



# Cambridge IGCSE™

## ECONOMICS

0455/13

Paper 1 Multiple Choice

October/November 2024

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.

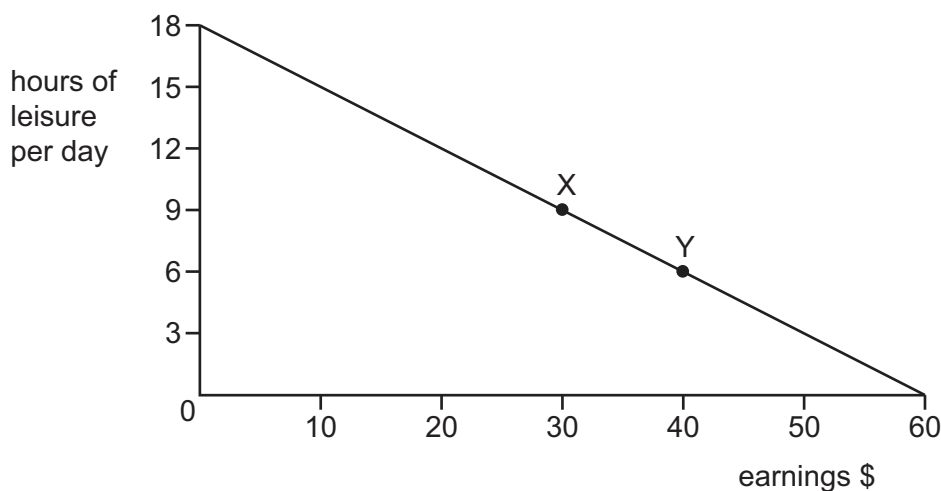
This document has **12** pages. Any blank pages are indicated.



- 1 What is the cause of the economic problem facing the global market for gold?
- A Consumer wants for gold are limited.
  - B Gold is a limited resource.
  - C Only governments can sell gold.
  - D There is an unlimited supply of gold.
- 2 The management of an airline decided to replace its aeroplanes with more technologically advanced aircraft. At the same time, the company retrained its pilots.

Which factors of production has the airline improved?

- A capital and labour
  - B capital and land
  - C labour and enterprise
  - D land and enterprise
- 3 The diagram shows the choices for an individual between leisure and earnings.



What is the opportunity cost to the individual of the extra earnings when moving from position X to position Y?

- A \$10
- B \$40
- C 3 hours of leisure per day
- D 6 hours of leisure per day

- 4 The world price of cocoa has been falling while the prices of products made from cocoa have been rising.

Which combination might explain this?

|          | market for cocoa | advertising expenditure<br>on products made from cocoa |
|----------|------------------|--------------------------------------------------------|
| <b>A</b> | excess demand    | decrease                                               |
| <b>B</b> | excess supply    | decrease                                               |
| <b>C</b> | excess demand    | increase                                               |
| <b>D</b> | excess supply    | increase                                               |

- 5 The table shows the amounts demanded and supplied of tomatoes at different prices. The initial equilibrium is at a price of \$40.

| price<br>(\$) | demand<br>(kg) | supply<br>(kg) |
|---------------|----------------|----------------|
| 10            | 20             | 2              |
| 20            | 16             | 5              |
| 30            | 12             | 8              |
| 40            | 10             | 10             |
| 50            | 8              | 12             |

The following year, more efficient harvesting means that the supply increases by 50% at each price.

What will happen to the suppliers' total revenue?

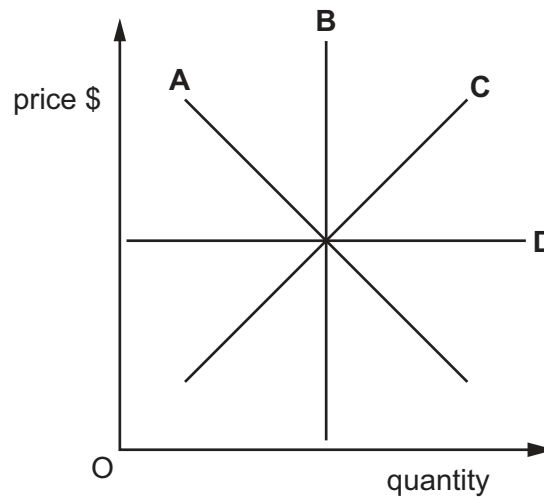
- A** It will fall by \$10.
- B** It will fall by \$40.
- C** It will rise by \$10.
- D** It will rise by \$200.
- 6 A fall in which variable would help eliminate a market shortage?
- A** quantity demanded
- B** price
- C** quantity supplied
- D** the number of firms

- 7 When the price of meat increased from \$5 to \$6 per kg, Joe decreased his purchase of meat from 40 kg to 20 kg a month.

What was Joe's price elasticity of demand for meat?

- A** 0.4                      **B** 2.0                      **C** 2.5                      **D** 20

- 8 In the diagram, which line represents perfectly inelastic supply?



- 9 What is external benefit?
- A** private benefits minus private costs  
**B** private benefits plus social benefits  
**C** social benefits minus private benefits  
**D** social benefits plus social costs
- 10 What is a function of a commercial bank?
- A** accepting deposits  
**B** controlling money supply  
**C** issuing notes and coins  
**D** lending money to the government

- 11** Under which circumstances are households more likely to save?

|          | inflation rate | interest rate | unemployment rate |
|----------|----------------|---------------|-------------------|
| <b>A</b> | high           | high          | high              |
| <b>B</b> | high           | high          | low               |
| <b>C</b> | low            | high          | low               |
| <b>D</b> | low            | low           | low               |

- 12** A country wishes to increase the supply of nurses.

What would be the most effective way of achieving this?

- A** extending the training period for nurses
- B** improving the working conditions of nurses
- C** increasing the national minimum wage
- D** reducing grants for trainee nurses

- 13** Employers based in large cities often pay employees special allowances above standard pay rates.

What is the most likely reason for this?

- A** Job security and promotion prospects tend to be restricted.
- B** Living costs and transport costs tend to be high.
- C** There are few alternative job opportunities available.
- D** Trade unions negotiate nationwide wage levels.

- 14** Workers in a country have been concerned about their wages not keeping pace with inflation.

How can trade unions assist workers in getting a pay rise?

- A** advise the workers to ask individually for a pay rise
- B** negotiate on behalf of their members to secure a pay rise
- C** offer to contribute financially to a pay rise
- D** request improved working conditions

**15** How is total revenue calculated?

- A** price divided by the total output
- B** total output divided by the price
- C** total output multiplied by the price
- D** total output multiplied by total costs

**16** There is a number of cafés selling snacks and drinks in a city centre. Several of these cafés close due to their owners retiring.

What is the likely effect on the prices and profits of the remaining cafés?

|          | prices   | profits  |
|----------|----------|----------|
| <b>A</b> | decrease | decrease |
| <b>B</b> | decrease | increase |
| <b>C</b> | increase | decrease |
| <b>D</b> | increase | increase |

**17** What is a macroeconomic aim of government?

- A** equilibrium prices in markets
- B** high wages
- C** low inflation
- D** profit maximisation

**18** The table shows earnings and total income tax paid per year.

| earnings \$ | total income tax paid \$ |
|-------------|--------------------------|
| 5000        | 1000                     |
| 8000        | 2000                     |
| 9000        | 3000                     |

Which type of tax system does this illustrate?

- A** indirect
- B** progressive
- C** proportional
- D** regressive

**19** What is an example of monetary policy?

- A** an increase in government spending
- B** an increase in indirect taxation
- C** an increase in rules and regulations
- D** an increase in the money supply

**20** What is Gross Domestic Product (GDP) divided by in order to calculate GDP per head?

- A** the adult population
- B** the dependent population
- C** the total population
- D** the working population

**21** What is the consequence of economic growth for individuals and for the economy?

|          | individuals                                   | the economy                         |
|----------|-----------------------------------------------|-------------------------------------|
| <b>A</b> | increase in absolute poverty                  | increase in inflation               |
| <b>B</b> | increase in average incomes                   | increase in government tax revenue  |
| <b>C</b> | increase in the variety of goods and services | reduction in exports                |
| <b>D</b> | increase in unemployment                      | reduction in the standard of living |

**22** What does the labour force survey (LFS) measure?

- A** the number of workers on the national minimum wage
- B** the proportion of women in the labour force
- C** the unemployed population
- D** trade union membership

23 The table shows the weights allocated to the three items in a Consumer Prices Index (CPI) for two years.

| item     | weights |        |
|----------|---------|--------|
|          | year 1  | year 2 |
| food     | 30      | 35     |
| clothing | 20      | 15     |
| housing  | 50      | 50     |
| total    | 100     | 100    |

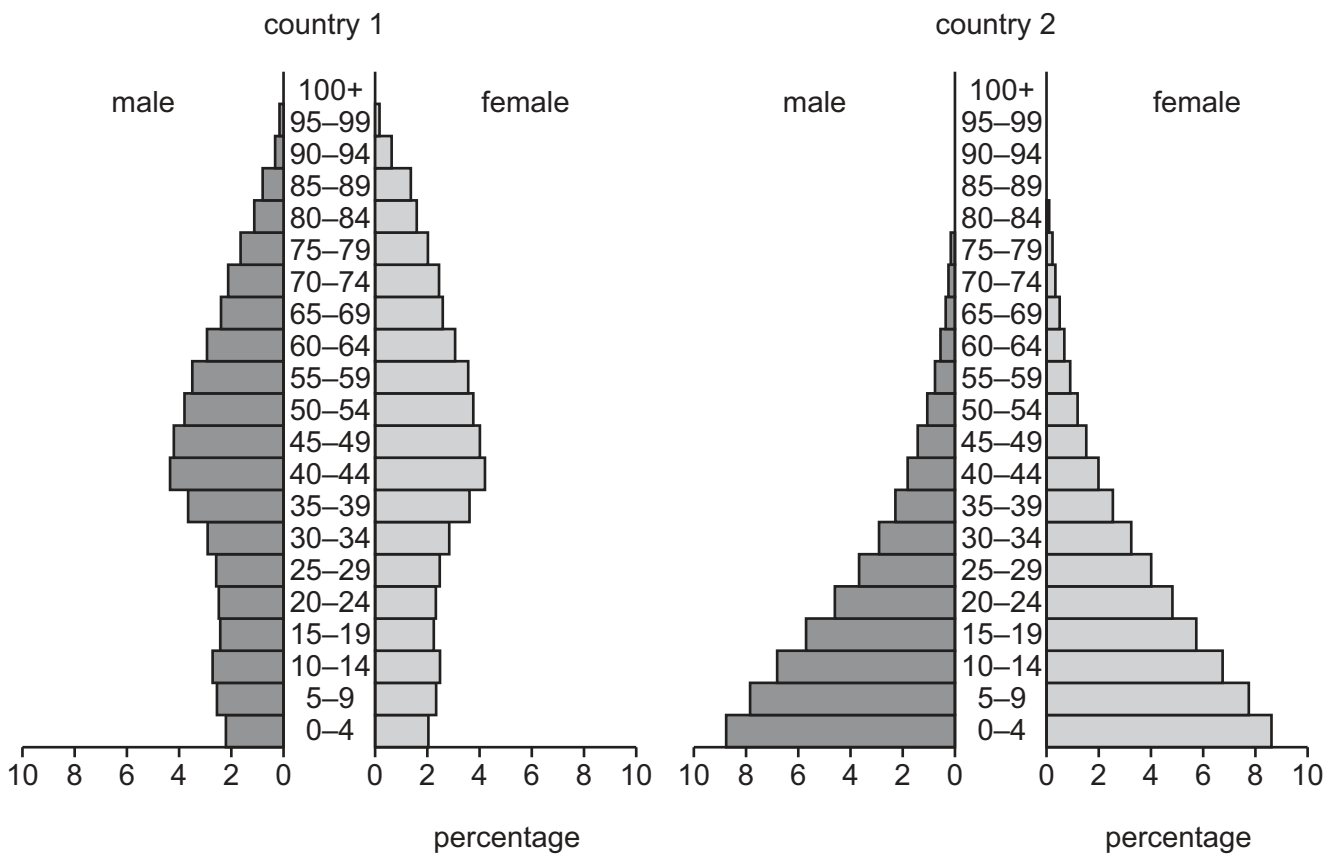
What can be concluded from this data?

- A Clothing prices have fallen.
  - B Living standards remain unchanged.
  - C The average price level is unchanged.
  - D The proportion of income spent on food has risen.
- 24 A government increases the rate of progressive income tax and its spending on hospitals.

What is likely to happen to the distribution of income and to living standards?

|   | distribution of income | living standards |
|---|------------------------|------------------|
| A | becomes less even      | fall             |
| B | becomes less even      | rise             |
| C | becomes more even      | fall             |
| D | becomes more even      | rise             |

25 The population pyramids for country 1 and country 2 in a given year are shown.



What can be deduced from these population pyramids?

- A Country 1 has a greater population size than country 2.
  - B Country 1 has a higher life expectancy than country 2.
  - C Country 2 has a lower death rate than country 1.
  - D Country 2 spends more money on childcare than country 1.
- 26 Which country would be classified as the most developed based on the data in the table?

|   | gross domestic product per year (\$m) | population (millions) |
|---|---------------------------------------|-----------------------|
| A | 600                                   | 3                     |
| B | 700                                   | 2                     |
| C | 12 000                                | 40                    |
| D | 15 000                                | 100                   |

**27** What encourages international specialisation?

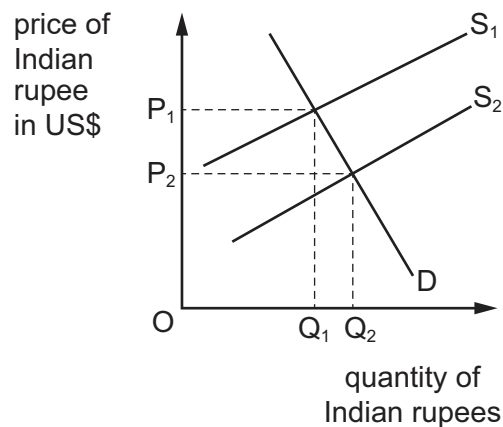
- A** a foreign exchange shortage
- B** diseconomies of scale
- C** free trade
- D** quotas

**28** A country wants to limit the number of imported cars to a maximum of 100 000 in a year.

Which measure is most likely to achieve this objective?

- A** an embargo
- B** an import quota
- C** an import tariff
- D** a subsidy

**29** The diagram shows a change in the exchange rate for the Indian rupee against the US\$.



What could cause the change in the exchange rate?

- A** a decrease in the rate of inflation in India
- B** an increase in demand for imports by people in India
- C** greater foreign direct investment into India
- D** greater purchases of its own currency by the Indian central bank

**30** Country X records these selected items in the current account of its balance of payments.

- Country X exports \$200m of goods.
- Country X imports \$50m of services.
- Country Y's citizens working in country X send home to relatives \$25m.
- Country X sends country Y \$75m of aid.

By how much did the balance on the current account of country X increase?

- A** \$50m                      **B** \$100m                      **C** \$200m                      **D** \$350m

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