

ECONOMICS

INTRODUCTORY SUMMER WORK 2025

Your objective is to find out a bit about what economics actually is and what is going on in the UK Macroeconomy. Please use the article [“Review of the UK Economy in 2025”](#) and links at the end of these questions, as well as the internet, to find out the answers to the following questions.

Please write up your answers (typed or written on lined paper) and bring them to your first Economics lesson: (Note: do make sure you are using UK websites for any research – suggestions below the questions)

1. What is Economics? [2]

2. Economics is split into 2 areas of study – microeconomics and macroeconomics – what is the difference? [2]

The macroeconomy is measured through indicators such as economic growth, inflation and unemployment. Let us consider what these are and how the UK economy was placed at the end of 2024.

Read the article - answer the following questions

3. Economic Growth

- a. What is meant by economic growth? [2]
- b. At the end of 2023 it was confirmed that the UK had experienced a recession (although we emerged from it very quickly!) How do economists define a recession? [2] (*refer to the quarters*)
- c. On that basis, how would you describe 2021 Q3? [1]
- d. What is the latest projected growth rate for the UK economy for 2025? - (see BBC news / Bank of England websites) [2]

4. Unemployment / Employment

- a. How would an economist define unemployment? [2]
- b. What is the latest official figure for the unemployment in the UK in percentage terms? [2] (*Give the month you are referring to*)
- c. Due to the ‘cost of living crisis’ several professions have taken industrial action (strikes) since January 2023 - list 4 professions which have taken such action. [4]

5. Inflation and Monetary Policy

- a. How is inflation defined? [2]
- b. What is the inflation target for the UK set by the UK government? [2]
- c. What is the latest figure for inflation in the UK? [2]
- d. What do you think the Bank of England has to be careful about when trying to reduce inflation? [1]
- e. Explain why the Bank of England increases interest rates to try to control inflation? [4]

6. Fiscal Policy

- a. Explain the term 'public spending' [2]
- b. Explain the term 'public-sector borrowing' [2]
- c. What does tabel 1 suggest is going to happen to the Governments' 'fiscal position'? [4]

Total marks

/ 38

Suggested websites:

<https://tradingeconomics.com/united-kingdom/indicators>

<https://www.bbc.co.uk/news>

<https://www.economicshelp.org/>