4 Government aims and policy – Part 1 — Answers

Answers

Work through these after trying the questions yourself.

4.1 Any two of: economic growth; low unemployment; stable prices; fair incomes.
4.2 When the economy produces more goods and services (it grows).
4.3 Tax and government spending.
4.4 Interest rates.
4.5 Monetary policy.

4.6 (a) cutting income tax — **fiscal**; (b) raising interest rates — **monetary**; (c) increasing hospital spending — **fiscal**.