

Chapter 5: Worksheet mark scheme (25 marks)

- 1 Assign each of the factors listed below to a PEST category. (6)
- A new machine has been invented which may improve productivity. **T**
 - Interest rates go up. **E**
 - New environmental laws push production costs up. **P**
 - Trade tariffs are introduced on imports. **P**
 - People start buying food produced locally. **S**
 - Factories use increasing numbers of robots. **T**
- 2 List **three** sets of laws that affect businesses. (3)
- employment
 - consumer protection
 - business competition
 - import/export laws
 - nationalisation/denationalisation
- 3 What is the difference between fiscal policy and monetary policy? (2)
- Fiscal policy → changes in government spending and taxes
 - Monetary policy → change in interest rates
- 4 Give examples of **four** recent social and cultural changes in society. (4)
- ageing population
 - changing patterns of employment
 - increasing numbers of women employed
 - early retirement increasing
 - job insecurity
 - improved education
 - increased global mobility
- 5 Permanent work contracts are often replaced by more flexible solutions. Give **three** examples. (3)
- temporary work
 - part-time work
 - seasonal contracts
 - flexible contracts
- 6 Describe **one** impact on businesses of each of the economic changes listed below. (3)
- Inflation → wages go up; firms raise prices; higher interest rates raise costs
 - Currency depreciates → imports cost more; goods sell more easily abroad
 - Unemployment up → wages fall; more choice of staff; consumer demand down
- 7 Define 'recession'. (2)
- Six months of falling GDP.



- 8** What is the difference between cost-push inflation and demand-pull inflation? **(2)**
- Cost-push inflation is caused by rising costs forcing businesses to raise prices, whereas demand-pull inflation is caused by increased demand leading to shortages of goods, therefore allowing businesses to raise their prices.