Cambridge Assessment International Education

Cambridge IGCSE™

ECONOMICS **0455/11**

Paper 1 Multiple Choice **October/November 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 Consumers and producers face the same problem of satisfying wants.

View solution

What is the most likely reason wants cannot be satisfied?

A consumers and producers cannot establish an equilibrium price

B consumers have excess choice when producers oversupply

C consumers have limited income and producers have finite resources

D consumers lack information to buy and producers lack motivation to supply

2 A worker decides to leave their job as a bus driver and take a job as a lorry driver.

View solution

What will increase the opportunity cost of this decision?

A an increase in the holidays for lorry drivers

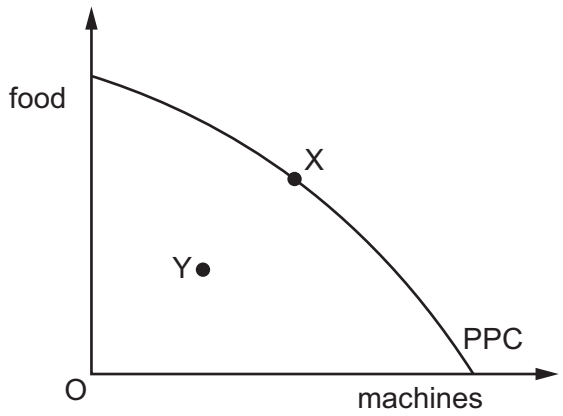
B an increase in the income tax paid by bus drivers

C an increase in the wages of bus drivers

D an increase in the wages of lorry drivers

3 The diagram shows a country's production possibility curve (PPC).

View solution



What would cause a movement from point X to point Y?

A decrease in productivity

B decrease in unemployment

C increase in capital investment

D increase in economic growth

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4 The price of petrol increases in a country with a market economic system.

View solution

What is a consequence of this?

A More cars are bought.

B The costs of road transport increase.

C The quantity of petrol supplied falls.

D There is a shortage of petrol.

5 What determines a consumer's demand for a product?

View solution

	the consumer's income	the consumer's willingness to buy the product	the price of the product
A	✓	✓	✓
B	✓	✓	✗
C	✗	✓	✓
D	✓	✗	✓

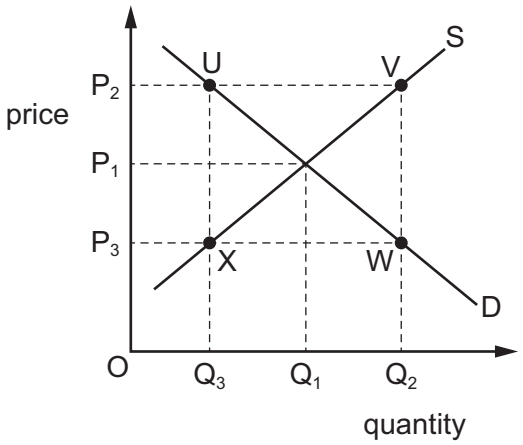
key

✓ = yes

✗ = no

6 The diagram shows the market for a product.

View solution



Which distance shows a market disequilibrium caused by excess supply?

A U to V **B** U to X **C** V to W **D** X to W

7 The price elasticity of demand (PED) of a good is –1.

View solution

What will happen to both demand and total revenue as price increases?

A demand will fall and total revenue will not change

B demand will fall and total revenue will rise

C demand will rise and total revenue will not change

D demand will rise and total revenue will rise

8 Which pair of economic institutions can be found in a market economy?

View solution

A charities and public sector firms

B multinational companies and commercial banks

C public sector firms and private sector firms

D stock exchanges and government-funded hospitals

9 The table shows the weekly demand for, and supply of, good X at three prices.

View solution

price ($)	demand (tonnes)	supply (tonnes)
20	16	10
30	12	12
40	10	14

What will be the effect if the government imposes a minimum price of $40 per tonne?

A a fall in the price of X

B a shortage of X

C a surplus of X

D no change in the market equilibrium

10 What is the function of money when it is used to value goods and record transactions?

View solution

A a medium of exchange

B a standard of deferred payment

C a store of wealth

D a unit of account

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11 The table shows how household spending changes with income.

View solution

income ($ per month)	spending ($ per month)
4000	4150
4300	4375
4600	4650
4900	4900
5200	4975
5500	5275

What is the first level of income shown at which savings are positive?

A $4000 **B** $4600 **C** $4900 **D** $5200

View solution

12 The wages of school teachers are rising.

What is **least** likely to be the cause of this?

A decreased membership of teaching trade unions

B increased awareness among parents about the importance of education

C more restrictions on the immigration of teachers from other countries

D the opening of new schools by the government

View solution

13 What is a feature of every trade union?

A members are unskilled workers

B members use collective bargaining

C members work for the same employer

D members work in the same industry

View solution

14 What must occur if a firm experiences economies of scale?

A average costs decrease

B profits decrease

C the number of workers increases

D total advertising costs decrease

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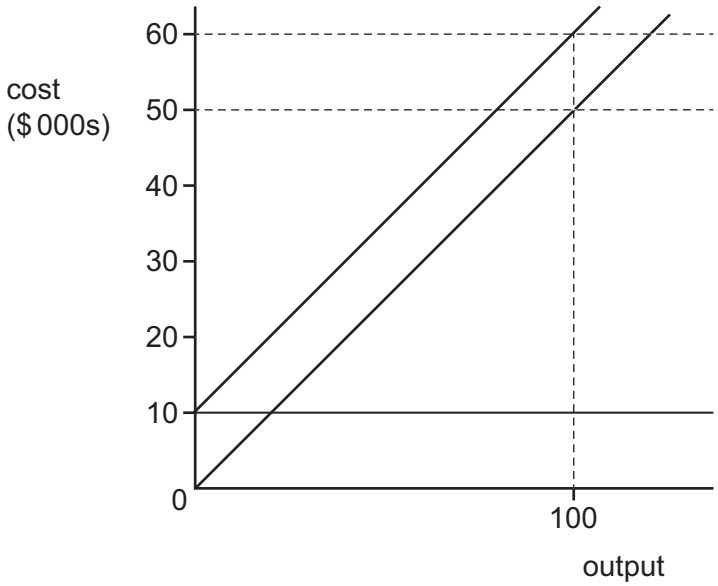
15 The diagram shows the costs of a firm.

View solution



What is the firm's total variable cost at an output of 100 units?

A $100 **B** $500 **C** $10 000 **D** $50 000

16 If the average revenue of a firm increases from $4 to $5 and quantity demanded decreases from 20 units to 10 units, what will be the effect on the firm's total revenue?

View solution

A decreases by $20

B decreases by $30

C increases by $20

D increases by $30

17 What are two macroeconomic aims of government?

View solution

A to allocate resources and reduce trade union membership

B to create economic growth and prevent high inflation

C to raise interest rates and reduce pollution

D to reduce exports and increase imports

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18 A government's spending currently equals its revenue. The government decides to decrease its spending.

View solution

What is the most likely effect of this in the short run?

A a budget deficit

B a budget surplus

C an increase in output

D an increase in tax revenue

19 What is **not** a monetary policy measure?

View solution

A changes in income tax rates

B changes in interest rates

C changes in the exchange rate

D changes in the money supply

20 Which government action would **not** be included as part of a supply-side policy?

View solution

A increasing the privatisation of industries

B lowering national minimum wage rates

C raising tariffs on international trade

D reducing state benefits

21 An economy operating on its production possibility curve (PPC) enters a recession that causes unemployment. As the recession gets worse some unemployed workers emigrate in search of jobs overseas.

View solution

How are these effects of the recession shown on a diagram of the economy's PPC in the short-term and the long-term?

	short-term effect on the PPC diagram	long-term effect on the PPC diagram
A	movement to a point inside the PPC	movement to a point inside the PPC
B	movement to a point inside the PPC	shift of PPC to the left
C	shift of PPC to the left	movement to a point inside the PPC
D	shift of PPC to the left	shift of PPC to the left

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22 Chile specialises in the production of copper for export.

In what way is the Chilean economy likely to be affected by a large rise in the supply of copper from other countries?

View solution

	employment	economic growth
A	fall	fall
B	fall	rise
C	rise	fall
D	rise	rise

View solution

23 The table shows the patterns of employment in selected industries in two years.

industry	employment in millions	
	year 1	year 2
agriculture	8	6
fishing	4	4
hospitality	8	10
manufacturing	12	10
retailing	8	10
total	40	40

How did the patterns of employment change between year 1 and year 2?

	secondary sector	tertiary sector
A	fell	rose
B	fell	unchanged
C	rose	fell
D	unchanged	rose

View solution

24 What is deflation?

A a sustained fall in total demand

B a sustained fall in the general price level

C a sustained fall in the rate of inflation

D a sustained fall in the value of money

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25 What is most likely to cause more poverty in a country?

View solution

A a decrease in the general price level

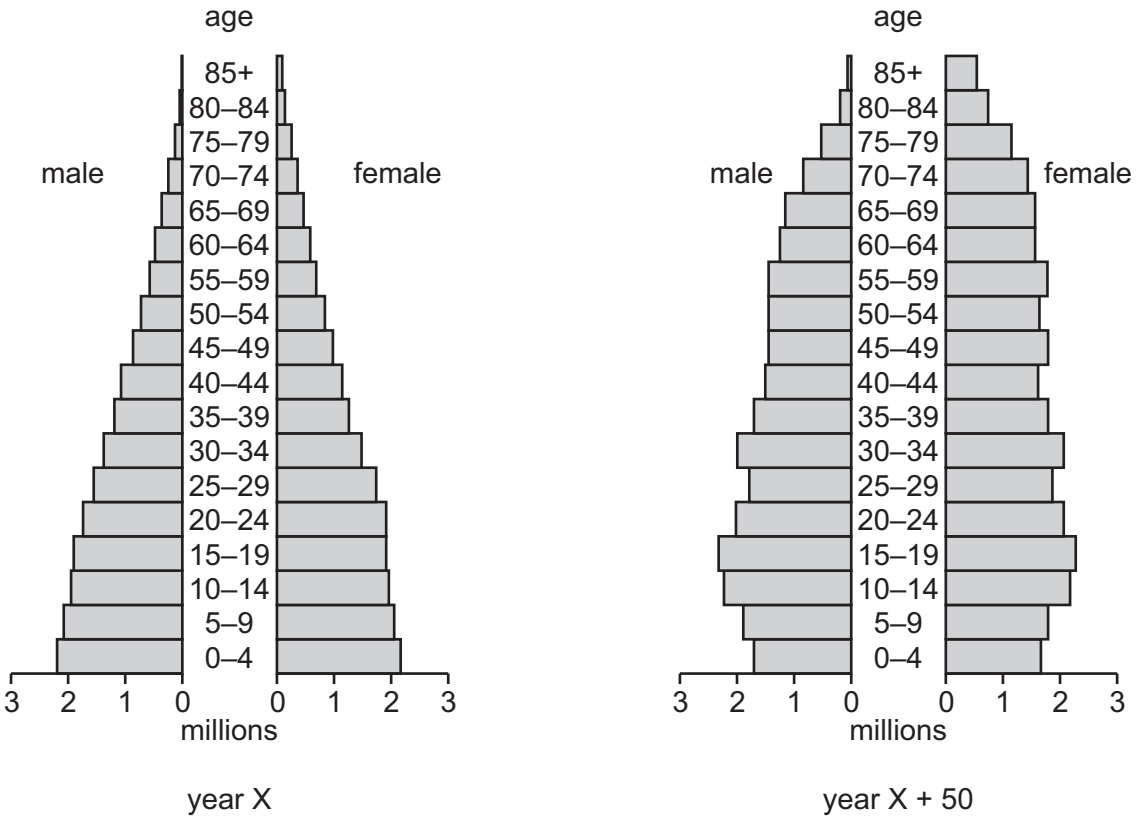
B a decrease in the rate of income tax

C a decrease in the level of unemployment

D a decrease in the level of wages

26 The charts show the population structure of a country in year X and year X + 50.

View solution



During this period, how did birth and death rates change?

	birth rates	death rates
A	fell	fell
B	fell	no change
C	rose	fell
D	rose	no change

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27 What is an advantage for consumers from international specialisation?

View solution

A competition between firms results in lower prices

B labour can move more freely between countries

C less wealth is created throughout the world

D multinational companies can increase their profits

28 Which government policy would encourage greater international trade?

View solution

A an increase in the level of domestic regulation

B an increase in the level of tariffs on imports

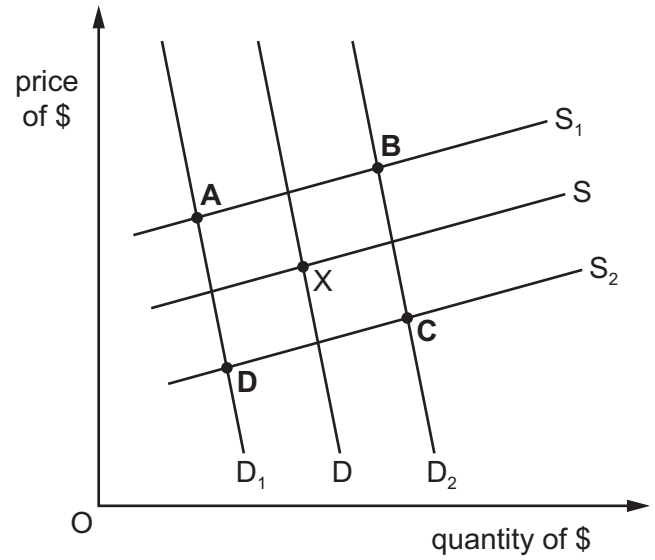
C the abolition of domestic subsidies for declining industries

D the abolition of free trade agreements

29 The US currently trades in oil with the UK. The discovery of new oil and gas deposits in the US will mean that its oil imports decrease and its oil exports increase.

From the initial equilibrium point of X, which letter indicates the new equilibrium point for the US exchange rate?

View solution



30 What is most likely to directly result from a persistent and large current account surplus on the balance of payments of a country?

View solution

A a lower exchange rate

B a lower standard of living

C an increase in gross domestic product

D an increase in the unemployment rate

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