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Level: Edexcel IGCSE Economics (4EC1)

Subject: Economics

Topic: IGCSE Economics

Type: Topic Question

2002



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Economics Edexcel IGCSE  
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# ECONOMICS

# IGCSE

## Key skills

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**\*\*Question 1:\*\***

Which of the following is a primary objective of government fiscal policy?

- A) Control inflation
- B) Increase unemployment
- C) Reduce international trade
- D) Set interest rates

[1 mark]

**\*\*Question 2:\*\***

How can the government correct market failure caused by negative externalities?

- A) Implement a tax on negative externalities
- B) Allow prices to rise freely
- C) Reduce government spending
- D) Increase trade barriers

EXAM PAPERS PRACTICE [1 mark]

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**\*\*Question 3:\*\***

What is the main purpose of monetary policy?

- A) Manage inflation and stabilize the currency
- B) Increase government expenditure
- C) Regulate international trade agreements
- D) Set price floors

[1 mark]

**\*\*Question 4:\*\***

Which of the following is a tool used in fiscal policy to influence economic activity?

- A) Setting interest rates
- B) Changing tax rates
- C) Controlling the money supply
- D) Regulating exchange rates

[1 mark]

**\*\*Question 5:\*\***

Which policy can increase economic growth through supply-side measures?

- A) Increasing taxes on businesses
- B) Reducing subsidies for education
- C) Investing in infrastructure and education
- D) Controlling wages and prices

[1 mark]

**\*\*Question 6:\*\***

What does expansionary fiscal policy typically involve?

- A) Decreasing aggregate demand
- B) Increasing unemployment
- C) Increasing government spending or cutting taxes
- D) Reducing government debt

[1 mark]

**\*\*Question 7:\*\***

What is a likely effect of increasing indirect taxes (e.g., VAT)?

- A) Lower consumer prices
- B) Decreased cost of production
- C) Higher consumer prices
- D) Increased government subsidies

[1 mark]

**\*\*Question 8:\*\***

Which policy is commonly used to combat a recession?

- A) Reducing government spending
- B) Increasing interest rates
- C) Implementing tax cuts
- D) Reducing subsidies for businesses

EXAM PAPERS PRACTICE [1 mark]

**\*\*Question 9:\*\***

What is often the aim of government regulation in markets?

- A) Increase the level of competition
- B) Decrease consumer choice
- C) Reduce market efficiency
- D) Limit the growth of new firms

[1 mark]

**\*\*Question 10:\*\***

What is the purpose of a government-imposed price ceiling?

- A) Ensure prices do not fall below a certain level
- B) Prevent prices from rising above a certain level
- C) Control the quantity of goods supplied
- D) Increase inflation

EXAM PAPERS PRACTICE [1 mark]

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