

Question 2(a)

Candidate A

2			
a)	Interest rate is extra cost banks charge to borrowers and the reward to savers	MAX	1/1

Candidate B

a)	The interest rate is the average percentage of money which borrowers have to pay back as well as their loan or what savers gain back on their savings	MAX	1/1
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Candidate C

2.a)	interest rate is what is payed on borrowing that makes the bank money.		0/1
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Question 2(b)

Candidate A

b)			
	• [Their interest repayments will fall so borrowing is cheaper]	ID	
	• [borrowing becomes cheaper so more people will borrow]	ID	
	• [Mortgage repayments fall so more people will get on the housing ladder]	ID	
			3/3

Candidate B

b)	• Borrowers will pay interest on loans and any money they have borrowed including paying back the original amount.		
	[If interest rates decrease borrowers pay back less money]	ID	
	• This means that they can buy more goods and services as they have more real income and [they have less financial strain if they have unmanageable debt]	ID	
			2/3

Candidate C

b)	[This will make people borrow more. ^{EXP} Because they won't need to pay back as much as they use it. ^{ID}]	
	[So now because borrowing is encouraged with lower interest rates, borrowers will spend more money. ^{EXP} and won't save as much. ^{DEV}]	
	Because the borrowers now have more to spend, [their standard of living increases. ^{EXP}]	
	As they can buy more goods and services. ^{ID}] ^{MAX}	

3/3

Question 2(c)

Candidate A

c)	[Claimant Count - government counts how many individuals are on unemployment benefits.]		
	[Labour Force Survey - every quarter it asks 150,000 what their employment status is.]		
			2/2

Candidate B

c)	[A survey sent round homes to ask for current employment status] - a sample of homes in the UK is taken and a percentage worked out from there. It can also be measured by [the claimant count - counting the number of people who are currently claiming unemployment benefits.]		
			2/2

Candidate C

c)	[Claimant count- this is a measure of how many people are currently claiming unemployment benefits in the UK]		
	[Labour force survey- this is a survey that asks people in the UK their job status] to determine the employment level across the UK		
			2/2

Question 2(d)

Candidate A

d)	one effect of the unemployment on individuals is that [they won't be able to buy all the essential needs that they need as they won't have a salary ^{ID} that is paying them therefore they have to reduce the amount they spend ^{DEV} and [might have to start borrowing money ^{DEV}]	
Another effect of the unemployment on individuals is that they can't can become very hard for them		

to find another job as they it will say they haven't been able to be employed.		
one effect of unemployment on firms is that [they won't run out of workers ^{EXP} as there are lines that are unemployed that they can hire ^{ID}] therefore the firms work is not not stops and is efficient.		
Another effect of unemployment on firms is that they can set their wages low as the new workers is normally don't have much skills therefore the firms can make more profit.		4/4

Candidate B

<p>d) Individuals:</p> <ul style="list-style-type: none"> - [people who are unemployed have a lower standard of living as they are getting less income] - [this causes people to spend less on goods and services that aren't necessities] - when unemployed some people look to crime as a way of gaining their income, this increases <u>vandalism</u> and - [being unemployed can have negative 	
<p>mental health + physical health problems which decreases peoples <u>standard of living</u>. which can cause an increase in tax paid by the employed for healthcare]</p>	
<p>Firms:</p> <ul style="list-style-type: none"> - due to individuals who are employed having to pay more in taxes the ^{for} job benefits such as Jobseekers allowance, they often demand pay rises. - [less spending causes a decrease in profits for firms, this makes them need to cut costs of production] to try increase profit, [this can cause firms to lay off workers.] 	<p>MAX</p>

4/4

Candidate C

<p>d) unemployment will result in individuals having a reduced income and therefor likely a lower standard of living and lower purchasing power</p> <p>it can also result in individuals to gain stress and/or mental health issues</p> <p>unemployment means that businesses feel less pressure to pay workers higher wages and therefor create more profits</p> <p>it also means that they have a larger pool of people to higher therefor allowing them to find the best staff they can</p>	<p>3/4</p>
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Question 2(e)

Candidate A

e)			
-	[promote entrepreneurial activity]		
-	[Invest in education]		
-	offer grants ^		
-	[Improve quality of resources]		3/3

Candidate B

e)	[They could invest money into industries] in which we have a natural advantage e.g fishing, agriculture. [They could lower taxes so as firms can maintain and reinvest more profits] and individuals have more disposable income. They could try to lower unemployment so as the UK was using its full labour resources.		
			2/3

Candidate C

e)	if they government lowered interest rates to encourage more people to spend their money if the government taxed the extremely wealthy people more to create a higher tax revenue [to try encourage entrepreneurship]		
			1/3

Question 2(f)(i) & 2 (f)(ii)

Candidate A

f)	Direct tax is a tax on an individuals, ^{income} income wealth and profit.		
	Indirect tax is on <u>goods and services</u> such as duties on Alcohol.		0/1
ii)	Direct - income tax		
	indirect - Duties on Alcohol		2/2

Candidate B

i)	Direct taxes are a tax levied on an individuals income tax		
	income tax whereas indirect tax is the same price for everyone as its not levied on income.		0/1
ii)	A direct tax is income tax		
	An indirect tax is excise duty.		2/2

Candidate C

f)	• direct taxes are taxes on income and wealth		
	• Indirect taxes are taxes on expenditure		1/1
ii)	• Excise duties		
	• Corporation tax		0/2

Question 2(f)(iii)

Candidate A

iii)	- ^{less} lower spending due to an increase in VAT ^x causes less ^{for firms} profits from foreign , this decreases ^{all} both income and VAT and corporation tax revenue for government.		
	- ^x higher VAT makes ^{people have} the goods less ability to buy these goods as they still have the same amount of income.		
			0/1

Candidate B

iii)	↳ Govt income from VAT fell in 2020/21 as consumers were in Lockdown ^{ID} and not purchasing as many ^{EXP} goods] as some were on furlow and not earning their full salary ^{decreasing} of their standard of living and purchasing power.		
			1/1

Candidate C

iii)	[Individuals spent less money due to job ^{ID} in security of unemployment (which had risen to high levels) this meant income ^{on goods and services} spending ^{EXP} was cut. Which is where VAT comes from, tax on purchase of goods and services.		
			1/1

Question 2(g)(i) &(g)(ii)

Candidate A

g) i) [Current is spending on things for everyday use [e.g bandages]	1/2
in hospitals whereas capital spending is on longer term investments	1/1
e.g computers in a school	

Candidate B

g) i) [current spending is every day running costs Capital spending is one time infrastructure]	1/1
ii) current spending- [NHS staff wages] capital spending [new NHS equipment]	2/2

Candidate C

g) i) [Government capital spending is long term investments eg. building hospitals]	
• Government current spending is short term daily recurring spending. eg. government wages ^{expenditure} and nurses	1/1
ii) [building a hospital]	
• and [Nurses wages]	2/2