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Level: Edexcel IGCSE Economics (4EC1)

Subject: Economics

Topic: IGCSE Economics

Type: Topic Question

2002

XVIII

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Economics Edexcel IGCSE

To be used for all exam preparation for 2025+

ECONOMICS

IGCSE

Key skills

****Question 1:****

Why might a government impose a minimum wage law?

- A. To ensure businesses can pay employees less
- B. To reduce income inequality
- C. To increase unemployment
- D. To eliminate competition

[1 mark]

****Question 2:****

What is the primary goal of implementing price controls on essential goods?

- A. To increase the profitability of businesses
- B. To make essential goods more affordable for consumers
- C. To decrease government revenue
- D. To encourage higher prices for non-essential goods

[1 mark]

****Question 3:****

Which of the following is a likely result of a government subsidy to a particular industry?

- A. Increased prices for consumers
- B. Reduced production in the subsidized industry
- C. Lower costs of production for the subsidized industry
- D. Increased importation of goods

[1 mark]

****Question 4:****

What is the effect of government-imposed tariffs on imported goods?

- A. Lower prices for domestic consumers
- B. Increased competition for domestic producers
- C. Higher prices for imported goods
- D. Decreased revenue for the government

[1 mark]

****Question 5:****

How can government intervention in the form of regulation affect market failure?

- A. By increasing market failures
- B. By reducing the efficiency of market outcomes
- C. By correcting inefficiencies and promoting fairness
- D. By decreasing consumer choices

[1 mark]

****Question 6:****

Why might a government decide to nationalize a key industry?

- A. To improve efficiency and competition
- B. To increase private sector profits
- C. To control and stabilize the industry for public benefit
- D. To reduce government control and oversight

[1 mark]

****Question 7:****

What is a likely impact of a government tax on negative externalities, such as pollution?

- A. Increased production of goods causing pollution
- B. Reduced levels of pollution
- C. Lower prices for goods causing pollution
- D. Decreased government revenue

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[1 mark]

****Question 8:****

Which type of government intervention aims to correct information asymmetry in markets?

- A. Price floors
- B. Regulations and consumer protection laws
- C. Tariffs and quotas
- D. Subsidies

[1 mark]

****Question 9:****

How does government intervention through subsidies generally affect market equilibrium?

- A. It leads to a surplus of goods in the market
- B. It lowers the price of subsidized goods for consumers
- C. It reduces the quantity of subsidized goods supplied
- D. It increases the government's budget deficit

[1 mark]

****Question 10:****

What is one potential disadvantage of government intervention in markets through price ceilings?

- A. It may lead to a surplus of goods
- B. It may result in lower-quality goods
- C. It may increase the price of goods significantly
- D. It may reduce the quantity of goods demanded

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[1 mark]
