

## Question 4(a)

### Candidate A

4)a) The government <sup>ID</sup> could increase income tax. This would mean a higher percentage of income is taken from those on a higher <sup>EXP</sup> income. This means there will be less of an income inequality gap as people on a higher income

will be left with less disposable income.


<sup>Dev</sup> The revenue raised from an increase in income tax could be reinvested into those on a lower income through benefits. This means those on a lower income will have more disposable income.

• The Government could <sup>ID</sup> reduce indirect taxes such as VAT. This would mean ~~the~~ consumers could purchase goods without losing a large percentage on goods with high <sup>EXP</sup> VAT. This would also be the reduction in a regressive tax which <sup>Dev</sup> takes a higher percentage of income from those on a lower income than it does for those on a higher income. <sup>Dev</sup>

• The Government could <sup>ID</sup> increase its spending → capital spending e.g. build a new hospital. This would create many jobs which would mean unemployment.



QUESTION	EXP	THIS MARKS!
and reducing wage disparities.]		
The Government may increase the National Minimum Wage, this increases the wealth of those earning <del>the</del> lowest in employment. Therefore, reducing income inequality.		~~~~~
The UK Government [an increase JSA job seekers allowance, ID this will raise the income of the lowest in society] EXP and [improve their standard of living]		Dev
④ The [Government may also increase capital spending projects e.g. build a new hospital, ID therefore the government will employ labour to build the hospital, increasing employment, EXP] and [providing a greater income than what they were previously on a with JSA.]		Dev
The Government can introduce a wage cap ie an individual can not earn		~~~~~

QUESTION		MARKS
	<p>more than £200,000 p.a. Therefore, limiting the extent of wealth of the richest in society and so reducing the extreme wealth.</p>	
	<p>Finally the Government [may offer a subsidy to a firm<sup>ID</sup> encouraging them to employ more workers<sup>EXP</sup>] increasing employment. Therefore increasing their disposable income and standards of living.</p>	

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## Candidate C

4a) ~~main~~ fiscal policies can be used to reduce the level of income inequality by ~~as~~ <sup>ID</sup> [increasing income tax. This means ~~the~~ income tax is a progressive tax] <sup>EXP</sup> which [means that it takes into account the ability of people to pay so it takes more ~~tax~~ from the rich than the poor] This means that income will be distributed more fairly so everyone has a more equal chance of being able to buy goods and services.


Fiscal policies could also be used by <sup>ID</sup> [increasing government spending. This means the government would be able to provide more merit goods such as education and healthcare which benefits individuals. This ~~means~~ would also create jobs which means unemployment will <sup>EXP</sup> fall] this would reduce income inequality

Dev

QUESTION

because it means more people will be employed and have money to spend in the economy.

[ VAT could be lowered <sup>ID</sup> because this is a regressive tax ] which means it does not take into account the ability of people to pay so it takes proportionally more from the rich than the poor. This means the poor are not able to buy as many goods/services



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### Question 4(b)(i)

### Candidate A

b) [ GDP is the value of goods and services produced within the UK within a year whereas the GNP includes UK firms operating abroad ]

The [ GDP is more commonly used as an economic indicator than GNP ]

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## Candidate B

QUESTION	THIS MARGIN
b)	
i) [ GDP is the total value of goods & Services produced within the UK in a year, whereas GNP is the total value of goods & Services produced by UK owned assets in a year, & so includes overseas UK assets & excludes foreign assets in the UK.]	

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## Candidate C

(4b) [ Gross domestic product is the value of goods and services produced in an <del>economic</del> economy while Gross national product is <del>the</del> the value of goods and services produced in an economy take away the value of goods and services produced by multinationals in <del>the</del> the UK add on the value of goods and services produced abroad.]	
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## Question 4(b)(ii)

### Candidate A

i)	[National income statistics do not reveal	
	the extent of regional inequalities in	
	a country and so do not give accurate	

QUESTION		MARKS
	results on places that need aid.]	
	[Some countries may calculate their	
	national income differently, leading to	
	misleading values between countries.]	
	[Inflation is not always accounted for	
	in National Income statistics and so the	
	real value is not shown.]	
	[There may be mistakes in <del>the</del> counting	
	the statistics] <sup>currency</sup> as <sup>with</sup> [these may have	
	been converted <del>to</del> an out of date exchange	
	rate, therefore inaccurate.]	

Max

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## Candidate B

i) one limitation of using national income statistics to compare economies is that [there may be

QUESTION	THE MARKS
errors or omissions when they've been calculated. This may be because some countries don't have the sufficient infrastructure <del>for</del> or equipment to <del>properly</del> calculate them properly.] so statistics may not be accurate.	
[National income statistics don't show the quality of goods and services produced or the working conditions they were produced in. They also don't show <sup>the amount of</sup> over time workers or the amount of leisure time people have which makes them less useful.]	
[National income statistics don't show changes in the population.]	
[They have to be calculated taking into account inflation i.e. real terms otherwise the statistics can't be properly compared.]	

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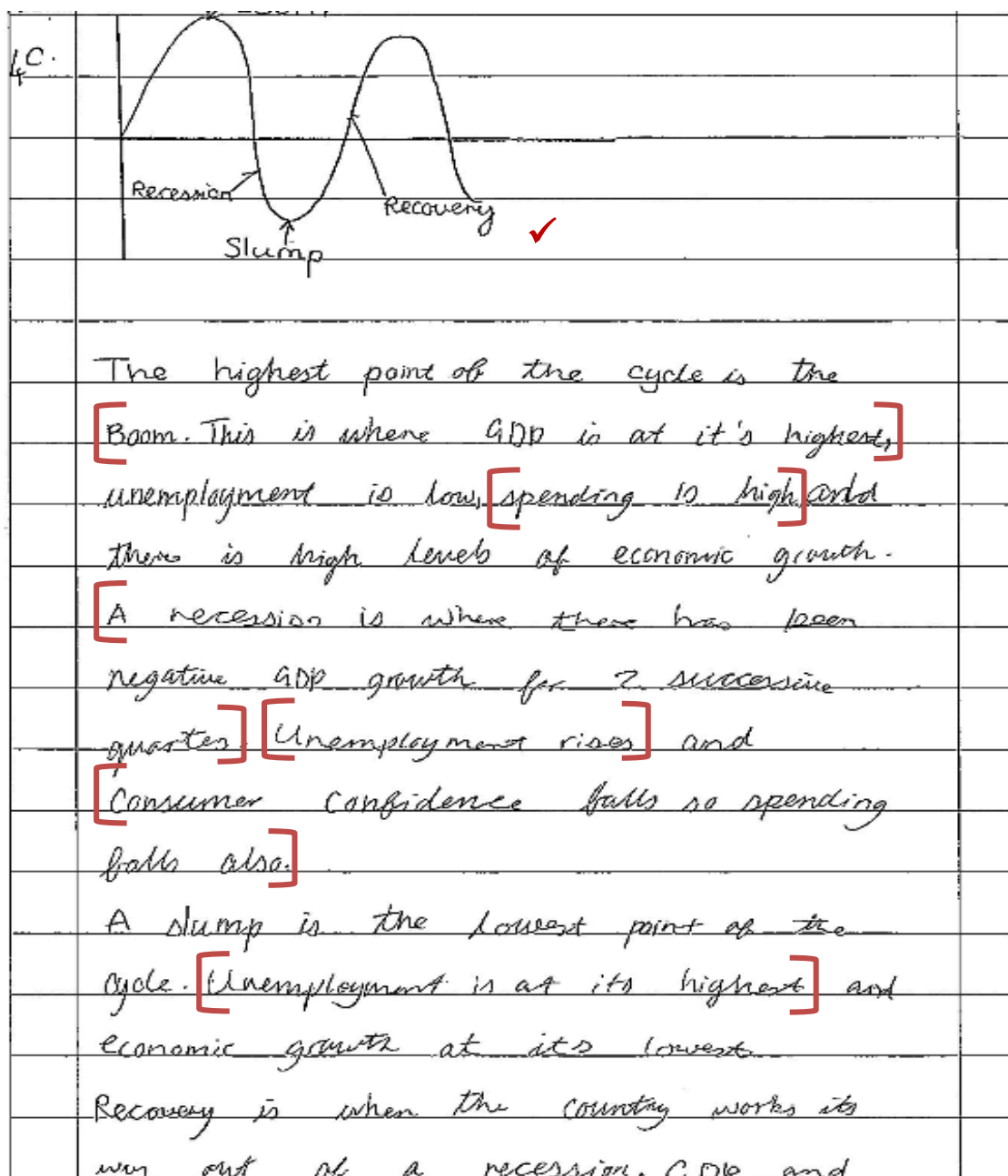
## Candidate C

ii)	<p>One limitation would be that <del>different populations</del></p> <p>[Not all countries may have the means to produce accurate statistics so can be less reliable.]</p> <p>[Another limitation would be that the statistics do not show what is being produced whether it be guns and bullets or chairs.]</p> <p>[Another limitation would be some goods produced may not be recorded.]</p> <p>[Another limitation would be that populations are all different so incomes per capita per head may all be different.]</p>
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## Question 4(c)

### Candidate A



4c economic growth begins to rise and eventually the economy returns again before the cycle repeats.

## Candidate B

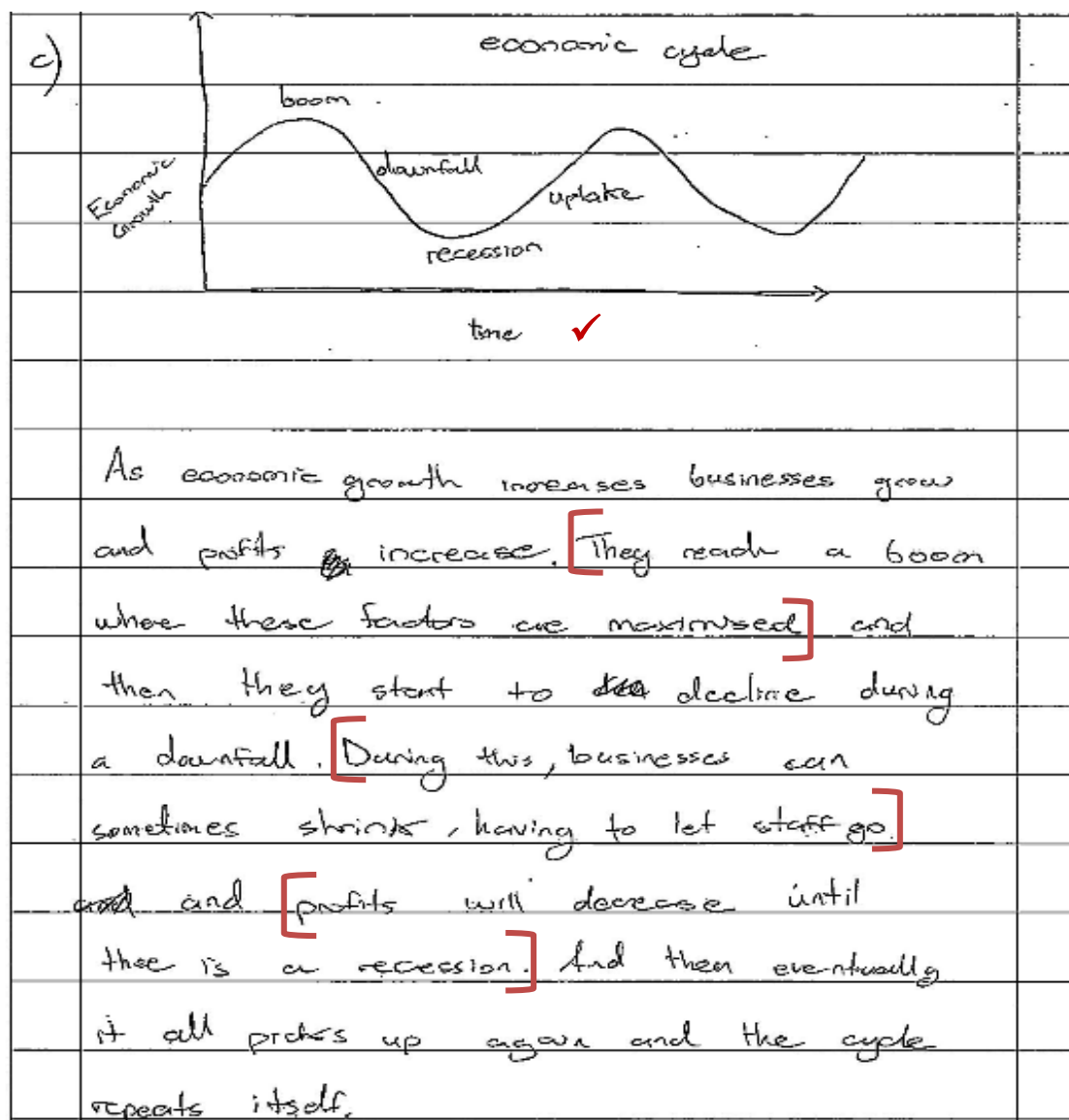
Labels ✓

c)	<p>One stage of the business cycle is a recession. This is when demand is low, unemployment is high<sup>cyclical unemployment</sup> and there is little to no economic growth. After a recession, the economy may start to recover and at this point there will be increasing employment (but at a slow rate) and firms may start to operate again. Eventually, the economy may reach its normal state again, with a steady rate of inflation and a relatively low rate of unemployment - no cyclical unemployment.</p> <p>At the top of the trade cycle, the economy <sup>may</sup> reach 'peak' - this is when consumer spending is high and aggregate demand is high. There will be a lot of economic growth and full employment. However, this may cause the economy to overheat due to high rates of inflation.</p> <p>A slump is when the economy has experienced ongoing low AD and unemployment is increasing,</p>
QUESTION	<p>but it hasn't quite hit a recession yet.</p>

THE MARGIN

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## Candidate C



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