Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- any **three** of: **economic growth** / **full employment** / **price stability** / **balance-of-payments stability** / **redistribution of income** (K each)

2.2

- any **one** developed conflict, e.g. **growth vs price stability** or **full employment vs low inflation** (K)

2.3

- **fiscal policy**, **monetary policy**, **supply-side policy** (K each)

3.1 B

- fast growth raises demand, which can **pull up prices** (inflation) (K)
- A, C and D often move *with* growth, not against it

3.2

- to cut unemployment the government usually **raises total demand** (K)
- firms hire more, but stronger demand **pushes prices up** (An)
- lower unemployment can come with **higher inflation** (An)

3.3

- the aims often **conflict**: raising demand to boost growth and jobs can cause inflation (K)
- faster growth can pull in imports, worsening the **balance of payments** (An)
- a government must set **priorities**; supply-side policy can ease some conflicts by raising capacity (An)