18 A government's spending currently equals its revenue. The government decides to decrease its spending.

What is the most likely effect of this in the short run?

A a budget deficit

B a budget surplus

C an increase in output

D an increase in tax revenue

19 What is **not** a monetary policy measure?

A changes in income tax rates

B changes in interest rates

C changes in the exchange rate

D changes in the money supply

IGCSE Economics: **w25 12**

18 A government collects the following revenue in a year.

	$m
taxes on goods	30
taxes on income	500
taxes on services	20
customs and excise duties	50

What is the amount of indirect tax revenue?

A $30m **B** $70m **C** $100m **D** $500m

IGCSE Economics: **w25 13**

21 Which supply-side policy measure would most likely cause the greatest increase in labour productivity in a country?

A a decrease in the rate of corporation tax

B a reduced top rate of income tax

C improved education and training provision

D privatisation of a state-owned industry

IGCSE Economics: **s25 11**

21 Which policy decision is most likely to cause economic growth?

A an increase in corporation tax rates

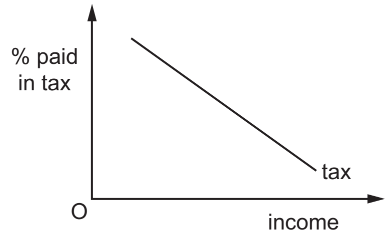
B an increase in interest rates

C an increase in the amount workers can earn before paying income tax

D an increase in the government's regulations for starting a new business

IGCSE Economics: **s25 12**

18 The diagram shows the percentage of income taken by a tax at different levels of income.



Which term is used to describe the tax?

A indirect

B progressive

C proportional

D regressive

IGCSE Economics: **s25 13**

18 A country's unemployment rate increased from 3.6% to 4.2% in one year.

What might be the consequences for tax revenues and welfare payments?

	tax revenues	welfare payments
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

18 The table shows a forecast for a government budget for year 1 and for year 2.

	year 1 $bn	year 2 $bn
revenue	50	55
spending	60	60

What does the forecast government budget for year 2 show?

A The budget deficit decreased when compared with year 1.

B The budget deficit increased when compared with year 1.

C The budget surplus decreased when compared with year 1.

D The budget surplus increased when compared with year 1.

IGCSE Economics: **w24 13**

18 The table shows earnings and total income tax paid per year.

earnings $	total income tax paid $
5000	1000
8000	2000
9000	3000

Which type of tax system does this illustrate?

A indirect

B progressive

C proportional

D regressive