The City School

**North Nazimabad Boys Campus**

**Second Monthly Test Session 2019 – 20**

**Class - 11**

**Time: 35 Minutes Economics Marks 30**

**Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Sec: \_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**(1)** Who is made worse off during a period of deflation?

 **A.** cash holders

 **B.** creditors

 **C.** debtors

 **D.** fixed income earners

**(2)** The table gives information about three economic indicators in four countries.



What may be concluded from this information?

 **A.** Countries with higher inflation have higher interest rates.

 **B.** Countries with higher interest rates have lower unemployment.

 **C.** The country with the lowest inflation had the highest unemployment.

 **D.** The country with the lowest unemployment had the lowest inflation.

**(3)** What must result when a country experiences economic growth?

 **A.** a higher Gross Domestic Product

 **B.** a lower rate of inflation

 **C.** a surplus on the balance of trade

 **D.** an improved standard of living for everybody

**(4)** Why may the figure calculated for a developing country’s Gross Domestic Product be inaccurate?

 **A.** There are unused resources.

 **B.** There is a high reliance on imports.

 **C.** There is a large amount of subsistence farming.

 **D.** There is a small amount of skilled labour.

**(5)** What would best indicate the start of an economic boom?

 **A.** negative growth of Gross Domestic Product

 **B.** rising interest rates

 **C.** rising levels of employment

 **D.** steadily falling price levels

**(6)** A country has a very high Gross Domestic Product and a small population but has a low standard of living.

What may be the cause of this low standard of living?

 **A.** There is a high inequality of income distribution and a high provision of merit goods.

 **B.** There is a high inequality of income distribution and a limited provision of merit goods.

 **C.** There is equality of income distribution and a high provision of merit goods.

 **D.** There is equality of income distribution and a low provision of merit goods.

**(7)** The weight for a product in the consumer price index was increased.

What is most likely to have caused this adjustment?

 **A.** The product has become more expensive to produce.

 **B.** The product has been offered for sale in more retail outlets.

 **C.** The product has improved in quality and performance.

 **D.** The product has taken a bigger share of consumers’ income.

**(8)** The forecast for Germany’s GDP growth in 2013 was 1.5%.

What might cause economic growth?

 **A.** an increase in imports

 **B.** an increase in interest rates

 **C.** an increase in productivity

 **D.** an increase in unemployment

**(9)** In 2009, a country had an inflation rate of 2%. The table shows the inflation rate in the following years.



In which year did deflation start?

A 2010 B 2011 C 2012 D 2013

**(10)** Which item does the Human Development Index (HDI) of a country include, in addition to real GDP per head and life expectancy at birth?

 **A.** expenditure on law and order

 **B.** literacy rate among adults

 **C.** number of doctors

 **D.** retirement age

**(11)** A consumer price index (CPI) consists of four items. The table shows the percentage price

change for each item over a period of a year and the weight of each item.

Which price change will affect the level of the CPI most?



**(12)** What must be a consequence of deflation in a country?

 **A.** a decrease in its exports

 **B.** a decrease in its saving

 **C.** an increase in its employment

 **D.** an increase in the real value of its money

**(13)** The table shows the rate of unemployment and the annual rates of change of gross domestic

product (GDP) and consumer prices for four countries in 2012.

Which country was experiencing the worst economic recession?



**(14)** What is most likely to cause economic growth?

 **A.** a better educated workforce

 **B.** a reduction in the right to own property

 **C.** decreased wages

 **D.** higher taxation

**(15)** The table shows the percentage change (%) in employment over a period for a country with three economic sectors.



What could be concluded from this information?

 **A.** Agricultural output fell.

 **B.** The country became more developed.

 **C.** The working population stayed constant.

 **D.** Total employment remained the same.

**(16)** Who is most likely to benefit during a period of inflation?

 **A.** creditors (lenders)

 **B.** debtors (borrowers)

 **C.** fixed income earners

 **D.** holders of cash

**(17)** The table shows some economic indicators for four countries.



What can be concluded from the table?

**A.** high GDP growth occurred with low unemployment

**B.** high inflation occurred with high GDP growth

**C.** low GDP growth occurred with low inflation

**D.** low inflation occurred with high unemployment

**(18)** When would an increase in aggregate demand be least likely to result in inflation in an economy?

**A.** when it is the result of an increase in government expenditure

**B.** when it is the result of an increase in expenditure on consumer goods

**C.** when there are substantial unemployed resources in the economy

**D.** when there is a substantial increase in expenditure on imports

**(19)** In which case is success for the government in achieving the first aim likely to cause problems in achieving the second?



**(20)** It was reported in 2011 that an economy had negative economic growth for six months in a row.

What would be evidence for such a situation?

**A.** an increase in GDP

**B.** an increase in profit levels

**C.** an increase in the level of unemployment

**D.** an increase in the standard of living

**(21)** What is meant by deflation?

**A.** a fall in the general price level

**B.** a fall in the international value of a currency

**C.** a fall in the rate of inflation

**D.** a fall in the real value of money

**(22)** The information below refers to an economy for a financial year.

government expenditure = $2866 million

government revenue = $1940 million

What was the budget balance of the government in that year?

**A.** $926 million in deficit

**B.** $4806 million in deficit

**C.** $926 million in surplus

**D.** $4806 million in surplus

**(23)** When is a tax progressive?

**A.** when some goods have a higher tax than others

**B.** when the rate of tax increases as income increases

**C.** when the tax is linked to the rate of inflation

**D.** when the tax is on incomes rather than on goods or services

**(24)** A government intends to improve skills by offering free training to school leavers at age 16 until they reach 18 years. It proposes to pay for this by taxing the profits of firms.

Which policies do these proposals involve?



**(25)** In trying to achieve one of its aims a government may make it difficult to achieve another aim.

What is an example of this conflict?

**A.** Achieving a more even distribution of income may prevent a rise in the average standard of living.

**B.** Achieving an increase in economic growth may prevent full employment.

**C.** Achieving full employment may prevent stable prices.

**D.** Achieving stable prices may prevent a current account surplus on the balance of payments.

**(26)** The charts relate to the Financial Statement of the government of New Zealand for 2014.



What can be concluded?

**A.** Expenditure on welfare was higher than the combined expenditure on education and health.

**B.** The government was $2.8 billion in surplus.

**C.** The largest source of the government’s income was from direct taxation.

**D.** The number of business corporations was very small.

**(27)** An economy is experiencing two consecutive quarters of negative economic growth.

 What is this economy experiencing?

**A.** budget deficit

**B.** inflation

**C.** recession

**D.** trade deficit

**(28)** What is included in the calculation of a consumer prices index (CPI)?

**A.** the price of a basket of goods and services

**B.** the price of exports and the price of imports

**C.** the value of the currency on international markets

**D.** the wages of consumers

**(29)** Which is a supply-side policy?

**A.** increasing interest rates

**B.** increasing taxation

**C.** providing training courses

**D.** selling government bonds

**(30)** A government has the following revenue.



What is the total amount of indirect tax revenue?

**A.** $140 m

**B.** $200 m

**C.** $240 m

**D.** $270 m