



# Cambridge O Level

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## ECONOMICS

2281/13

Paper 1 Multiple Choice

October/November 2024

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)

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## 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.

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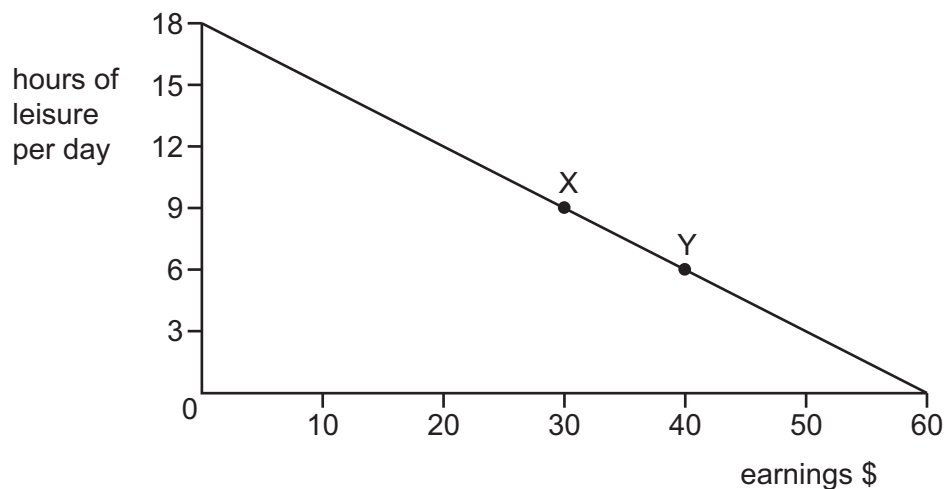
This document has **12** pages. Any blank pages are indicated.



- 1 What is the cause of the economic problem facing the global market for gold?
- A Consumer wants for gold are limited.
  - B Gold is a limited resource.
  - C Only governments can sell gold.
  - D There is an unlimited supply of gold.
- 2 The management of an airline decided to replace its aeroplanes with more technologically advanced aircraft. At the same time, the company retrained its pilots.

Which factors of production has the airline improved?

- A capital and labour
  - B capital and land
  - C labour and enterprise
  - D land and enterprise
- 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 6 hours of leisure per day

- 4 The world price of cocoa has been falling while the prices of products made from cocoa have been rising.

Which combination might explain this?

	market for cocoa	advertising expenditure on products made from cocoa
<b>A</b>	excess demand	decrease
<b>B</b>	excess supply	decrease
<b>C</b>	excess demand	increase
<b>D</b>	excess supply	increase

- 5 The table shows the amounts demanded and supplied of tomatoes at different prices. The initial equilibrium is at a price of \$40.

price (\$)	demand (kg)	supply (kg)
10	20	2
20	16	5
30	12	8
40	10	10
50	8	12

The following year, more efficient harvesting means that the supply increases by 50% at each price.

What will happen to the suppliers' total revenue?

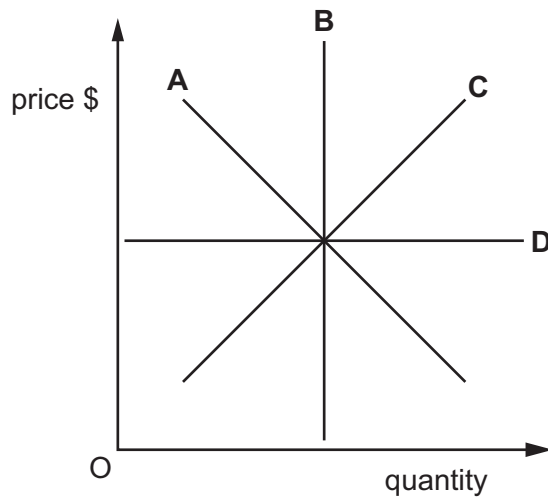
- A** It will fall by \$10.  
**B** It will fall by \$40.  
**C** It will rise by \$10.  
**D** It will rise by \$200.
- 6 A fall in which variable would help eliminate a market shortage?
- A** quantity demanded  
**B** price  
**C** quantity supplied  
**D** the number of firms

- 7 When the price of meat increased from \$5 to \$6 per kg, Joe decreased his purchase of meat from 40 kg to 20 kg a month.

What was Joe's price elasticity of demand for meat?

- A 0.4                      B 2.0                      C 2.5                      D 20

- 8 In the diagram, which line represents perfectly inelastic supply?



- 9 What is external benefit?
- A private benefits minus private costs  
 B private benefits plus social benefits  
 C social benefits minus private benefits  
 D social benefits plus social costs
- 10 What is a function of a commercial bank?
- A accepting deposits  
 B controlling money supply  
 C issuing notes and coins  
 D lending money to the government

11 Under which circumstances are households more likely to save?

	inflation rate	interest rate	unemployment rate
<b>A</b>	high	high	high
<b>B</b>	high	high	low
<b>C</b>	low	high	low
<b>D</b>	low	low	low

12 A country wishes to increase the supply of nurses.

What would be the most effective way of achieving this?

- A** extending the training period for nurses
- B** improving the working conditions of nurses
- C** increasing the national minimum wage
- D** reducing grants for trainee nurses

13 Employers based in large cities often pay employees special allowances above standard pay rates.

What is the most likely reason for this?

- A** Job security and promotion prospects tend to be restricted.
- B** Living costs and transport costs tend to be high.
- C** There are few alternative job opportunities available.
- D** Trade unions negotiate nationwide wage levels.

14 Workers in a country have been concerned about their wages not keeping pace with inflation.

How can trade unions assist workers in getting a pay rise?

- A** advise the workers to ask individually for a pay rise
- B** negotiate on behalf of their members to secure a pay rise
- C** offer to contribute financially to a pay rise
- D** request improved working conditions

15 How is total revenue calculated?

- A price divided by the total output
- B total output divided by the price
- C total output multiplied by the price
- D total output multiplied by total costs

16 There is a number of cafés selling snacks and drinks in a city centre. Several of these cafés close due to their owners retiring.

What is the likely effect on the prices and profits of the remaining cafés?

	prices	profits
<b>A</b>	decrease	decrease
<b>B</b>	decrease	increase
<b>C</b>	increase	decrease
<b>D</b>	increase	increase

17 What is a macroeconomic aim of government?

- A equilibrium prices in markets
- B high wages
- C low inflation
- D profit maximisation

18 The table shows earnings and total income tax paid per year.

earnings \$	total income tax paid \$
5000	1000
8000	2000
9000	3000

Which type of tax system does this illustrate?

- A indirect
- B progressive
- C proportional
- D regressive

19 What is an example of monetary policy?

- A an increase in government spending
- B an increase in indirect taxation
- C an increase in rules and regulations
- D an increase in the money supply

20 What is Gross Domestic Product (GDP) divided by in order to calculate GDP per head?

- A the adult population
- B the dependent population
- C the total population
- D the working population

21 What is the consequence of economic growth for individuals and for the economy?

	individuals	the economy
<b>A</b>	increase in absolute poverty	increase in inflation
<b>B</b>	increase in average incomes	increase in government tax revenue
<b>C</b>	increase in the variety of goods and services	reduction in exports
<b>D</b>	increase in unemployment	reduction in the standard of living

22 What does the labour force survey (LFS) measure?

- A the number of workers on the national minimum wage
- B the proportion of women in the labour force
- C the unemployed population
- D trade union membership

- 23** The table shows the weights allocated to the three items in a Consumer Prices Index (CPI) for two years.

item	weights	
	year 1	year 2
food	30	35
clothing	20	15
housing	50	50
total	100	100

What can be concluded from this data?

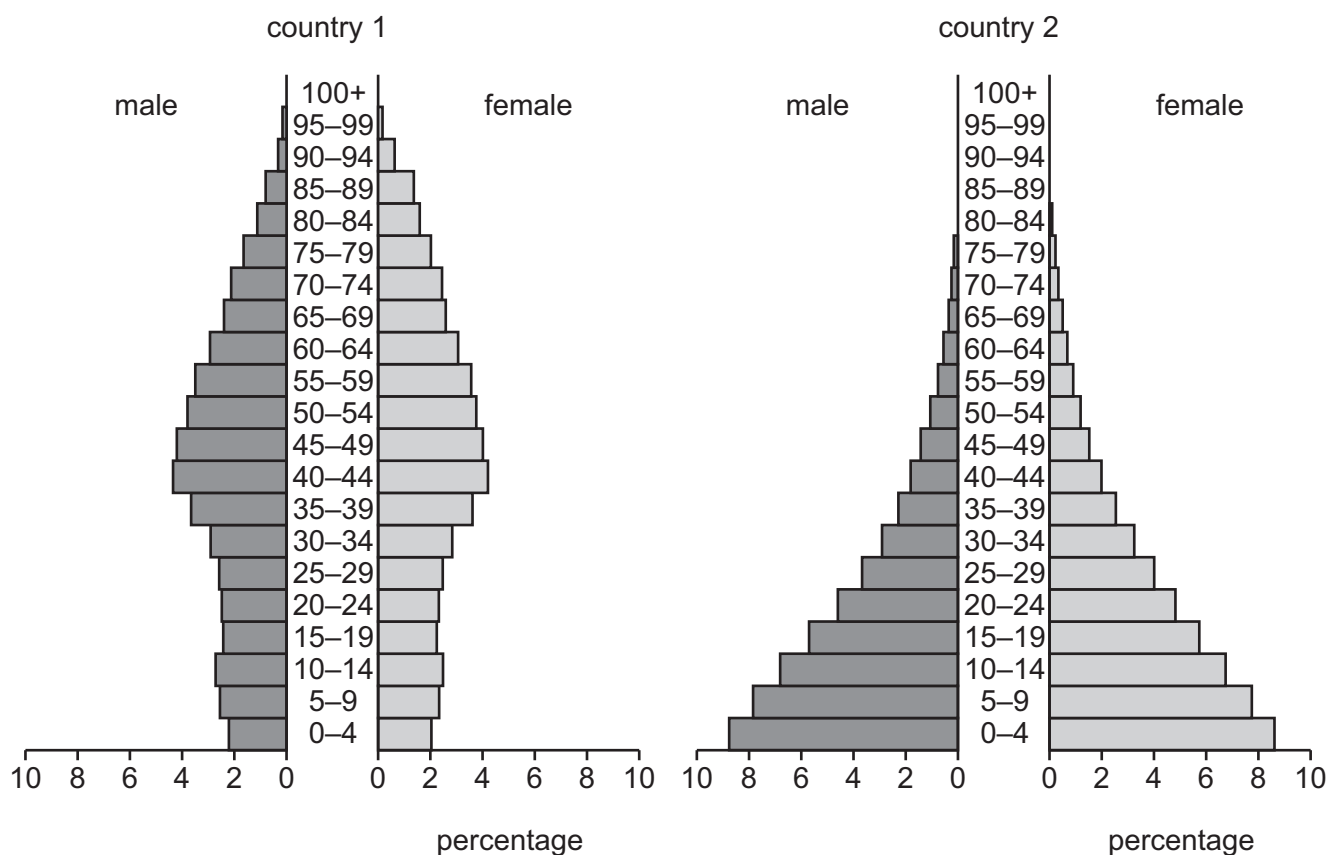
- A** Clothing prices have fallen.
  - B** Living standards remain unchanged.
  - C** The average price level is unchanged.
  - D** The proportion of income spent on food has risen.
- 24** A government increases the rate of progressive income tax and its spending on hospitals.

What is likely to happen to the distribution of income and to living standards?

	distribution of income	living standards
<b>A</b>	becomes less even	fall
<b>B</b>	becomes less even	rise
<b>C</b>	becomes more even	fall
<b>D</b>	becomes more even	rise



25 The population pyramids for country 1 and country 2 in a given year are shown.



What can be deduced from these population pyramids?

- A Country 1 has a greater population size than country 2.
- B Country 1 has a higher life expectancy than country 2.
- C Country 2 has a lower death rate than country 1.
- D Country 2 spends more money on childcare than country 1.

26 Which country would be classified as the most developed based on the data in the table?

	gross domestic product per year (\$m)	population (millions)
A	600	3
B	700	2
C	12 000	40
D	15 000	100

27 What encourages international specialisation?

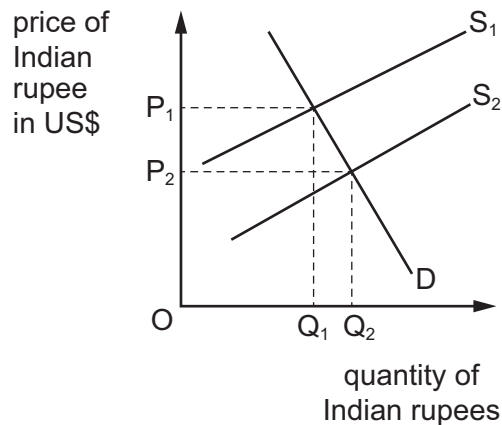
- A a foreign exchange shortage
- B diseconomies of scale
- C free trade
- D quotas

28 A country wants to limit the number of imported cars to a maximum of 100 000 in a year.

Which measure is most likely to achieve this objective?

- A an embargo
- B an import quota
- C an import tariff
- D a subsidy

29 The diagram shows a change in the exchange rate for the Indian rupee against the US\$.



What could cause the change in the exchange rate?

- A a decrease in the rate of inflation in India
- B an increase in demand for imports by people in India
- C greater foreign direct investment into India
- D greater purchases of its own currency by the Indian central bank

**30** Country X records these selected items in the current account of its balance of payments.

- Country X exports \$200m of goods.
- Country X imports \$50m of services.
- Country Y's citizens working in country X send home to relatives \$25m.
- Country X sends country Y \$75m of aid.

By how much did the balance on the current account of country X increase?

- A** \$50m            **B** \$100m            **C** \$200m            **D** \$350m

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