Cambridge Assessment International Education

Cambridge IGCSE™

ECONOMICS **0455/13**

Paper 1 Multiple Choice **May/June 2023**

45 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)

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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.

This document has **12** pages. Any blank pages are indicated.

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1 GDP per capita in Switzerland is high.

What is the reason why Swiss citizens still face the basic economic problem?

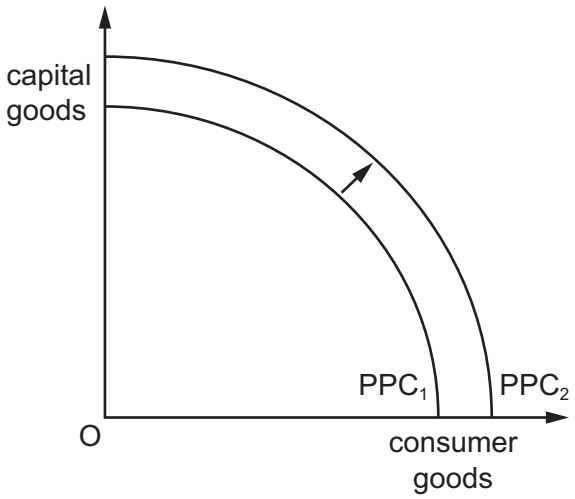
A Income in Switzerland is unevenly distributed.

B Inflation in Switzerland is high.

C Swiss citizens expect high living standards.

D Swiss citizens have to make choices in consumption.

2 The production possibility curve of a country has shifted from PPC_1 to PPC_2.



What could have caused this shift?

A a decrease in the rate of unemployment

B a fall in the birth rate

C improved education

D outdated technology not being replaced

3 What is **most** likely to increase the geographical mobility of labour?

A an increase in the amount of credit available to firms

B an increase in the quantity of low-cost housing

C an increase in spending by firms on research and development

D an increase in spending by government on apprenticeships and training

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4 What is **not** a microeconomic decision?

A A firm decides to increase the price of its product.

B A government decides to increase interest rates.

C A household decides to reduce its demand for fuel.

D A trade union decides to go on strike.

5 What is a feature of a market in equilibrium?

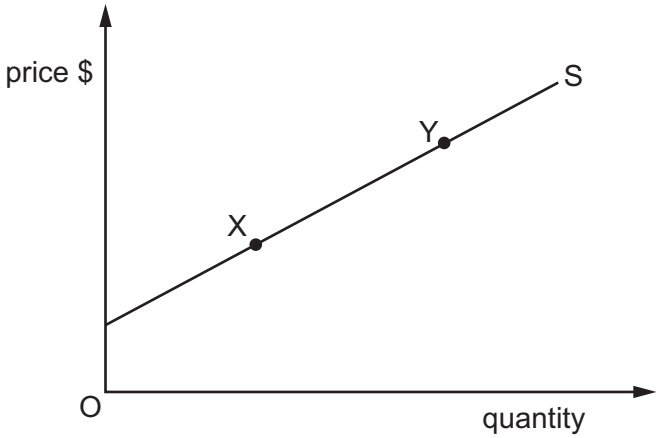
A demand exceeds supply

B no profits are earned

C the market will clear

D there will be a surplus of products

6 The diagram shows the supply curve for a good.



What is the name and cause of the movement from X to Y?

A a contraction of supply caused by a decrease in demand

B a contraction of supply caused by an increase in demand

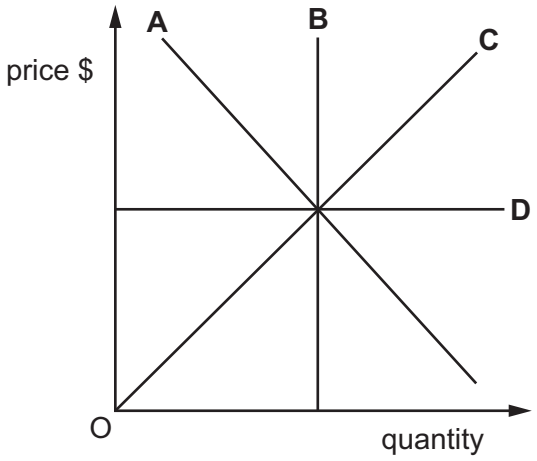
C an extension of supply caused by a decrease in demand

D an extension of supply caused by an increase in demand

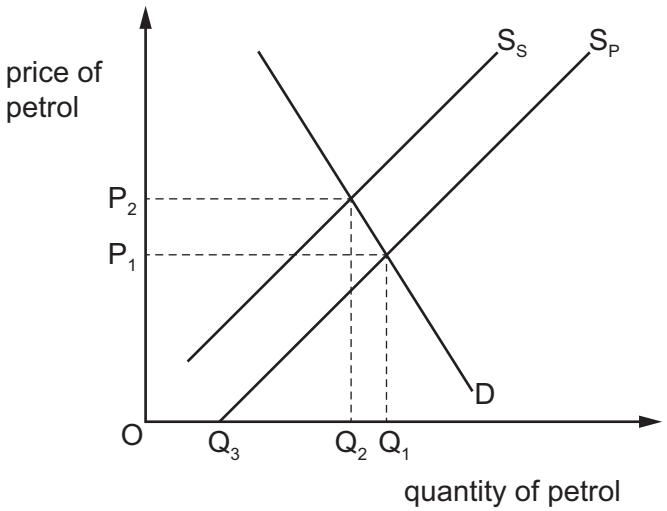
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7 In the diagram, which supply curve has the perfectly inelastic supply?



8 The diagram shows the market for petrol (gasoline). S_P is the supply of petrol based on the private cost of petrol production and S_S is the supply of petrol based on the social cost of production.



Which distance shows the market failure caused by the production of petrol?

A OQ_1 **B** OQ_2 **C** Q_2Q_1 **D** Q_3Q_1

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9 In a given year, the world output of coal was 3.94 billion metric tonnes at an average yearly price of $252 per metric tonne.

Several years later, world output was 3.66 billion metric tonnes at an average yearly price of $120 per metric tonne.

What might have caused such a fall in the price of coal?

A almost half the world's coal reserves were in just two countries

B the exhaustion of coal seams throughout the world

C the switch to renewable sources of energy

D the use of coal as a raw material as well as a fuel

10 A government believes that people eat too much sugar but not enough fruit.

Which combination of policies would the government introduce?

	sugar	fruit
A	increase its tax	increase its tax
B	increase its tax	subsidise its production
C	subsidise its production	increase its tax
D	subsidise its production	subsidise its production

11 Which row shows a characteristic of money and a function of money?

	characteristic	function
A	acceptability	medium of exchange
B	cash	measure of value
C	divisibility	portability
D	store of value	bank deposit

12 When will a central bank act as lender of last resort to a commercial bank?

A when a commercial bank faces a liquidity crisis

B when a commercial bank fails to make a profit

C when a commercial bank needs to raise share capital

D when a commercial bank reduces its lending rates

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13 What is likely to increase the bargaining power of a trade union?

A when the economy is experiencing rising cyclical unemployment

B when the labour market moves from long-term to short-term contracts of employment

C when the price elasticity of demand for the product is price-elastic

D when the trade union supplies all the labour required by the employer

14 What is a likely reason why firms do **not** grow in size?

A External diseconomies of scale occur at high levels of output.

B Internal economies of scale occur at high levels of output.

C Internal economies of scale occur at low levels of output.

D Internal diseconomies of scale occur at low levels of output.

15 The table shows the activities of four firms.

firm 1	firm 2	firm 3	firm 4
shoe manufacture	website design	shoe manufacture	shoe retailer

Which combination of firms would be an example of horizontal integration?

A 1 and 2 **B** 1 and 3 **C** 2 and 4 **D** 3 and 4

16 What is a reason why firms making similar products sometimes locate near each other?

A Competition is decreased.

B There are external economies of scale.

C There are internal economies of scale.

D Transport costs may be eliminated.

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17 A government wishes to increase its spending on public goods.

Which sector should have a spending increase to achieve this?

A education

B healthcare

C national defence

D railways

18 Which government measure would lead directly to more exports of goods?

A a devaluation of the currency

B a restriction of bank credit creation

C an increase in the rate of interest

D the issue of more bank notes and coins

19 A government wishes to stimulate economic recovery.

Which action will assist this?

A decreasing government investment

B decreasing income tax

C increasing indirect taxation

D increasing interest rates

20 What is the **most** likely effect on an economy of a successful supply-side policy?

A an increase in the general price level

B an increase in the interest rate

C an increase in the money supply

D an increase in the potential GDP

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21 A country is experiencing high economic growth caused by an increase in consumer spending.

What are the **most** likely effects on inflation and unemployment?

A inflation falls and unemployment falls

B inflation falls and unemployment rises

C inflation rises and unemployment falls

D inflation rises and unemployment rises

22 Which pair is **most** likely to be provided by the private sector in a mixed economy?

A courts and prisons

B hospitals and tax collection

C insurance and banks

D weapon manufacture and defence

23 An economy is experiencing a sustained fall in the general price level.

Which term is used to describe this?

A deflation

B depreciation

C market disequilibrium

D recession

24 What is **most** likely to cause an increase in relative poverty?

A an increase in state benefits

B an increase in the national minimum wage

C pension increases below the rate of inflation

D people working beyond retirement age

25 What might explain the high population growth in some developing countries?

A high birth rates and falling death rates

B low immigration and high emigration

C falling birth rates and rising death rates

D falling life expectancy

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26 Which combination of factors might cause a country to be classified as developing rather than developed?

A a government budget deficit and a low death rate

B a high birth rate and a low death rate

C a large population and a current account deficit

D a poor education system and a low standard of living

27 What is certain to encourage a higher level of international trade?

A conservation of resources and unstable exchange rates

B exploitation of resources and wider use of quotas

C increased support for home industries and increased tariffs

D more specialisation and falling transport costs

28 The import of a product from another country has been banned.

Which term describes this method of protection?

A embargo

B exchange control

C quota

D tariff

29 A developing country's two major sources of income from international trade are fishing and tourism.

If the country's exchange rate depreciated, what is likely to happen?

A Imported goods would become cheaper for local people.

B The country would definitely become poorer.

C The price of fish sold as exports would become cheaper.

D Tourists to the country would be discouraged by higher prices.

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30 What is the correct formula for calculating the current account of the balance of payments?

A balance of trade in goods + balance of trade in services + primary income balance + secondary income balance

B government revenue from abroad – domestic government spending

C $\dfrac{\text{percentage change in quantity demanded of exports}}{\text{percentage change in price of imports}}$

D total exports of services + total imports of goods

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