Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/33**

Paper 3 A Level Multiple Choice **October/November 2023**

1 hour 15 minutes

You must answer on the multiple choice answer sheet.

You will need: Multiple choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)

INSTRUCTIONS

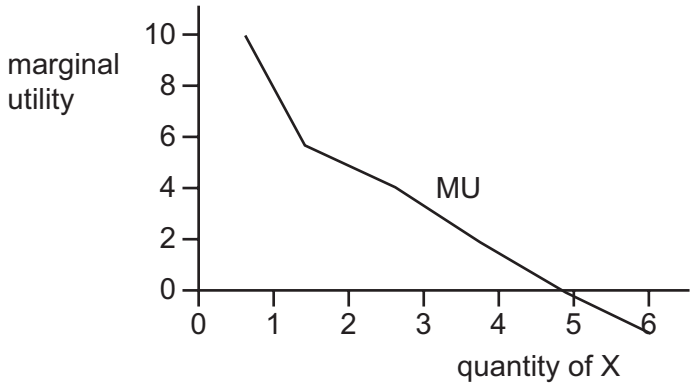
- There are **thirty** questions on this paper. Answer **all** questions.
- For each question there are four possible answers **A**, **B**, **C** and **D**. Choose the **one** you consider correct and record your choice in soft pencil on the multiple choice answer sheet.
- Follow the instructions on the multiple choice answer sheet.
- Write in soft pencil.
- Write your name, centre number and candidate number on the multiple choice answer sheet in the spaces provided unless this has been done for you.
- Do **not** use correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 30.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

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1 The diagram shows the marginal utility (MU) from the consumption of quantities of good X.



What happens to the total utility as consumption of X rises from 1 to 6 units?

A It falls continuously.

B It falls and then rises.

C It rises continuously.

D It rises and then falls.

2 An indifference curve is typically drawn with a convex shape.

Which economic concept explains the reason for this convex shape?

A allocative efficiency

B diminishing marginal rate of substitution

C Pareto optimality

D the equi-marginal principle

3 What is most likely to increase the principal–agent problem?

A ensuring the actions of agents are known by the managers

B linking the rewards of managers with the profitability of the firm

C removing from managers the opportunity to hold shares

D preparing contracts that compel agents to work in the interest of the principal

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4 The table shows a firm's total fixed cost and total variable cost.

output	total fixed cost $	total variable cost $
1	1000	1000
2	1000	2000
3	1000	3000
4	1000	4000
5	1000	5000
6	1000	6000

What can be concluded from the table?

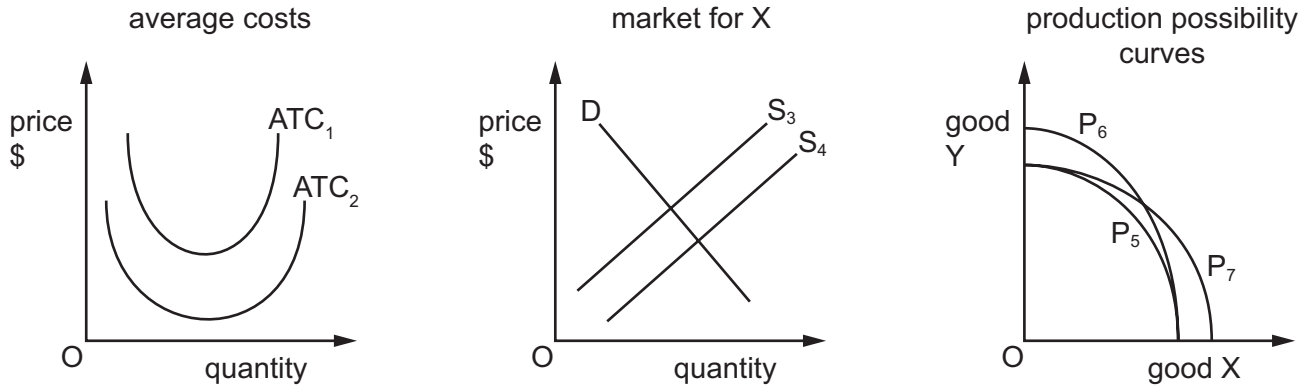
A Average fixed cost falls.

B Average fixed cost is constant.

C Average variable cost falls.

D Average variable cost rises.

5 The diagrams relate to industry X. P_5 is the original production possibility curve.



An improvement takes place in manufacturing techniques in industry X.

Which changes take place?

	average costs	market for X	new production possibility frontier
A	ATC_1 to ATC_2	S_3 to S_4	P_7
B	ATC_1 to ATC_2	S_4 to S_3	P_6
C	ATC_2 to ATC_1	S_3 to S_4	P_6
D	ATC_2 to ATC_1	S_4 to S_3	P_7

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6 The world's largest coffee restaurant chain purchased a large coffee bean farm in Costa Rica. The farm has research and development facilities to study specific diseases that devastate the coffee bean crop.

How is this type of takeover classified?

A horizontal integration

B organic growth

C vertical backward integration

D vertical forward integration

7 Which condition is necessary for a firm to practise third degree price discrimination effectively?

A All consumers and producers must be in the same geographical location.

B Customers must be divided into separate markets for the same product.

C Each separate market must have identical price elasticities of demand.

D Price undercutting is required to enter a monopolistic market.

8 A traffic study concluded that there would be significant benefits if 10% of car drivers switched to using motorcycles during peak traffic times.

Which benefit of this change would be considered a private benefit?

A faster journeys for those who continued to go by car

B faster journeys for those who switched to motorcycles

C increased safety for cyclists

D reduced levels of air pollution for pedestrians

9 Which conditions are most likely to reduce the accuracy of cost-benefit analysis in decision making?

	proportion of external costs and benefits to total costs and benefits	% of total costs and total benefits that are in the future
A	high	high
B	high	low
C	low	high
D	low	low

10 What is consistent with a movement towards Pareto optimality?

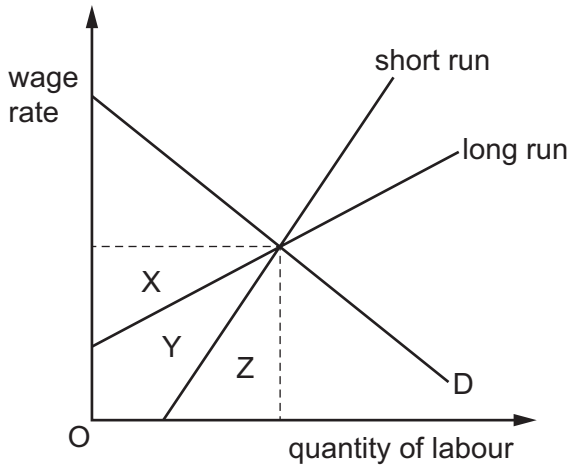
A when negative externality lowers the utility of an individual

B when consumption of a good is non-rival

C when reallocation of resources can make someone better off without making any other person worse off

D when trade takes place to make one nation better off at the expense of its trading partner

11 The diagram shows the short-run supply curve and long-run supply curve of labour.



Which area turns from economic rent in the short run to transfer earnings in the long run?

A X **B** X + Y **C** Y **D** Y + Z

12 Which policies might a government introduce to increase the marginal productivity of labour?

	better education	tax allowances for capital goods
A	no	no
B	no	yes
C	yes	no
D	yes	yes

13 What is most likely to increase relative poverty in a country?

A increasing means-tested benefit levels

B increasing the power of trade unions

C making the tax system more progressive

D removing the national minimum wage

14 Which policy is **not** designed to correct a market failure?

A government provision of healthcare

B price controls on large firms

C regulations to limit smoke pollution

D introducing import quotas

15 To control the cost of living, governments have sometimes imposed a maximum price on certain goods that is below the free market price.

What is often an undesirable side effect of such a policy?

A accelerating general inflation

B an increase in profits above normal profits

C an increase in the stocks of unsold goods held by firms

D shortages of the good

16 When is an increase in national income most likely to induce an increase in investment spending?

A when firms have spare production capacity

B when firms use labour-intensive production

C when the increase in income is regarded as permanent

D when the increase in income is regarded as temporary

17 What is a function of money?

A It can be divided into small units.

B It can be easily carried.

C It is a standard of deferred payment.

D It is widely accepted.

18 A pandemic encourages many workers in developed countries to work from home, leading to a closure of city centre businesses such as coffee shops and retailers.

If this way of working continues after the pandemic, what is the most likely result?

A Frictional unemployment will decrease.

B The geographical mobility of labour will increase.

C Structural unemployment will increase.

D Voluntary unemployment will increase.

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19 In its 2020 population census, China reported that the total population was just below 1.4 billion. The birth rate had continued to decline, the number of those reaching retirement age had increased and the percentage size of the workforce had decreased.

Which change of policy would most quickly sustain China's economic growth in view of these population changes?

A Allow more immigration of labour.

B Encourage women to leave work to have more children.

C Increase research in technology to improve labour productivity.

D Tax the labour force more to pay for the increasing number of pensions.

20 Other things remaining equal, what will reduce the level of national income in an economy?

A a fall in planned savings

B a fall in the marginal propensity to import

C an increase in the average propensity to consume

D a reduction in the level of defence expenditure

21 What, according to the accelerator principle, will cause the level of investment to fall?

A a decrease in confidence

B a decrease in the rate of growth of national income

C an increase in the price of capital equipment

D an increase in the rate of interest

22 What is measured on the vertical axis of the Phillips curve?

A the rate of change of real wages

B the rate of change of take-home pay

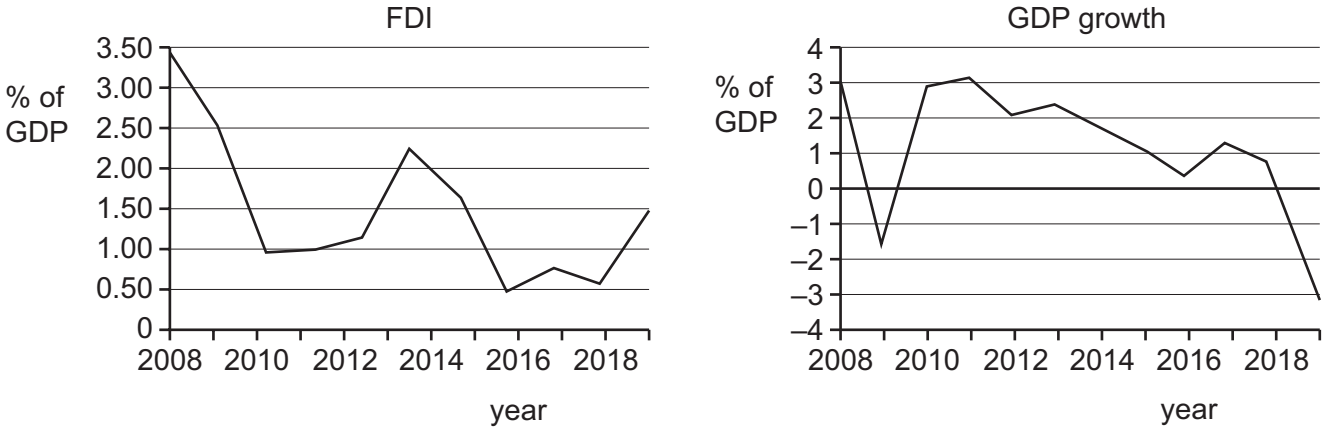
C the rate of inflation

D the rate of interest

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23 South Africa has attempted to improve the level of economic growth by attracting foreign direct investment (FDI).



What can be deduced from this diagram about the relationship between FDI and GDP growth between 2008 and 2018?

A The relationship between level of FDI and GDP growth is generally weak.

B Increases in FDI are in line with improvements in GDP growth.

C Lowering FDI is linked to stable GDP growth.

D Negative GDP growth is linked to a lack of inflows of FDI.

24 Which change would be most likely to indicate that a country has experienced economic development?

A an appreciation in the country's currency

B an improvement in the average citizen's quality of life

C an improvement in the country's trade balance

D an increase in the country's real GDP

25 The table gives some economic indicators for four countries.

Which country is closest to achieving the principal aims of government economic policy?

	change in GDP (%)	rate of inflation (%)	unemployment (%)	balance of payments (% of GDP)
A	0.47	0.8	3.4	+3.3
B	1.13	0.9	10.5	–0.1
C	1.18	1.1	6.9	–3.3
D	1.45	0.1	4.6	+8.5

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26 What is a government macroeconomic aim?

A a fall in the general price level of goods and services

B an increase in monopoly regulation

C lower taxes on consumer goods

D a minimum wage for low paid agricultural workers

27 Which row correctly identifies the characteristics of a low-income economy?

	dependency on the primary sector	Gini coefficient value	per capita real income
A	high	high	high
B	high	high	low
C	high	low	low
D	low	high	low

28 What is the role of the International Monetary Fund (IMF)?

A to advise countries that are experiencing trade disagreements

B to help charities providing emergency assistance to countries in need

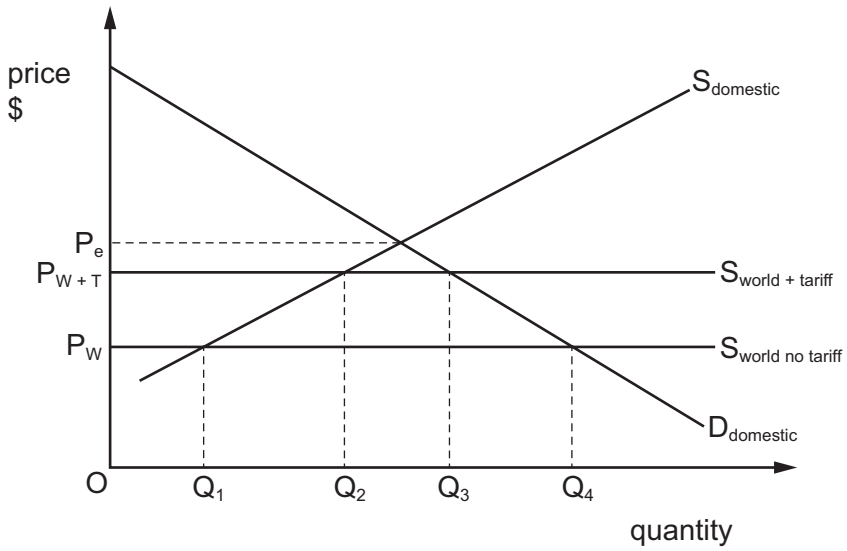
C to offer short-term assistance to countries with balance of payments problems

D to provide interest-free credit to developing countries for infrastructure purposes

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29 The diagram shows the international trading position of a country that had tariffs on imports. The country removed the tariffs on imports.



What was the quantity of imports into this country after the removal of the tariffs?

A Q_1Q_2 **B** Q_1Q_4 **C** Q_2Q_3 **D** Q_3Q_4

30 Under which circumstances will low wages and low-cost land in a low-income country **not** attract foreign investment in manufacturing?

A if the country creates genuine independence for their central bank

B if the country embarks on a programme of privatisation

C if the country lacks well-developed infrastructure

D if the country permits repatriation of profits

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