28 Supply-side policy

1 The sale or transfer of public sector assets and industries to the private sector is known as

A monetary policy.

B privatisation.

C public expenditure.

D supply-side policy.

2 Which is **not** a supply-side policy?

A education and training

B improving incentives to work

C labour market reforms

D reducing taxes and raising government expenditure

3 Which type of supply-side policy involves reducing or removing barriers to entry, in order to make markets more competitive?

A deregulation

B enterprise zones

C lower direct taxes

D privatisation

4 Which type of supply-side policy involves changes to labour union legislation, welfare benefits and minimum wage laws in order to create better incentives to work?

A deregulation

B education and training

C labour market reforms

D lower direct taxes

5 Government policies designed to improve the quantity and quality (productivity) of resources in the economy by removing barriers to economic growth are known as

A demand-side policies.

B fiscal policy.

C monetary policy.

D supply-side policies.

6 Explain why the government might choose to use supply-side policies. *[4 marks]*

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7 Explain **two** supply-side policies the government could use if it wanted to improve the competitiveness of the economy. *[4 marks]*

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8 Explain how a government can use supply-side policies to create incentives for firms to invest in the economy. *[4 marks]*

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9 With the use of appropriate examples, explain why labour market reforms are a type of supply-side policy. *[4 marks]*

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10 Discuss the effectiveness of supply-side policies in achieving an economy's macroeconomic objectives. *[8 marks]*

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