

Question 2(a)

Candidate A

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

Candidate B

a)	An 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.	

Candidate C

2.a)	interest rate is what is payed on borrowing that makes the bank money.	

Question 2(b)

Candidate A

b)			
-	Their interest repayments will fall so borrowing is cheaper		
-	borrowing becomes cheaper so more people will borrow		
-	Mortgage repayments fall so more people will get on the housing ladder		

Candidate B

b)	<ul style="list-style-type: none"> 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 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. 		
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Candidate C

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

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.	

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.	
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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	

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 that is paying them therefore they have to reduce the amount they spent and might have to start borrowing money.
	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 as there are bones that are unemployed that they can hire therefore of 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.

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 as some people look to crime to as a way of gaining their income, this increases vandalism and - being unemployed can have negative 	
	<p>mental health + physical health problems which decreases people's standard of living. 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} the 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. 	

Candidate C

d) unemployment will result in individuals having a reduced income and therefor likely a lower standard of living and lower purchasing power

it can also result in individuals to gain stress and/or mental health issues

unemployment means that businesses feel less pressure to pay workers higher wages a d therefor create more profits

it also means that they have a larger pool of people to higher therefor allowing them to find the best staff they can

Question 2(e)

Candidate A

e)		
-	promote entrepreneurial activity	
-	invest in education	
-	offer grants	
-	improve quality of resources	

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.	
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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

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

Candidate A

f)	Direct tax is a tax on an individuals, ^{income} wealth	
	Wealth and profit.	
	Indirect tax is on goods and services such as duties on Alcohol.	
ii)	Direct - income tax	
	Indirect - food tax Duties on Alcohol	

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.	
ii)	A direct tax is income tax	
	An indirect tax is excise duty.	

Candidate C

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

Question 2(f)(iii)

Candidate A

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

Candidate B

iii)	to Govt Income from VAT fell in 2020/21 as consumers were in lockdown and not purchasing as many goods as some were on furlow and not earning their full salary or ^{decreasing} their standard of living and purchasing power.	
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Candidate C

iii)	Individuals spent less money due to job insecurity of unemployment (which had risen to high levels) this meant money ^{on goods and services} spending was cut. which is where VAT comes from, tax on purchase of goods and services.	
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Question 2(g)(i) & (g)(ii)

Candidate A

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

Candidate B

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

Candidate C

g)		
i)	Government capital spending is long term investments ^{expenditure} e.g. building	
	→ hospital	
	Government current spending is short term, daily recurring	
	spending, e.g. government wages nurses	
ii)	building a hospital	
	government Nurses wages	