

Chapter 17

Put into practice questions

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Which of the following statements are true and which are false?

- a. Economic growth leads to an inward shift of the production possibility frontier. False
- b. If prices rise faster than nominal wages real wages fall. TRUE
- c. Export revenue comes from products bought from abroad. FALSE; from products sold abroad
- d. The demand for labour is derived from the demand for products. TRUE

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Which of the following are true and which are false?

- a. Interest rates are part of monetary policy. TRUE
- b. Cutting taxes tends to decrease demand in the economy. FALSE
- c. Increasing growth is a typical government objective. TRUE
- d. An objective shows how to achieve a policy. FALSE

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Which of the following are true and which are false? Explain your answer.

- a. Increased spending may help growth but lead to higher prices. TRUE
- b. Increased spending may help growth but lead to more imports. TRUE
- c. Increased growth will cause more exports. FALSE
- d. Increased growth will tend to increase unemployment FALSE

End of chapter put into practice questions

Summarize the economic position of your economy at the moment with reference to key economic indicators.

Answers depend on your economy. You might want to consider factors such as the national income, the growth of the economy, the unemployment rate, the rate prices are rising or the trade position.

Explain one significant economic problem facing your economy at the moment. Explain your choice.

Answers depend on your economy. Is there an issue with unemployment? trade? income distribution? prices rising?

Explain one economic policy that your government has introduced in recent years and explain its impact.

Answers depend on your economy. For example, has the government changed taxes? Which ones? Why? Has government spending in certain areas changed? How much? Why? Has the interest rate changed? Why?

Outline two measures you would take if you were in power to improve your economy. Justify your choices.

Answers depend on your economy. You should think about what are the biggest economic problems facing your economy and how you think they should be solved.

Explain one economic change in another country that has affected your country.

Answers depend on your economy. Look in the news and see if one country has imposed any trade policies or whether any trade deals have been signed. Are problems in one economy affecting yours- perhaps your country usually sells a lot to a country but is not doing as much trade due to their economic problems?

Explain the different economic policies of political parties in your country.

Answers depend on your economy.

You need to do some research here to analyse their policies. For example, what is their stance on government spending? Different taxes? Are they trying to reduce spending or do they think the government should be spending more? Do they think interest rates are a good way of controlling the economy? Do they think your country should be joining more trade deals? What do they think are the key issues? You might want to draw up a table showing the differences.

Explain how economic change in your country in recent years has affected businesses.

Answers depend on your economy.

You might want to research factors such as:

- National Income
- Income per person
- Inflation rates
- Unemployment rates
- Trade position

