

Edexcel (B) Economics A-level
Theme 4: Making Markets Work

4.4 Macroeconomic Policies and
Impact on Firms and Individuals

4.4.4 The impact of macroeconomic policies

Notes



The possible impact of macroeconomic policies and evaluating effectiveness

When governments employ a policy, there could be unintended consequences. This is when the actions of producers and consumers have unexpected consequences.

With government policies, consumers react in unexpected ways. A policy could be undermined, which could make government policies expensive to implement, since it is harder to achieve their original goals.

For example, the government could increase in the minimum wage with the intention of raising living standards. However, this could make it unaffordable for employers to employ so many workers, so it could lead to workers being sacked.

