Cambridge Assessment International Education

Cambridge IGCSE™

ECONOMICS **0455/13**

Paper 1 Multiple Choice **May/June 2023**

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)

3528131814

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 2023

1 GDP per capita in Switzerland is high.

What is the reason why Swiss citizens still face the basic economic problem?

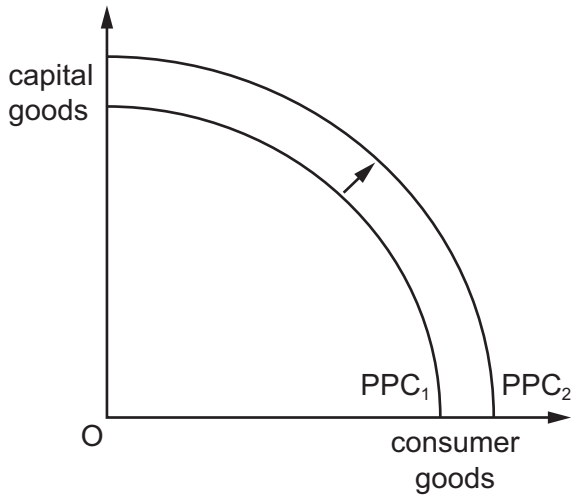
A Income in Switzerland is unevenly distributed.

B Inflation in Switzerland is high.

C Swiss citizens expect high living standards.

D Swiss citizens have to make choices in consumption.

2 The production possibility curve of a country has shifted from PPC_1 to PPC_2.



What could have caused this shift?

A a decrease in the rate of unemployment

B a fall in the birth rate

C improved education

D outdated technology not being replaced

3 What is **most** likely to increase the geographical mobility of labour?

A an increase in the amount of credit available to firms

B an increase in the quantity of low-cost housing

C an increase in spending by firms on research and development

D an increase in spending by government on apprenticeships and training

© UCLES 2023

4 What is **not** a microeconomic decision?

A A firm decides to increase the price of its product.

B A government decides to increase interest rates.

C A household decides to reduce its demand for fuel.

D A trade union decides to go on strike.

5 What is a feature of a market in equilibrium?

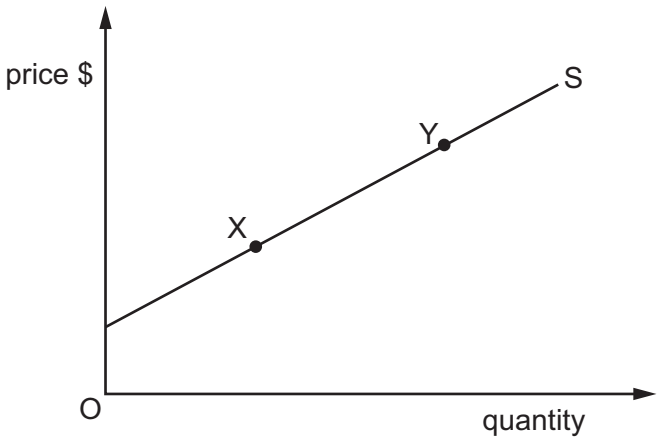
A demand exceeds supply

B no profits are earned

C the market will clear

D there will be a surplus of products

6 The diagram shows the supply curve for a good.



What is the name and cause of the movement from X to Y?

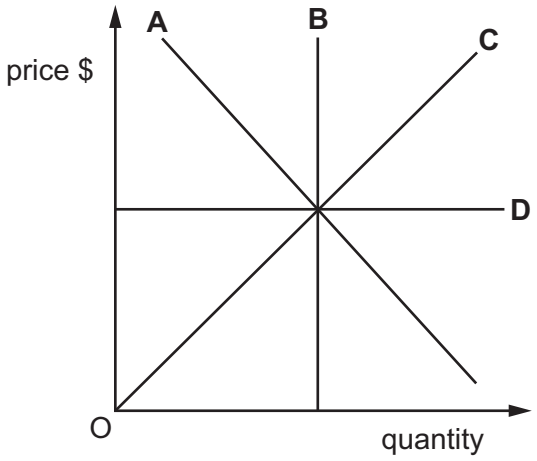
A a contraction of supply caused by a decrease in demand

B a contraction of supply caused by an increase in demand

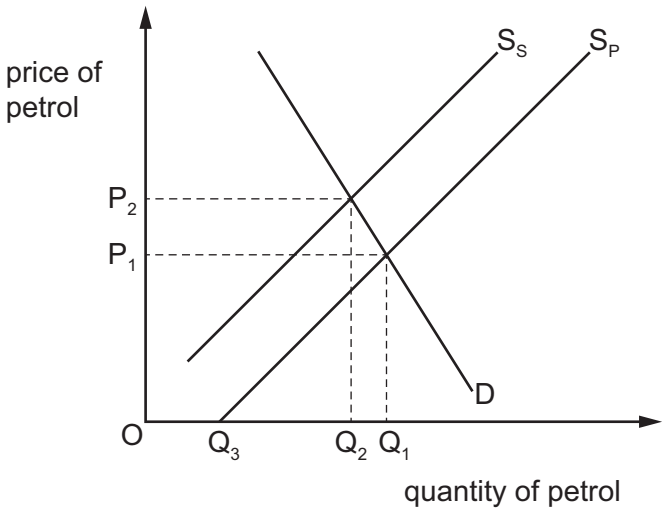
C an extension of supply caused by a decrease in demand

D an extension of supply caused by an increase in demand

7 In the diagram, which supply curve has the perfectly inelastic supply?



8 The diagram shows the market for petrol (gasoline). S_P is the supply of petrol based on the private cost of petrol production and S_S is the supply of petrol based on the social cost of production.



Which distance shows the market failure caused by the production of petrol?

A OQ_1 **B** OQ_2 **C** Q_2Q_1 **D** Q_3Q_1

9 In a given year, the world output of coal was 3.94 billion metric tonnes at an average yearly price of $252 per metric tonne.

Several years later, world output was 3.66 billion metric tonnes at an average yearly price of $120 per metric tonne.

What might have caused such a fall in the price of coal?

A almost half the world's coal reserves were in just two countries

B the exhaustion of coal seams throughout the world

C the switch to renewable sources of energy

D the use of coal as a raw material as well as a fuel

10 A government believes that people eat too much sugar but not enough fruit.

Which combination of policies would the government introduce?

	sugar	fruit
A	increase its tax	increase its tax
B	increase its tax	subsidise its production
C	subsidise its production	increase its tax
D	subsidise its production	subsidise its production

11 Which row shows a characteristic of money and a function of money?

	characteristic	function
A	acceptability	medium of exchange
B	cash	measure of value
C	divisibility	portability
D	store of value	bank deposit

12 When will a central bank act as lender of last resort to a commercial bank?

A when a commercial bank faces a liquidity crisis

B when a commercial bank fails to make a profit

C when a commercial bank needs to raise share capital

D when a commercial bank reduces its lending rates

13 What is likely to increase the bargaining power of a trade union?

A when the economy is experiencing rising cyclical unemployment

B when the labour market moves from long-term to short-term contracts of employment

C when the price elasticity of demand for the product is price-elastic

D when the trade union supplies all the labour required by the employer

14 What is a likely reason why firms do **not** grow in size?

A External diseconomies of scale occur at high levels of output.

B Internal economies of scale occur at high levels of output.

C Internal economies of scale occur at low levels of output.

D Internal diseconomies of scale occur at low levels of output.

15 The table shows the activities of four firms.

firm 1	firm 2	firm 3	firm 4
shoe manufacture	website design	shoe manufacture	shoe retailer

Which combination of firms would be an example of horizontal integration?

A 1 and 2 **B** 1 and 3 **C** 2 and 4 **D** 3 and 4

16 What is a reason why firms making similar products sometimes locate near each other?

A Competition is decreased.

B There are external economies of scale.

C There are internal economies of scale.

D Transport costs may be eliminated.

© UCLES 2023

17 A government wishes to increase its spending on public goods.

Which sector should have a spending increase to achieve this?

A education

B healthcare

C national defence

D railways

18 Which government measure would lead directly to more exports of goods?

A a devaluation of the currency

B a restriction of bank credit creation

C an increase in the rate of interest

D the issue of more bank notes and coins

19 A government wishes to stimulate economic recovery.

Which action will assist this?

A decreasing government investment

B decreasing income tax

C increasing indirect taxation

D increasing interest rates

20 What is the **most** likely effect on an economy of a successful supply-side policy?

A an increase in the general price level

B an increase in the interest rate

C an increase in the money supply

D an increase in the potential GDP

© UCLES 2023

21 A country is experiencing high economic growth caused by an increase in consumer spending.

What are the **most** likely effects on inflation and unemployment?

A inflation falls and unemployment falls

B inflation falls and unemployment rises

C inflation rises and unemployment falls

D inflation rises and unemployment rises

22 Which pair is **most** likely to be provided by the private sector in a mixed economy?

A courts and prisons

B hospitals and tax collection

C insurance and banks

D weapon manufacture and defence

23 An economy is experiencing a sustained fall in the general price level.

Which term is used to describe this?

A deflation

B depreciation

C market disequilibrium

D recession

24 What is **most** likely to cause an increase in relative poverty?

A an increase in state benefits

B an increase in the national minimum wage

C pension increases below the rate of inflation

D people working beyond retirement age

25 What might explain the high population growth in some developing countries?

A high birth rates and falling death rates

B low immigration and high emigration

C falling birth rates and rising death rates

D falling life expectancy

© UCLES 2023

26 Which combination of factors might cause a country to be classified as developing rather than developed?

A a government budget deficit and a low death rate

B a high birth rate and a low death rate

C a large population and a current account deficit

D a poor education system and a low standard of living

27 What is certain to encourage a higher level of international trade?

A conservation of resources and unstable exchange rates

B exploitation of resources and wider use of quotas

C increased support for home industries and increased tariffs

D more specialisation and falling transport costs

28 The import of a product from another country has been banned.

Which term describes this method of protection?

A embargo

B exchange control

C quota

D tariff

29 A developing country's two major sources of income from international trade are fishing and tourism.

If the country's exchange rate depreciated, what is likely to happen?

A Imported goods would become cheaper for local people.

B The country would definitely become poorer.

C The price of fish sold as exports would become cheaper.

D Tourists to the country would be discouraged by higher prices.

© UCLES 2023

30 What is the correct formula for calculating the current account of the balance of payments?

A balance of trade in goods + balance of trade in services + primary income balance + secondary income balance

B government revenue from abroad – domestic government spending

C $\dfrac{\text{percentage change in quantity demanded of exports}}{\text{percentage change in price of imports}}$

D total exports of services + total imports of goods

BLANK PAGE

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 2023