**Economics Induction Assessment**

**Time allowed: 30 minutes**

**Extract A: UK public sector investment and borrowing, 2003 to 2011 (£ billion)**

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| **Year** | **Investment** | **Borrowing** |
| 2003 | 15.06 | 34.89 |
| 2004 | 16.98 | 37.95 |
| 2005 | 23.95 | 42.59 |
| 2006 | 23.79 | 32.17 |
| 2007 | 25.98 | 36.36 |
| 2008 | 38.61 | 69.00 |
| 2009 | 52.98 | 156.21 |
| 2010 | 40.12 | 149.21 |
| 2011 | 28.96 | 121.04 |

Source: official statistics, September 2012

**Extract B: Business leaders call for measures to boost growth**

Britain’s economy has suffered a period of unimpressive growth since the depths of the recession in 2008 and 2009. In 2011, the growth in real GDP was just 0.7% and official estimates for the second quarter of 2012 show a contraction in GDP of 0.5%, a third consecutive quarterly decline. The Government blames external shocks, such as the ongoing crisis in the eurozone1, and the slowdown in growth in America and China for the weak recovery of the UK economy. However, many believe that the UK Government’s austerity policy of reducing the budget deficit, by reducing government spending and increasing taxation, has meant that the recovery has been much weaker than necessary.

Many business leaders want to see more measures to stimulate growth. They tend to support the policy of cutting the budget deficit in order to reduce borrowing by the public sector, but they also argue for investment in infrastructure (such as building new roads and rail networks) to reduce costs, increase productive capacity, create jobs and improve Britain’s long-term competitiveness.

Source: news reports, September 2012

**Note 1** The eurozone consists of those countries that have adopted the euro as their currency.

**Numeracy Questions**

1. In what year was public sector investment the highest?
2. What was the median public sector investment between 2003-2011 inclusive?
3. What was the total public sector investment between 2008 and 2011 inclusive?
4. What was the total public sector borrowing between 2008 and 2011 inclusive?
5. What was the difference between public sector investment and borrowing between 2008 and 2011 inclusive?
6. What was the mean public sector investment between 2003 and 2007 inclusive (to 1 decimal place)?
7. In which year was there the greatest difference between investment and borrowing?
8. What was the % increase in public sector borrowing between 2008 and 2009 inclusive?
9. What was the % decrease in public sector investment between 2009 and 2010 inclusive?
10. What was the ratio between public sector borrowing and public sector investment in 2011 (to 2 decimal places)?

**Literacy Questions**

1. What were the two external shocks that the government blamed for the weak recovery in the UK economy?
2. What do many other commentators believe to be the reason why the UK recovery has been much weaker than necessary?
3. Why do business leaders want to see more investment in infrastructure?
4. What is meant by austerity?
5. How will investment in infrastructure reduce business costs?
6. What is the Eurozone?

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| **Literacy** | **Score** | **Numeracy** | **Score** | **Subject skills** | **Score** |
| Very Good | 1 | Very Good | 1 | Very Good | 1 |
| Satisfactory | 2 | Satisfactory | 2 | Satisfactory | 2 |
| R I | 3 | R I | 3 | R I | 3 |