

The City School

Unified Mid-Year Examinations

2018 - 2019

Class 9



SCHOOL NAME

INDEX NUMBER

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DATE

ECONOMICS

Paper 1 Multiple Choice

2281/12

45 minutes

You must answer on the multiple choice answer sheet.

You will need: Multiple choice answer sheet
Soft Pencil
Soft clean eraser

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 School name, Index number and Date in the spaces provided.
- Do **not** use correction fluid.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 30.
- Each correct answer will score one mark. A mark will not be deducted for a wrong answer.
- Any rough working should be done on this question paper.

Invigilated By: _____

Checked By: _____

Marks Talled By: _____

This document consists of 7 printed pages and 1 blank page.

- 1 What is an example of the factor of production enterprise?
 - A a shop assistant
 - B a shop's profit
 - C a shop owner
 - D a shopping centre

- 2 What type of product is education?
 - A an inessential good
 - B an inferior good
 - C a merit good
 - D a public good

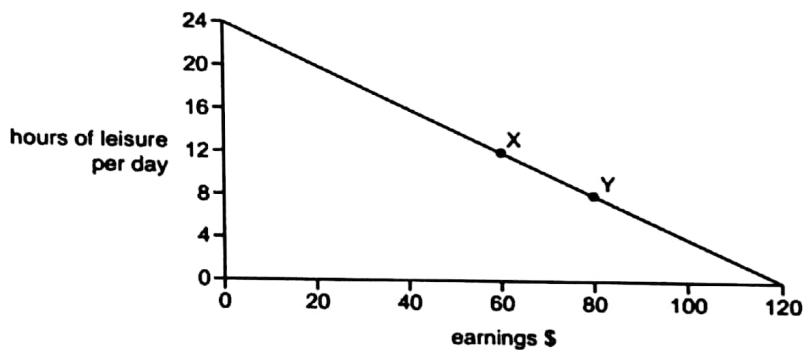
- 3 A hospital cannot treat all the people that need treatment. This is an example of
 - A excess supply
 - B limited wants
 - C scarcity
 - D unlimited resources

- 4 What is the basic economic problem facing all economies?
 - A inequality of income
 - B insufficient resources
 - C low economic growth
 - D shortage of skilled labor

- 5 A government decides to spend more on defense and, therefore, cannot spend as much on improving the country's infrastructure. What economic idea is illustrated by this decision?
 - A budget surplus
 - B monetary policy
 - C opportunity cost
 - D specialization

- 6 Which economic change would increase the problem of scarcity?
 - A a decrease in fish stocks
 - B a discovery of a new oil field
 - C an increase in labor productivity
 - D a reduction in waste

- 7** Economics is primarily concerned with
- A** allocating scarce resources for unlimited wants
 - B** controlling unemployment and inflation
 - C** determining the level of government expenditure
 - D** studying how new wants and economic resources can be produced
- 8** A person makes sandwiches at home for five hours each day. She makes 20 sandwiches per hour, and she sells each sandwich for \$2 each. What is the opportunity cost if she takes a holiday on a working day?
- A** \$2
 - B** \$40
 - C** 20 sandwiches
 - D** 100 sandwiches
- 9** The diagram shows the choices for an individual between leisure and earnings



What is the opportunity cost to the individual of the extra earning when moving from position X to position Y?

- A** \$20
 - B** \$80
 - C** 4 hours of leisure per day
 - D** 8 hours of leisure per day
- 10** How does a production possibility curve show that scarcity exists?
- A** It shows that a rise in demand for one of the products increases its price.
 - B** It shows that as more resources are used to produce a product, its price rises.
 - C** It shows that at any point outside the production possibility curve an economy is wasting resources.
 - D** It shows that there is a limit to the quantity of products that can be produced with existing resources and technology.

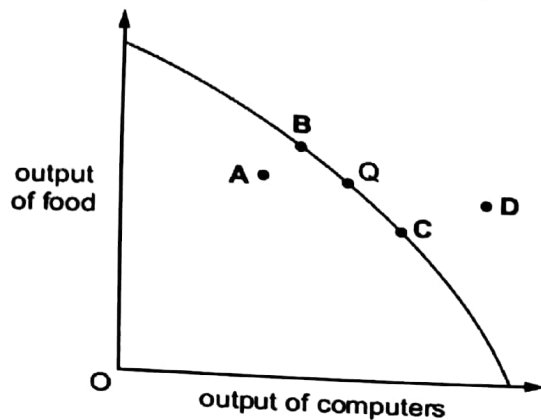
- 11** What is **not** one of the basic questions in economics?
- A** For whom will goods be produced?
 - B** How will goods be produced?
 - C** How will goods be transported?
 - D** What goods will be produced?
- 12** What is always a feature of a mixed economy?
- A** All capital goods are produced in the public sector.
 - B** Resources are used in the public and the private sector.
 - C** The allocation of all resources is determined by the price mechanism.
 - D** The public sector is larger than the private sector.
- 13** What occurs in a planned economy but not a market economy?
- A** Allocation by the government
 - B** Allocation by the price system
 - C** Economies of scale
 - D** Specialization
- 14** Why do banknotes function as money?
- A** They are backed by gold.
 - B** They are durable.
 - C** They are generally acceptable.
 - D** They are reliable.
- 15** A function of money is to act as a measure of value. What does this mean?
- A** It is used to compare the worth of different goods.
 - B** It is used to enable monthly payments for expensive goods.
 - C** It is used to pay the price of a good.
 - D** It is used to future savings.
- 16** What is a function of a central bank?
- A** To decide government spending
 - B** To determine all interest rates
 - C** To issue new currency
 - D** To lend to private businesses

- 17** Which is a major function of a commercial bank?
- A** Acting as the lender of last resort
 - B** Collecting direct and indirect taxes
 - C** Issuing currency notes and coins
 - D** Lending money to its customers
- 18** A state-owned industry is sold to the private sector. The industry consists of a number of very large factories. Which is the most likely change in business organization to result from this?
- A** From private company to public corporation
 - B** From public company to public corporation
 - C** From public corporation to public companies
 - D** From public corporation to private companies
- 19** Which of the following is likely to be the most suitable form of business organization for a group of four doctors?
- A** Partnership
 - B** Private limited company
 - C** Public limited company
 - D** Public corporation
- 20** A business has two owners. They have limited liability. Its shares are not sold on the stock exchange. What type of business is this?
- A** Partnership
 - B** Private limited company
 - C** Public limited company
 - D** Public corporation
- 21** What is a characteristic of a public corporation?
- A** It issues shares to the general public.
 - B** It is owned by the government.
 - C** Its objective is to maximize profit.
 - D** It is owned by more than twenty shareholders.

- 22** Which disadvantage is likely to arise when a private company grows and becomes a public company?
- A** Banks may have less confidence in its financial stability.
 - B** Customers may expect a reduced range of products.
 - C** Suppliers may be more uncertain about receiving payment for materials.
 - D** Workers may feel less motivated within a larger organization.
- 23** What is necessary for a company to be classified as a multinational?
- A** It diversifies its range of products.
 - B** It exports most of its outputs.
 - C** It increases its scale of production.
 - D** It produces some of its output in different countries.
- 24** A company producing coffee in Asia has operations in Argentina and Egypt. What is a reason why a company might decide to have operations in more than one country?
- A** Availability of cheaper raw material.
 - B** Easier central control of operations.
 - C** Greater risk of supply disruptions.
 - D** Increased transport costs
- 25** An entrepreneur is someone who:
- A** Takes the risk
 - B** Owns the building
 - C** Is a producer
 - D** Is a supervisor in charge of workers
- 26** In the study of economics, resources are also known as:
- A** Workers
 - B** Machines
 - C** Factors of production
 - D** Materials

- 27 With a given level of resources, an economy that can produce food or computers is at point Q on its production possibility curve. Population growth means more resources need to be allocated to food production.

At which point in the short term will the economy be in the diagram?



- 28 What is found in a market economy but not in command economy?
- A Money as a store of value
 - B The profit motive
 - C Division of labor
 - D Economies of scale
- 29 What would prevent an Egyptian company being classified as a multi-national company?
- A It concentrates on one stage of production only.
 - B It employs only Egyptians as managers.
 - C It manufactures only in Egypt.
 - D It uses other firms to transport its goods.
- 30 According to the meaning of opportunity cost, what is sacrificed when a decision is taken?
- A Any alternative
 - B Least valuable alternative
 - C Rent
 - D Next best alternative