

3.2 Households

Name: _____ Class: _____ Date: _____ Total: 16 marks

KEY WORDS saving 储蓄 • borrowing 借贷 • household 家庭 • income 收入 • confidence 信心

Objective

Build the skills to answer exam questions on **households** 家庭 — **spending, saving and borrowing** 消费、储蓄与借贷, and what influences these choices.

You must be able to:

- define saving and borrowing
- explain how income, interest rates and confidence affect household choices
- analyse a change in household spending or saving

1 Worked examples

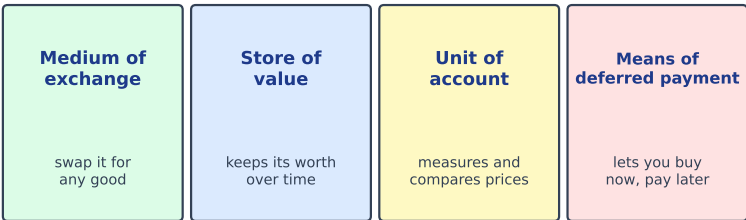
■ Household choices



Three things shape these choices: income, interest rates, confidence

- **Saving** 储蓄: income not spent now. **Borrowing** 借贷: spending money you do not yet have, repaid later.
- **Income** 收入 up → spend and save more.
- **Interest rates** up → saving more rewarding, borrowing dearer → saving rises, borrowing falls.

- **Confidence** 信心 high → spend and borrow more; worried → save more.



Exam: list all four functions — medium of exchange, store of value, unit of account, deferred payment

Households rely on money's functions — a medium of exchange to spend and a store of value to save

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 Define the term *saving*. [2]

2.2 State two things that influence how much a household saves. [2]

2.3 State the effect of a rise in interest rates on household borrowing. [1]

3 Exam-style questions

3.1 A rise in interest rates is most likely to: [1]

- | | |
|---|---|
| A | B |
| C | D |
- A raise borrowing and lower saving
 - B lower borrowing and raise saving
 - C raise both borrowing and saving
 - D have no effect

3.2 Explain why a household might save more when interest rates rise. [4]

3.3 Analyse how a fall in consumer confidence would affect household spending and saving. [6]
