

Section 3: Findings, Analysis and Interpretation

Example 1 – excerpt

Purpose: ‘to explore the effect that the cost-of-living crisis has had on economic agents’

Firstly, I found out that: "Corporate profits in the UK have increased by 34% since the onset of the COVID-19 pandemic." This tells me that since the pandemic began, there has been less competition between firms. This means that larger corporations will become more profitable and smaller firms will go out of business due to less demand for their product. This leads to higher unemployment and individuals losing their source of income and not being able to pay as much in shops. So this means that firms get less profits.

Example 2 – excerpt

Purpose: ‘to investigate the effects of the recent UK strikes on individuals, firms, and the government in the UK’

In a Reuters article, the Office for National Statistics said that "41% of firms with 10 or more workers reported an increase in transport costs during the month." This shows that strikes, among other factors, are influencing many firms' running costs. With more costs firms must spend more of their capital, meaning less left over to invest. This means firms cannot expand their operations as much which reduces their overall growth.

Example 3 – excerpt

Purpose: ‘to investigate the effects of the recent UK strikes on individuals, firms, and the government in the UK’

Again, from Reuters, "Looking ahead, a quarter of companies flagged input price inflation as a main concern and 19% noted energy prices." Input price inflation refers to the increase in the price of goods and services firms purchase to produce their own goods and services. This is an example of cost-push inflation - firms have increased costs of production, which then gets pushed onto consumers through higher prices of goods and services. Higher prices for goods cause a contraction in demand, as the goods become less affordable. (See *figure 1*) Consumers either cannot buy them or may decide to buy cheaper substitutes.

Example 4 – excerpt

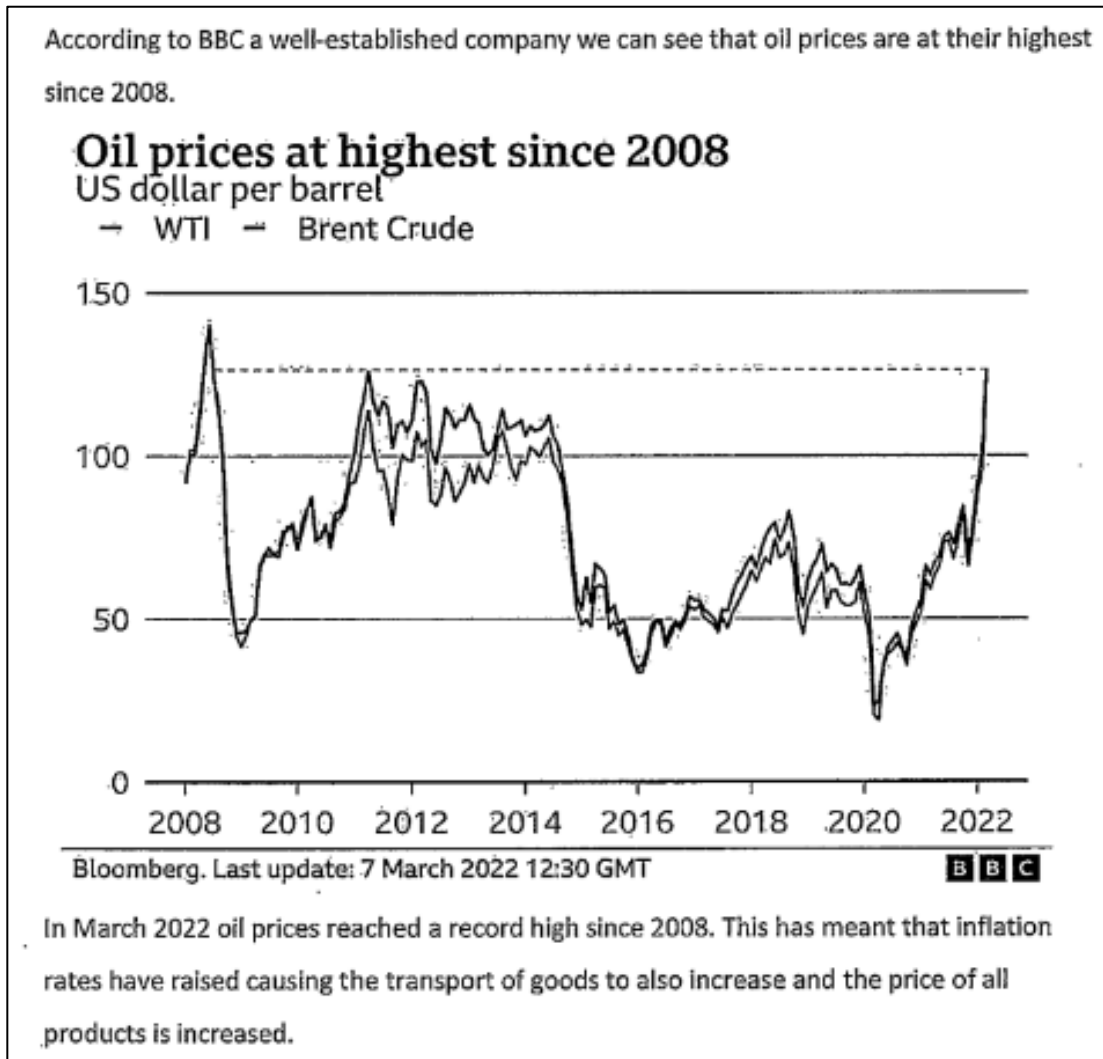
Purpose: ‘to explore and enquire about the impact of the Ukraine Russia war and how it has impacted the UK economy and standards of living’

According to the express article the UK has sent Ukraine a relief aid of £1.3 Billion. This has meant that the government has less revenue to regenerate back into the development of the country. If the money had been spent elsewhere such as education then more people in the country would be more occupationally mobile. Occupational mobility can be defined as the ability for a resource to change its use. For example, the occupation mobility of labour refers to the ability of workers to change their work skills. However, this can be treated as an opportunity cost and the UK has sacrificed its own development for the better of a suffering country. Opportunity cost can be defined as the sacrifice of the next best alternative forgone.

Another effect of this war is the decrease in the average UK household income. It has been reduced by £2,553 across the whole UK. This in turn means that households have less money to spend and save.

Example 5 – excerpt

Purpose: ‘to explore and enquire about the impact of the Ukraine Russia war and how it has impacted the UK economy and standards of living’



Example 6 – excerpt

Purpose: ‘to investigate how the rising energy prices are affecting the UK economy’

According to the London School Of Economics (LSOC) The UK is currently in the middle of a cost of living crisis and inflation rates are soaring to around 10%. This means the UK is more vulnerable as 85% of households use gas boilers. The impact of this is that more people will be spending a lot more money and lots of the public will be more wary and cautious of using electricity in their households.

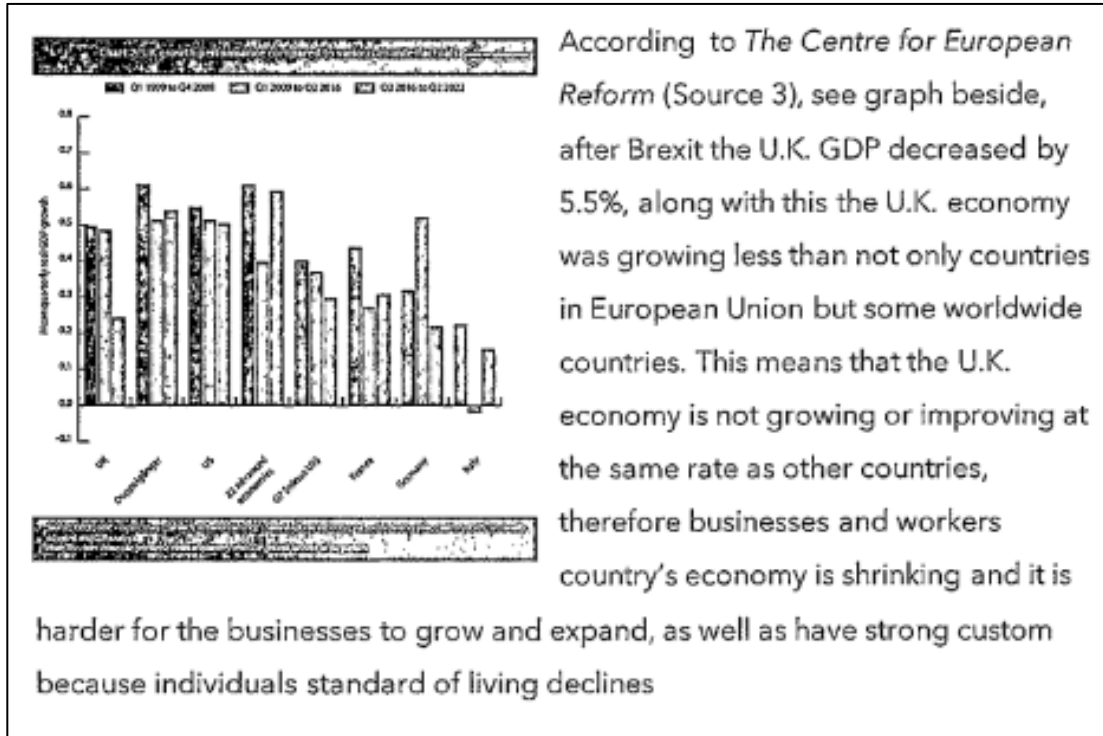
Example 7 – excerpt

Purpose: ‘to investigate the impacts of the exit from the EU on the UK’

According to *The BBC* (Source 1) the government had to raise taxes to obtain an extra £40bn to fund public services, this means that individuals are getting taxed higher amounts have a smaller disposable income therefore their standard of living will decrease. According to *The Rate Inflation* The U.K. rate of inflation was 2.1% in December 2018 in December 2022, post Brexit, it was 10.5%, a drastic 8.4% increase. As long as the inflation rate is a positive percentage then goods and services are costing greater amounts therefore not only were prices becoming more expensive but more expensive at a very fast pace. For individuals the cost of living increased significantly and they may have to cut down on spending, standards of living drop. The government therefore have to offer benefits and financial aid to individuals struggling which leads to more costs for the government.

Example 8 – excerpt

Purpose: ‘to investigate the impacts of the exit from the EU on the UK’



Example 9 – excerpt

Purpose: ‘to answer the question of how UK firms/businesses have been affected by covid19’

Covid forced a lot of businesses to close and thus the businesses furloughed 25% of their employees on average between March 2020 - June 2021 and 50% of them remained furloughed for at least 3 months, this affected the companies as this made it hard for them to make profits because of the furloughs and made it harder to earn that money back and between those individuals 8% were unemployed in the 3 months leading to June 2021, this affected individuals greatly as they weren't at work and were assumedly earning less than they would be normally and some of them were likely unemployed and found it harder to find jobs, Unemployment means those who are seeking work but are unable to find it, businesses closing also meant the economy was weaker as there were less taxes being collected by the government in addition to fewer people buying things because they had less disposable income.

Example 10 – excerpt

Purpose: ‘to discuss the causes of inflation and how it impacts the UK economy’

Source 1 was about the causes of inflation, and it states that the main causes of inflation are either aggregate demand/demand-pull meaning when there's an imbalance of demand and supply from employees' output or cost-push factors meaning the fast economic growth and supply. Cost-push inflation occurs when the cost of production increases at a faster rate than productivity. This means it leads to increases in unit costs. The graph in Appendix 1 shows that factors such as cuts in interest rates, increased money supply and higher wages will lead to demand-pull inflation. This type of inflation happens when the economy is in boom, so the economy having a high employment will lead putting up prices as demand is higher than supply and that will lead to increasing inflation. An example of the effects demand-pull inflation has in the UK is shown in source one was in the 1980's when there was a huge economic growth. This was because the government cut interest rates and taxes, and house prices rose by 30% raising customer confidence. This led to higher spending, lower saving, and an increase in borrowing. The economic growth rate reached 5% a year which was well above the UK's long-run trend rate of 2.5%. As firms could not meet demand there was a rise in inflation. If the prices of a good or service keeps increasing less people will want to buy it and it will cause a contraction of demand, the substitute effect may happen, this is when people switch to a cheaper option of the product. The graph also shows that factors such as an increase in VAT, devaluation of money and higher wages will lead to cost-push inflation. Source one also shows in 2022, the UK experienced a lot more cost-push inflation due to issues such as rising oil, gas prices, Brexit cost issues, depreciation in Pound and covid supply constraints. This source suggests that there are many causes for increasing inflation and that it has been very impactful for decades and is still recently raising for more than one reason. This shows that inflation has many negative effects on the economy and that it's impacting the UK economy as it raises prices, it will also mean demand for goods and services within the UK Economy will fall and it may devalue our money.

Example 11 – excerpt

Purpose: ‘to see the economic impact of the oil and gas industry on the UK economy’

According to a study done by the government³ it states that fossil fuels made up around 45% of the UK's energy at the start of 2022. Which is where the majority of our energy comes from. While that might have negative environmental impacts, it does still show that without the use of the Oil and Gas industry the UK would have no way to make up the difference in energy by any other means, without the use of Oil and Gas. Resulting in energy prices rocketing up even higher due to lack of supply (if the resource in question is scarce we perceive it as significantly more valuable) and causing the vast majority of the UK population to be left in darkness.

Example 12 – excerpt

Purpose: ‘to investigate the affects the Russia VS Ukraine war has on the UK economy’

From BBC news, I learnt that the inflation of basic needs such as food lowers the standard of living due to everything being expensive. According to the commonslibrary.parliament.uk, another need that the price went up on is heating, this meant that many families are unable to afford heating and lived in freezing conditions during the winter and cold months, therefore many people could die due to the cold in their own house.

Example 13 – excerpt

Purpose: ‘to investigate how the cost-of-living crisis will affect Scottish households’

The graph above from the ONS website shows that the amount of adults saying their cost of living has increased has gone from 62% to 87% from November 2021 to March 2022. This represents a 25% increase in a 5-month period. This suggests that it may continue to