

Question 2(a)

Candidate A

2a) Current spending is recurring costs involved in the day-to-day running of public services and the government e.g. NHS Salaries, MP's taxi fares. It involves short-term costs.

Candidate B

2a) Current spending is everyday spending by the government to pay for things like teacher's wages and hospital staff wages.

Candidate C

2a) . Current spending refers to day-to-day ~~gov~~ spending which will have an immediate impact (unlike capital) . For example, government spending on nurses and doctors, or teachers.

Question 2(b)(i) and (ii)

Candidate A

- 2b) i) . Public goods are provided by the Government as the private sector completely fails to provide them as they are not profitable. e.g street lighting
- ii) . Merit goods are ~~only~~ produced by the private sector to the extent they are profitable which means there is a shortage & the government must intervene e.g education and healthcare.

Candidate B

- bi) Public goods are goods which would be under provided if the government didn't intervene. This is because they ~~are~~ are non-rivalry and non-excludable which means if left to the private sector, nobody would want to pay for them. e.g. street lighting.
- ii) Merit goods are deemed to benefit the society and would be underconsumed if left to the private sector. e.g. education and healthcare.

Candidate C

b) i) Public goods may not be provided by the private sector, because people who do not pay for the good may be able to consume it ~~by~~ ~~that~~, i.e. "free-riders". Therefore, the government intervenes to provide these e.g. policing street lighting, traffic lights.

ii) Merit goods may be under-provided by the private sector due to the lack of profit motive. The private sector may provide the service, however only to those who can afford it e.g. schooling and hospitals. Therefore, the government intervenes to provide merit goods for everyone, as the social benefit

outweighs the loss incurred.

Question 2(c)

Candidate A

c)	PSNCR (Public Sector Net Cash Requirement) is
	the borrowing by the public sector in a
	year due to its budget deficit.
	National Debt is the total amount of money
	owed by a country & is made up of all
	of the countries PSNCR

Candidate B

c)	Public Sector Net Cash Requirement (PSNCR) is the value of cash the UK government has borrowed for spending.
	"National Debt, this is the deficit between when the government spend more than their revenue's raised, causing them to have debt.

Candidate C

c)	The PSNCR is the 'Public sector Net Cash Requirement' which is what what the government has to borrow from in a deficit budget, this increases national debt if used.
	National debt is an accumulation of all the money the government owes in an economy.

Question 2(d)

Candidate A

d) Globalisation can help reduce national debts as new markets around the world can mean more potential customers for buying our exports and increasing national income to pay off national debt. It also means new technologies can be found to increase

the use of capital goods ~~not~~ and reduce spending on ~~costs~~ labour wages mean ~~increased~~ reduced costs for business and increased ability to pay tax and contribute to national income. Multinationals ~~it~~ could also set up in the UK and employ many more workers which could ~~be~~ through increased income ~~not~~ and more disposable income. VAT can be gained through increased spending eg VAT. As well as tax paid by the multinational business that set up in the UK.

Candidate B

d) Globalisation is the integration of ^{world} markets.
It means that any good can be provided in any country. This could reduce UK national debt because it creates a larger market for UK goods and services which means the UK may start to export more. This will increase the inflows of money to the UK.

It could also reduce national debt because it means that the UK could source cheaper resources which means they will be spending less money on imports. This will reduce the outflows of money in the UK.

Candidate C

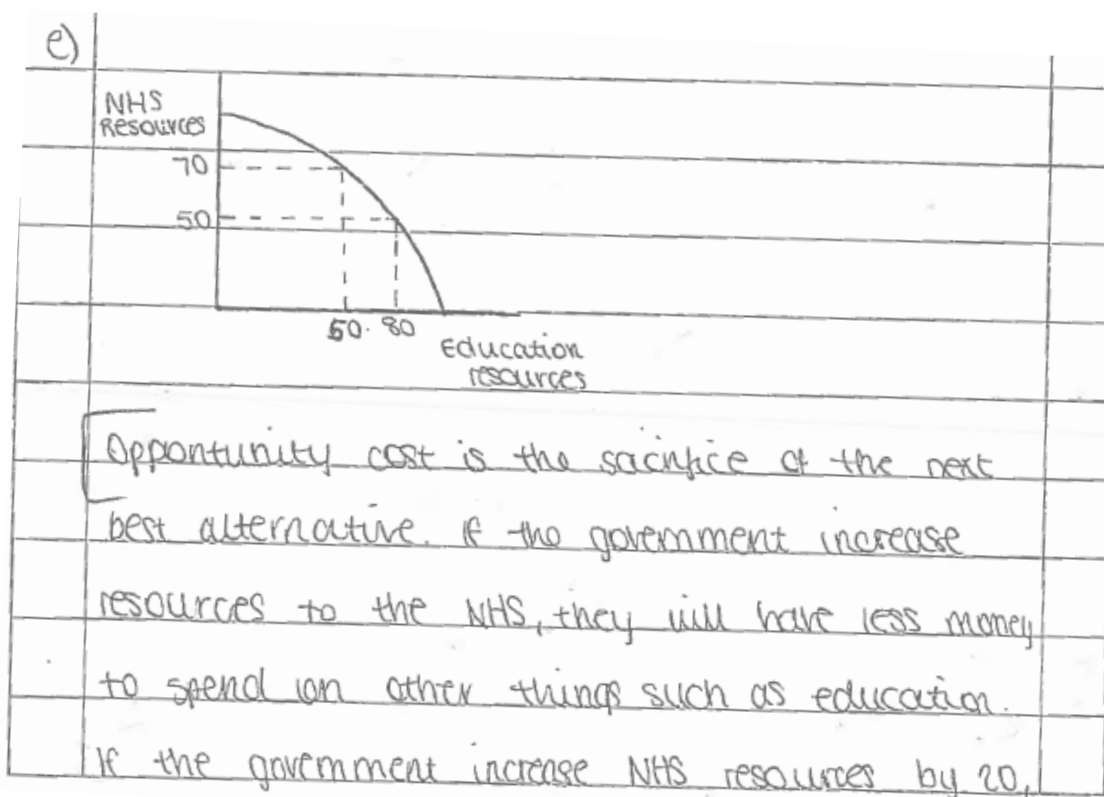
d) Globalisation allows UK firms to access larger markets & benefit from economies of Scale, cutting their costs & making them more profit. This will increase the governments revenue in Corporation tax, which can be used to pay off its national debt. Furthermore, with UK firms making more ~~profit~~ profits they are more incentivized to expand, employing more people & increasing the

governments revenue in income tax, which can be used to reduce national debt.

Expanding firms will also reduce unemployment, so reducing the governments spending on Job Seekers Allowance, ~~also~~ helping to ~~be~~ improve its budget & so it can reduce national debt.

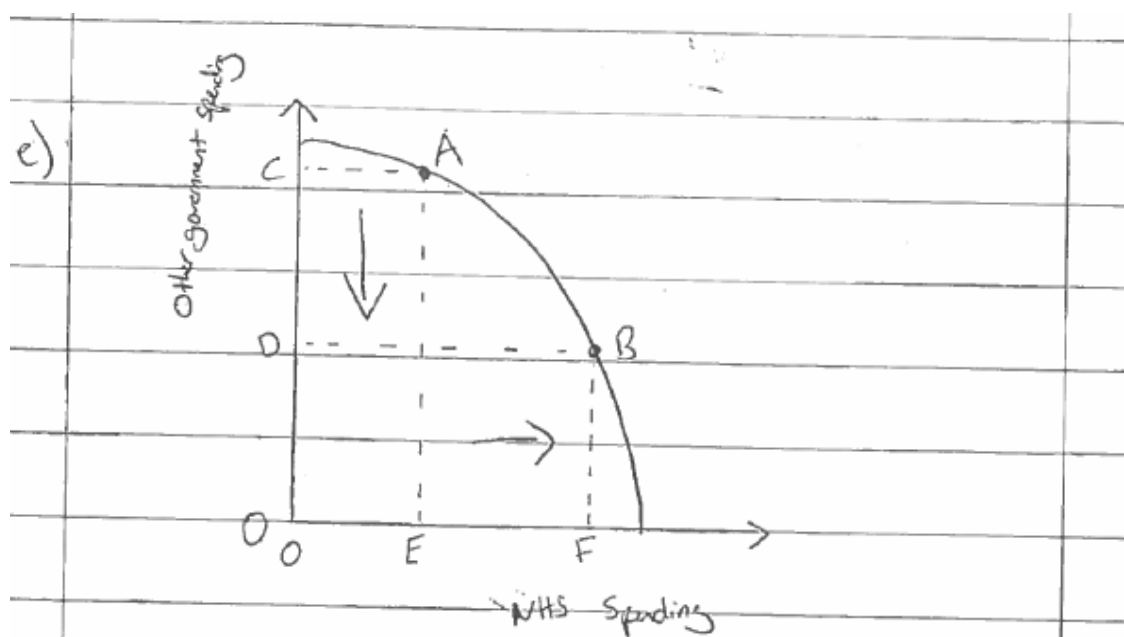
Question 2(e)

Candidate A



then they sacrifice the 20 education resources which they could have had.

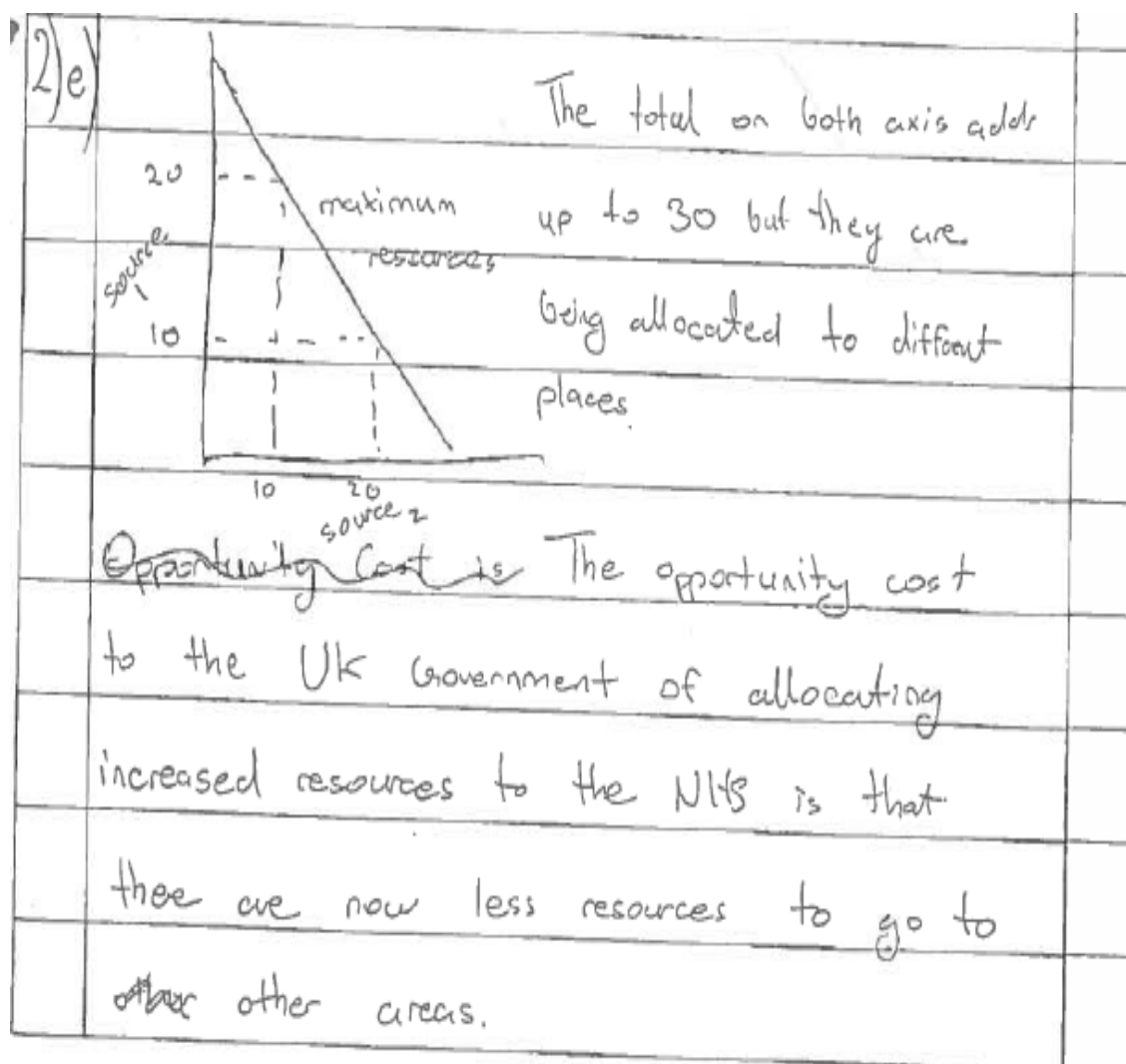
Candidate B



opportunity cost for governments is the sacrifice of providing the next best service forgone.

The opportunity cost of increasing NHS spending from E to F is losing C → D on other government spending on other services. So the government can provide less other services.

Candidate C



Question 2(f)**Candidate A**

	MARGIN
f) The NHS will see a smaller labour pool within which to choose a candidate, therefore they may choose a less eligible worker for the job, lowering the NHS's productivity.	
- NHS staff will become more geographically immobile, and may no longer work for the NHS for such long periods at a time and only work part-time Visa-permitting.	
Therefore decreasing the NHS workforce, the decrease in supply of NHS workers may mean the workers demand a higher pay/rise/job perks as they are more valuable to the NHS, therefore increasing government spending and potential of industrial action.	

Candidate B

- 2) a) . Losing access to "freedom of labour" will result in ~~an increase in~~ many job vacancies being left unfilled due to many NHS employees being "not British". This means that output will be reduced despite demand remaining constant. This will result in a shortage of labour.
- The Government may need to increase wages for NHS employees in order to attract new workers. This will cause problems as it means there will be less spending on other areas of the NHS such as on technology.
 - If spending on wages increases, there will be no resources available for capital investment which may lead to future problems for the NHS.

Candidate C

		THIS MARGIN
8)	<p>One further problem is increased lack of workers which can increase stress on the NHS with the increasing demand and increasing need for more workers. Another problem would be skills and productivity cost as more money a lot of NHS staff are not British as we would be relying ^{our} on our workforce and possible the staff transfer. This can mean a increased population of people not getting the service they need from the the NHS creating an unhealthy population. Increased spending by government may be needed for more training ^{courses} courses etc, to help satisfy demand.</p>	