

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 ~~giving~~ 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 ~~by~~ ~~themselves~~ ~~by~~ ~~themselves~~ ~~by~~ ~~themselves~~ can supply for themselves ~~by~~ ~~themselves~~ ~~by~~ ~~themselves~~.

Another aim is to boost economic growth. ~~This can be done by~~ This 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.

0/2

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.]	

2/2

Candidate C

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

2/2

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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2/2

Question 4(b)

Candidate A

b)	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.
	CPI is calculated
	CPI is calculated by taking a family's basket of goods & services. This basket is then weighed to find out the average weight. This is now used to calculate how much people are buying & consuming in a household to help work out inflation rates.
	[CPI does not include housing costs,] however a new method called CPIH now includes housing costs within it.

1/4

Question 4(b) cont.

Candidate B

d)	[Send living costs and food survey across UK.]	
	[Create a the basket of goods (most commonly bought ^{items})]	
	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 inflation inflation]	
	[Housing costs not included.]	

4/4

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] [on average is taken to find ^{MAX} CPI.] [This does not include housing costs.] ^{MAX}	
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Max
4/4

Question 4(c)

Candidate A

4c	<p>[An increase in interest rates means that borrowing money is more expensive. For individuals this means they have to pay more the 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.</p>
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5/5

Question 4(c) cont.

Candidate B

c)	<p>- 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.</p> <p>- 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</p>	
	<p>the amount will increase.</p>	
	<p>- An increase in interest rate will mean individuals and firms with variable loans will have to pay higher payments.</p>	
	<p>[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.]</p>	
	<p>- [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.]</p>	

2/5

Question 4(c) cont.

Candidate C

c)	<p>[one positive negative impact of an increase in interest rates on individuals</p>	
	<p>is job losses. This is because there</p>	
	<p>will be less aggregate demand in the</p>	
	<p>economy so therefore less are workers</p>	
	<p>are needed to produce products.] This may lead to a decrease in skills and experience.</p>	
<p>{</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>	
<p>{</p>	<p>Another negative on individuals is it discourages spending. This means that things it may be more expensive to buy</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 ~~also reduce economic growth at a time~~.

A positive on individuals is that it encourages saving. This means that individuals ^{can} save up lots of money to be used at a later date. For example, saving to buy a house. This will help with budgeting.

Question 4(c) cont.

Candidate C cont.

[One negative on firms is that they will experience less demand for their goods and ^{ID} services. This will mean they'll produce less output. Therefore, less demand for their products will decrease their sales and ^{EXP} profit.]

Another negative is firms may ^{have to} reduce their prices. They may do this to attract demand. Therefore, receiving less profit.

2/5

Candidate D

4c)	[An increase in interest rates for firms will mean that it will discourage them from borrowing as	ID
EXP	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].	DEV
REP	Higher interest rates discourage individuals from borrowing and therefore can discourage	
EXP	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	ID
EXP	services as they will have less disposable income to spend on the economy.	

4/5

Question 4(d)

Candidate A

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.	
[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.	
[Another benefit is increased tax revenue for the government.] This is because they will collect more from income tax from increased employment, more VAT	

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. the interest. This will create a budget surplus.</p>	
	<p>the [the 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 ^{#creates} a recession.] There will be</p>	

Question 4(d) cont.

Candidate A cont.

	increased travel, 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] A major cost is if the growth is driven by government spending, this will create a budget deficit ^{MAX} time refers reducing national income.	

Max
6/6

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 ^{revenue.} money 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.] ^{DEV}	
[Increased foreign direct	
investment may lead to	
multinationals building roads	
and improving the ^{DEV} infrastructure.] ^{MAX}	

Max
6/6

Question 4(d) cont.

Candidate C

	MARGIN
d) Benefits of economic economic growth:	
include a greater GDP in and output	
in the economy which results in	
a [higher standard of living for	
individuals] [Unemployment will be	
reduced as aggregate demand is firms	
are willing to employ more as they	
are gaining higher revenue.] The	
[growth may attract foreign direct	
investment], increasing prosperity. is	
MNCs and of global firms may	
see new ^{REP} markets to capitalise	
on, as there is profit to be made.	
[There is Greater tax revenue from	
corporation tax] and income tax	
[which allow the government to	
invest in healthcare, infrastructure] ^{DEV}	
etc, which are	
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.	
	- There may [If there is poor	
	income distribution a gap in standards	
	of living could be created.] MAX	
	Inflation could occur due to	
	cost-push inflation which could	
	result in higher avg price levels.] MAX	
⚡	If left unchecked monopolies could	
⚡	control the market reducing	
⚡	competition.	

Max
6/6

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 would 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 income income	
	rates / stats if to rise or fall, so allows	
	economy to prepare if needed.	

1/3

Question 4(e) cont.

Candidate B

	<p>ie 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</p>	
	<p>^{MAX} aid] and [to calculate contributions that countries should make to international</p>	
	<p>organisations] ^{MAX} such as the EU.</p>	

Max
3/3

Candidate C

e)	[One use of national income statistics is to compare living standards between different countries,]	
	[particularly through GDP per capita.]	DEV
	- [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.	REP
	- [Another use of national income statistics is	
	to decide how much countries should donate to	
	international organisations, such as IMF,]	MAX
	[if a	
	country is more well off, they will be expected	
	to donate a higher amount amount than	
	developing or poorer countries.]	DEV MAX

Max 3/3
