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

- **supply-side policy** aims to raise how much the economy can produce by improving the **quantity and quality of factors** (K)

2.2

- any **two** of: **education and training** / **privatisation** / **deregulation** / **lower-tax incentives** (K, K)

2.3

- it works **slowly** (results take years) (K)

3.1 B

- spending on **education and training** is a supply-side policy (K)
- A is monetary; C and D are fiscal demand-side tools

3.2

- education and training give workers **better skills** (K)
- they become more **productive** (each makes more) (An)
- the economy can produce more → **output and capacity rise** (An)

3.3

- supply-side policy raises **productive capacity** (K)
- the economy can make more → **growth rises**, and more supply **holds prices down** (An)
- unlike demand-side policy, it can raise growth **and** lower inflation together — but it works **slowly** (An)