

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Monday 22 May 2023 – Morning

AS Level Economics

H060/02 Macroeconomics

Resource Booklet

**Time allowed: 1 hour 30 minutes
plus your additional time allowance**

INSTRUCTIONS

**Use the Resource Booklet to answer the questions in
Section B.**

**Do NOT send this Resource Booklet for marking. Keep it
in the centre or recycle it.**



UK government spending pushes debt to £2 trillion

The UK national debt has risen above £2 trillion due to spending to support the economy during the coronavirus pandemic. This comes mainly from the introduction of public health measures and new government policies to support businesses and individuals.

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In July 2020, the Chancellor announced a package worth up to £30 bn, which includes plans to protect jobs, help younger workers and encourage spending. This includes the ‘Job Retention Scheme’, where struggling employers can put their workers on furlough. This means they temporarily stop working and the government pays them 80% of their wages, up to a maximum of £2500 per month. In most cases, the alternative would have been for the employers to make some or all of their workers redundant. Increases were also announced to some welfare payments for the unemployed.

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A number of training initiatives have also been introduced to provide support for young workers. These include:

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the ‘Kickstart scheme’ which is a £2 bn fund to pay for six-month work placements for 16 to 24-year-olds who are on universal credit

a £1000 grant for employers who take on a new trainee aged 16–24 with the aim to triple trainee numbers

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doubling the number of work coaches at Jobcentre Plus centres with extra help for young jobseekers

£150 m for the ‘Flexible Support Fund’ which provides help for jobseekers.

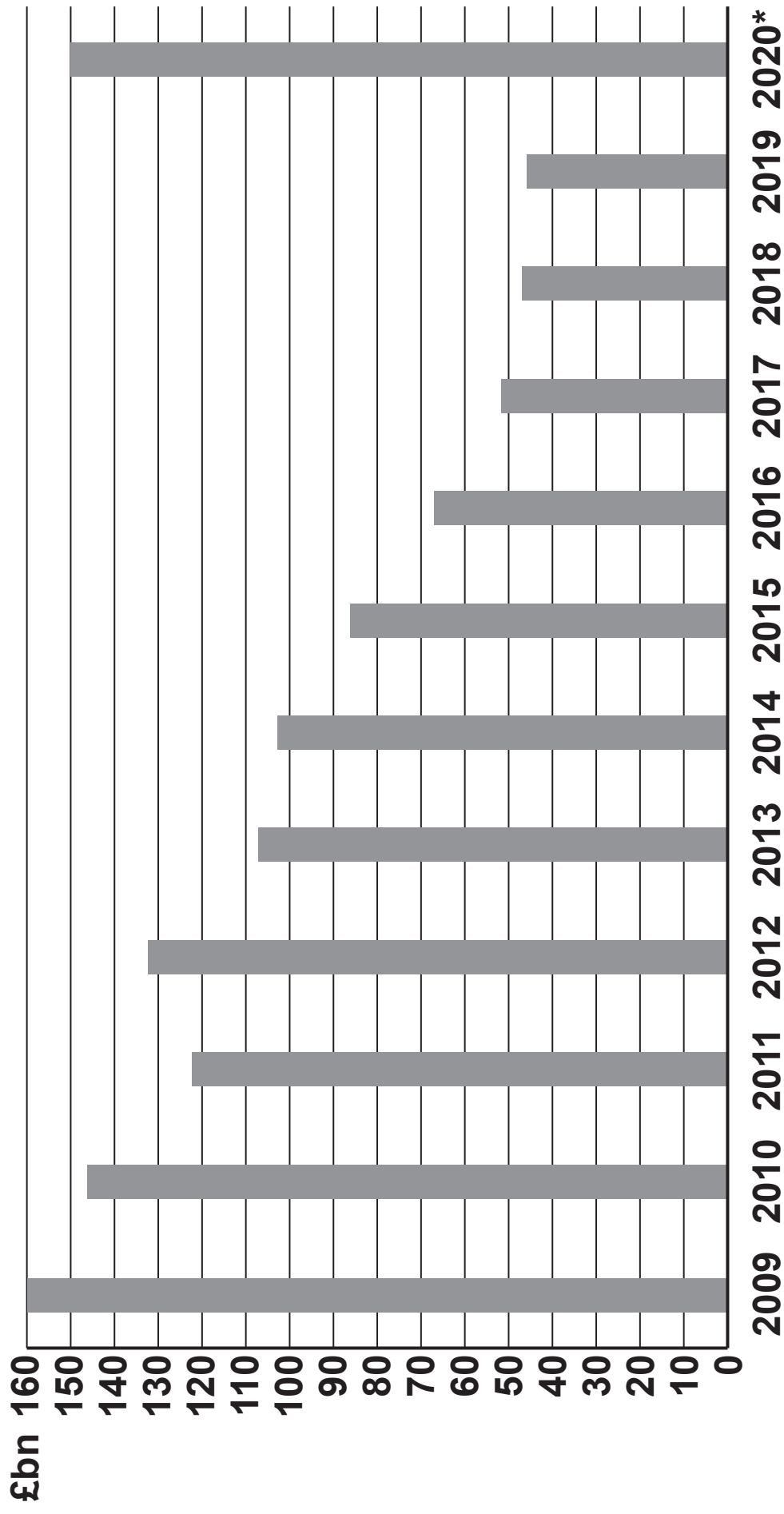
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Measures have also been announced to improve energy efficiency and infrastructure. These include £1 bn of grants to public sector organisations to improve energy efficiency and £50 m to improve the energy efficiency of socially rented homes. A £5.6 bn package of infrastructure measures was also announced, including hospitals, school buildings, transport and housing. 35

The sales tax (VAT) included in the price of food, accommodation and leisure attractions will also be cut from 20% to 5% until at least March 2021. Tax revenue has been hit hard by the pandemic as people and businesses earn and spend less. 40

Source: Adapted from [bbc.co.uk/news](https://www.bbc.co.uk/news), Summer 2020

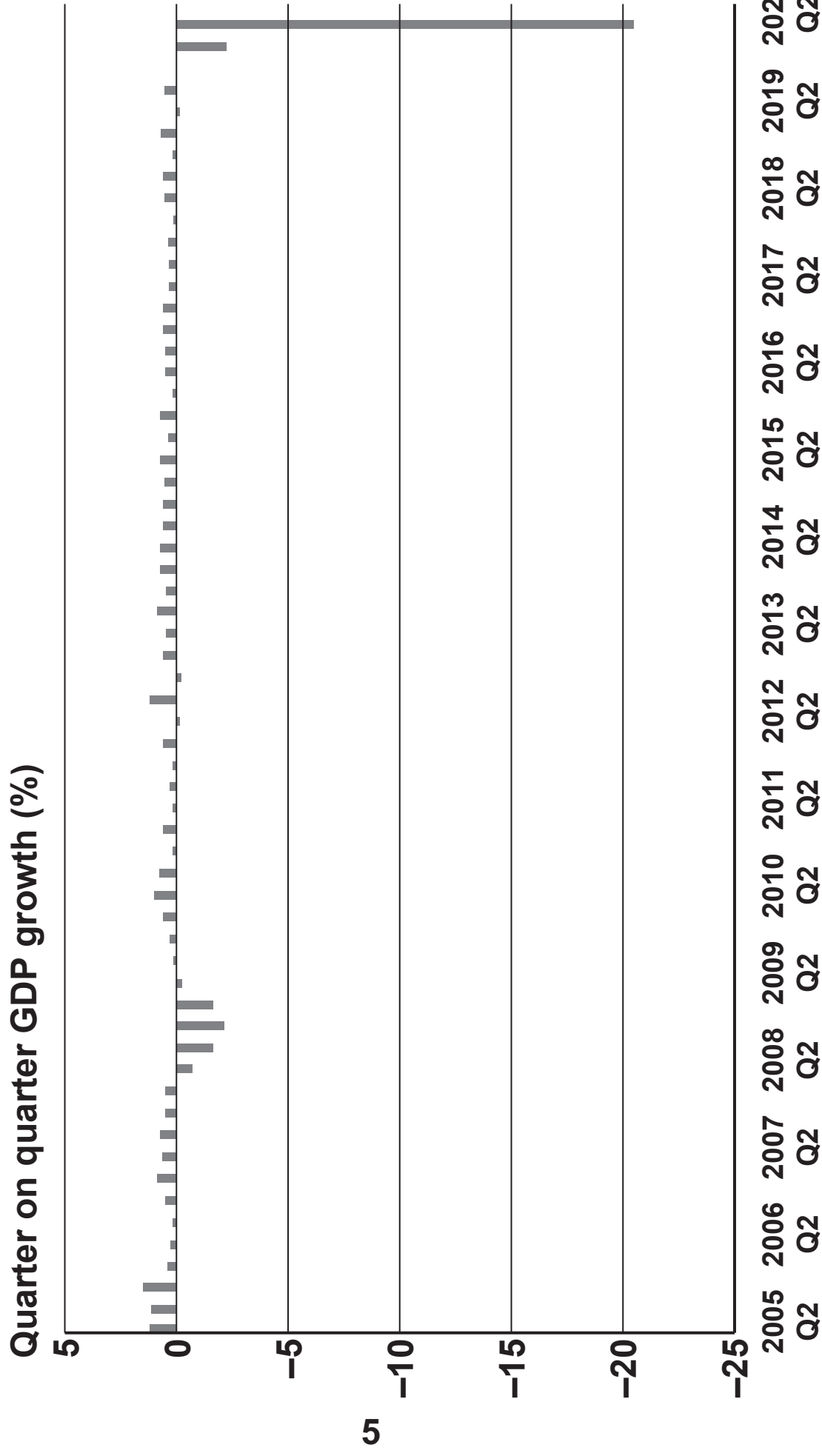
Fig. 1
UK Government Budget Deficit 2009–2020



***2020 data is up to July only**

Source: ONS

Fig. 2
UK GDP Growth (Q2 2005 to Q2 2020)



Source: ONS

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