

The City School

Unified Mid-Year Examinations
2018 - 2019
Class 10



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 8 printed pages.

- 1 In a market system who has the most important role in influencing the allocation of resources?
- A Consumers
 - B entrepreneur
 - C government officials
 - D producers

- 2 What is an external cost of mining coal?
- A the cost of purchasing mining equipment
 - B the cost to the mine owners to remove waste
 - C the extra cleaning costs of the mine buildings because of coal dust
 - D the extra cleaning costs of local residents' houses because of coal dust

- 3 A trade union succeeds in raising the wages in an industry above the equilibrium wage. How would the demand and supply of labour change?

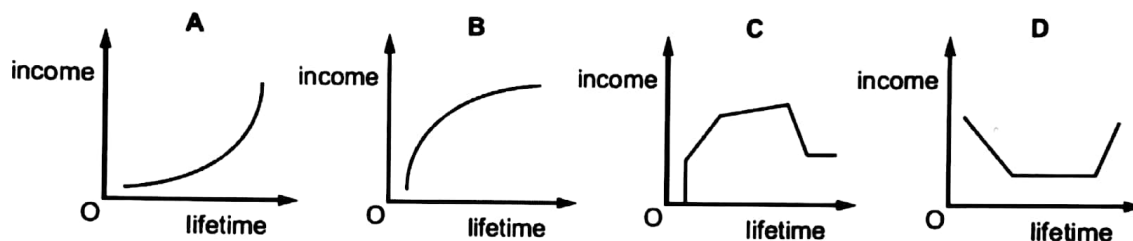
	change in quantity of labour demanded	change in quantity of labour supplied
A	fall	fall
B	fall	rise
C	rise	fall
D	rise	rise

- 4 A government needs to decide how much to fine firms for causing the external costs of air pollution in industrial areas.

Which external cost would be the most difficult to measure in monetary terms?

- A the discomfort associated with breathing
 - B the expenditure on additional healthcare
 - C the loss of earnings due to illness
 - D the medical research into respiratory disease
- 5 What is an example of market failure?
- A city centre congestion
 - B low economic growth
 - C rising prices
 - D trade deficits

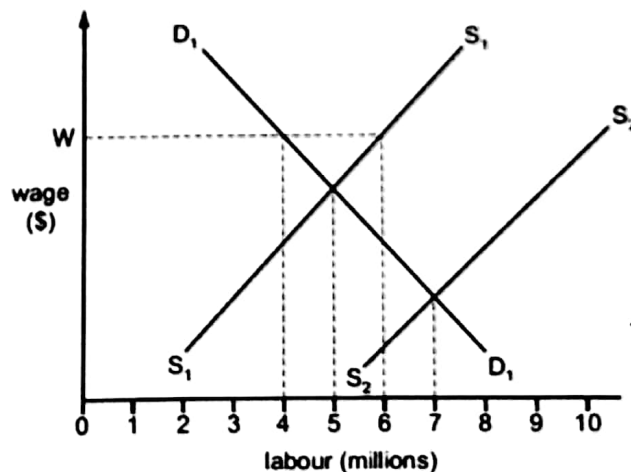
- 6 A job offers employees piecework, commission, paid holidays and a company pension. Which are non-wage factors?
- A commission and company pension
 - B company pension and paid holiday
 - C paid holidays and piecework
 - D piecework and commission
- 7 When will a trade union be most likely to succeed in achieving the aims of its members?
- A when firms are trying to cut costs of production
 - B when the rate of unemployment in the country is high
 - C when trade union membership in the industry is compulsory
 - D when workers are unskilled
- 8 The typical pattern of income over a person's whole lifetime is shown by which diagram?



- 9 What is a non-wage factor that can effect an individual choice of occupation?
- A Bonuses
 - B Commissions
 - C Long holidays
 - D Overtime pay
- 10 What is likely to decrease the level of saving in an economy?
- A an increase in the general level of income
 - B a rise in the rate of interest
 - C a redistribution of income from poor to rich households
 - D an increase in the number of cheap offers in shops

- 11** Which change will make a manufacturing company replace machines with labour to maintain the most efficient combination of factors of production?
- A The price of the product manufactured has increased.
 - B The wages of labour have increased.
 - C The productivity of machinery has increased.
 - D The productivity of labour has increased.
- 12** Although there are higher paid jobs in offices many workers stay in low-paid jobs on farms. What might explain this in developing economies?
- A Agricultural workers lack the necessary education and skills.
 - B Governments plan to increase indirect taxes on services.
 - C Manual workers are being replaced by machines.
 - D Workers on farms have high labour mobility.
- 13** A person receives annual interest of 4 % on his savings. Inflation is 5 % per annum. What is the change in the real value of their saving.
- A It falls 1 %
 - B It rises 4 %
 - C It falls 5 %
 - D It rises 9 %
- 14** A student needs to borrow \$60 000 to pay for a five-year university course in medicine. What would motivate the student to borrow to pay for the course?
- A Debts must be repaid within the first five years of work.
 - B Further training in hospitals must follow graduation.
 - C High earnings are expected in the long-run.
 - D Many skills gained on the course are non-transferable.
- 15** What might be the direct benefit to the individual worker of a specialized job?
- A Specialization can enable the worker to become more skilled
 - B Specialization enables the better quality product to be produced
 - C Specialization enables the farms to introduce more machinery
 - D Specialization makes better use of resources

- 16 A person is most likely to save more when there is an increase in country's.
- A Exchange rate
 - B Inflation rate
 - C Interest rate
 - D Money supply
- 17 What is the most likely reason why airline pilots earn more than agricultural workers?
- A Agricultural work is difficult.
 - B Pilots work regular hours.
 - C There is a surplus of agricultural workers.
 - D There is no shortage of pilots.
- 18 What does the term 'closed shop' mean?
- A a bankrupt retail establishment
 - B a trade union that is approved by the government
 - C an agreement that all workers must be members of the same trade union
 - D an agreement by trade unions to share members
- 19 In the diagram, D_1D_1 and S_1S_1 represent the demand for and the supply of labour. W indicates a legal minimum wage. An influx of immigrant labour causes the supply curve for labour to shift from S_1S_1 to S_2S_2 .



How many people will be employed if the minimum wage legislation is then abolished?

- A 4 million
- B 5 million
- C 6 million
- D 7 million

20 The table shows how three people spend their income.

	Person X	Person Y	Person Z
Food clothing and housing	30%	25%	50%
Entertainment and Leisure	35%	35%	25%
Luxury Good	35%	40%	25%

For these three people, what is the most likely order of income, from lowest income to highest income?

- A $Y \rightarrow X \rightarrow Z$
- B $Y \rightarrow Z \rightarrow X$
- C $Z \rightarrow X \rightarrow Y$
- D $Z \rightarrow Y \rightarrow X$

21 What is not a function of a trade union?

- A to arrange promotion for its members
- B to discuss members' working conditions
- C to negotiate members' wages
- D to represent members in disputes

22 When elderly people retire from work, they may receive a pension income that is lower than their previous income.

How is the proportion of their income spent on healthcare and leisure likely to change?

	Healthcare	leisure
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

- 23** A bus company wishes to recruit a qualified senior manager to be responsible for coordinating bus timetables and managing staff. Some work will be required at night as the company also operates bus services at night. It is offering a good salary. Which applicant would be most likely to be offered the position?
- A** a person employed as a manager of a small taxi company
 - B** a person employed as a supervisor in another bus company
 - C** a recently qualified business graduate
 - D** a trade union representative from another bus company with extensive family commitments
- 24** What is the most important factor that affects how much family saves.
- A** The income of the family
 - B** Variety of goods
 - C** prices
 - D** The reliability of banks
- 25** A country's central bank raised the rate of interest from 1% to 4% per year. How would this change have affected the amount saved and the cost of borrowing by individuals?

	Amount saved	Cost of borrowing
A	decreased	decreased
B	decreased	increased
C	increased	decreased
D	increased	increased

- 26** When will a trade union be less likely to be able to achieve a rise in wages for its members?
- A** during a recession
 - B** in an economic boom
 - C** when productivity is rising
 - D** where there is a limited supply of labour

- 27** What is an example of market failure?
- A** a monopoly making abnormal profit
 - B** prices charged to cover social cost
 - C** the closure of small, independent shops in a rural area
 - D** the inability of a car producer to achieve economies of scale
- 28** A government makes public transport free to try to reduce car use in a city. What might explain why people continue to use their own cars?
- A** Cars are less crowded than public transport
 - B** Cars does not cost external cost
 - C** Public transport has better safety than cars
 - D** Public transport network requires high Capital Cost
- 29** Why are unskilled workers paid less than skilled workers?
- A** There is a higher demand for unskilled labour than skilled labour.
 - B** There is a larger supply of unskilled labour than skilled labour.
 - C** Unskilled labour belong to trade unions.
 - D** Unskilled labour is more productive than skilled labour.
- 30** What may cause an individual to save a higher proportion of their income?
- A** a belief that the price of goods will rise in the future
 - B** a fall in the rate of interest paid by the country's banks
 - C** a fear that income will fall in the future
 - D** a rise in the individual's wish to enjoy higher consumption immediately