

When the economy slows and the government acts, what happens to a business?

Syllabus section 6.1 Business cycle, economic objectives and government economic policy

Dr Moaz Tariq · Cambridge O Level Business 7081

Running case: Northbank Glass · 55 minutes

How this topic is examined

Paper 1 • Short answer and data response

Define [2] • Identify [2] • Calculate [2]

Outline [4] • Explain [6]

Explain how each factor might affect... [6]

Do you think... Justify your answer [6]

Paper 2 • Case study

Explain two ways an increase in interest rates might affect... [8]

Consider how three changes will affect the business. Which will have the biggest effect? Justify your answer [12]

Typical questions on this topic

Define 'recession' or 'economic growth'. [2]

Identify two government economic objectives. [2]

Outline two problems inflation might cause [business]. [4]

Explain two ways an increase in interest rates might affect [business]. [6]

Do you think all businesses benefit from an increase in government spending? [6]

Consider three economic changes. Which will have the biggest effect on profit? [12]

By the end of this lecture you can...

- 1 Describe the stages of the business cycle and their effects on businesses.
- 2 Explain the government's economic objectives.
- 3 Explain the effects of inflation, unemployment and growth on businesses.
- 4 Explain how taxes and government spending affect businesses.
- 5 Explain how changes in interest rates affect businesses.
- 6 Explain how businesses respond, and judge which change matters most.

END OF PREVIEW

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