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Cambridge Assessment International Education

Cambridge O Level

ECONOMICS **2281/13**

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.

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1 What is **least** likely to increase the geographical mobility of labour?

A greater provision of information about available jobs

B improved roads and communication network

C increased opportunities for education and training

D strengthened family ties and relationships

2 Which value does opportunity cost measure?

A environmental damage

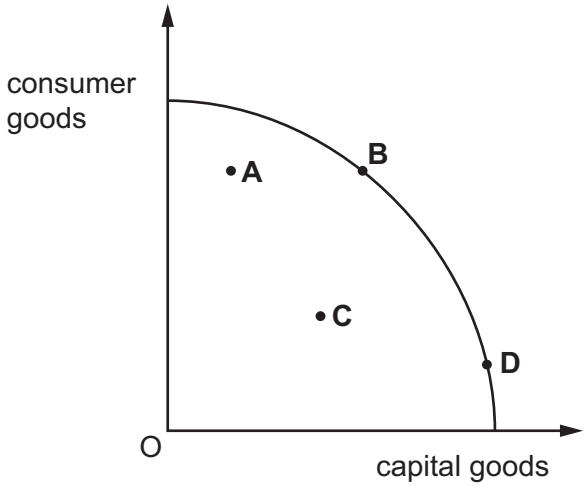
B next best alternative forgone

C output of labour

D price paid

3 The diagram shows a production possibility curve (PPC).

Which position is most likely to lead to the greatest outward shift of the PPC?



4 What is **not** a function of prices in a market economy?

A prices allow income to be distributed equally

B prices ration scarce resources among economic agents

C prices rise and fall to reflect shortages and surpluses

D prices send information to consumers and producers

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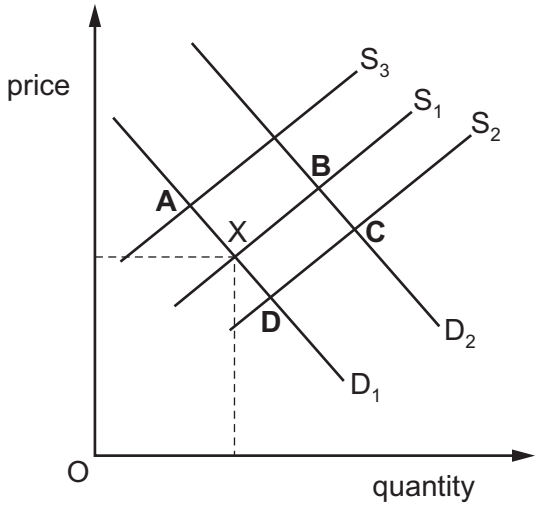
5 The diagram shows the market for fresh fish in the Caribbean with equilibrium point X.

A new type of fishing boat increases production, which reduces costs.

Which point represents the new equilibrium?



6 The table shows the market schedule for good X.

price	quantity supplied	quantity demanded
10	400	100
9	300	200
8	200	300
7	100	400

If the quantity supplied increases by 50% at each price, what will the equilibrium price and quantity be?

	price	quantity
A	10	100
B	9	200
C	8	300
D	7	400

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7 The price of fish has increased from $3.00 to $4.80. The quantity supplied of fish has increased from 100 units to 130 units.

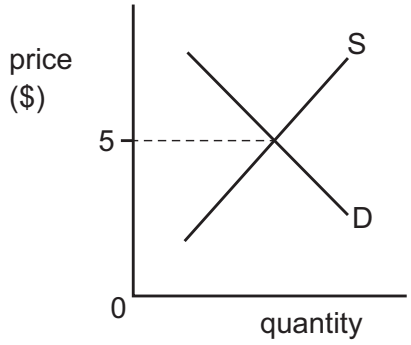
What is the price elasticity of supply (PES) of fish?

A 0.5 **B** 1.3 **C** 1.8 **D** 2

8 Which combination shows features of the mixed economic system?

	price mechanism	private sector	public sector
A	no	no	yes
B	no	yes	no
C	yes	yes	no
D	yes	yes	yes

9 The diagram shows the equilibrium price for bread.



What will be the short-term effect if the government sets a maximum price below $5?

A a shift in the demand curve

B a shift in the supply curve

C an excess of demand over supply

D an excess of supply over demand

10 Why do banknotes function as money?

A They are backed by gold.

B They are durable.

C They are generally acceptable.

D They have intrinsic value.

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11 Worker X earns less than worker Y.

What is most likely to be true of worker X?

A They have a longer period of training than worker Y.

B They have a longer working day than worker Y.

C They have skills that are more in demand than worker Y.

D They have weaker bargaining power than worker Y.

12 What would increase the strength of a trade union?

A a growth in part-time employment

B a growth in the membership

C a rise in the national minimum wage

D a rise in the standard of living

13 The size of the domestic car industry in Japan has enabled Japanese car producers to be more price competitive than rival car producers.

What is an explanation for this?

A Economies of scale are present in the Japanese car industry.

B Managerial problems exist in the Japanese car industry.

C Productivity is low in Japan.

D The Japanese car industry is very labour-intensive.

14 The table shows the output of cakes from four bakeries, **A, B, C** and **D**.

Which bakery has the highest labour productivity?

	labour (hours per day)	output (cakes per day)
A	10	40
B	40	640
C	50	750
D	100	500

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15 The table shows a firm's average revenue and average cost at different levels of output.

When all output is sold, which level of output generates the most profit?

	output (units)	average revenue (US$)	average cost (US$)
A	5	10	30
B	10	20	20
C	15	25	15
D	20	30	18

16 What would make the existence of a monopoly market more likely?

A consumers prefer a variety of choice in products

B significant economies of scale can be achieved

C there are low barriers to entry and exit for firms

D there are no restrictions on international trade

17 Which role is **not** performed by a government?

A paying dividends to shareholders

B promoting international trade agreements

C providing state benefits

D subsidising merit goods

18 A government has stated for the next year it has four main aims.

1 low and stable inflation

2 providing subsidies to farmers

3 raising productivity of workers in the public sector

4 stability in the balance of payments

What are the two macroeconomic aims for the government?

A 1 and 2 **B** 1 and 4 **C** 2 and 3 **D** 3 and 4

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19 What is **not** likely to be included in a government budget?

A anticipated tax revenue

B changes in exchange rates

C forecast government borrowing

D proposed government spending

20 Which combination of policy measures is most likely to increase total demand in an economy?

	money supply	interest rate	exchange rate
A	decrease	decrease	revaluation
B	decrease	increase	devaluation
C	increase	decrease	devaluation
D	increase	increase	revaluation

21 Which supply-side policy measure would most likely cause the greatest increase in labour productivity in a country?

A a decrease in the rate of corporation tax

B a reduced top rate of income tax

C improved education and training provision

D privatisation of a state-owned industry

22 How is economic growth of a country measured?

A by an increase in the monetary value of goods produced

B by an increase in the number of people in employment

C by an increase in the real Gross Domestic Product (GDP)

D by an increase in the value of the Human Development Index (HDI)

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23 A country experiences a significant fall in unemployment.

What is a possible advantage and a possible disadvantage of such a fall?

	possible advantage	possible disadvantage
A	fall in government spending on unemployment benefits	fall in labour disputes
B	fall in tax revenue	fall in poverty
C	rise in living standards	rise in inflation rate
D	rise in output	rise in labour mobility

24 A country's Consumer Prices Index (CPI) falls from 120 to 110 in a year.

What will be a likely effect of this fall?

A incomes will fall in real terms

B savings will fall in real terms

C the rate of interest will rise

D the real value of debt will rise

25 The population sizes of four countries, **A**, **B**, **C** and **D**, are all equal.

Which country is most likely to have the highest population growth, given the changes in the table?

	birth rate	death rate	net migration
A	decreasing	increasing	unchanged
B	increasing	decreasing	increasing
C	increasing	increasing	decreasing
D	unchanged	increasing	decreasing

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26 Which combination of characteristics would be found in a less developed economy?

	literacy rates	population growth	tertiary sector
A	high	high	small
B	low	high	small
C	high	low	large
D	low	low	large

27 What is a likely benefit of increased national specialisation?

A It guarantees a balance of trade in goods and services surplus.

B It increases dependency on other economies.

C It lengthens international supply chains.

D It reduces the cost of living.

28 What is **not** a likely benefit of free trade?

A consumers should experience lower prices

B consumers should have a greater choice of goods

C firms could be protected from foreign competition

D firms could take advantage of economies of scale

29 Which combination of changes would definitely raise the price of the Pakistani rupee on the foreign exchange market?

	demand for Pakistan's exports	Pakistan's demand for imports
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

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30 What is a likely government policy to reduce a deficit on the current account of the balance of payments?

A increasing the value of the foreign exchange rate

B increasing training for workers in export industries

C reducing subsidies to domestic export industries

D reducing tariffs on imported goods and services

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