

Question 2(a) evidence

Candidate A

2a) a steady decrease

Candidate B

2a) inflation is increasing at a steady rate going from 10.1% in march 2023 to 3.4 % in February 2024, but has decreased from march to February by 6.7 %

Question 2(b)(i)

Candidate A

2b)(i) ^{Wages} Real income had stayed the same at 5.6% and was higher than inflation, by 2.2%.
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Candidate B

bi) The real income in February 2024 was more as the rate of inflation had decreased.
in January 2024 = £ $5.6 \div 4 = 1.4\%$
in February 2025 = $5.6 \div 3.4 = 1.6\%$

Question 2(b)(ii)

Candidate A

b)(ii) Real income being higher than inflation means consumers have a higher disposable income therefore their standard of living may increase.

Firms will be able to employ more employees and ~~the~~ have higher profit due to more sales from increased demand by consumers having a higher disposable income.

Candidate B

ii) On UK firms, as more people have more income they will have more disposable income to spend on goods and services, therefore firms will have more sales which will increase their profits meaning they can re-invest this money to improve their business.

On UK consumers, they will have more income, therefore they have more disposable income to spend on their wants. ^{meaning} ~~thereby~~ their standard of living will increase.

Question 2(c)

Candidate A

2c. In order to measure inflation in the UK, the government will ~~create a basket of goods that the~~ survey average UK households in order to make a list of the stuff an average UK household will buy in a month. They will then create a basket of these items before going to different retailers to find out the costs of these items and ~~then create~~ finding the averages. They will then compare the price of the overall

average basket to the price of the overall average basket the last time they did it before calculating the percentage it has risen by.

Candidate B

c) Each year, to measure inflation, the government ask shops what is the most commonly bought ~~goods and service~~ products. They ~~then add these products to the~~ basket of goods and ^{They} ~~give them~~ ^{these products} a weight based on how commonly bought they ^{and their price increase} are. Then, the products with the highest weights are added to the Basket of goods ~~this is~~

They also compare the price of each good to the same time but the previous year.

Candidate C

c) The UK measures inflation by creating a basket of the most popular goods and services and weighing up how much it costs. The UK government does this a few times a year and makes a log of the prices each time they complete the basket. They then look at the data they have created and compare the prices, the difference between the prices of the basket are then calculated to measure the inflation,

Question 2(d)

Candidate A

2	d) land → rent
	capital → interest
	enterprise → profit

Candidate B

2d.	• Rent is the return to the factor of production of land.
	• Revenue is the return to the factor of production of capital.
	• Jobs is the return to the factor of production of enterprise.

Question 2(e)

Candidate A

e) An advantage of global trade is that it let's countries focus on the products that they specialise in, so there is more of a higher standard of product being produced.

A disadvantage of global trade is that there is a lot of transportation of goods from different countries, which causes mass amounts of pollution and is bad for the enviroment.

An advantage of global trade is that it creates jobs for people that are unemployed, as people can get job's at harbours or as lorry drivers to transport these goods.

A disadvantage of global trade is that it can create jobs losses as local companies can not compete with the cheaper foreign products, which means that they have to close and workers then lose their jobs.

An advantage of global trade is that it gives consumers more varied choice of products to choose from in the market.

A disadvantage of global trade is that it can destroy culture in countries.

Candidate B

e) advantages:

Allows cheaper prices for consumers
therefore consumers can afford to
buy more and their standard of
living may increase

Consumers have more choice therefore
they can buy more products for
cheaper.

Consumers can buy things that the
UK cannot produce therefore they
get to try ~~the~~ more products the
UK can't make e.g. bananas.

UK firms have a bigger marketplace
therefore sales will increase due to
more consumers

disadvantages:

global trade is bad for the environment as it pollutes earth by vehicles, planes etc. travelling for distances, therefore bad for environment.

It can put small local businesses out of business as they cannot compete with large businesses who can sell products cheaper therefore have to sell their business.

Takes money out the UK as if consumers import more than they export they will be in a trade deficit this means the UK is losing money.