Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**2.5.1 Economic influence**

1. Complete the following table.

|  |  |
| --- | --- |
| Economic influence | Definition |
| Inflation |  |
| Exchange rates |  |
| Taxation |  |
| Government spending |  |
| Business cycle |  |

1. Explain each of the following comments.
   1. Rising inflation will increase the costs to a business.

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* 1. Depreciation of the pound will make exports from the UK more competitive.

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* 1. A business that sells high priced items, such as washing machines, may see demand fall if interest rates rise.

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* 1. A cut in government spending can negatively affect private businesses.

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* 1. If consumers expect the economy to decline their behaviours may speed up the decline.

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