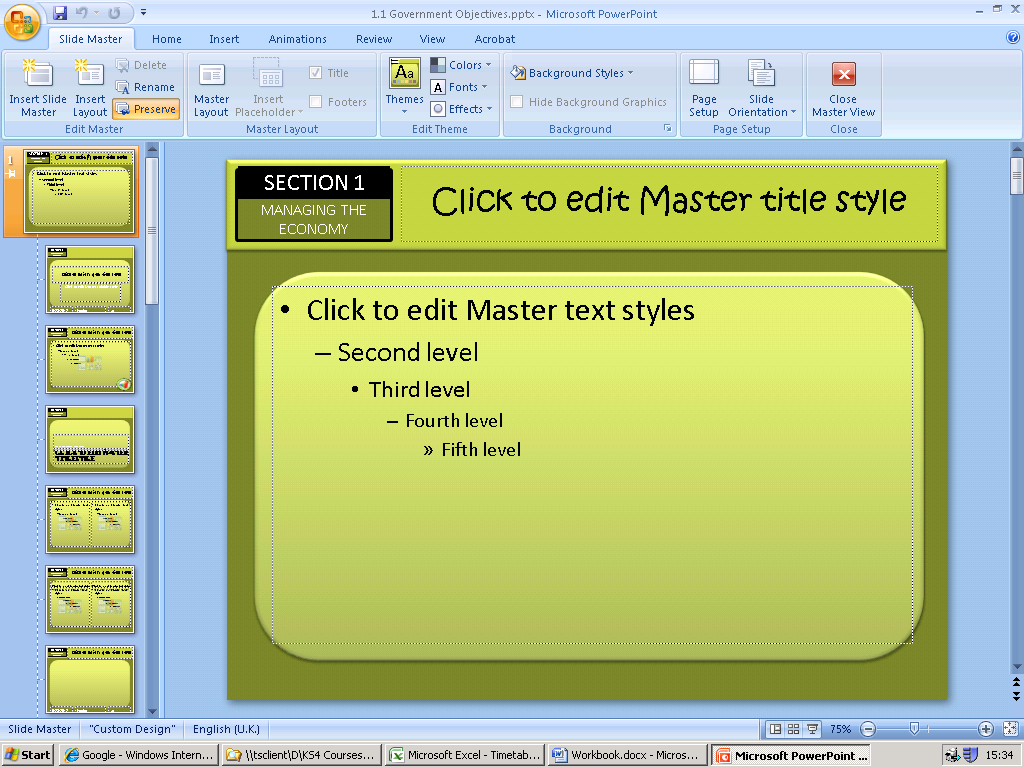


**GCSE Economics**

**Name**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Teacher**: Mr Tarn

**Business, Information Technology and Enterprise**



**1.1 Government Objectives**

1. Identify the four main government objectives and in brackets state their target levels. (4)
   * 1. ....................................................................................
     2. ....................................................................................
     3. ....................................................................................
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1. For each objective you mentioned in Question 1 briefly explain how the government measures whether it has been achieved. (4)

[](http://www.google.co.uk/imgres?q=measuring&um=1&hl=en&biw=1024&bih=600&tbm=isch&tbnid=IU026ZKwPvi67M:&imgrefurl=http://onlinesurvey.surveyshack.com/blog/bid/32090/Measuring-the-Effect-of-360-Degree-Feedback&docid=SwinE3ZVLku1BM&imgurl=http://onlinesurvey.surveyshack.com/Portals/16480/images/measure%20360%20effectiveness.jpg&w=284&h=423&ei=33vpT8WROsfB0QW96K2pAQ&zoom=1&iact=hc&vpx=266&vpy=17&dur=687&hovh=274&hovw=184&tx=100&ty=160&sig=102646515103261826138&page=1&tbnh=114&tbnw=79&start=0&ndsp=18&ved=1t:429,r:7,s:0,i:97)i. …………………………………………………………………………………………………………………………………………………………  
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ii. …………………………………………………………………………………………………………………………………………………………  
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iii.…………………………………………………………………………………………………………………………………………………………  
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iv.…………………………………………………………………………………………………………………………………………………………   
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1. How might ethical issues influence the objectives set by the government? (2)

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Analyse in detail how the objectives set out by the government   
may be difficult to achieve together (i.e. how might they conflict   
with one another?).  
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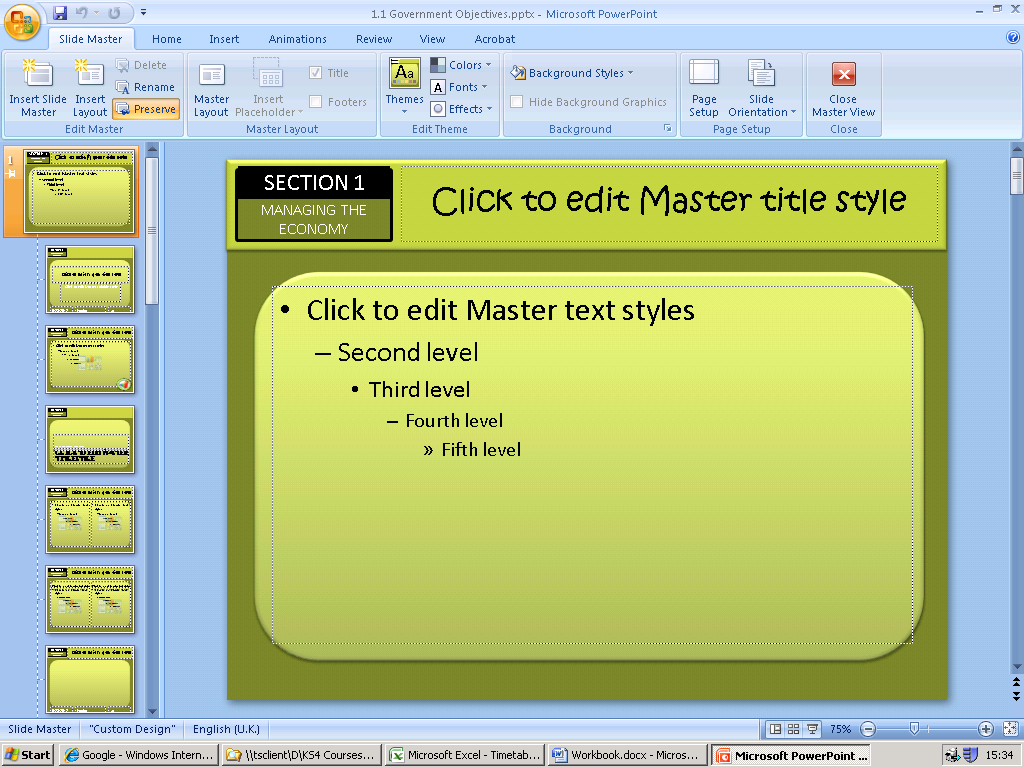
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**1.2 The costs & benefits of economic growth**

1. Using the space below produce a detailed spider diagram below to illustrate the key benefits and costs of economic growth. Include brief details of each benefit/cost, examples, colour and images to support your diagram. (10)

[](http://www.google.co.uk/imgres?q=economic+growth&um=1&hl=en&sa=N&biw=1024&bih=600&tbm=isch&tbnid=cMomL_rVbtTD5M:&imgrefurl=http://www.dreamstime.com/stock-photo-stock-photo-economic-growth-charts-image17564160&docid=4e6_MaAjc7iMRM&imgurl=http://www.dreamstime.com/economic-growth-charts-thumb17564160.jpg&w=400&h=300&ei=xIPpT6P_Mqes0QXi-uSpAQ&zoom=1)

Take one cost or benefit of economic growth which you have identified on your spider diagram and explain in detail why you believe it is important for the UK economy now and in the future.  
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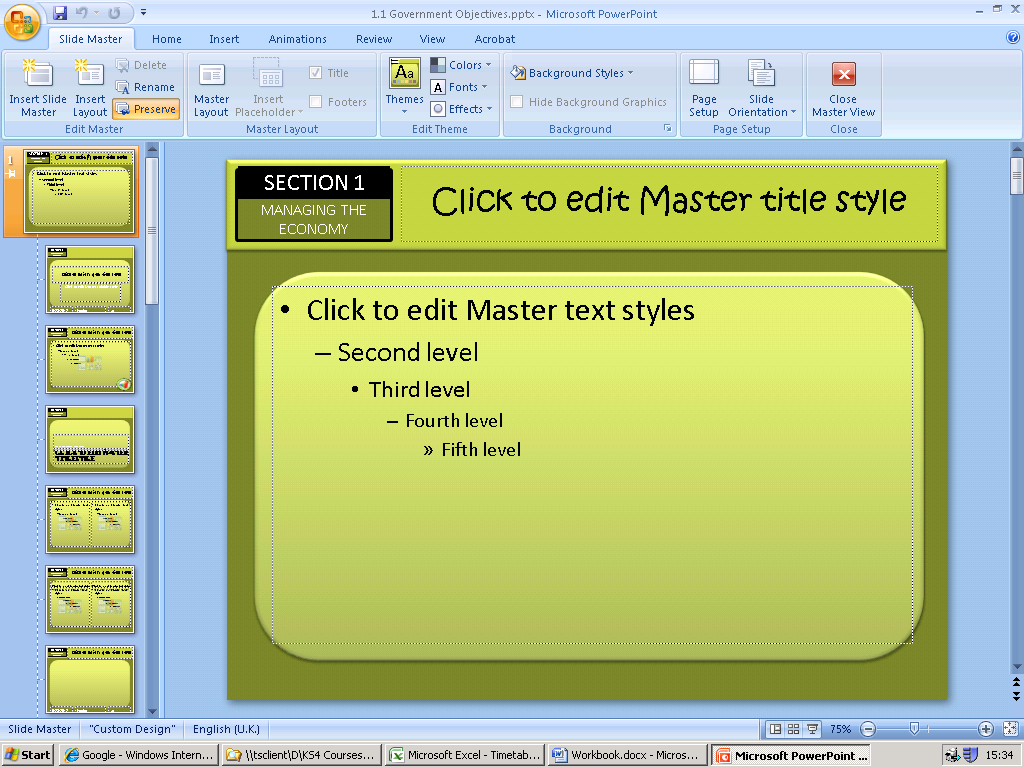
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**1.3 The Welfare State and its alternatives**

1. What is the welfare state? Use examples to support your answer. (2)

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1. Complete the table below to describe the costs and benefits of the welfare state. (6)

|  |  |
| --- | --- |
| **Benefits of the welfare state** | **Costs of the welfare state** |
|  |  |
|  |  |
|  |  |

1. What reasons are there for the UK government to want to reduce the proportion of the UK population in poverty? (2)

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*Analyse* the alternatives to the welfare state. Justify your answers.  
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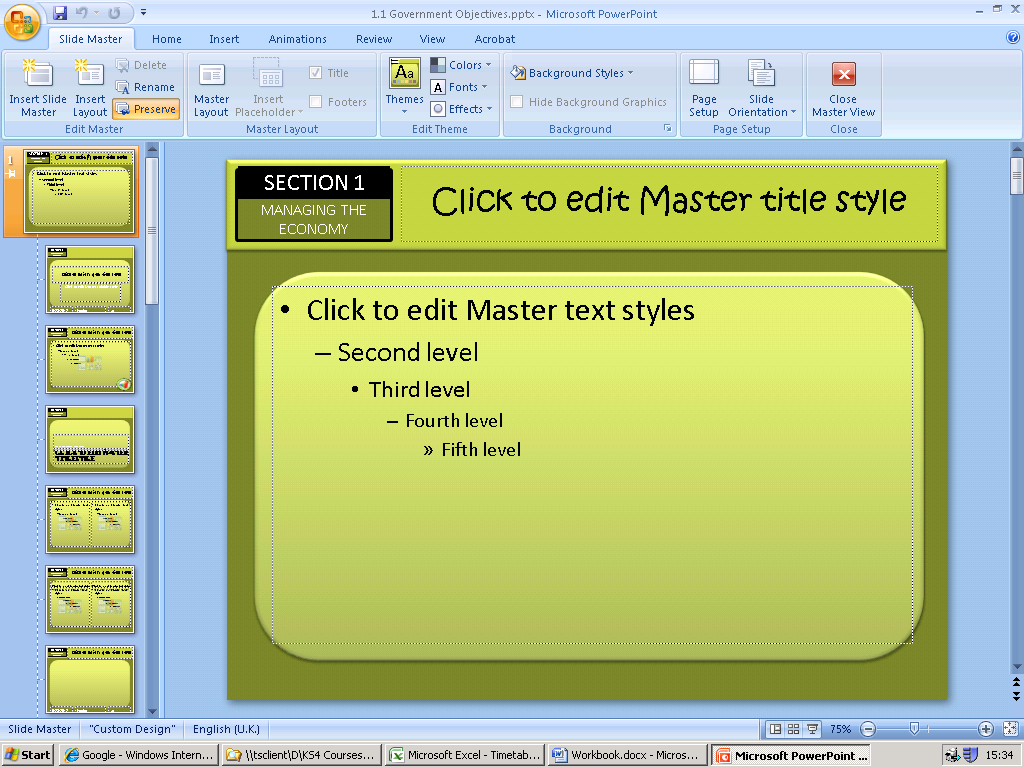
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**1.4 Types of economy**

1. Decide which of the following statements refer to either Free-market or   
   Mixed economies. Label each statement with an F (Free-market economy)   
   or an M (Mixed economy). (15)

Governments still exist but will be mainly concerned with ensuring that laws are complied with.

Under this system, economic activity occurs through private businesses and private individuals.

Competition between businesses helps to keep prices sufficiently low and the quality of goods high.

In this type of economy the quality of output should be high, also due to competition.

All developed countries operate as this type of economy.

Businesses failing to provide goods of sufficient quality or at a sufficiently low price will lose out to other firms.

Consumers may not be able to afford vital products — especially if they cannot provide for themselves, meaning that poverty and inequality are more likely.

The government will often intervene in this type of economy to ensure there is a safety net of welfare services.

Businesses exist to make a profit for their owners and they will produce whatever maximises profits.

In this type of economy the quality of output can be low in some markets especially where the government is involved, lacking innovation and invention in new products and ideas.

Consumers can buy whatever they want if they have enough income, if not, they will go without.

The balance in this type of economy between private businesses and the government differs between countries. For example, European governments have a more active role in the economy than in the US.

In this type of economy prices should be lower as competition between businesses ensures prices cannot rise too quickly.

In Europe, there are variations on how much a government participates in this type of economy — with the UK government less likely to be involved than certain other countries.

Without government intervention some businesses may monopolise a market and will not have to provide low prices and high quality due to the lack of competition.



Explain the main differences between a free-market and mixed economy.  
Use examples to support your answer.   
…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………….……………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

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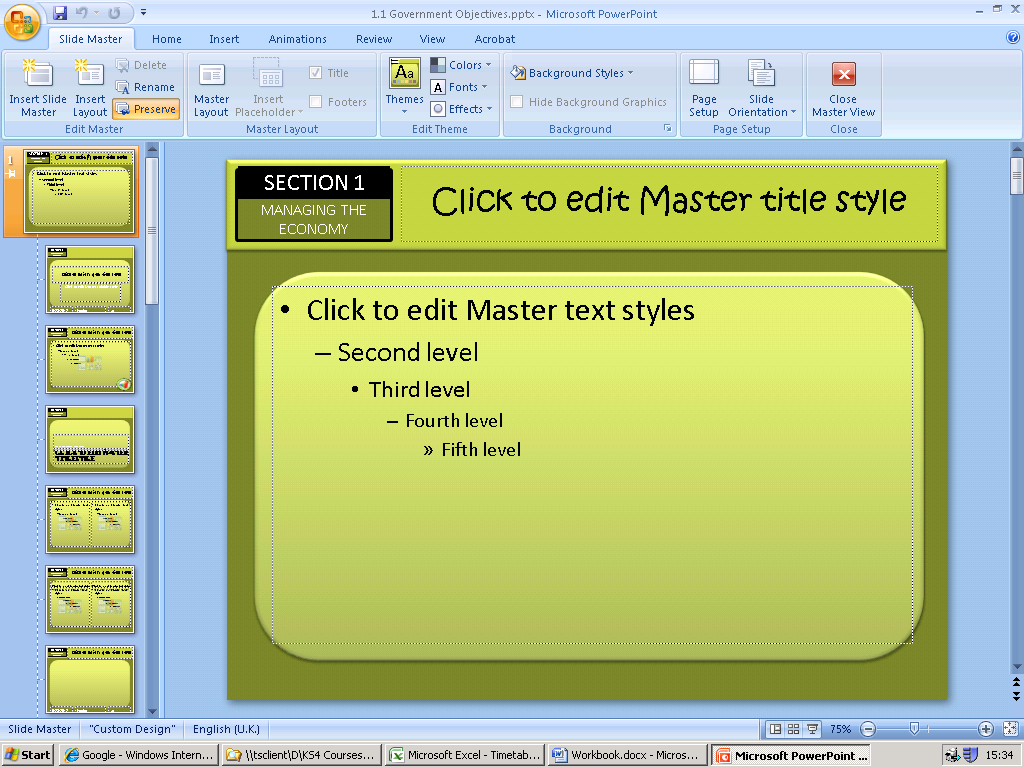
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**1.5 Market Failure**

1. Explain what is meant by the following terms and give examples of each one: (4)

Market Failure: …………………………………………………………………………………  
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Positive/Negative Externalities: ………………………………………………………………  
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Merit/de-merit goods: …………………………………………………………………………  
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Immobility of labour:…………………………………………………………………………  
………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

2. a. List three goods or services that the UK government insists that we ‘consume.’ (3)

 1……………………………………..  
 2……………………………………..  
 3……………………………………..

[](http://www.google.co.uk/imgres?q=dental+care&um=1&hl=en&sa=N&biw=1024&bih=600&tbm=isch&tbnid=mJjg6xSw3NKxEM:&imgrefurl=http://www.ghcf.co.uk/blog/dental-care-continues-to-drill-a-hole-in-patients%E2%80%99-wallets&docid=Jrp38zbE8dSXWM&imgurl=http://www.ghcf.co.uk/blog/wp-content/uploads/2011/10/dental_fillings.jpg&w=885&h=542&ei=j-9yUO-RLZPL0AXC6YHoAQ&zoom=1&iact=hc&vpx=230&vpy=135&dur=484&hovh=176&hovw=287&tx=172&ty=101&sig=103535803100031052897&page=2&tbnh=107&tbnw=174&start=18&ndsp=20&ved=1t:429,r:1,s:18,i:189)

1. b. Why do you think this is? (2)

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If education is a merit good, explain why the government decided to charge tuition fees for the majority of those attending university? Justify your answer.  
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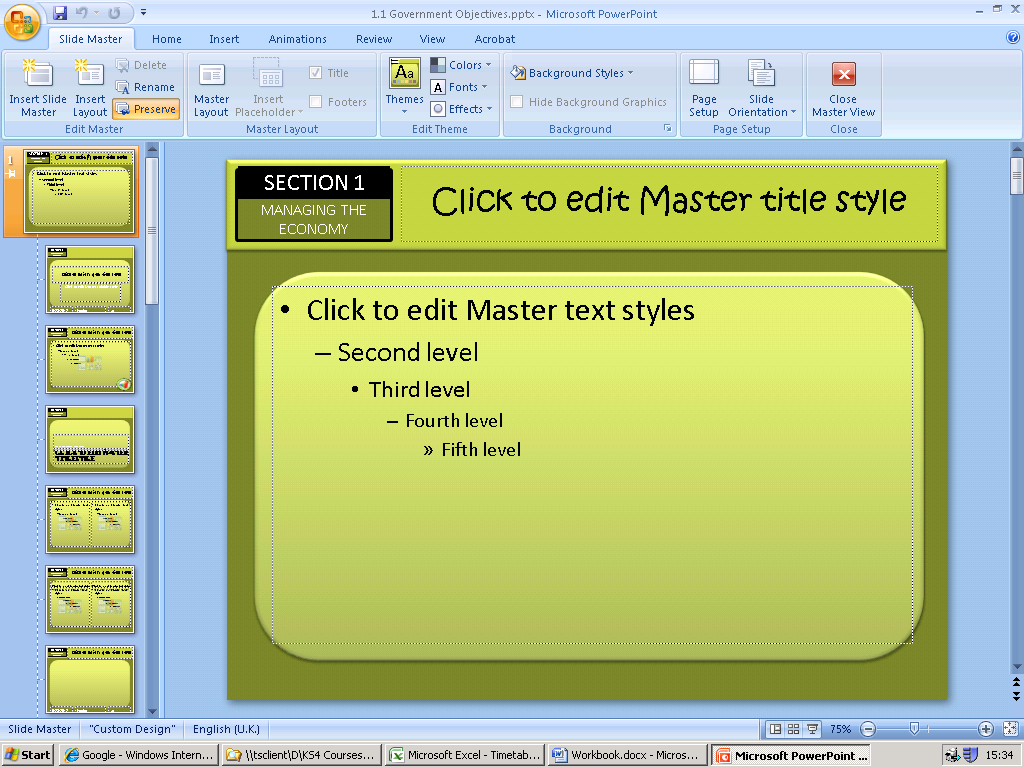
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**1.6 Fiscal Policy**

1. Explain what you understand by ‘fiscal policy’ (2)

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2. Discuss the effects of fiscal policy on the following; (8)

a. Inflation

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a. Economic Growth

……………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

a. Unemployment

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a. Balance of payments

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Find a relevant article from a newspaper or the internet which refers to UK fiscal policy – discuss the content of the article and its implications for the UK economy.  
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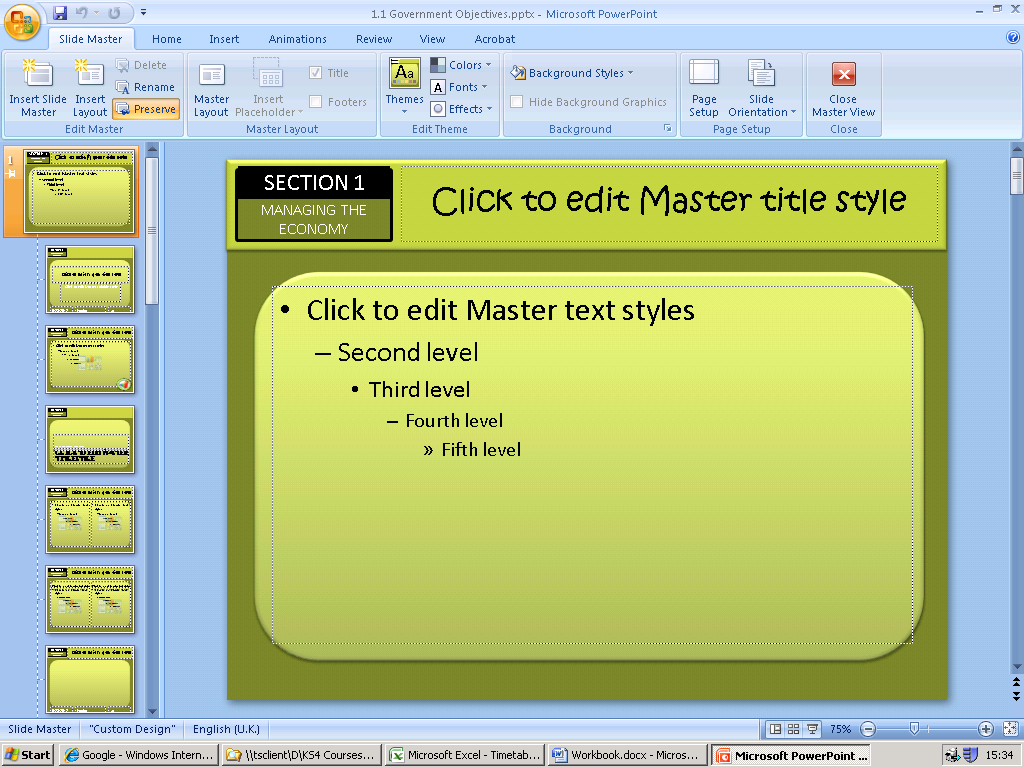
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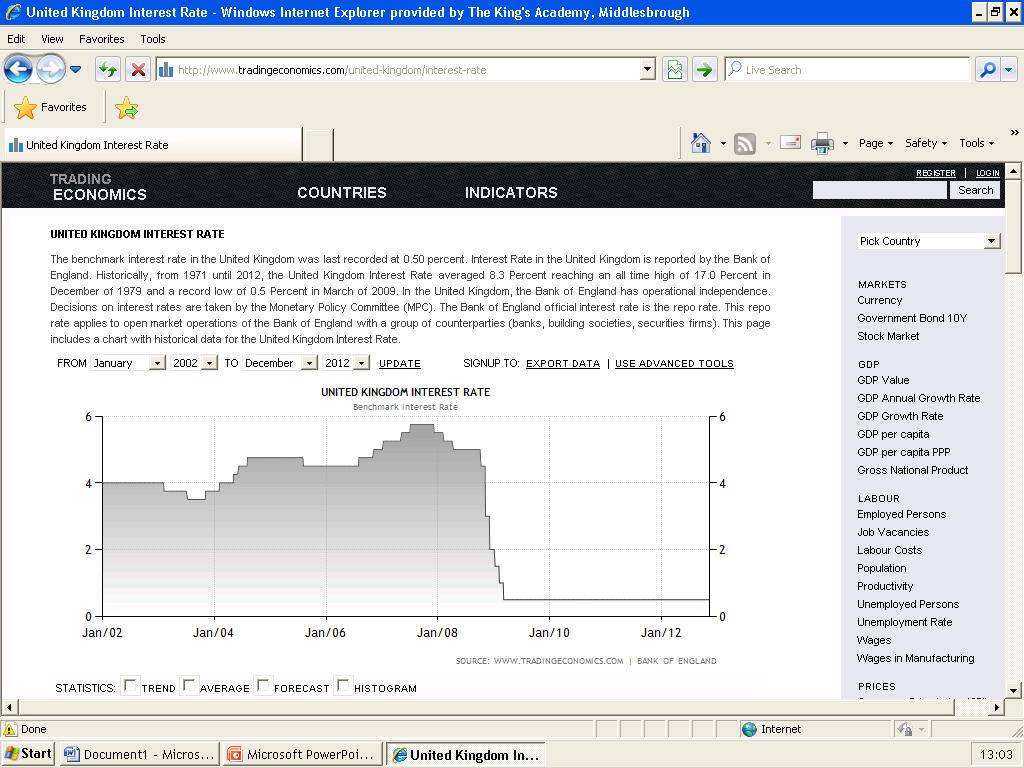
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**1.7 Monetary Policy**

  
1. Look at the chart below which illustrates the changes in the Bank of England’s Base Rate (Interest Rates) over the past 10 years. (4)

**%**

**%**

a. Explain what has happened to interest rates between January 2002 and January 2008

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b. Explain what has happened to interest rates since January 2008

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1. Outline the possible effects of cuts in the interest rate on: (4)

a. Inflation ………………………………………………………………………………………………………………………….. .………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………  
……………………………………………………………………………………………………………………………………………………………

b. Economic Growth …………………………………………………………………………………………………………..  
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Explain why a rise in interest rates might actually lead to higher inflation in the short term. (2)  
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