


A level Cambridge

ECONOMICS

9708

Paper 1
2020 — 2025


Chapter 1	Basic Economic Ideas And Resource Allocation	Page 1
Chapter 2	The Price System And The Micro Economy	Page 53
Chapter 3	Government Microeconomic Intervention	Page 165
Chapter 4	The Macro Economy	Page 223
Chapter 5	Government Macro Intervention	Page 310
Chapter 6	International Economic Issues	Page 364

1- (9708/11_Summer_2020_Q1) 

The transition of centrally planned economies to market economies was accompanied by a significant change in the composition of output.


What was an immediate consequence of this transition?

- A a build-up of unsold stocks of goods
- B an increase in exports of goods
- C an increase in unemployment
- D decreasing prices of goods and services

2- (9708/11_Summer_2020_Q2) 

Which statement is correct?

- A Normative economics concerns the description of economic models.
- B Normative economics is objective and factual.
- C Positive economics can be tested by data and evidence.
- D Positive economics is subjective and offers a value judgement.

3- (9708/11_Summer_2020_Q3) 

Consumers do not use enough of a product to maximise their private benefit because they have imperfect information about the product.


How would an economist classify this product?

- A demerit good
- B free good
- C merit good
- D public good

4- (9708/11_Summer_2020_Q4) 


What is meant by the division of labour?

- A Each worker specialises in a different task in production.
- B Some workers work part-time and others work full-time.
- C The same amount of output per hour is produced by each worker.
- D Workers divide their time between different jobs.

5- (9708/11_Summer_2020_Q18) 


What is a necessary characteristic of a public good?

- A It has a fixed maximum price.
- B It has an opportunity cost of production of zero.
- C It is non-excludable.
- D It is an essential good.

6- (9708/12_Summer_2020_Q2) 

What would **not** be considered a barter transaction?

- A a car repairer undertaking the annual service on a plumber's van in return for the plumber fitting a new sink in the car repairer's kitchen
- B a consumer negotiating with a shopkeeper and buying a pair of trousers at US\$10 rather than the asking price of US\$30
- C a graduate student exchanging a set of textbooks for a radio with a student about to start the course
- D a train company allowing a phone company to advertise on its trains in return for the right to advertise on the phone company's website

7- (9708/12_Summer_2020_Q3) 

A factory introduces an automated production line to take advantage of division of labour.

What is most likely to increase?

- A average cost of production
- B job satisfaction of workers
- C range of skills of each worker
- D worker productivity

8- (9708/12_Summer_2020_Q4) 

Which statement is normative?

- A A minimum wage is the correct government policy to increase the incomes of the lowest paid workers.
- B A minimum wage is the lowest amount that employers can legally pay their workers.
- C In Pakistan, a minimum wage of 15 000 Pakistani Rupees per month was set on 1 June 2016.
- D Setting the minimum wage rate above the equilibrium will result in an excess supply of workers.

9- (9708/13_Summer_2020_Q1)

An economist knows the current point at which an economy is operating within its production possibility curve.

What can the economist judge from this knowledge about the economy?

- A its degree of self-sufficiency
- B its international competitiveness
- C its level of output of two goods
- D its rate of economic growth

10- (9708/13_Summer_2020_Q2)

Abdul earns \$50 000 a year working as a teacher. He owns a house valued at \$250 000 and has shares worth \$20 000. He has a current bank account with a balance of \$1500 and \$200 in his wallet. In his house there is a jar containing \$100, which he has saved to spend on his forthcoming holiday.

What is the value of Abdul's liquid assets?

- A \$200 B \$300 C \$1800 D \$21 500

11- (9708/13_Summer_2020_Q3)

Which type of good is healthcare?

- A demerit
- B free
- C merit
- D public

12- (9708/13_Summer_2020_Q4)

Which is a normative statement?

- A If interest rates fall consumption is likely to increase.
- B If interest rates fall consumption will definitely increase.
- C Interest rates and consumption are usually inversely related.
- D The rate of interest should be reduced.

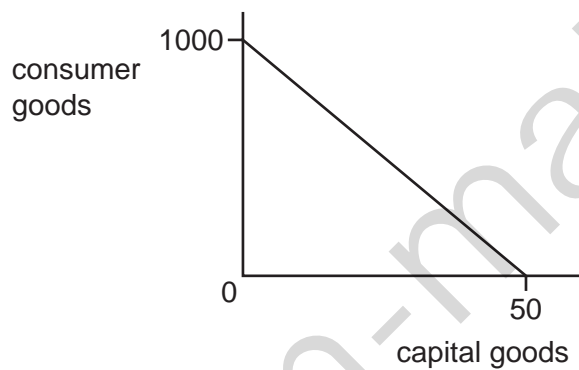
13- (9708/13_Summer_2020_Q 10)

Which combination of the classification of a good and market change will cause the demand curve for the good to shift right?

	classification of good	market change
A	inferior good	income decrease
B	inferior good	price decrease
C	normal good	income decrease
D	normal good	price decrease

14- (9708/11_Winter_2020_Q1) 🔑

The diagram shows an economy's production possibility curve.



It has been employing its resources in the ratio of 80% consumer goods production and 20% capital goods production.

What will be the result if it decides to double its output of capital goods?

- A** a gain of 20 capital goods
- B** a gain of 40 capital goods
- C** a loss of 200 consumer goods
- D** a loss of 600 consumer goods

15- (9708/11_Winter_2020_Q2) 🔑

Which comment relating to the introduction of charges for previously free medical treatment is normative?

- A** Fewer people will be able to afford treatment.
- B** It will be unfair on lower income groups.
- C** Richer citizens will pay the higher charges.
- D** Workers' health and productivity will fall.

16- (9708/11_Winter_2020_Q3) 

Which characteristic of money is the **most** important if it is to function as a medium of exchange?

- A acceptable
- B divisible
- C durable
- D portable

17- (9708/11_Winter_2020_Q4) 

What is **not** a characteristic of a planned economy?

- A Consumers have limited influence on what is produced.
- B Profit is the motive for increasing output.
- C Resources are owned by the government.
- D There is limited competition in the market.

18- (9708/11_Winter_2020_Q10) 

A farmer divides his land between growing two crops – wheat and oats. To increase production of one he must reduce production of the other.

What would cause the farmer to increase his supply of wheat?

- A A subsidy is given for the production of oats.
- B A unit tax is imposed on the production of wheat.
- C There is an increase in wages for all farm workers.
- D There is improved efficiency in the harvesting of wheat.

19- (9708/11_Winter_2020_Q17) 

A good is provided by the government. Consumption by one person does not affect the amount of the good available for others.

Which type of good must this be?

- A complementary good
- B merit good
- C private good
- D public good