Cambridge Assessment International Education

Cambridge IGCSE™

ECONOMICS **0455/13**

Paper 1 Multiple Choice **May/June 2025**

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 What is **not** a factor of production?

View solution

A a 10 dollar note

B a farm labourer

C a farm shop

D a tractor

2 A person works at home making small cakes. She can make 30 cakes an hour and works for four hours a day. The total cost of the ingredients is $50 and she sells the cakes for $2 each.

View solution

What is the opportunity cost if she takes a working day for a holiday?

A $50

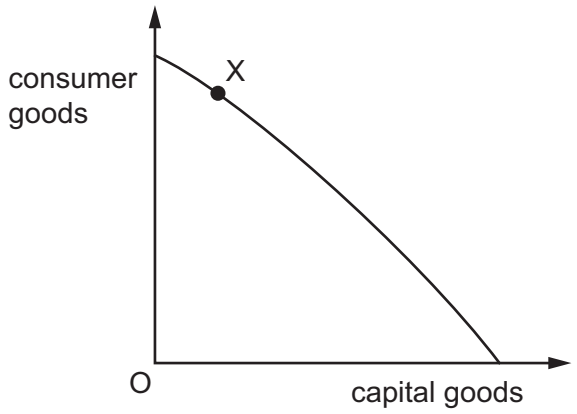
B $240

C 30 cakes

D 120 cakes

3 An economy produces different types of goods using its limited resources. This can be illustrated by a production possibility curve (PPC).

View solution



What does point X on the PPC show?

A All resources are used for the production of consumer goods.

B More resources are allocated to producing capital goods than consumer goods.

C Resources are allocated to produce a mixture of consumer goods and capital goods.

D Total resources are not being fully utilised for production of these goods.

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4 What is the function of the price mechanism in a market economy?

View solution

A allocating resources and guiding choices

B allowing governments to provide price stability

C enabling markets to operate fairly

D preventing competitors from entering a market

5 The table shows the demand and supply schedules for rice. The current price is $2.00 per kilo.

View solution

price per kilo $	quantity demanded (million tonnes)	quantity supplied (million tonnes)
2.50	5	30
2.00	10	25
1.50	20	20
1.00	30	15
0.50	40	10

What will happen if the price is reduced to $1.00 per kilo?

A The demand curve will shift to the left.

B The market will move from shortage to surplus.

C The market will move from surplus to shortage.

D The supply curve will shift to the right.

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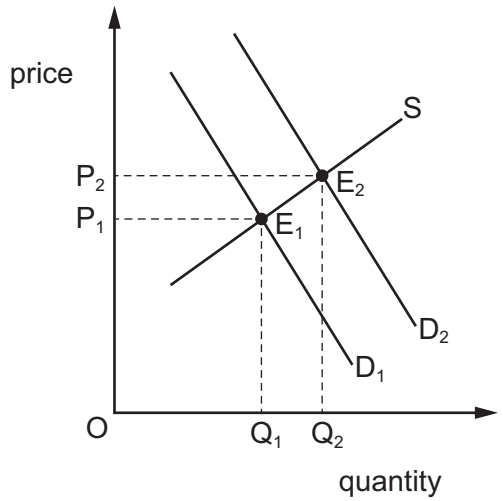
6 The diagram shows the market for cherries in Chile.

View solution



What would cause a change in the market equilibrium from E_1 to E_2?

A a newspaper article stating cherries are good for your health

B a poor harvest for cherries due to bad weather

C an increase in the imports of cherries from Israel

D the government reducing the sales tax on cherries

7 A German car producer estimates the price elasticity of demand (PED) for its cars is –2.0.

View solution

What can be concluded from this information?

A its cars are price elastic

B its cars are price inelastic

C its cars are unitary elastic

D its cars take time to produce

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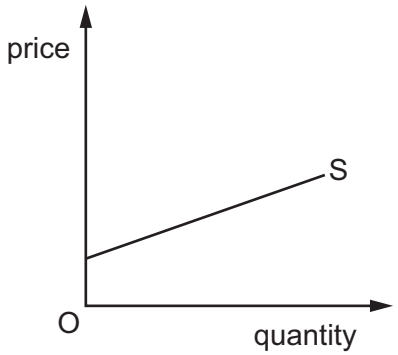
8 The diagrams show the supply curves of four firms.

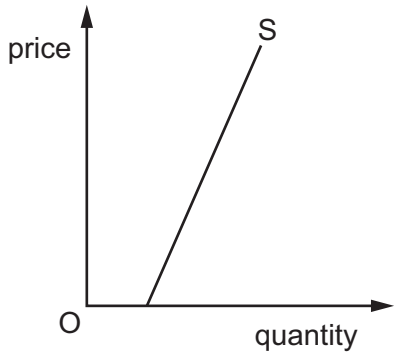
View solution

Which firm has a price elasticity of supply of greater than zero but less than one?

A



B



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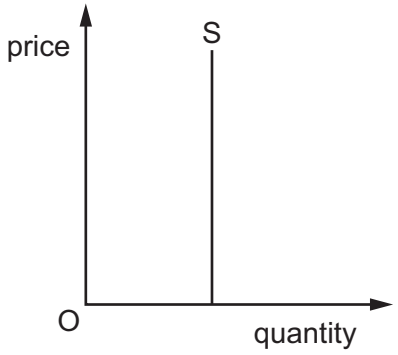
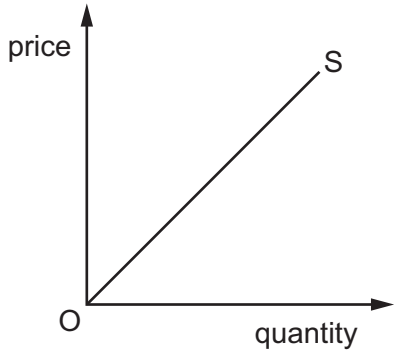


D



9 Which combination correctly describes features of a market economic system?

View solution

	resource allocation	ownership of land and capital
A	by government	private sector
B	by government	public sector
C	by price mechanism	private sector
D	by price mechanism	public sector

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10 A country's central bank raised the rate of interest from 1% to 4% per year.

How would this change have affected the amount saved and the cost of borrowing by individuals?

View solution

	amount saved	cost of borrowing
A	decreased	decreased
B	decreased	increased
C	increased	decreased
D	increased	increased

11 What is a non-wage factor influencing an individual's choice of occupation?

View solution

A the availability of overtime work

B the hourly rate of pay

C the opportunity to get a financial bonus

D the risk of unemployment

12 Workers in the secondary sector of an economy earn more on average than workers in the tertiary sector.

Which combination will most likely increase differences in wages between workers in the secondary and tertiary sector of an economy?

View solution

	secondary sector	tertiary sector
A	increased productivity	increased supply of workers
B	decreased demand for products	decreased productivity of workers
C	increased supply of workers	increased demand for products
D	weaker bargaining strengths of trade unions	decreased minimum wage

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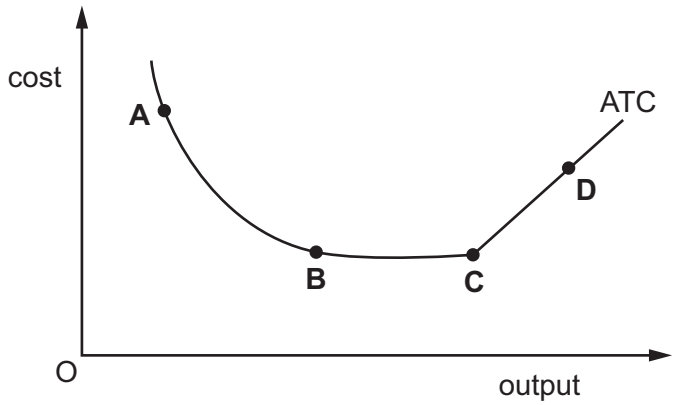
13 A manufacturing firm increases the scale of its production. Its average total cost (ATC) curve in the long run is shown below.

View solution

At which point on the ATC curve is the firm experiencing diseconomies of scale?



14 What is most likely to increase the demand for labour in an industry?

View solution

A a decrease in the price of capital used by the industry

B a decrease in the productivity of labour in the industry

C an increase in the demand for the industry's product

D an increase in the wage paid to labour in the industry

15 A firm has fixed costs of $100 for its daily output. The table shows its daily total variable costs.

View solution

output (units)	1	2	3	4
total variable costs ($)	200	360	500	720

What can be concluded about the firm's average total cost?

A It falls continuously.

B It is highest at output 4 units.

C It is lowest at output 3 units.

D It rises continuously.

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16 A market changes from being very competitive to being a monopoly.

View solution

What is likely to happen to output and price in this market?

	output	price
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

17 What is the most likely reason for a government to aim for price stability?

View solution

A to improve international competitiveness

B to increase workers' wage demands

C to reduce consumer spending

D to reduce spending on employment-related benefits

18 A country's unemployment rate increased from 3.6% to 4.2% in one year.

View solution

What might be the consequences for tax revenues and welfare payments?

	tax revenues	welfare payments
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

19 In a country, some highly-paid workers reduce their working hours because of very high income tax rates at higher levels of income.

View solution

What is a disadvantage of this income taxation?

A It creates uncertainty for workers.

B It does not maximise tax revenue.

C It is inequitable for lower-income earners.

D It is regressive in the distribution of income.

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20 What is most likely to be a reason for taxing oil?

View solution

A to conserve oil resources

B to create employment

C to encourage economic growth

D to reduce oil prices

21 Brazil's real GDP fell by 3.8% in a year.

View solution

What might have caused this?

A a decrease in imports

B a decrease in income tax

C an increase in interest rates

D an increase in output per worker

22 Factory owners invest in technologically-advanced industrial production by building new large-scale, energy-efficient factories.

View solution

What is a negative consequence of this for local people?

A a large increase in the factory owners' incomes

B a reduction in the rate of inflation

C a rise in structural unemployment

D lower emissions of carbon gases

23 Country X measures unemployment by counting the number of people claiming unemployment benefit.

View solution

Why might this method underestimate the level of unemployment?

A Some benefit claimants are working unofficially.

B Some employees work overtime.

C Some jobseekers do not claim benefits.

D Some people are unable to work.

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24 What is likely to cause deflation?

View solution

A higher employment

B higher production costs

C increased money supply

D technological advances

25 What is the most likely reason that an improved standard of education will alleviate poverty?

View solution

A It will decrease the productivity of workers.

B It will decrease the rate of unemployment.

C It will increase the government budget deficit.

D It will increase the rate of inflation of an economy.

26 What will increase a country's population, all other things being equal?

View solution

A a rise in emigration

B a rise in immigration

C death rates higher than birth rates

D decreased life expectancy

27 Country Y decides to specialise in the domestic mining of rare metals required in the production of electric-car batteries.

What is a likely benefit of this for country Y?

View solution

A increased emigration

B increased exports

C increased imports

D increased tariff revenue

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28 The UK government increases the price of steel imported from Germany by increasing an existing tariff.

Assuming steel has price-inelastic demand, what would be the effect on the revenues of German steel producers and the UK government?

View solution

	German steel producers' revenue	UK government revenue
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

29 The table shows the value of the UK pound (£) against the US dollar ($) in June and September.

View solution

June	September
£1 = $1.48	£1 = $1.32

What will be the likely consequence for the UK economy in the short run of the change in the exchange rate?

A an increase in the budget deficit

B an increase in the price of exports

C an increase in the price of imports

D an increase in unemployment

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30 The table shows a selection of economic data for a country.

View solution

	$m
primary income	1000
secondary income	–500
total value of exported goods	1000
total value of imported goods	2000
total value of exported services	800
total value of imported services	200

What is the current account balance of the balance of payments of this country?

A $100m **B** $600m **C** $4500m **D** $4725m

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