

The City School

Unified Mid-Year Examinations
2018 - 2019
Class 11



SCHOOL NAME

INDEX NUMBER

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DATE

ECONOMICS

Paper 1 Multiple Choice

2281/12

45 minutes

Additional Materials: Multiple Choice Answer Sheet
Soft Pencil
Soft clean eraser

READ THESE INSTRUCTIONS FIRST

Write in soft pencil.

Do not use paper clips, glue or correction fluid.

Write your School name, Index number and Date in the spaces provided.

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 **pencil** on the separate Answer Sheet.

Read the instructions on the Answer Sheet very carefully.

Each correct answer will score one mark. A mark will not be deducted for a wrong answer.

Any rough working should be done in this booklet.

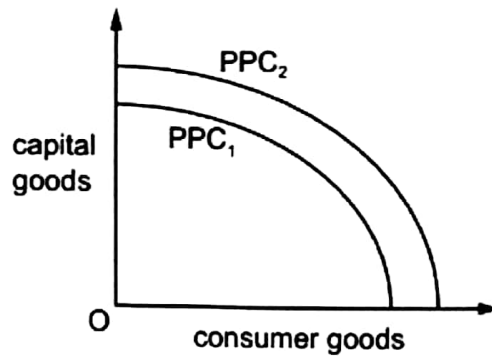
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Checked By: _____

Marks Talled By: _____

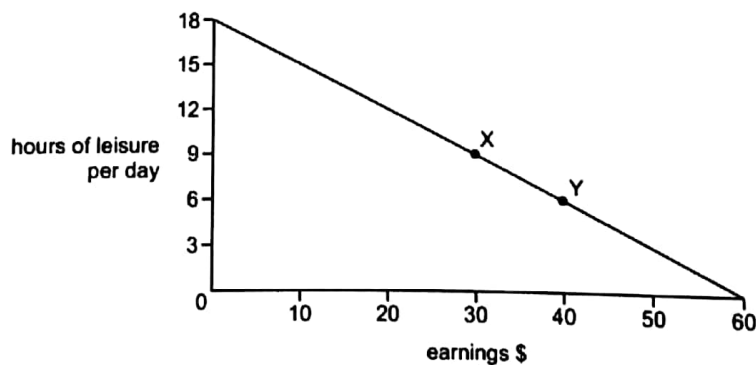
This document consists of **9** printed pages and **3** blank pages.

- 1 The diagram shows an initial production possibility curve of PPC1.



What may cause the movement of the production possibility curve from PPC1 to PPC2?

- A a better educated workforce
 - B a decrease in availability of raw materials
 - C increased wages
 - D lower productivity
- 2 An increase in the number of manufacturing robots in the car manufacturing industry represents an increase in the quantity of which factor of production?
- A capital
 - B enterprise
 - C labour
 - D land
- 3 The diagram shows the choices for an individual between leisure and earnings

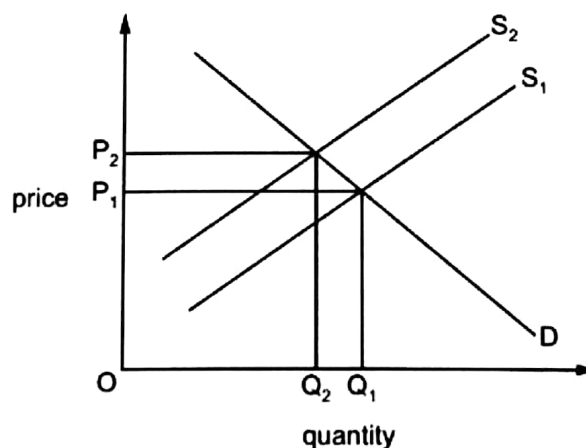


What is the opportunity cost to the individual of the extra earnings when moving from position X to position Y?

- A \$10
- B \$40
- C 3 hours of leisure per day
- D 9 hours of leisure per day

- 4 A government taxes the production of cars. What is likely to decrease?
- A the cost of supplying cars
 - B the price of cars
 - C the revenue for the government
 - D the supply of cars at every price
- 5 Which pair of economic institutions can be found in a market economy?
- A charities and public corporations
 - B multinationals and commercial banks
 - C public corporations and private companies
 - D stock exchange and government hospitals
- 6 Developers want to increase the size of a major retail shopping area in a city. It is thought that the proposal would create hundreds of jobs, be profitable for the shops but cause major traffic congestion. What economic concepts are directly involved in this statement?
- A external cost and private benefit
 - B income distribution and inelastic demand
 - C private investment and a decrease in supply
 - D social benefit and perfect competition

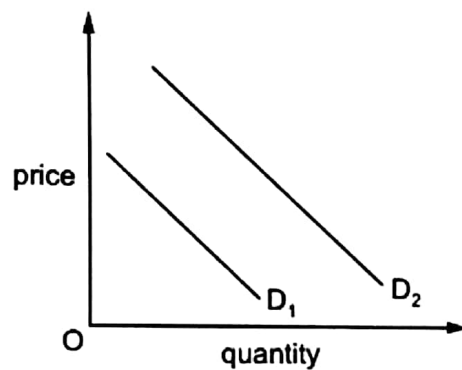
7 The diagram shows the market for rice.



What would have caused the equilibrium price to rise from OP_1 to OP_2 ?

- A a government subsidy to rice farmers
- B a successful advertising campaign for rice
- C improved rice farming methods
- D poor weather conditions

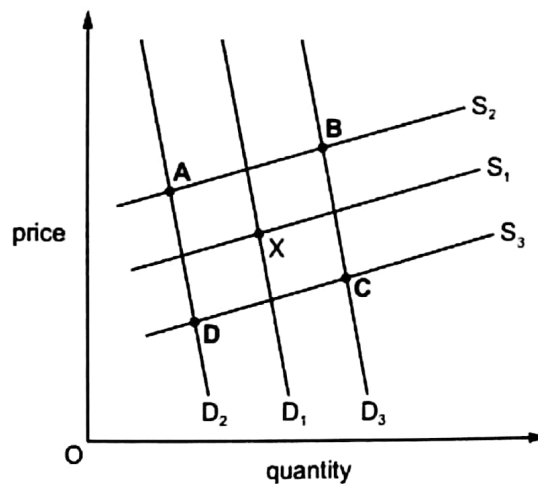
- 8 What might a trade union usually be expected to do for its members?
- A arrange childcare facilities for members' children
 - B ensure adequate promotion prospects exist
 - C negotiate better working conditions
 - D provide medical insurance
- 9 What is the usual reason why citizens trust their country's banknotes?
- A They are acceptable for trade and exchange.
 - B They are backed by gold at the central bank.
 - C They are convertible into the US\$ or Chinese Yuan.
 - D They are recognisable and in infinite supply.
- 10 The diagram shows a shift in the demand curve for table-tennis balls.



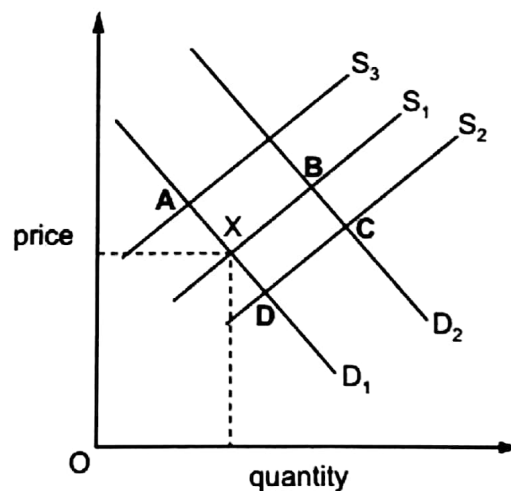
What is the most likely cause for this shift in the demand curve?

- A a fall in the price of the equipment for substitute games
- B an increase in the membership of table-tennis clubs
- C a rise in membership fees of table-tennis clubs
- D the building of more sports clubs providing table-tennis

- 11 Newspapers recently reported there had been a decrease in the demand for beef and that its price per kilogram had increased. From the initial equilibrium point X, which point in the diagram illustrates the new market equilibrium?



- 12 The diagram shows the market for fresh fish in the Caribbean with equilibrium point X. A new type of fishing boat increases production, which reduces costs. Which point represents the new equilibrium?



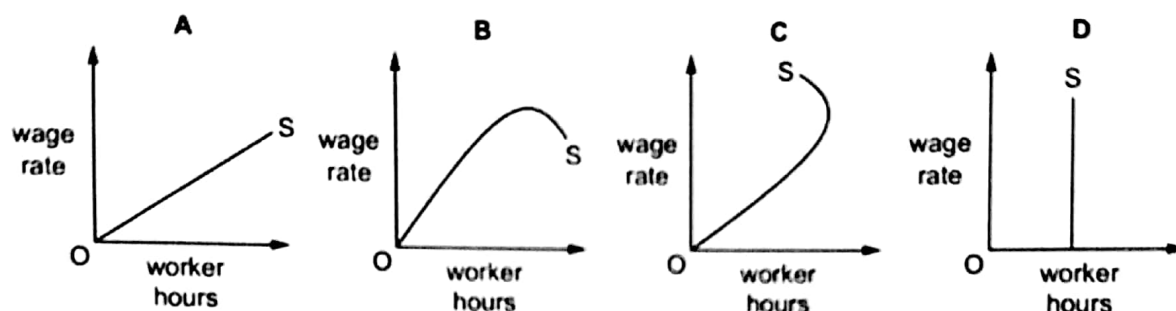
- 13 A large supermarket applied to build on land which was in an area of natural beauty. The local government allowed the building, even though the natural beauty of the area would be lost, because many jobs would be created and much needed income would be brought to the local community.

Which economic ideas cannot be found in the above statement?

- A external cost and private enterprise
- B free market and the conservation of resources
- C opportunity cost and improved standards of living
- D public sector and external benefit

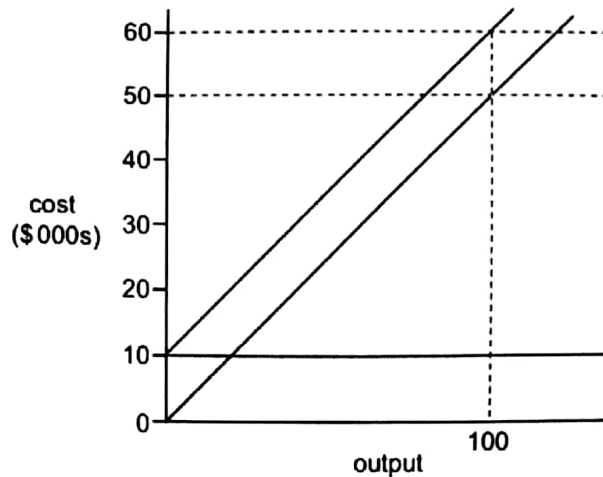
- 14 Cigarettes have been used as money in exceptional circumstances. What is the most likely reason that they are not acceptable as money in normal circumstances?
- A cigarettes lack durability
 - B cigarettes lack intrinsic value
 - C cigarettes lack portability
 - D cigarettes lack uniformity

- 15 A bus driver works longer hours if the wage rate increases. As his earnings increase there reaches a point when he prefers more leisure to work. Which supply curve, S, represents this situation?



- 16 In 2013, a German company that manufactured medicines bought a UK company that ran a chain of pharmacies that sold medicines. What term best describes this takeover?
- A A conglomerate
 - B horizontal
 - C vertical integration backwards
 - D vertical integration forwards
- 17 When a firm is considered more capital-intensive than another firm?
- A when it has a lower ratio of workers to machines than the other firm
 - B when it has fewer workers than the other firm
 - C when it has higher variable costs than the other firm
 - D when it has more machines than the other firm
- 18 In 2009, Gulf Airlines, which was making a loss, stated it would reduce the number of new aircraft on order. If it did this, which of its costs would be directly affected?
- A fixed costs
 - B marginal costs
 - C opportunity costs
 - D variable costs

- 19 The diagram shows the costs of a firm. What is the firm's total variable cost at an output of 100 units?



- A \$100 B \$500 C \$10000 D \$50000
- 20 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
- 21 A worker earns \$250 each week, which leaves a disposable income of \$175. What will affect the real value of the worker's \$250 earned income?
- A a change in government spending
 - B a change in interest rates
 - C a change in the price level
 - D a change in the tax rate
- 22 What is not a reason why the average size of families is likely to be greater in developing countries than in developed countries?
- A Children offer the prospect of security in old age.
 - B Government child care support is widely available.
 - C Means of birth control are less available and more expensive.
 - D Women are less likely to be part of the workforce.

- 23** In rural areas in developing countries, farmers grow food for their own consumption. Why might this mean that the GDP is a weak measure of the standard of living in those countries?
- A** The food grown is not exported.
 - B** The GDP does not include agricultural production.
 - C** The GDP only refers to the public sector.
 - D** The value of the food is unknown.
- 24** When might rapid inflation together with low interest rates be a source of concern for a consumer?
- A** when a consumer lives on a pension linked to the consumer price index
 - B** when a consumer needs to use savings for regular expenditure
 - C** when a consumer pays a fixed rent for their accommodation
 - D** when a consumer wishes to buy a good on credit
- 25** In which occupations do wages tend to be lowest?
- A** in those where the work is dangerous
 - B** in those where there is an excess supply of labour
 - C** in those where workers are paid on a monthly basis
 - D** in those where workers need long training
- 26** In 2011 the Egyptian Government increased the top rate of income tax. What is likely to have been the main aim of this policy measure?
- A** a reallocation of resources from producing necessities to producing luxury products
 - B** a redistribution of income from the rich to the poor
 - C** a reduction in the deficit on the current account of the balance of payments
 - D** a reduction in the level of cost-push inflation
- 27** What describes a regressive tax?
- A** It is paid by a higher proportion of high income earners.
 - B** It is paid by a higher proportion of low income earners.
 - C** It takes a higher proportion from high incomes.
 - D** It takes a higher proportion from low incomes.

- 28** World population increased from 5.26 billion in 1990 to just over 7.00 billion in 2012. It is predicted to rise to 8.00 billion by 2025. What is most likely to explain this?
- A** an increase in migration from developing to developed countries
 - B** an increase in the birth rate in developing countries
 - C** an increase in the death rate in developed countries
 - D** an increase in the death rate in developing countries
- 29** 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
- 30** What will increase the level of economic development in a country?
- A** a higher infant mortality rate
 - B** a higher inflation rate
 - C** a higher interest rate
 - D** a higher literacy rate