GradeMax

Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/13**

Paper 1 AS Level Multiple Choice **October/November 2025**

1 hour

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.

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

© UCLES 2025

[Turn over

GradeMax

1 The following appeared in a newspaper article.

> 'The economies of the poorest nations have large international debts; the richest nations should cancel the debts of these nations and reduce poverty.'

What is the nature of each statement?

	poorest nations have large international debts	richest nations should cancel these debts to reduce poverty
A	normative	normative
B	normative	positive
C	positive	positive
D	positive	normative

2 What is meant by the division of labour?

A A process is split into a series of individual tasks.

B Some workers work part-time and others work full-time.

C The same amount of output per hour is produced by each worker.

D Wages are divided equally between workers.

3 What would be an opportunity cost of growth in an economy?

A the faster growth of services than of manufacturing

B the need for an increased level of imported raw materials

C the need for greater government intervention

D the reduction of consumption if growth requires investment

4 Which change in the way resources are allocated in an economy is consistent with moving from a planned economy to a market economy?

A A minimum price guarantee for apple producers is removed.

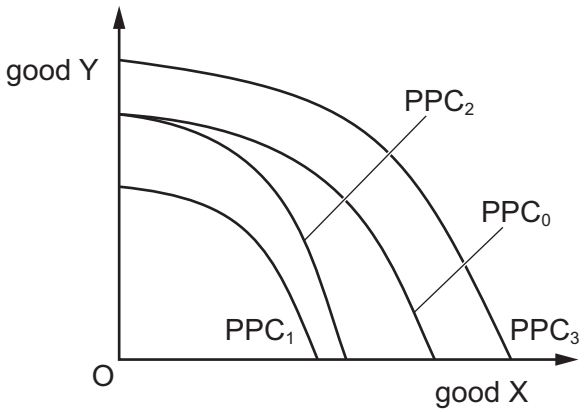
B A new government authority is established to monitor inefficiencies in apple production.

C The production of apples is subsidised to increase output.

D The sale of apples has a maximum price imposed.

© UCLES 2025

5 The diagram shows a production possibility curve (PPC) for an economy that produces two goods, X and Y. Both goods require labour to produce. The initial position of the PPC is at PPC_0.



What is the effect on the PPC following the emigration of a large number of workers?

A the PPC remains at PPC_0

B the PPC shifts from PPC_0 to PPC_1

C the PPC shifts from PPC_0 to PPC_2

D the PPC shifts from PPC_0 to PPC_3

6 A good is provided by the government. Consumption by one person does not affect the amount of the good available for others.

Which type of good must this be?

A complementary good

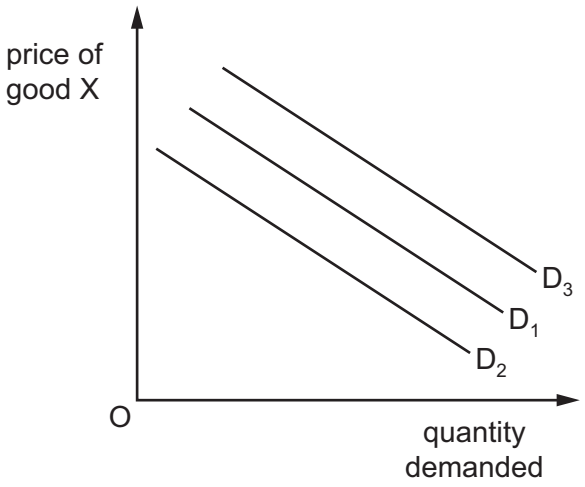
B merit good

C private good

D public good

© UCLES 2025

7 Market demand curves normally slope downwards. They may also shift from D_1 to either D_2 or D_3.



What would cause a movement along D_1 for good X and **not** a shift to either D_2 or D_3?

A advertising of good X increases sales

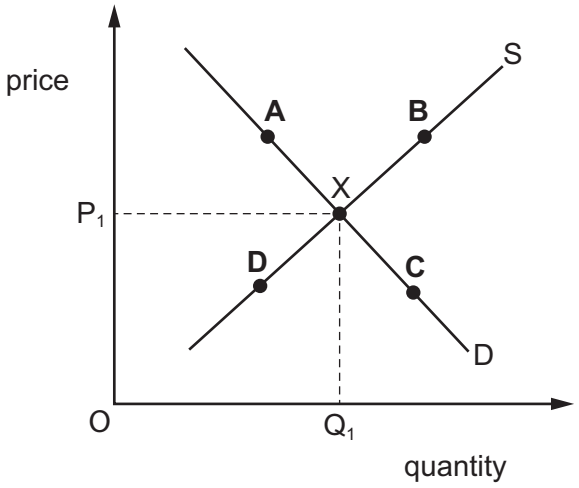
B consumer incomes rise

C the price of good X falls

D the prices of other goods fall

8 The diagram shows the demand curve and supply curve for broken rice that is considered to be an inferior good. The market is in equilibrium at point X with a price of P_1 and quantity of Q_1.

Which point is the new equilibrium if household incomes rise?



9 Good X has an income elasticity of demand (YED) value of −0.8. Its cross elasticity of demand (XED) with respect to good Y is also −0.8.

What are the characteristics of good X?

A a normal good that is a complement to good Y

B a normal good that is a substitute for good Y

C an inferior good that is a complement to good Y

D an inferior good that is a substitute for good Y

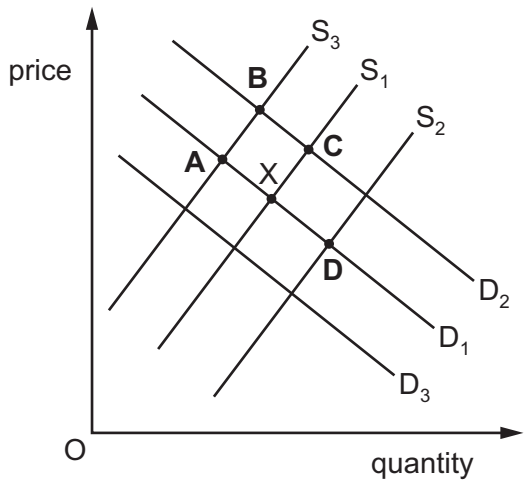
10 Four firms produce furniture. The table shows the price elasticity of supply (PES) for each firm.

If the price of furniture rises by 5% which firm would experience an increase in quantity supplied of 2.5%?

firm	PES for furniture
A	2.5
B	2.0
C	0.6
D	0.5

11 The diagram shows supply and demand for a good. The original equilibrium is X.

What will be the new equilibrium if subsidies are given to firms for new machinery?



GradeMax

12 The market for good X is in equilibrium when its price is $10. The government decides to set a maximum price for good X.

Which maximum price will cause the largest change in consumer surplus?

	maximum price for good X ($)
A	9
B	10
C	11
D	12

13 Assuming demand is price elastic, what will rise the most if an indirect tax is removed?

A consumer expenditures

B price of the product

C producers' revenues

D tax receipts

14 Which area of government spending is a transfer payment?

A spending on new road building

B spending on pensions to the elderly

C spending on buying new police cars

D spending on wages of teachers

15 A government provides a subsidy for a product with a perfectly price inelastic demand.

What prevents producers from benefiting from this subsidy?

A The subsidy causes a large reduction in the price of the product, as its price elasticity of demand is infinite.

B The subsidy causes a large reduction in the price of the product, as its price elasticity of demand is zero.

C The subsidy causes a small reduction in the price of the product, as its price elasticity of demand is relatively elastic.

D The subsidy causes a small reduction in the price of the product, as its price elasticity of demand is relatively inelastic.

© UCLES 2025

16 A government intervenes in the market for good X. It fixes a minimum price above the market equilibrium.

Which situation explains why the government would do this?

	good X	reason for intervention
A	demerit good	to decrease consumption
B	demerit good	to increase consumption
C	merit good	to decrease consumption
D	merit good	to increase consumption

17 The table below shows some national income statistics.

	$ billion
GDP at basic prices	300
Indirect taxes	20
Subsidies	4

What is GDP at market prices?

A $276bn **B** $284bn **C** $316bn **D** $324bn

18 Under which conditions will real Gross Domestic Product (GDP) grow the fastest?

	rate of change in nominal GDP (% per year)	rate of change in general price level (% per year)
A	0	–2
B	0	+2
C	+2	–2
D	+2	+2

© UCLES 2025

GradeMax

19 A government is planning to increase its expenditure on defence. Half of this expenditure will be on equipment such as planes and weapons which it will have to import as it does not produce this equipment domestically.

What is the initial impact on injections and leakages from the circular flow of income?

A The initial rise in injections is greater than the initial rise in leakages.

B The initial rise in injections is greater than the initial fall in leakages.

C The initial rise in injections is smaller than the initial rise in leakages.

D The initial rise in injections is smaller than the initial fall in leakages.

20 What might be a consequence of a fall in the domestic price level?

A imports become more competitive

B interest rates increase

C the purchasing power of savings falls

D the real value of incomes increases

21 A steel producer changes to electrically powered furnaces to reduce emissions of greenhouse gases. This results in a loss of jobs.

Which type of unemployment is caused?

A cyclical

B frictional

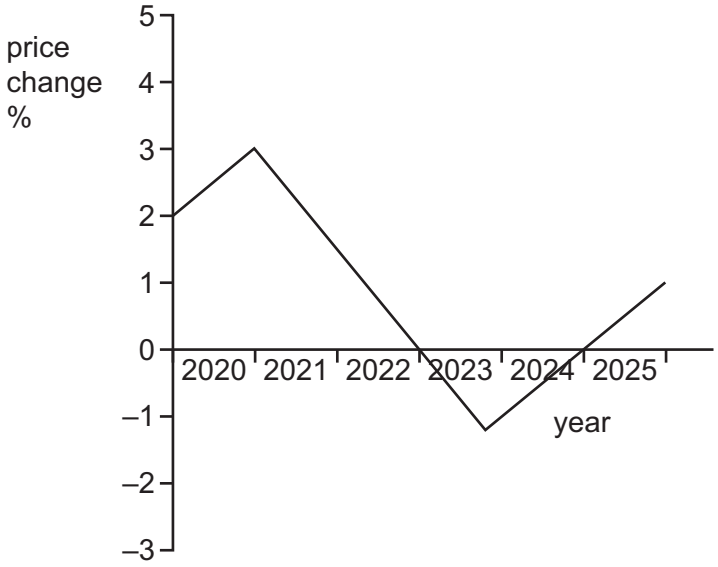
C seasonal

D technological

© UCLES 2025

22 The diagram shows changes in a country's price level over a number of years.

During which period of time did **only** disinflation occur?



A from the start of 2020 to the end of 2025

B from the start of 2021 to the end of 2022

C from the start of 2021 to the end of 2023

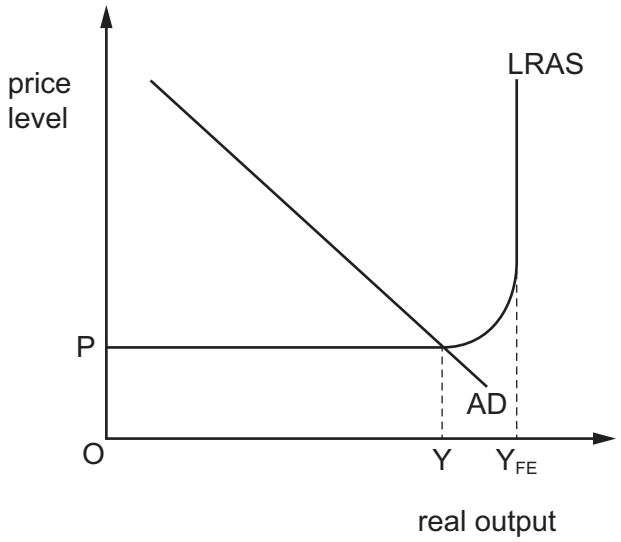
D from the start of 2023 to the end of 2024

23 A government increases the basic rate of income tax to finance additional spending on apprenticeships and training.

Which types of macroeconomic policy are being used?

	fiscal policy	monetary policy	supply side policy	
A	✓	✓	✓	key
B	✓	✓	✗	✓ = used
C	✓	✗	✓	✗ = not used
D	✗	✓	✓	

24 The diagram shows an economy in equilibrium with a real output of Y and a price level of P. The government aims to raise real output from Y to full employment (Y_{FE}) without increasing the price level in the long run.



Which fiscal policy change is most likely to achieve this aim?

A decreasing the rate of income tax

B decreasing spending on education

C increasing the level of sales tax

D increasing welfare benefit payments

25 A government reduced the tax on company profits from 28% to 20%.

Which statement best describes this policy?

A It is both a contractionary fiscal policy and a supply-side policy.

B It is both an expansionary fiscal policy and a supply-side policy.

C It is both an expansionary fiscal policy and an expansionary monetary policy.

D It is both an expansionary monetary policy and a supply-side policy.

26 Which policy is most likely to have a contractionary effect on national income?

A a reduction in income tax rates

B a reduction in interest rates

C an appreciation in the exchange rate

D an increase in government spending on transport infrastructure

© UCLES 2025

27 What is an example of primary income in the current account of the balance of payments of Pakistan?

A dividends received by a Pakistani resident from shares in a domestic firm

B profits of Pakistani businesses exporting goods

C rent received by a Pakistani resident from a property in another country

D salary received by a Pakistani engineer from a foreign-owned producer operating in Pakistan

28 What is meant by comparative advantage?

A One country can produce a product at a lower opportunity cost than another country.

B One country can produce more of a product than another country, using a given level of resources.

C One country has lower barriers to trade than another country.

D One country is making more efficient use of factors of production than another country.

29 An economy specialises in the production of one product. It exports this product to obtain another product.

Which type of diagram can show the combinations of these products?

A the production possibility curve

B the aggregate demand curve

C the principle of absolute advantage

D the trading possibility curve

30 The main export of country X is oil. The world demand for oil is price inelastic. The world supply of oil is reduced by the major oil producing countries, including country X. Imports into country X are unchanged.

What are the effects of this action by the major oil producing countries on the terms of trade and the current account of the balance of payments in country X?

	terms of trade	current account
A	increases	increases
B	increases	decreases
C	decreases	increases
D	decreases	decreases

© UCLES 2025

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.

© UCLES 2025