

IGCSE Economics 0455 Paper 1 Mock Paper (40 Multiple-Choice Questions, 40 Marks, 1 Hour) with Answers

中五 (IGCSE) Economics | 時限：60 分鐘 | 總分：40 分 | 共 40 題

Section A: Basic economic problem (Questions 1 to 10, 10 marks)

Answer ALL 40 questions. Each question carries 1 mark, 40 marks in total, in 1 hour; the paper is worth 30% of the IGCSE Economics qualification. Calculators may be used. All questions are original: this is not a Cambridge past paper or mark scheme.

1. A student can earn HK\$80 per hour. What is the opportunity cost of choosing to study for 6 hours instead of working?
 - A HK\$480 of wages forgone
 - B HK\$80 of wages forgone
 - C The price of the textbooks used
 - D Zero, because studying costs no money
2. With fixed resources a firm can produce either 200 units of good X or 50 units of good Y. What is the opportunity cost of one unit of X?
 - A 4 units of Y
 - B 0.5 units of Y
 - C 50 units of Y
 - D 0.25 units of Y
3. Which change would shift an economy outward along its production possibility curve?
 - A An increase in unemployment
 - B A fall in the size of the labour force
 - C An increase in the stock of capital goods
 - D A rise in the price of consumer goods
4. Which factor of production bears the risk of a business making a loss?
 - A The supplier of raw materials
 - B The entrepreneur
 - C The worker
 - D The owner of the land

5. Why does division of labour usually raise output per worker?

- A Workers specialise and waste less time moving between tasks
- B Each worker is paid a lower wage
- C The firm needs fewer machines
- D Workers can choose their own hours

6. When money is used to compare the prices of different goods, it is acting as a

- A store of value
- B standard of deferred payment
- C medium of exchange
- D unit of account

7. In a market economy, what mainly decides which goods are produced?

- A The customs of the community
- B The government budget
- C Consumer demand expressed through prices
- D A central planning committee

8. Which statement is normative?

- A Sugary drinks sales fell by 6% last year
- B The government should raise the tax on sugary drinks
- C A tax on sugary drinks raises their price
- D Sugary drinks contain sugar

9. When consumers incomes fall, the demand for bus travel rises. Bus travel is therefore

- A an inferior good
- B a normal good
- C a luxury good
- D a complementary good

10. Demand is $Q_d = 200 - 4P$ and supply is $Q_s = 20 + 2P$. What are the equilibrium price and quantity?

- A Price 20, quantity 120
- B Price 36, quantity 56
- C Price 30, quantity 60
- D Price 30, quantity 80

Section B: Price mechanism and elasticity (Questions 11 to 20, 10 marks)

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11. Price rises from 20 to 22 and quantity demanded falls from 500 to 450. The price elasticity of demand is

- A minus 2.0, elastic
- B minus 10, perfectly elastic
- C minus 1.0, unit elastic
- D minus 0.5, inelastic

12. If demand for a product is price elastic, a fall in price will

- A shift the demand curve right
- B raise total revenue
- C lower total revenue
- D leave total revenue unchanged

13. Income rises by 5% and the quantity of restaurant meals demanded rises by 8%. The income elasticity of demand is

- A 1.6, a luxury good
- B 0.625, a necessity
- C minus 1.6, an inferior good
- D 8.0, a luxury good

14. Price rises from 10 to 12 and quantity supplied rises from 300 to 330. The price elasticity of supply is

- A 2.0
- B 10
- C 1.0
- D 0.5

15. A government sets a maximum price below the equilibrium price. What is the likely result?

- A No change, because the market clears
- B A fall in demand only
- C A shortage, because quantity demanded exceeds quantity supplied
- D A surplus, because supply rises

16. Demand for a good is price inelastic and the government imposes an indirect tax. Who bears most of the tax?

- A Foreign importers
- B Consumers, because they cannot easily reduce quantity bought
- C Producers, because they set the price
- D The government, through lost revenue

17. A subsidy paid to producers of solar panels will
- A shift supply to the right and lower the price
 - B shift demand to the right and raise the price
 - C shift supply to the left and raise the price
 - D have no effect on price
18. The demand for labour is described as a derived demand because it
- A comes from the workers themselves
 - B is fixed by trade unions
 - C is set by the government each year
 - D depends on the demand for the goods that workers produce
19. Surgeons earn much more than cleaners mainly because
- A cleaners have stronger trade unions
 - B the demand for cleaning is falling
 - C the supply of surgeons is limited by long and costly training
 - D surgeons work fewer hours
20. When the supply of a good falls, the price mechanism rations it because
- A the good becomes free
 - B the price rises and only those willing and able to pay obtain it
 - C the government issues ration coupons
 - D firms give the good to loyal customers

Section C: Government, inflation and growth (Questions 21 to 30, 10 marks)

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21. Which is an example of a negative externality of consumption?
- A Litter from takeaway food containers
 - B Smoke from a factory chimney
 - C Training given by a firm to its staff
 - D A beekeeper whose bees pollinate nearby orchards
22. Merit goods are under-consumed in a free market mainly because
- A firms cannot produce them at all
 - B they are always free of charge
 - C the government bans advertising
 - D consumers underestimate the private benefits they receive

23. Which good is a public good?

- A A bottled drink, because it is excludable
- B A private gym, because it is rival
- C Street lighting, because it is non-excludable and non-rival
- D A cinema ticket, because it is non-rival

24. Which is an example of government failure?

- A A competition authority blocking a merger
- B A subsidy that keeps an inefficient industry producing
- C A tax that reduces a negative externality
- D A law that requires firms to disclose prices

25. The consumer prices index rises from 100 to 108 while nominal income rises by 12%. What happens to real income?

- A It rises by about 3.7%
- B It rises by 12%
- C It falls by 4%
- D It stays unchanged

26. Workers lose their jobs because an economy enters a recession. This is

- A frictional unemployment
- B structural unemployment
- C seasonal unemployment
- D cyclical unemployment

27. An economy has consumption 600, investment 150, government spending 200 and exports minus imports of minus 30 (all in \$ billion). GDP is

- A \$950 billion
- B \$890 billion
- C \$920 billion
- D \$980 billion

28. Real GDP rises from 2,100 to 2,205. The growth rate is

- A 105%
- B 5.0%
- C 10.5%
- D 4.8%

29. A central bank wants to reduce demand-pull inflation. It should

- A raise the interest rate
- B lower the interest rate
- C cut income tax
- D buy government bonds

30. A rise in the interest rate is most likely to

- A raise firms investment spending
- B increase household disposable income
- C cause the exchange rate to fall
- D reduce borrowing for consumption and investment

Section D: International trade and development (Questions 31 to 40, 10 marks)

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31. Country A uses fewer resources than country B to produce both cloth and wine. It follows that

- A country B should produce nothing
- B the terms of trade are fixed
- C country A has an absolute advantage in both goods
- D country A has a comparative advantage in both goods

32. Country A needs 2 hours for one unit of cloth and 4 hours for one unit of wine. Country B needs 8 hours for cloth and 4 hours for wine. Which is correct?

- A Neither country gains from trade
- B Country A has a comparative advantage in cloth
- C Country A has a comparative advantage in wine
- D Country B has a comparative advantage in both goods

33. A country terms of trade improve when

- A its export prices rise relative to its import prices
- B its import prices rise relative to export prices
- C its exchange rate is fixed
- D its tariff rates rise

34. The exchange rate is HK\$7.8 = US\$1. A Hong Kong good priced at HK\$390 costs

- A US\$78
- B US\$390
- C US\$3,042
- D US\$50

35. A depreciation of a country currency tends to

- A leave trade unchanged
- B raise the value of its currency reserves
- C make its exports cheaper and its imports dearer
- D make its exports dearer and its imports cheaper

36. The current account of the balance of payments records

- A changes in the gold reserve only
- B trade in goods and services plus income and transfers
- C only trade in goods
- D foreign direct investment only

37. A 20% tariff is imposed on an imported good priced at US\$50. The price paid by domestic buyers becomes

- A US\$60
- B US\$52
- C US\$70
- D US\$50

38. An import quota is

- A a tax on imported goods
- B a subsidy to exporters
- C a ban on all trade
- D a limit on the quantity of a good that may be imported

39. Which is a likely benefit to a host country of a multinational company investing there?

- A Complete removal of imports
- B A fixed exchange rate
- C Employment and transfer of technology
- D A guaranteed rise in all wages

40. Which feature is most typical of a developing country?

- A A high level of capital per worker
- B A high share of output from the primary sector
- C A high share of output from services
- D A low birth rate