

Candidate 2 evidence

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<p>a recession is when two quarters</p> <p>a recession happens when there is two consecutive quarters of negative growth in the economy. We saw that in the UK during the covid pandemic outbreak.</p>	1
<p>b [National debt is the amount the UK government has borrowed to cover the balance of expenses incurred over time. The current UK national debt is 99.2% of GDP.</p>	1 2 2
<p>2 [The UK government believed cutting taxes would increase spending in the economy as tax ^{income taxes} were lowered from 45% to 40% and 20% to 19%. This meant that more ^{consumers} people had more disposable income to spend on UK goods and services which would bolster businesses and increase government revenue due to increase in VAT receipts. The UK government further believed that would lead to more entrepreneurial activity as businesses would see increase revenue so due to the</p>	1

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4.	<p>Conservative governments to reduce government spending. This led to public sector wages being 'frozen' and a reduction in benefits which [decreased the standard of living for many in the UK. ✓FM</p> <p>✓FM IMAX</p> <p>IMAX</p> <p>$\frac{4}{4}$</p> <p>One economic implication is that the rest of the UK might see better employment than Scotland as more people are incentivised to join the work force and work for more wages as the top ^{for income tax} rate in Scotland is 47% compared to 45% for the rest of the UK. ✓</p> <p>Another economic implication is the rest of the UK might see higher income inequality due to less progressive taxation ✓ and [so Scotland might have less poverty and homelessness problems than the rest of the UK as more of the income is redistributed back into the economy. ✓</p> <p>Another economic implication is Scotland might see a reduction in business investment due to people having less disposable income as of higher income tax bands compared to the rest of the UK. So Businesses consumers in Scotland have less income to spend on business.</p> <p> </p> <p> </p> <p> </p>

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	<p> and so as they don't get other benefits such as sick leave. 10 would increase a decrease unemployment as more people would be willing to join the labour force due to higher wages and so reducing income inequality ✓ as people previously on benefits and universal credit will now be employed on a higher wage. Another possible policy to reduce income tax would be 1 increase investment of social capital such as education and as more people would be able to learn higher wages if they have better knowledge and qualifications, reducing income inequality. 1 An example of this would be to implement Scotland's Free tuition at university all across the UK. This would mean more people would have degrees they could gain employment from and it would further reduce unemployment and government spending on universal credit and JSA. This policy would reduce income inequality all over the UK. ✓ REP </p>	
		3 8

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6.	<p> One economic advantage of inward migration is that they could fill the 600,000 job vacancies in the UK currently and so would increase production and would lessen the effect of things such as cost push inflation currently affecting the UK. </p> <p> One economic disadvantage is that inward migration leads to increase price of houses and makes them less affordable to buy for UK citizens. </p> <p> The ONS states how immigration in the last 25 years has caused a 2.5% increase in house prices. This means more UK people would have to opt for renting instead of buying. </p> <p> Another economic advantage is that the increase in migration could lead to an increase in investment of FDI to the UK economy due to higher pools of labour being available, such as the Nissan factory in Sunderland. This would mean higher revenue for government through Corporation Tax and more internationally competitive, showing the economic advantage. </p> <p> Another economic disadvantage is that an increase in migration would put increase pressure </p>

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	<p>on social services such as schools and the NHS, and so more government spending would be required ✓ in this due to the population rise, and so cannot spend it on other areas such as defence. [A further economic advantage is migrants tend to pay more in taxes than they get back in welfare, and so government would see boosted revenue ✓ and less spending spending on welfare and so this extra revenue can be spent improving infrastructure. A further economic disadvantage is that many migrants have "saw driven" jobs and so could cause a lack of skilled workers in the UK also known as a "brain drain". Furthermore could see more wanted displacement</p>	<p>1 1 5 6</p>
7.	<p>[One reason is it could reduce geographical mobility as many may not be able to move ^{to places such as south of England} down south to get a job as house prices are too expensive and so would have to remain in the same area. ✓ [Another reason may be due to the lack of social housing and so many</p>	1

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<p>Cannot move to find work as single Therefore there is 1.4 million fewer social housing ✓</p>	<p>1 $\frac{2}{2}$</p>
<p>8 Perfect Competition Short Run a) costs</p>	<p>23 $\frac{23}{30}$</p>
<p>✓ Cost</p> <p>Perfect Competition Long Run</p>	<p>1 11</p>

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<p>- [As firms in perfect competition have many substitutes and low barriers to entry. This means that in the short run they have unique selling ^(USP) points and are able to make abnormal profits. However, in the long run due to low barriers to entry firms can move into the market due to the profit motive and create substitutes for the USP and so consumers might switch to that substitute, resulting in that firm only making normal profits in the long term. ✓</p>	<p>1 1 5 6</p>
<p>ANS (ii) [A monopoly is a single supplier in a market, in the UK it is classed with a company over 25% market share.] (ii) Monopolies can charge higher prices for the consumer as they are theoretically the only supplier in the market as there are no close substitutes, meaning consumers will have to pay a higher price, resulting in the monopoly not being beneficial to the consumer. [Furthermore, the consumer will have a lack of choice due to no close substitutes as they are high barriers of entry and exit from the industry.]</p>	<p>1</p>

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<p>and so the consumer could get really bored and dissatisfied with the monopolies products. Furthermore, [Consumer Knowledge of the market is really low and so they will not know how the product is made and how much it really should cost, leaving the consumer disadvantaged. [Monopolies have no incentive to be invest in R&D and be efficient which could lead to poorer quality of products which leaves the consumer regretting their purchase, putting them at a disadvantage. Finally, a monopoly could be extremely environmentally unfriendly, even giving negative externalities to consumers such as increased air pollution from producing their products, leaving the consumer at a disadvantage.</p>	<p>1 1 1 4 6</p>

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B	<p style="text-align: center;">Production ^{Consumption} Positive externality of electric cars</p>	
15 &	benefits	
		1
	<p style="text-align: center;">Q2 Q2 quantity consumed</p>	
	<p>- [a positive consumption externality occurs when consuming a good causes a positive externality to a third party e.g vaccine consumption. [The marginal social benefit of driving electric cars is greater than the marginal private benefit of driving them. This is due to less CO2 emissions on the environment and [potentially noise pollution from ^{the likes of} a diesel or petrol car.</p>	1 1 1 <u>4</u> 7
(11)	<p>[one way the government might encourage the use is an increase in CO2 emission tax on private vehicles, this would incentivise a lot of people to buy</p>	

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<p>on electric car ✓ due to the increase in tax towards a petrol or diesel vehicle</p>	
<p>Furthermore, the government may increase advertisements on how electric cars are</p>	
<p>very beneficial for things like - the environment</p>	
<p>which could shift very environmentally aware</p>	
<p>consumers to buy an electric vehicle ✓ instead</p>	1
<p>of a diesel or petrol car. Another way is</p>	
<p>that the government could give subsidies</p>	
<p>to electric cars manufacturers e.g. Tesla to</p>	
<p>make them more affordable and appealing</p>	
<p>to consumers. This would make more consumers</p>	
<p>shift towards electric cars ✓ as they are</p>	1
<p>more affordable. A further way is that</p>	
<p>the government have banned diesel or</p>	
<p>petrol vehicles by 2040 and so people</p>	
<p>would react to this by getting ahead</p>	
<p>of the game and purchasing an</p>	
<p>electric vehicle. A final way is that</p>	1
<p>places such as Oxford have banned</p>	
<p>petrol and diesel vehicles from the city</p>	
<p>centre and so if people want to reach</p>	
<p>more destinations they would be more</p>	
<p>inclined to buy an electric car ✓</p>	1
	5
	6
	18
	25