

CHAPTER 28

SUPPLY-SIDE POLICY

A decorative graphic consisting of a grid of circles. The top two rows each contain three yellow circles. The third row contains two yellow circles, with the text 'POLICY' overlaid on them. The fourth row contains three yellow circles. The fifth row contains one blue circle.

Macroeconomics - year11

Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



RECAP

1. **Supply side policies** : policies to increase productive potential of an country or aggregate supply.

Supply-side policy achieve government aims	
Supply-side policy: <ul style="list-style-type: none">• education• cutting income tax• cutting corporate tax• deregulation• control power of trade union & industrial action• subsidies	High economic growth (It increases national output)
	High employment (It increases production and employment)
	Low inflation (It increases productivity and reduces cost of production and price level)
	Balance of payment stability (It reduces prices of export and increases export competitiveness)

IGCSE Economics Exam Crash Course by Knockout.Economics

CHAPTER 28 SUPPLY-SIDE POLICY

Part1-Multiple choice

1. What is the main goal of supply-side policies?

A) Increase aggregate demand

B) Improve the productive capacity of the economy

C) Reduce government spending

D) Control inflation

Part1-Multiple choice

1. What is the main goal of supply-side policies?

- A) Increase aggregate demand
- B) Improve the productive capacity of the economy
- C) Reduce government spending
- D) Control inflation

Answer: B) Improve the productive capacity of the economy

Part1-Multiple choice

2. Which of the following is an example of a supply-side policy?

- A) Increasing government welfare payments
- B) Reducing income tax to encourage work
- C) Raising interest rates
- D) Increasing tariffs on imports

Part1-Multiple choice

2. Which of the following is an example of a supply-side policy?

- A) Increasing government welfare payments
- B) Reducing income tax to encourage work
- C) Raising interest rates
- D) Increasing tariffs on imports

Answer: B) Reducing income tax to encourage work

Part1-Multiple choice

3. Which of the following supply-side policies can help reduce inflation in the long run?

- A) Increasing interest rates
- B) Reducing investment in technology
- C) Increasing tariffs
- D) Increasing government subsidies

Part1-Multiple choice

3. Which of the following supply-side policies can help reduce inflation in the long run?

- A) Increasing interest rates
- B) Reducing investment in technology
- C) Increasing tariffs
- D) Increasing government subsidies

Answer: D) Increasing government subsidies

Part1-Multiple choice

4. What is a potential disadvantage of supply-side policies?

- A) They can lead to long-term unemployment
- B) They take time to show results
- C) They reduce economic growth
- D) They increase inflation in the long run

Part1-Multiple choice

4. What is a potential disadvantage of supply-side policies?

- A) They can lead to long-term unemployment
- B) They take time to show results
- C) They reduce economic growth
- D) They increase inflation in the long run

Answer: B) They take time to show results

Part2-Essay

- 1 (a) Define the term 'supply-side policy'. [2]
- 2 (b) **Explain two supply-side policies that can help reduce unemployment.[4]**
- 3 (c) **Analyse how supply-side policy measures can increase the productive potential of an economy. [6]**
- 4 (d) Evaluate whether supply-side policies are effective in reducing inflation.[8]

Part2-Essay

2 (b) Explain two supply-side policies that can help reduce unemployment.[4]

Part2-Essay

2 (b) Explain two supply-side policies that can help reduce unemployment.[4]

Part2-Essay

3 (c) Analyse how supply-side policy measures can increase the productive potential of an economy. [6]

The End

