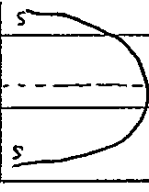


## Candidate 5 evidence

11.	
a)	<p>Increased NHS spending would help better meet the rising demand. It's estimated that a current 6.33 million individuals are waiting for treatment in the UK.</p> <p>Increased spending would help tackle this backlog and face the demand pressures of an ageing population and worsening children and adults mental health.</p> <p>Increased NHS spending could lead to a healthier workforce and quicker treatment would allow workers to get back to work sooner which could result in less days of work lost due to sickness and increased productivity.</p> <p>May also improve the health of children enabling them to focus and concentrate better in school and be able to obtain higher qualifications and skills.</p> <p>May improve the gross national happiness of the UK.</p> <p>Increased spending could lead to an opportunity cost for government as the Department for Health and Social Care spending is ring-fenced so it cannot be cut. This may lead to government cutting the budgets of other departments which could result in a period of austerity, or borrowing more which</p>

11.a)	<p>could increase the UK's annual deficit and already substantial, at £2.8tr, national debt.</p> <ul style="list-style-type: none"><li>- To fund spending increases, government may have to raise taxes such as income tax, or inheritance tax. However, this would not be popular amongst the public. Instead, a hypothecated tax dedicated to the NHS could be introduced.</li><li>- To cover costs, GP appointments may have to incur a charge, or prescription charges, which are £9.65 in England, could be introduced across the UK.</li><li>- The NHS is a monopsony of UK healthcare workers and <del>some economists argue</del> employs more than 1.5 million people. Some economists argue the NHS needs to deliver productivity gains or reforms.</li><li>- NHS spending has increased, on average, 3.7% per year in real terms since its founding in 1948. The <del>current</del> current budget is £197bn, up from £171bn in 2023/24.</li></ul>
11.b)	<p>Rising real wages could lead to increased consumer spending, aggregate demand, and boost economic growth. However, this could lead to demand-pull inflation and rising costs for firms, especially considering the employer's NIC contribution raises announced in</p>

QUESTION	MARKS
<p>11. b) the Budget. These factors could also lead to cost-push inflation.</p>	
<p>- Rising costs for firms may mean they are less competitive in a global market, and have less available to reinvest and deliver productivity gains.</p>	
<p>- Rising real wages could incentivise workers to supply their labour to the market.</p>	
<p>The labour supply curve shows this is true up to a point, before factors such as personal opportunity cost take effect. Ultimately, this could lead to increased productivity and output, for the economy.</p>	
<p>- Rising real wages could lead to increased tax revenue for government. However, if the majority of workers experiencing this increase are at lower incomes, it may not generate any additional revenue. For example, someone making national living wage which is £12.71 / hour, who <del>works</del> works 20 hours per week, would still not qualify to pay income tax as they don't make more than the £12,570 personal allowance.</p>	
<p>- Although rising wages could reduce income inequality, if the rises are concentrated at low income, for example national living wage, firms may choose not to employ these individuals, negatively impacting and worsening inequality.</p>	

11.b) - Rising real incomes could lift individuals out of poverty, improving living standards and social cohesion.

11.c) Advantages

- Increased tax revenue for government which could be used to fund public services, or improve infrastructure.
- Improved social cohesion as employment gives people a purpose and may reduce government spending on law enforcement to manage crime.
- Increased productivity and output which can boost GDP and economic growth. If concentrated to export industries, increase exports and improve the UK's balance of payments.
- For individuals, can lead to higher wages as they have higher labour bargaining power.

\*

Disadvantages

- Due to a tight labour market, there can be a shortage of skilled workers in certain sectors, or qualified workers for certain jobs.
- Due to the fact ~~that~~ ~~have~~ that individuals have greater bargaining power, firms may face increased costs.
- In order to obtain workers firms may need to offer

11.c) higher wages which could squeeze their profit margins and lead to less investment.

\* lower unemployment can lead to more consumer spending and aggregate demand which can lead to increased economic activity and further boost growth.

11.d) One benefit of a cashless economy includes an increase in productivity due to convenience which could reduce ~~queue~~ <sup>queue</sup> times and result in more spending.

- In a cashless economy, firms would also face reduced costs as they don't have any of the logistical costs associated with storing, transporting and handling cash.

- Since all transactions are traceable, there could be a reduction in crimes such as fraud, and since money is no longer being stored on premises, there is less risk of robbery.

- Cashless economy is more secure as verification is often required at the point of purchase.

- A cashless economy is more <sup>hygienic</sup> ~~convenient~~ as there is no handling and passing of cash which could reduce the spread of easily transmissible diseases.

11.d)	A cashless economy is essential in times of natural disaster. The Bahamas introduced the 'sand-dollar' which was a 'hurricane proof' currency.
	- Many online banks or banking apps have currency conversion options, so foreign travel would be easier in a cashless society.