



# Cambridge IGCSE™

## ECONOMICS

0455/11

Paper 1 Multiple Choice

October/November 2025

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)

## 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.



- 1 Consumers and producers face the same problem of satisfying wants.

What is the most likely reason wants cannot be satisfied?

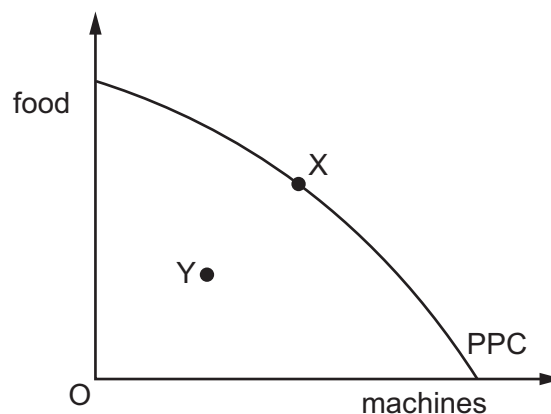
- A consumers and producers cannot establish an equilibrium price
- B consumers have excess choice when producers oversupply
- C consumers have limited income and producers have finite resources
- D consumers lack information to buy and producers lack motivation to supply

- 2 A worker decides to leave their job as a bus driver and take a job as a lorry driver.

What will increase the opportunity cost of this decision?

- A an increase in the holidays for lorry drivers
- B an increase in the income tax paid by bus drivers
- C an increase in the wages of bus drivers
- D an increase in the wages of lorry drivers

- 3 The diagram shows a country's production possibility curve (PPC).



What would cause a movement from point X to point Y?

- A decrease in productivity
- B decrease in unemployment
- C increase in capital investment
- D increase in economic growth

- 4 The price of petrol increases in a country with a market economic system.

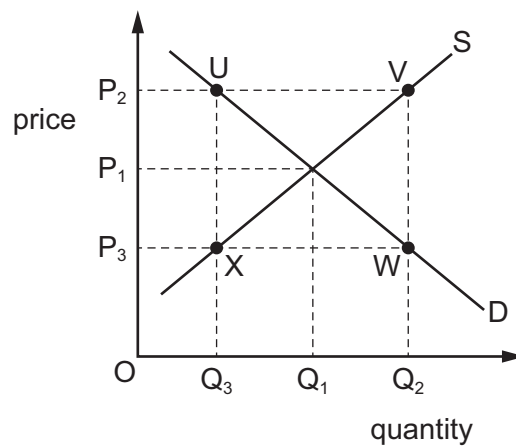
What is a consequence of this?

- A More cars are bought.
- B The costs of road transport increase.
- C The quantity of petrol supplied falls.
- D There is a shortage of petrol.

- 5 What determines a consumer's demand for a product?

|   | the consumer's income | the consumer's willingness to buy the product | the price of the product |                          |
|---|-----------------------|-----------------------------------------------|--------------------------|--------------------------|
| A | ✓                     | ✓                                             | ✓                        | key<br>✓ = yes<br>✗ = no |
| B | ✓                     | ✓                                             | ✗                        |                          |
| C | ✗                     | ✓                                             | ✓                        |                          |
| D | ✓                     | ✗                                             | ✓                        |                          |

- 6 The diagram shows the market for a product.



Which distance shows a market disequilibrium caused by excess supply?

- A U to V
- B U to X
- C V to W
- D X to W

- 7 The price elasticity of demand (PED) of a good is  $-1$ .

What will happen to both demand and total revenue as price increases?

- A demand will fall and total revenue will not change
  - B demand will fall and total revenue will rise
  - C demand will rise and total revenue will not change
  - D demand will rise and total revenue will rise
- 8 Which pair of economic institutions can be found in a market economy?
- A charities and public sector firms
  - B multinational companies and commercial banks
  - C public sector firms and private sector firms
  - D stock exchanges and government-funded hospitals
- 9 The table shows the weekly demand for, and supply of, good X at three prices.

| price<br>(\$) | demand<br>(tonnes) | supply<br>(tonnes) |
|---------------|--------------------|--------------------|
| 20            | 16                 | 10                 |
| 30            | 12                 | 12                 |
| 40            | 10                 | 14                 |

What will be the effect if the government imposes a minimum price of \$40 per tonne?

- A a fall in the price of X
  - B a shortage of X
  - C a surplus of X
  - D no change in the market equilibrium
- 10 What is the function of money when it is used to value goods and record transactions?
- A a medium of exchange
  - B a standard of deferred payment
  - C a store of wealth
  - D a unit of account

- 11 The table shows how household spending changes with income.

| income<br>(\$ per month) | spending<br>(\$ per month) |
|--------------------------|----------------------------|
| 4000                     | 4150                       |
| 4300                     | 4375                       |
| 4600                     | 4650                       |
| 4900                     | 4900                       |
| 5200                     | 4975                       |
| 5500                     | 5275                       |

What is the first level of income shown at which savings are positive?

- A** \$4000      **B** \$4600      **C** \$4900      **D** \$5200

- 12 The wages of school teachers are rising.

What is **least** likely to be the cause of this?

- A** decreased membership of teaching trade unions  
**B** increased awareness among parents about the importance of education  
**C** more restrictions on the immigration of teachers from other countries  
**D** the opening of new schools by the government

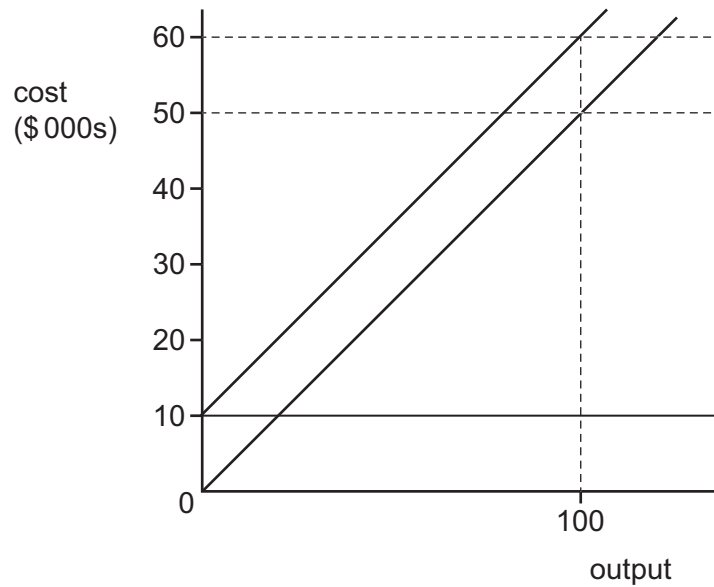
- 13 What is a feature of every trade union?

- A** members are unskilled workers  
**B** members use collective bargaining  
**C** members work for the same employer  
**D** members work in the same industry

- 14 What must occur if a firm experiences economies of scale?

- A** average costs decrease  
**B** profits decrease  
**C** the number of workers increases  
**D** total advertising costs decrease

15 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** \$10 000      **D** \$50 000

16 If the average revenue of a firm increases from \$4 to \$5 and quantity demanded decreases from 20 units to 10 units, what will be the effect on the firm's total revenue?

- A** decreases by \$20  
**B** decreases by \$30  
**C** increases by \$20  
**D** increases by \$30

17 What are two macroeconomic aims of government?

- A** to allocate resources and reduce trade union membership  
**B** to create economic growth and prevent high inflation  
**C** to raise interest rates and reduce pollution  
**D** to reduce exports and increase imports

- 18 A government's spending currently equals its revenue. The government decides to decrease its spending.

What is the most likely effect of this in the short run?

- A a budget deficit
  - B a budget surplus
  - C an increase in output
  - D an increase in tax revenue
- 19 What is **not** a monetary policy measure?
- A changes in income tax rates
  - B changes in interest rates
  - C changes in the exchange rate
  - D changes in the money supply
- 20 Which government action would **not** be included as part of a supply-side policy?
- A increasing the privatisation of industries
  - B lowering national minimum wage rates
  - C raising tariffs on international trade
  - D reducing state benefits
- 21 An economy operating on its production possibility curve (PPC) enters a recession that causes unemployment. As the recession gets worse some unemployed workers emigrate in search of jobs overseas.

How are these effects of the recession shown on a diagram of the economy's PPC in the short-term and the long-term?

|          | short-term effect on the PPC diagram | long-term effect on the PPC diagram |
|----------|--------------------------------------|-------------------------------------|
| <b>A</b> | movement to a point inside the PPC   | movement to a point inside the PPC  |
| <b>B</b> | movement to a point inside the PPC   | shift of PPC to the left            |
| <b>C</b> | shift of PPC to the left             | movement to a point inside the PPC  |
| <b>D</b> | shift of PPC to the left             | shift of PPC to the left            |

**22** Chile specialises in the production of copper for export.

In what way is the Chilean economy likely to be affected by a large rise in the supply of copper from other countries?

|          | employment | economic growth |
|----------|------------|-----------------|
| <b>A</b> | fall       | fall            |
| <b>B</b> | fall       | rise            |
| <b>C</b> | rise       | fall            |
| <b>D</b> | rise       | rise            |

**23** The table shows the patterns of employment in selected industries in two years.

| industry      | employment in millions |        |
|---------------|------------------------|--------|
|               | year 1                 | year 2 |
| agriculture   | 8                      | 6      |
| fishing       | 4                      | 4      |
| hospitality   | 8                      | 10     |
| manufacturing | 12                     | 10     |
| retailing     | 8                      | 10     |
| total         | 40                     | 40     |

How did the patterns of employment change between year 1 and year 2?

|          | secondary sector | tertiary sector |
|----------|------------------|-----------------|
| <b>A</b> | fell             | rose            |
| <b>B</b> | fell             | unchanged       |
| <b>C</b> | rose             | fell            |
| <b>D</b> | unchanged        | rose            |

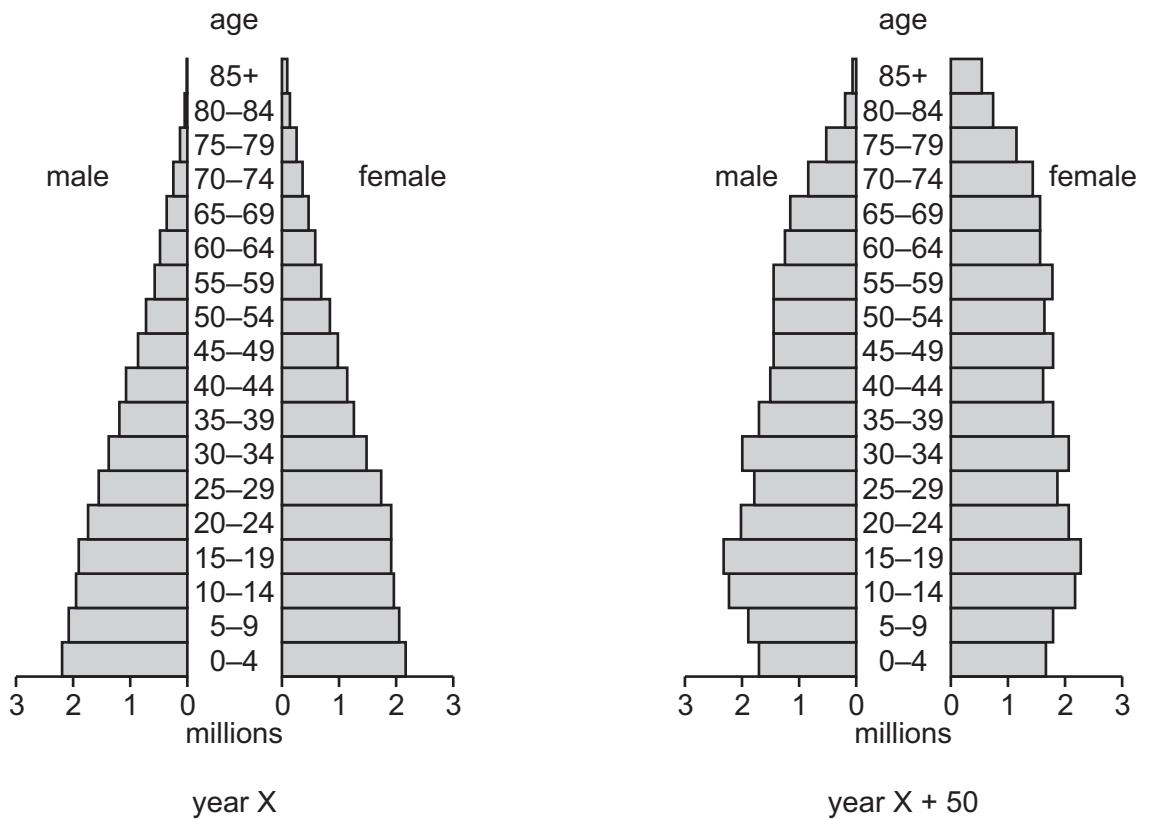
**24** What is deflation?

- A** a sustained fall in total demand
- B** a sustained fall in the general price level
- C** a sustained fall in the rate of inflation
- D** a sustained fall in the value of money

25 What is most likely to cause more poverty in a country?

- A a decrease in the general price level
- B a decrease in the rate of income tax
- C a decrease in the level of unemployment
- D a decrease in the level of wages

26 The charts show the population structure of a country in year X and year X + 50.

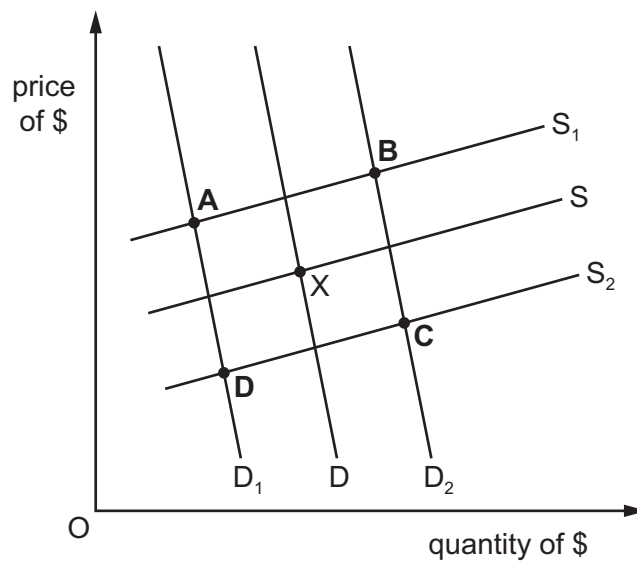


During this period, how did birth and death rates change?

|          | birth rates | death rates |
|----------|-------------|-------------|
| <b>A</b> | fell        | fell        |
| <b>B</b> | fell        | no change   |
| <b>C</b> | rose        | fell        |
| <b>D</b> | rose        | no change   |

- 27** What is an advantage for consumers from international specialisation?
- A** competition between firms results in lower prices
  - B** labour can move more freely between countries
  - C** less wealth is created throughout the world
  - D** multinational companies can increase their profits
- 28** Which government policy would encourage greater international trade?
- A** an increase in the level of domestic regulation
  - B** an increase in the level of tariffs on imports
  - C** the abolition of domestic subsidies for declining industries
  - D** the abolition of free trade agreements
- 29** The US currently trades in oil with the UK. The discovery of new oil and gas deposits in the US will mean that its oil imports decrease and its oil exports increase.

From the initial equilibrium point of X, which letter indicates the new equilibrium point for the US exchange rate?



- 30** What is most likely to directly result from a persistent and large current account surplus on the balance of payments of a country?
- A** a lower exchange rate
  - B** a lower standard of living
  - C** an increase in gross domestic product
  - D** an increase in the unemployment rate

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