Evaluate macroeconomic policies, apart from monetary policy, the UK government could use to reduce inflation

UK inflation, as measured by the CPI, rose to 10.1% in the 12 months to July 2022, compared to 2.0% in the 12 months to July 2021.

Contractionary fiscal policy, wherein the government targets lower AD through decreases in government spending, in order to reduce price levels, is one macroeconomic policy reducing inflation. Expenditure cuts to "social transfer payments" such as "universal credit" reduces claimant's disposale incomes, thus diminishing their marginal propensity to consume. To a similar degree, increasing taxes like "corporate tax", disincentivises firms from investing, as rising external costs lower disposable capital. As both investment and consumption fall, significant drops in AD are likely, as both components make 70% of AD. This in turn, greatly lowers price levels. (`Reflected on Diagram 1`) Yet in practice, this isn't without drawbacks. Cuts in government expenditure disporportionately affect those reliant on social transfers, usually those on lower income brackets; increasing inequality. Firms experiencing lower revenue make workers redundant, so as to save costs; increasing unemployment. Lower investment in R&D inhibits technological advancements and innovation within export industries; lowering international competitiveness. Therefore, despite bringing inflation closer to the BoFe target (+-2%), contractionary fiscal policy runs the risk of conflicting with several macroeconomic objectives. However to counter-evaluate, this assumes large firms, often the UK's biggest employers, cannot ofset rising costs. Moreover, automatic stabilisers such as...? Furthermore, r&d.

Alternatively, subsidising firms, wherein financial grants are given to stimulate productivity and decrease production costs, also reduces inflation. Firms receiving financial grants e.g. "tax breaks, lump sum payments" in efforts to reduce costs, gi

Were firms to receive financial grants, e.g. "tax breaks, lump sum payments" in efforts to reduce their costs, firms in attempt to gain more market share and sales, may choose to pass the savings onto consumers. This in turn, can see the price level of the economy decrease, as seen by P1 to P2.

tlak about the actual seriousness of recession and the austerity years Neither policy on their own is best suited to reducing inflation. Whilst true, both policies suffer more or less from the same Whilst true, both policies take X-1 months to see affects; subsidies are better.A contracting economy, during AD1 to AD2 Bmay oncur unintended negative multiplier effectsy having contracitonary fiscal policies in place, the UK government in efforts to reduce inflation runs the risk of being in conflict with its other macroeconomic objectives, those being *reducing inequality* and *increasing international competitiveness*. Crucially, it exacerbates existing issues such as "NHS/council home waiting times" applying more strain on.

Austerity years, the UK applied cfp, whereupon food bank usage rose to an alltime he shot him whereby he, find all examples to where words