

4 Government aims and policy – Part 1

—Answers

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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**.