Name:

IGCSE Economics: **w25 11**

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

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10 What is **not** a role of the central bank?

A to act as the lender of last resort

B to hold deposits from the general public

C to issue notes and coins

D to manage the gold reserves of the country

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2 Which value does opportunity cost measure?

A environmental damage

B next best alternative forgone

C output of labour

D price paid

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17 What is a macroeconomic aim of a government?

A high external costs

B high sales tax

C low unemployment

D low wages

18 What is a principle of taxation?

A equality between social cost and social benefit

B fairness between taxpayers

C profit maximisation by firms

D tax revenue maximisation

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9 What is a characteristic of a demerit good?

A it is more beneficial to the consumer than they realise

B it is overconsumed in the free market

C it is underproduced in the free market

D it provides external benefits

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2 An economics graduate chooses to work in a bank rather than teach economics which was the next best alternative.

Which cost is incurred as a result of this decision?

A external cost

B internal cost

C opportunity cost

D private cost

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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

IGCSE Economics: **s24 11**

9 What is a correct definition of a demerit good?

A a good which generates external benefits

B a good with higher private costs than social costs

C a good which is more harmful to consumers than they realise

D a good which provides no costs to third parties