

IGCSE CIE

Economics MCQ

Supply-side Policies (QP)

1.May 2024-11/20

I What is the definition of a supply-side policy?

- A** any policy designed to decrease inflation
- B** any policy designed to decrease unemployment
- C** any policy designed to increase imports
- D** any policy designed to increase productivity

2.May 2024-12/20

Which statement about supply-side policy is correct?

- A** It aims to increase the productive potential of the economy.
- B** It aims to increase total demand in the economy.
- C** It involves changes in the equilibrium foreign exchange rate.
- D** It involves changes in the rate of interest.

3.March 2024-12/20

Three statements about policy measures are listed.

- 1 improved education and training
- 2 deregulation
- 3 reduction in the basic rate of income tax

What are the supply-side policy measures that would enable the government to make the income distribution more equal?

- A** 1, 2 and 3 **B** 1 and 2 only **C** 1 and 3 only **D** 2 only

4.Oct 2023-11/20

What is a likely objective of supply-side policy?

- A** improving productive potential
- B** increasing direct taxation
- C** increasing the power of trade unions
- D** promoting the public sector

5.Oct 2023-12/20

What is **not** a supply-side policy measure?

- A control of trade union power
- B higher indirect taxation
- C privatisation
- D skills training for workers

6.Oct 2023-13/20

What is a supply-side policy measure?

- A a tariff on imported goods
- B an increase in indirect taxes
- C a contractionary monetary policy
- D the removal of barriers to entry to a market

7.May 2023-12/18

What is the **most** likely reason to increase government subsidies?

- A to decrease consumption of a merit good
- B to increase consumption of a merit good
- C to decrease consumption of a demerit good
- D to increase consumption of a demerit good

8.May 2023-12/20

The government of country Z announces an increase in spending on work-place training.

What is the effect of this supply-side policy likely to be?

- A a decrease in country Z's employment rate
- B a decrease in country Z's exchange rate
- C an increase in country Z's economic growth rate
- D an increase in country Z's interest rate

9.May 2023-13/20

What is the **most** likely effect on an economy of a successful supply-side policy?

- A** an increase in the general price level
- B** an increase in the interest rate
- C** an increase in the money supply
- D** an increase in the potential GDP

10.May 2022-12/19

A government introduces a series of economic measures.

What is a supply-side policy measure?

- A** building more affordable homes to improve labour mobility
- B** controlling consumer spending to reduce inflation
- C** lowering interest rates to encourage purchase of expensive goods
- D** raising pensions to help retired people pay their fuel bills

11.Oct 2021-11/20

Which statement about supply-side policy is correct?

- A** It aims to increase the productive potential of the economy.
- B** It aims to increase total demand in the economy.
- C** It involves changes in the equilibrium foreign exchange rate.
- D** It involves changes in the rate of interest.

12.Oct 2021-12/20

Which supply-side policy measure would help to match the skills of workers to job vacancies?

- A** encouraging the modernisation of factories
- B** offering retraining to unemployed workers
- C** reducing taxes to provide incentives to work
- D** replacing government enterprises with private enterprises

13.Oct 2021-13/20

Which statement relating to supply-side policies is correct?

- A** They aim to increase aggregate demand.
- B** They aim to increase the long-run capacity of the economy.
- C** They aim to reduce cyclical unemployment.
- D** They aim to work in the short term.

14.May 2021-11/18

A government's revenue grew 8% to \$3.25 trillion. Its expenditure was reduced to \$3.69 trillion.

What can be concluded from this?

	state of budget	government policy aim
A	deficit	increase deficit
B	deficit	reduce deficit
C	surplus	increase surplus
D	surplus	reduce surplus

15.May 2021-13/18

The table shows sources of government revenue for an economy.

sources of revenue	\$ billions
sale of government assets	100
sales tax	300
tariffs on imports	50
tax on employment income	500
tax on inherited wealth	50
tax on company profits	100

What is the total amount of tax revenue raised by direct taxes?

- A** \$600 billion
- B** \$650 billion
- C** \$950 billion
- D** \$1100 billion