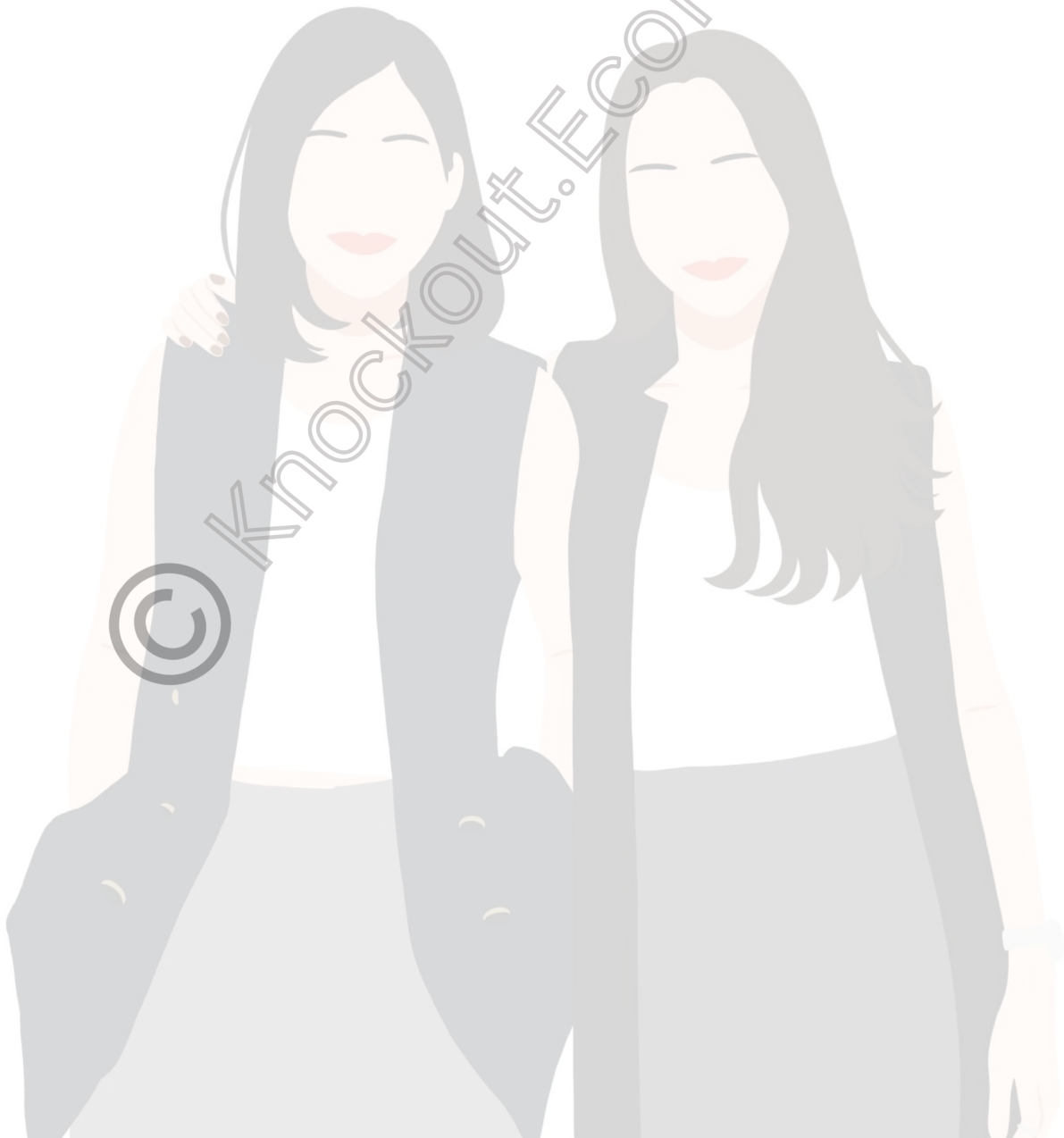


Chapter 28

Supply Side Policies

Key terms

1. Supply side policies : measures designed to increase aggregate supply or country's productive potential.
2. Deregulation : the removal of rules and regulations



1. Supply side policies

: **Supply side policies** : policies to increase aggregate supply or productive potential of an economy.

- Education and training

: It can improve skills and productivity

: National output will increase

- Subsidies

: Grants from government that reduce cost of production

: National output will increase

- Deregulation

: Government may reduce some obsolete rules which can reduce cost

: National output will increase

2. The limitation of supply-side policy

- Time lag
- Opportunity cost

