Introduction to the national economy – GCSE Economics Paper 2

1. No.8

An individual decides to open a savings account with a deposit of £6000. The annual interest rate paid on these savings is 5%. They close the account after 8 months.

Calculate how much interest they would receive.

[1 mark]

A £200

B £225

C £240

D £300

2. No.10

Which of the following pairs of policy changes is most likely to reduce a budget surplus?

[1 mark]

	Tax rates	Government spending
A	Decrease	Decrease
B	Decrease	Increase
C	Increase	Decrease
D	Increase	Increase

3. No.11

State **two** examples of indirect taxes used in the UK.

[2 marks]

1 ______________________________

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2 ______________________________

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4. No.12

Explain what is meant by regressive taxation.

[2 marks]

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5. No.15

Figure 1 – Achieving lower unemployment

Achieving low unemployment is one of the government's objectives. Some economists think the best way of keeping unemployment low is for the government to keep the economy stable.

However, governments can also achieve lower unemployment by changes in government spending. The UK government employs over five million people, such as those employed as nurses, teachers and police officers. There are other ways changes in government spending can affect unemployment, such as through supply-side policies.

Using **Figure 1**, analyse how changes in government spending can help achieve lower unemployment.

[6 marks]

Extra space