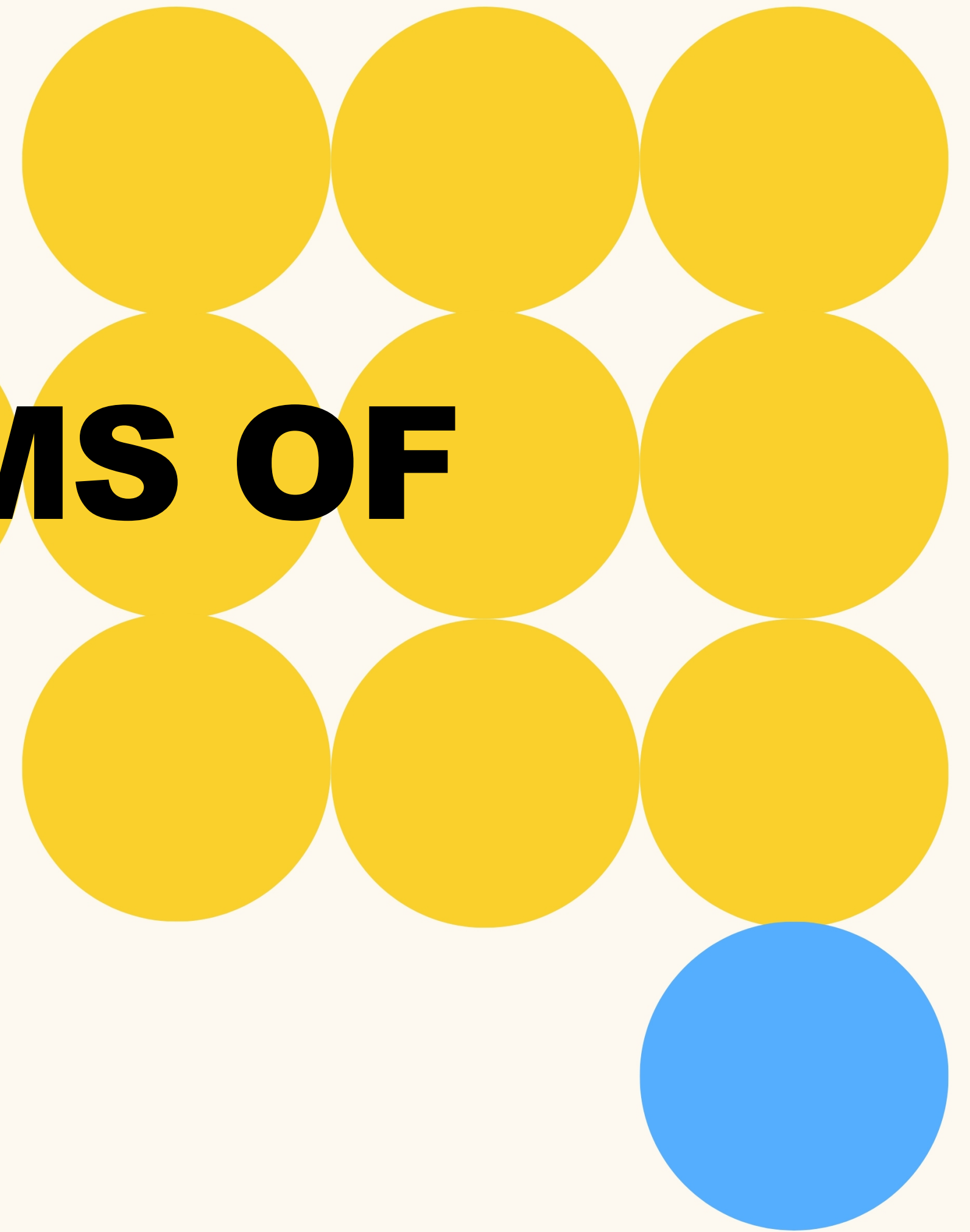


CHAPTER 25 THE MACROECONOMIC AIMS OF GOVERNMENT

Macroeconomics - year11



Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



RECAP

1. **Macroeconomic aims** are high economic growth, low unemployment, price stability and stability in balance of payment
2. However, government cannot achieve all economic aims at the same time.

Conflicts between macroeconomic aims		
High economic growth	VS	Price stability
	VS	Balance of payment stability
	VS	Pollution and resource waste
Full employment	VS	Price stability
	VS	Balance of payment stability

Part1-Multiple choice

1. Which of the following is NOT a key macroeconomic aim of a government?

- a) Low inflation
- b) Balance of payments surplus
- c) High unemployment.
- d) Economic growth

Part1-Multiple choice

1. Which of the following is NOT a key macroeconomic aim of a government?

- a) Low inflation
- b) Balance of payments surplus
- c) High unemployment.
- d) Economic growth

 Answer: c) High unemployment

Part1-Multiple choice

2. Why do governments aim for economic growth?

- a) To increase tax revenue and living standards.
- b) To reduce inflation
- c) To increase the national debt
- d) To encourage monopolies

Part1-Multiple choice

2. Why do governments aim for economic growth?

- a) To increase tax revenue and living standards.
- b) To reduce inflation
- c) To increase the national debt
- d) To encourage monopolies

Answer: a) To increase tax revenue and living standards

Part1-Multiple choice

3. What is the definition of full employment?

- a) A situation where no one is unemployed
- b) A situation where all people have a job they want
- c) A situation where all those willing and able to work at the going wage rate can find employment.
- d) A situation where unemployment is zero

Part1-Multiple choice

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- d) A situation where unemployment is zero

Answer: c) A situation where all those willing and able to work at the going wage rate can find employment

Part2-Essay

1 (d) Discuss whether government policy measures to reduce unemployment may conflict with other macroeconomic aims. [8]

2 (a) State two key economic objectives of a government. [2]

3 (c) Examine how a reduction in available resources may impact a government's economic objectives. [6]

4 (d) Evaluate whether a government can lower unemployment without causing an increase in inflation. [8]

Part2-Essay

1 (d) Discuss whether government policy measures to reduce unemployment may conflict with other macroeconomic aims. [8]

Part2-Essay

1 (d) Discuss whether government policy measures to reduce unemployment may conflict with other macroeconomic aims. [8]

The End

