Cambridge Assessment International Education

Cambridge IGCSE™

ECONOMICS **0455/11**

Paper 1 Multiple Choice **October/November 2022**

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)

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 Chinese government is concerned about the level of poverty and the need for more resources in low-income regions of the country. As a result, it is increasing its expenditure in those regions and reducing it in high-income regions.

Which economic concept does this government policy illustrate?

A diseconomies of scale

B market forces

C opportunity cost

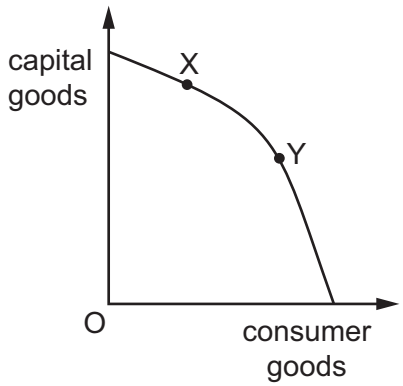
D specialisation

2 An airline needs people and equipment. These can be divided into factors of production.

What is allocated to its correct factor of production?

	people or equipment	factor of production
A	aircraft	capital
B	airline owners	labour
C	computer network	land
D	pilots	enterprise

3 The diagram shows a production possibility curve (PPC) for country Z. Government policy is to move the economy from point X to point Y on the PPC.



What is the **most** likely effect of this policy?

A Living standards rise in the short run.

B More capital goods are produced.

C Prices of consumer goods increase.

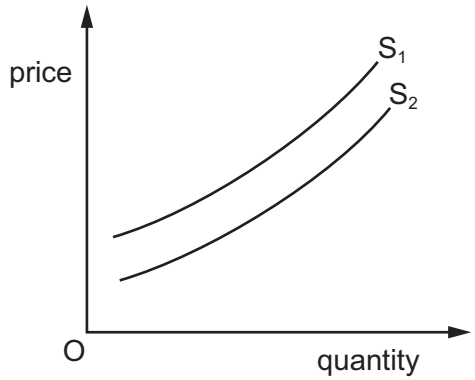
D Total output increases.

4 The table shows examples of changes in an economy.

Which combination has two microeconomic changes?

	change 1	change 2
A	an increase in the rate of inflation	a rise in the average earnings of healthcare professionals
B	an increase in the rate of inflation	a rise in the rate of unemployment
C	a reduction in output in the car industry	a rise in the average earnings of healthcare professionals
D	a reduction in output in the car industry	a rise in the rate of unemployment

5 The diagram shows the supply of motor vehicles.



What will cause a shift in the supply curve from S_1 to S_2?

A a decrease in the profits of suppliers

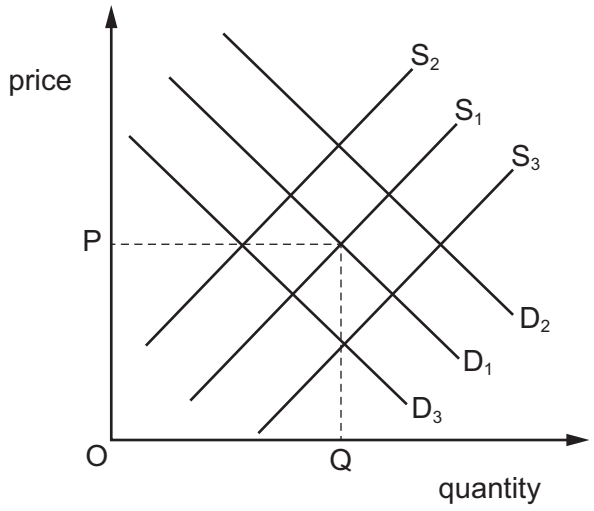
B a fall in the real incomes of customers

C a more efficient assembly line using robots

D a rise in the cost of motor vehicle components

6 The diagram shows the demand for and supply of plastic bags.

The original equilibrium price is P.



How would the introduction of a unit tax on plastic bags be shown?

A Demand would shift to D_2.

B Demand would shift to D_3.

C Supply would shift to S_2.

D Supply would shift to S_3.

7 What is the significance to firms of price elasticity of demand?

A It allows firms to measure the effect of a change in the price of their competitors.

B It allows firms to measure their ability to change production due to a change in price.

C It allows firms to predict the change in costs of production.

D It allows firms to predict the effect of a change in price on their total revenue.

8 In a free market, market failure causes a misallocation of resources.

What is **not** an example of market failure?

A external costs of production

B internal diseconomies of scale

C over-consumption of demerit goods

D under-consumption of merit goods

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9 Which organisations can directly fund the growth of firms?

	central banks	commercial banks	governments
A	no	yes	no
B	no	yes	yes
C	yes	no	no
D	yes	no	yes

10 Which advantage do coins have that makes them more suitable than paper banknotes to act as money?

A They are more divisible.

B They are more durable.

C They are more portable.

D They are more recognisable.

11 Which statement about different income groups is correct?

A High-income groups do not need to borrow money.

B High-income groups save less money than low-income groups.

C Low-income groups find it easier to borrow than high-income groups.

D Low-income groups save a smaller percentage of their income than high-income groups.

12 A musician has a choice of playing for an orchestra in either Germany or England.

Which combination of incomes and cost of living is **most** likely to cause her to choose the German orchestra?

	incomes and cost of living in Germany compared with those in England		
	pre-tax (gross) income	after-tax (net) income	cost of living
A	higher	higher	higher
B	higher	lower	lower
C	lower	higher	higher
D	lower	higher	lower

13 A firm sells 50 units at a price of $3 per product.

What is the firm's total revenue and average revenue?

	total revenue $	average revenue $
A	50	3
B	50	50
C	150	3
D	150	50

14 A firm produces bicycles. It uses a combination of workers and machines. The table shows the output from different combinations of workers and machines.

Which combination shows the greatest labour productivity?

	workers	machines	output
A	4	5	17
B	8	5	32
C	10	5	45
D	20	5	76

15 Two large-scale firms involved in chemical manufacturing wish to merge.

Why might the government decide to prevent the merger?

A It enables greater economies of scale to operate.

B It increases productivity per worker employed.

C It reduces competition in the industry.

D It results in higher wages paid to labour.

16 What is included in a government budget calculation?

A export revenue

B external costs

C indirect tax revenue

D opportunity cost

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17 Which change is an example of monetary policy?

A a depreciation of the foreign exchange rate

B a reduction of unemployment benefits

C an increased import tax

D the introduction of import quotas

18 What is the **most** likely effect of increasing the rate of interest?

A Investment increases.

B The cost of government borrowing falls.

C The exchange rate falls.

D The rate of inflation falls.

19 What is the **most** effective way for a government to raise national output?

A encourage a period of deflation

B improve the productivity of resources

C limit the size of its population

D restrict its trade with other countries

20 The table shows real GDP and population for four countries.

Which country has the highest real GDP per head?

	real GDP ($ billions)	population (millions)
A	200	80
B	100	25
C	80	50
D	60	12

21 A shop worker was made redundant due to the introduction of self-service checkouts.

Which type of unemployment is this?

A cyclical

B frictional

C seasonal

D structural

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22 A decrease in which variable is **most** likely to cause the rate of inflation to increase?

A the average wage rate

B the budget deficit

C the interest rate

D the money supply

23 Which type of goods have to be financed by a government?

A capital goods

B demerit goods

C free goods

D public goods

24 The table shows the percentage changes in earnings and consumer prices for four countries for one year.

Which country is likely to have experienced the greatest increase in real income during the year?

	country	earnings	consumer prices
A	France	+6.5	+3.5
B	Germany	+4.0	+4.0
C	Japan	+4.0	–1.0
D	UK	+6.5	–2.0

25 The table shows the Human Development Index (HDI) for a country in two years.

year	HDI value
1	0.467
2	0.609

What would **not** explain the changes in the HDI?

A an increase in gender equality

B an increase in income per head

C an increase in life expectancy

D an increase in years of schooling

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26 The table shows the percentage (%) contribution of agriculture to the GDP of three countries in a year.

country	%
X	18.5
Y	3.9
Z	2.2

What can be concluded from the table?

A Agricultural production in country Z was not as productive as it was in country Y.

B Country X was likely to be less developed as a country than country Z.

C Country Y was likely to import more agricultural produce than country Z.

D Total agricultural production was higher in country X than in country Z.

27 The table shows some details from a country's balance of payments that has no secondary income (current transfers).

item	$ million
exports of goods	280
imports of goods	350
exports of services	110
imports of services	60
net primary income	–40

What is the country's balance on its current account?

A a deficit of $60 million

B a deficit of $160 million

C a surplus of $20 million

D a surplus of $760 million

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[Turn over

28 Vietnamese companies buy insurance from companies in the US.

How will this transaction be recorded in the Vietnamese balance of payments?

	section	credit / debit
A	trade in goods	credit
B	trade in services	credit
C	trade in services	debit
D	current transfers	debit

29 Which row shows the potential benefits of free trade to consumers, producers and the economy?

	consumers	producers	economy
A	higher income	lower costs	deflation
B	lower quality	higher prices	greater equality
C	lower prices	increased competition	higher current account deficit
D	more choices	larger market	lower unemployment

30 A manufacturing firm in a low-income country has decided to close.

What is **most** likely to have caused this decision?

A increase in foreign multinational companies operating in its country

B increase in global demand for its products

C increase in its productivity

D increase in subsidies received from its government

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