Conclusions and recommendations

Candidate 1 evidence - excerpt

Purpose: to outline the direct impacts of the 2030 ban regarding new petrol and diesel cards on individuals, firms and the government

<u>Conclusions/ Recommendations:</u>

I conclude that, in the long term, the 2030 bill banning the production of new fuelled cars will be a positive for the UK economy. Although there may initially be difficulties, these will be outweighed by being the global frontrunner for electric vehicle usage. This will bring immense levels of positive publicity and economic benefits to the UK in the long run.

It can also be concluded that the transfer to electric cars is one that is imminent anyway, whether it is to take place in 2030, or 2035, or 2040… it's guaranteed to happen in all developed economies across the globe. This means that the faster the UK make the transformation, the quicker they'll be able to recover/adjust, which could place them in a comparatively good place years in the future, as other countries try to perform a similar task.

Another conclusion that can be drawn is that, once again in the long run, the transfer towards electric vehicles could have a positive impact on the general British standard of living. As time goes on, electric cars are only going to become cheaper and cheaper as technology advances. As the running costs of an electric car are cheaper than a regular one, once the initial cost price reduces (which it's well on its way to), individuals could be left spending a smaller percentage of their income on their car than what they do now. This gives them more free spending money to save or invest, or generally just increase their standard of living.

I'd like to recommend that the government find the correct balance of increasing taxation, and borrowing, to fund the infrastructure required for the transformation. The sum of money required is massive, and the loss of fuel tax is a massive downfall, but the government must ensure they keep the support of the public. Increasing other taxes, like income tax, will likely lead to the public turning on the bill and blaming it for increasing taxes. This could heavily damage support for the bill and could cause problems for the government.

Candidate 2 evidence - excerpt

Purpose: to examine the impact of inflation on the individuals, firms and the government.

Conclusions/ Recommendations

I conclude that inflation has an overall negative impact on individuals. I have found that inflation decreases the spending power of individuals, especially those on a fixed income. Evidence shows a large increase in inflation is not equalled by a large increase in wages.

I conclude that there are benefits and limitations of inflation to the government. Evidence suggests that inflation allows the government to repay certain debts easier and fiscal drag can result in increased tax revenue. However, the government may be forced to increase transfer payments, placing increased burden on the government. Levels of unemployment caused by inflation also must be controlled, due to low unemployment being a government aim.

I conclude that inflation had an overall negative effect on firms. My evidence suggests that input costs rise for almost all firms, when inflation rises. A decrease in exports also reduces the pool of customers for a firm, reducing sales revenue. Both of these impacts hugely on a firm's profits.

I recommend that the government cap prices on essential goods during times of high inflation, for lower income households. This would allow these households to continue to access basic goods/services in order to survive. However, the government may have to subsidise the firms, so they are able to offer lower income households the goods/services at capped prices but are able to protect the profit margin of the goods/services.