19 Which policy measures would be classified as fiscal policy?

A changes in interest rates and money supply

B changes in labour market policies to encourage more training

C changes in tax rates and government spending

D changes in the exchange rate

IGCSE Economics: **w25 21**

3 Japan has faced significant periods of deflation in recent decades. Despite efforts to stimulate the economy through fiscal policy measures and monetary policy measures, economic growth remains low. Some economists have also argued that the monetary policy used by the central bank is one of the causes of low productivity in Japan.

(a) Identify **two** fiscal policy measures. [2]

(b) Explain **two** influences on productivity. [4]

(c) Analyse reasons why central banks are important for an economy. [6]

(d) Discuss whether or not deflation is a problem for an economy. [8]

IGCSE Economics: **w25 22**

4 There are several policy measures a central bank or government can use to reduce unemployment. One policy measure a government could use to reduce unemployment is to increase its spending on building houses. The Federal Reserve, the central bank of the US, has two main aims. One is to maintain price stability and the other is to achieve full employment. Some central banks also have economic growth as a target, but none have HDI value as a target.

(a) Identify **two** policy measures a central bank could use to maintain price stability. [2]

(b) Explain **two** benefits to an economy of full employment. [4]

(c) Analyse how an increase in government spending on building houses could reduce unemployment. [6]

(d) Discuss whether or not an increase in a country's economic growth rate will increase its HDI value. [8]

IGCSE Economics: **s25 11**

15 A firm chooses to become more capital-intensive.

What is **least** likely to have increased?

A interest rates

B minimum wages

C the power of trade unions

D the productivity of capital

IGCSE Economics: **s25 12**

20 When a government aims to encourage economic growth, it may adopt supply-side policies.

Which policy is a supply-side policy?

A increasing the money supply

B lowering interest rates

C reducing indirect taxation

D retraining unemployed workers

IGCSE Economics: **m25 12**

29 What might a central bank do to stop a fall in the value of its country's currency?

A raise interest rates

B reduce taxes on imports

C remove controls on currency outflows

D sell their currency on the foreign exchange market