	
	rising would affect national <del>income</del> income	
	rates / stats if to rise or fall, so allows	
	economy to prepare if needed.	

## Question 4(e) cont.

### Candidate B

	<p>4e National income statistics can be used to compare standard of living and economic growth with previous years to measure improvement. They can be used to compare how well a country is doing with other countries by dividing total GDP by the population. They can be used to compare with previous years and to evaluate the success of economic policies. National income statistics can be used to identify countries in need of aid and to calculate contributions that</p>	
	<p>countries should make to international organisations such as the EU.</p>	

## Candidate C

e)	- One use of national income statistics is to compare living standards between different countries, particularly through GDP per capita.	
	- Another use of national income statistics is to record which countries need aid, more well off	
	countries will provide aid to, for example developing economies.	
	- Another use of national income statistics is to decide how much countries should donate to international organisations, such as IMF, if a country is more well off, they will be expected to donate a higher <del>amount</del> amount than developing or poorer countries.	