

4.2 The Macroeconomic Aims of Government

Question Paper

Course	CIE IGCSE Economics
Section	4. Government & the Macroeconomy
Topic	4.2 The Macroeconomic Aims of Government
Difficulty	Medium

Time allowed: 30
Score: /24
Percentage: /100

Question 1

In a mixed economic system, such as Portugal's, the government intervenes in the economy. Reasons for government intervention include to correct market failure and to achieve its aims for the economy, such as control of inflation. In 2017, one-fifth of Portugal's population was living in poverty and the government increased its spending

Discuss whether or not increasing government spending will enable a government to achieve its aims for the economy

[8 marks]

Question 2

Identify **two** macroeconomic aims of the Philippine government.

Refer to the [source material](#) in your answers.

[2 marks]

Question 3

Confidence in the government's reform agenda led to very strong growth of India's stock exchange index in 2017. Firms liked the supply-side policy measures that had been introduced, such as government spending on infrastructure projects including building new motorways. However, opponents of the government claimed that the government was prioritising one government aim over others.

Analyse two possible conflicts between government aims.

[6 marks]

Question 4

In February 2016, share prices on stock exchanges fell throughout the world. There were a number of reasons for this; including concerns about the slowdown in world growth, the possibility of deflation and unemployment, and fears that some commercial banks could go out of business.

Discuss whether or not government policy measures to reduce unemployment will cause inflation.

[8 marks]

