4. Government and the macroeconomy

Starter Quiz · 课前小测

IGCSE Economics Name: ____________ Score: ______

1. Which are macroeconomic aims of government? (Select all that apply.)
   - ☐ economic growth
   - ☐ low unemployment
   - ☐ stable prices
   - ☐ maximising one firm's profit

   Tick every correct option.

2. Fiscal policy uses:
   - ☐ government spending and taxation
   - ☐ interest rates
   - ☐ the exchange rate
   - ☐ minimum wages only

3. Monetary policy is mainly carried out by the:
   - ☐ central bank
   - ☐ finance ministry
   - ☐ local councils
   - ☐ trade unions

4. Supply-side policy aims mainly to:
   - ☐ raise productivity and productive capacity
   - ☐ cut interest rates
   - ☐ increase the budget deficit
   - ☐ raise the exchange rate

5. Economic growth is measured by an increase in:
   - ☐ real GDP
   - ☐ the population
   - ☐ the inflation rate
   - ☐ the exchange rate

6. The unemployed are people who are:
   - ☐ willing and able to work but cannot find a job

   - ☐ retired
   - ☐ in full-time study
   - ☐ not looking for work

7. Which are supply-side measures? (Select all that apply.)
   - ☐ education and training
   - ☐ lower business taxes
   - ☐ better infrastructure
   - ☐ raising interest rates

   Tick every correct option.

8. The CPI rises from 100 to 105 over a year. What is the inflation rate (%)?

   ____

9. Raising interest rates to fight inflation can increase unemployment.

   ☐ True ☐ False

10. Real GDP strips out the effect of inflation.

    ☐ True ☐ False

1. **economic growth; low unemployment; stable prices**

   Government aims for the whole economy, not one firm.

2. **government spending and taxation**

   Fiscal policy works through the government budget.

3. **central bank**

   The central bank sets interest rates and influences the money supply.

4. **raise productivity and productive capacity**

   It increases what the economy can produce.

5. **real GDP**

   Growth is a rise in real GDP — output adjusted for inflation.

6. **willing and able to work but cannot find a job**

   Unemployment counts only those actively seeking work.

7. **education and training; lower business taxes; better infrastructure**

   Interest rates are monetary policy; the rest raise capacity.

8. **5**

   (105 − 100) / 100 × 100 = 5%.

9. **True**

   Cooling demand reduces inflation but can cost jobs — a trade-off.

10. **True**

    Real GDP measures actual output, not just higher prices.