

Candidate Name

Candidate Number

Centre Name

Centre Number

Paper 1: Economics

For Examination June 2023

(1 hour 30 minutes)

It is necessary to respond on the answer sheets provided alongside this question paper. Additionally, you must have a soft pencil (preferably of type B or HB), a clean eraser and a dark blue or black pen.

INSTRUCTIONS:

- You must write your name, candidate number, centre name and centre number on the answer sheets in the designated spaces.
- Objective section consists of 40 questions, and it is essential that you attempt all of them.
- Each question has four options labelled A, B, C, and D. Select the option that you think is correct. Mark it on the multiple choice answer sheet using a soft pencil.
- It is important to follow the instructions provided on the answer sheets.
- Do not use correction fluid.
- Avoid writing on any bar codes.

INFORMATION:

- This paper has a total of 40 marks.
- In objective section there are 40 questions, each carries one mark. There is no negative marking for incorrect responses.

The number of marks assigned for every question or its parts is indicated within brackets []

OBJECTIVE SECTION (MCQ)

[40 Marks]

1- A market with single producer is,

- A in equilibrium
- B oligopoly
- C tough for new firms to enter
- D extremely competitive

2- Select the benefit of globalisation to a producer:

- A no requirement for currency conversion
- B Higher taxes
- C More competition
- D Larger market sizes

3- An accountant actor is between jobs. Select the type pf unemployment in this case ?

- A cyclical
- B frictional
- C seasonal
- D structural

4- Which one of the following would cause an inward shift of the demand curve for cars?

- A National increase in wage rates
- B bad weather
- C more cars are made
- D driving a car becomes inconvenient

5- An increase in productivity would lead to:

- A fewer economies of scale
- B higher average costs
- C increased supply
- D lower profits

6- National insurance is charged at a rate of 12% of gross pay. Petra's gross monthly pay is £1500. How much will be Petra's monthly national insurance contribution?

- A £180
- B £1320
- C £1680
- D £12 500

7- Opportunity cost is which of the following:

- A financial expense
- B measured in terms of what has been foregone
- C best way to allocate resources
- D zero when a market is in equilibrium

8- Michelle has a job with a salary of £32 000 a year. She has a car worth £25 000 and has £8000 savings in her bank account. Her bank account pays interest at a rate of 1% per year. Michelle's annual income is:

- A £32 000
- B £32 080
- C £33 000
- D £33 080

9- Select the example of a direct tax?

- A council tax
- B income tax
- C tax on petrol
- D VAT

10- A business operating in the tertiary sector:

- A assembles components
- B extracts raw materials
- C makes finished goods
- D produces services

11- Select the group linked to a firm that always bears the risk of the decision to produce:

- A Creditors
- B managers
- C owners
- D workers

12- The multinational Tata Group has companies in chemicals, consumer goods, engineering and communications and has been buying foreign companies, it suggests:

- A It intends to achieve a domestic monopoly position.
- B It intends to increase its level of specialisation.
- C It intends to reduce fixed costs.
- D It intends to spread risks by diversification.

13- Select the benefit of global free trade?

- A It increases the opportunity for domestic producers to specialise.
- B It increases the protection for domestic producers.
- C It reduces a country's reliance on other countries.
- D It reduces the transport costs involved in trading.

14- Select the most likely indicator that a country is a developed economy rather than a developing economy?

- A a dominant service sector
- B a high birth rate
- C a lack of capital-intensive production
- D a low level of adult literacy

15- Differences in earnings between higher paid and lower paid jobs have widened in developed countries. Select the most likely reason for this?

- A Immigration of unskilled workers has reduced.
- B The demand for highly skilled workers has increased.
- C Unemployment rates have remained low.
- D Women are paid the same rates as men.

16- In the first six months of 2020 a construction company, Morgan Sindall, saw its profits fall. Part of the reason was the increased competition from foreign competitors. Select the government policy is most likely to help such a company?

- A increasing benefits to the unemployed
- B increasing tax-free allowances on new building projects
- C putting a quota on imported raw materials used by the company
- D raising interest rates

17- When the price of trousers rises from \$8 to \$10, the demand for trousers falls from 1000 to 500. What is the price elasticity of demand for trousers?

- A greater than 1
- B unitary
- C less than 1
- D zero

18- A truck factory runs out of important components and has to stop production. How does this illustrate the economic problem?

- A The factory lacks a competitive advantage
- B The factory lacks economies of scale.
- C There are limited wants.
- D There is evidence of scarce resources.

19- Select what may cause an individual to save a higher proportion of their income?

- A a belief that the price of goods will rise in the future
- B a fall in the rate of interest paid by the country's banks
- C a fear that income will fall in the future
- D a rise in the individual's wish to enjoy higher consumption immediately

20- In a particular industry, male workers on average are paid more than female workers. Which is most likely reason:

- A Female workers are less likely to take time off work.
- B Female workers are more likely to be in trade unions.
- C Male workers have higher qualifications.
- D Male workers live nearer to their place of work.

21- select the policy which is an example of an expansionary monetary policy?

- A lower interest rates
- B lower money supply growth
- C lower public sector spending
- D lower taxation

22- Which one is not a public sector expenditure?

- A claims paid on travel insurance for cancelled flights
- B collections of rubbish by a local council to meet regulations on recycling waste
- C grants from central funds to compensate people whose property has been damaged by storms
- D the establishment of a national database to assist the police in finding criminals

23- Select the type of unemployment that occurs when the total demand for goods and services in the economy falls?

- A cyclical
- B frictional
- C seasonal
- D structural

24- Developing countries often wish to prevent the population in rural regions and investment grants are given to companies if they set up their businesses in rural areas.

What does this policy achieve?

- A decreased transport costs
- B decreased external cost
- C increased economies of scale
- D increased use of labour

25- select the possible reason for an individual to save a higher proportion of their income?

- A a belief that the price of goods will rise in the future
- B a fall in the rate of interest paid by the country's banks
- C a fear that income will fall in the future
- D a rise in the individual's wish to enjoy higher consumption immediately

26- Why is the Human Development Index (HDI) often considered to be better than GDP per head as a measure of living standards?

- A GDP per head excludes economic growth
- B GDP per head ignores population growth.
- C HDI includes more than the production of goods and services.
- D HDI is calculated by the national government.

27- when increasing numbers of qualified medical workers from developing economies migrate to developed economies.

What explains this migration?

- A There are better working conditions in hospitals and clinics in developed economies.
- B There are fewer patients requiring medical treatment in developing countries.
- C There is a lack of training opportunities for medical staff in developed economies.
- D There is an oversupply of qualified medical workers in developing countries.

28- The public of a country which avoids international trade may benefit from which of the following:

- A an increase in specialisation.
- B better political and cultural ties.
- C competitive pressure to improve the quality of goods.
- D more employment in their industries.

29- What is a factor of production?

- A a semi-skilled, young worker
- B direct taxes received by a government
- C shares in a manufacturing company
- D stocks of money held a bank

30- Select the cause of economic scarcity?

- A limited want with limited resources
- B limited wants with unlimited resources
- C unlimited wants with limited resources
- D unlimited wants with unlimited resources

31- Select the cause of the economic problem facing all countries?

- A climate change and global warming
- B significant quantities of unemployed resources
- C uneven distribution of income and wealth
- D unlimited wants in relation to limited resources

32- Select the function of a central bank?

- A accepting deposits from the public
- B determining tax rates
- C implementing monetary policy
- D lending to businesses

33- Select the characteristic that can exist both in monopoly and in perfect competition?

- A freedom of entry
- B many buyers
- C many sellers
- D perfectly elastic demand curve

34- Select the correct statement about fixed costs?

- A They exist only in the long run.
- B They include raw material and direct labour costs.
- C They increase at the same rate as output.
- D They must be paid even if there is no output.

35- An economy is experiencing two consecutive quarters of negative economic growth. Select what is this economy experiencing?

- A budget deficit
- B inflation
- C recession
- D trade deficit

36- There was a fall in investment spending by businesses in the third quarter of 2021.

Select the likely result of this?

- A an increase in economic growth
- B an increase in exports
- C an increase in incomes
- D an increase in unemployment

37- When the Mexican currency (the peso) fell in value against the US dollar. What was the effect of this on the Mexican economy?

- A a decrease in tariffs on imports
- B a decrease in the price of exports
- C a decrease in the price of imports
- D a decrease in the volume of exports

38- Select what is included in the calculation of a consumer prices index (CPI)?

- A the price of a basket of goods and services
- B the price of exports and the price of imports
- C the value of the currency on international markets
- D the wages of consumers

39- a government would reduce which of the following as part of an expansionary monetary policy to increase employment?

- A government spending
- B the money supply
- C the rate of interest
- D unemployment benefit

40- Select what is likely to lead to an increase in the wages of university lecturers?

- A an increase in the fringe benefits provided to university lecturers
- B an increase in the tuition fees paid by university students
- C government policies reducing the length of the training for university lecturers
- D increased demand from students to study at university