IGCSE Economics: **s25 12**

Question 4 (Answer: **B**)

- Macroeconomic decisions affect the whole economy.
- A government setting interest rates or its budget is macroeconomic.
- One firm's prices, or one school's hiring, is microeconomic.

IGCSE Economics: **s25 13**

Question 4 (Answer: **A**)

- The price mechanism signals, rations and gives incentives.
- Rising prices tell producers to supply more and consumers to buy less.
- That is how it allocates scarce resources between competing uses, with no planner needed.

IGCSE Economics: **m25 12**

Question 8 (Answer: **D**)

- In a market system, resources are privately owned and allocated by the price mechanism.
- Firms produce for profit and consumers vote with their money.
- There is no government planning, so any answer involving state direction is wrong.

IGCSE Economics: **w24 12**

Question 2 (Answer: **D**)

- Opportunity cost is the value of the next best alternative given up when a choice is made.
- It is not the money paid, and not the shortage itself.
- Every choice has one, because choosing one option always means forgoing another.