Cambridge Assessment International Education

Cambridge O Level

ECONOMICS **2281/11**

Paper 1 Multiple Choice **May/June 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.

This document has **12** pages. Any blank pages are indicated.

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1 What is likely to increase the occupational mobility of labour?

A increasing entry requirements to professions

B increasing retraining of workers

C introducing job specialisation

D introducing subsidised transport

2 Sonia owns a takeaway food delivery service. She decides to expand the firm, buying more vans and hiring additional drivers.

Which factors of production were changed?

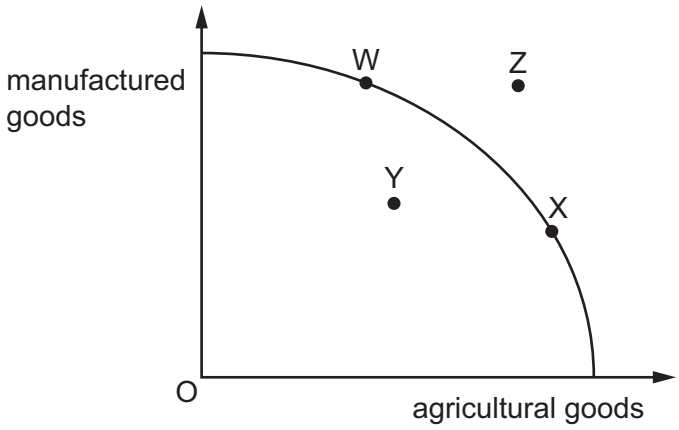
A capital and labour

B capital and land

C enterprise and capital

D labour and land

3 The diagram shows a production possibility curve (PPC). The economy is using all of its available resources.



A government decides to encourage more production of manufactured goods instead of agricultural goods.

Which movement shows this policy change?

A W to X **B** W to Y **C** X to W **D** Z to X

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4 In 2020, to prevent the spread of a pandemic, many governments temporarily closed restaurants and cafés.

What would be a macroeconomic impact of such a policy?

A Demand for food to be consumed at home would rise.

B Gross Domestic Product (GDP) would fall.

C The profits from restaurants and cafés would fall.

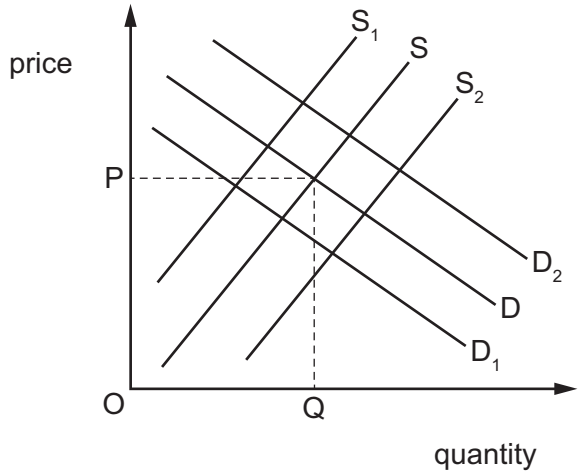
D Staff working in restaurants and cafés would lose income.

5 Good weather results in an increase in the demand for and supply of peaches.

How will this affect the price and quantity traded in the market for peaches?

	price of peaches	quantity of peaches traded
A	fall	fall
B	rise	rise
C	rise	uncertain
D	uncertain	rise

6 The diagram shows demand and supply curves for a product at its equilibrium price P.



How would the introduction of a subsidy be shown?

A Demand would shift to D_1.

B Demand would shift to D_2.

C Supply would shift to S_1.

D Supply would shift to S_2.

7 The table shows the quantity demanded at different prices.

price $	quantity demanded
6	3
5	4
4	5
3	7
2	9

For which fall in price is the demand price-inelastic?

A from $6 to $5

B from $5 to $4

C from $4 to $3

D from $3 to $2

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8 The price elasticity of supply (PES) of coffee is calculated as +0.2 for the current year and +2.0 in the long run.

Why is the PES of coffee higher in the long run?

A Coffee plants take several years to grow.

B Consumers will not buy coffee at higher prices.

C There are many substitutes for coffee.

D There are no stocks of coffee.

9 What would a person believe who wished to encourage the use of the market system?

A people should have equal living standards

B people should have freedom of action

C profit maximisation is wrong

D the government should correct people's bad behaviour

10 What is **not** a form of money?

A a banknote

B a cheque

C a coin

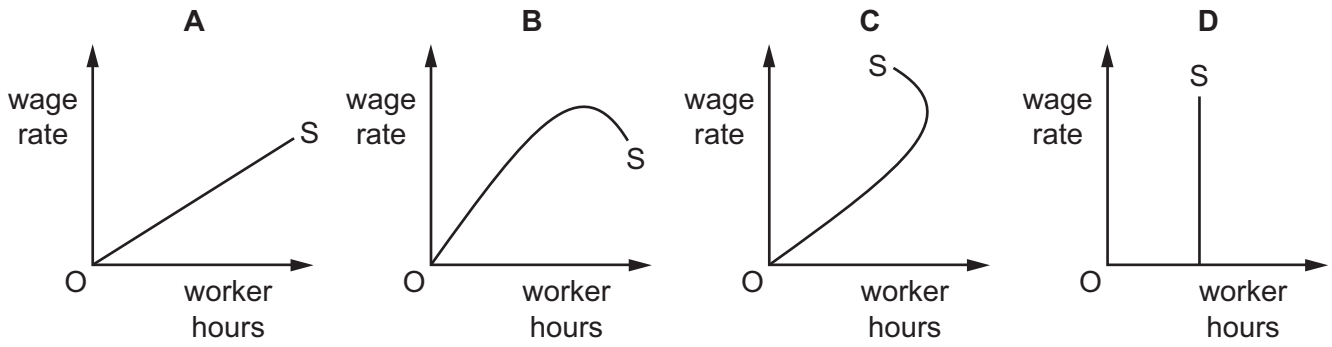
D a credit card

11 If interest rates fall, what will be the most likely effect on saving and borrowing?

	saving	borrowing
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

12 A bus driver initially works longer hours if the wage rate increases. As his earnings increase, there reaches a point when he prefers more leisure than extra work.

Which supply curve, S, represents this situation?



13 What is a function of a trade union?

A to negotiate workers' contracts

B to promote workers to more responsible jobs

C to recruit workers for the firm

D to supervise the workers in the firm

14 There has been an improvement in the transport infrastructure in India that reduces the costs of farming.

What is this an example of?

A external diseconomies of scale

B external economies of scale

C internal diseconomies of scale

D internal economies of scale

15 A firm chooses to become more capital-intensive.

What is **least** likely to have increased?

A interest rates

B minimum wages

C the power of trade unions

D the productivity of capital

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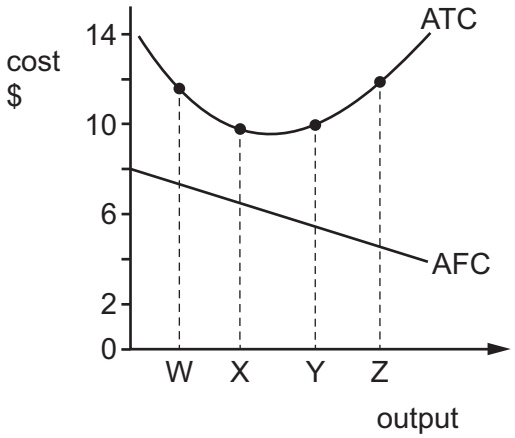
16 The diagram shows the average total costs (ATC) and average fixed costs (AFC) for a firm.



Which statement is correct?

A At output X, average variable costs are lower than average fixed costs.

B At output Y, total variable costs are greater than total fixed costs.

C Between outputs W and Z, total fixed costs are falling.

D Between outputs W and Y, average variable costs have not changed.

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

19 Monetary policy often involves a change in which variables?

A government expenditure or taxes

B interest rates or the money supply

C labour market or trade union laws

D tariffs or quotas

20 Which supply-side policy measure is most likely to enable a government to achieve its aim of full employment?

A decreasing government spending on school buildings

B decreasing the number of teachers in schools

C increasing taxation on private school fees

D increasing the provision of enterprise skills in schools

21 Which policy decision is most likely to cause economic growth?

A an increase in corporation tax rates

B an increase in interest rates

C an increase in the amount workers can earn before paying income tax

D an increase in the government's regulations for starting a new business

22 A government uses the labour force survey method to calculate unemployment.

What is required under this method for a person to be classified as unemployed?

	eligible for unemployment benefits	immediately available for work	actively seeking work
A	no	no	yes
B	no	yes	yes
C	yes	yes	no
D	yes	no	no

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23 What is most likely to rise when the level of employment falls in a high-income economy?

A consumer confidence

B government expenditure on state benefits

C government revenue from income tax

D the rate of growth of real output

24 A Consumer Prices Index (CPI) consists of four items. The table shows the percentage price change for each item over a period of a year and the weight of each item.

Which price change will affect the level of the CPI most?

	item	% price change over 1 year	weight
A	food	+5	0.30
B	housing	+6	0.20
C	recreation	+3	0.40
D	transport	+4	0.10

25 The table shows the Human Development Index (HDI) value for a country in two years.

year	HDI value
1	0.467
2	0.609

What would **not** explain the change in the HDI value?

A an increase in gender equality

B an increase in income per head

C an increase in life expectancy

D an increase in years of schooling

26 Which combination of statistics is used to calculate the natural population growth of a country?

	1st statistic	2nd statistic
A	birth rate	net immigration
B	death rate	birth rate
C	emigration	death rate
D	immigration	emigration

27 What will increase the level of specialisation in an economy?

A A computer manufacturer takes over an advertising company.

B A retail store issues its own credit card.

C A travel agent provides transport to the airport.

D A vehicle assembler reduces its range of vehicles.

28 What might an economist consider to be meant by the term *dumping*?

A foreign firms exporting waste products

B foreign firms producing goods at a lower cost than domestic firms

C foreign firms selling goods that are out of fashion

D foreign firms exporting products at a price below the cost of production

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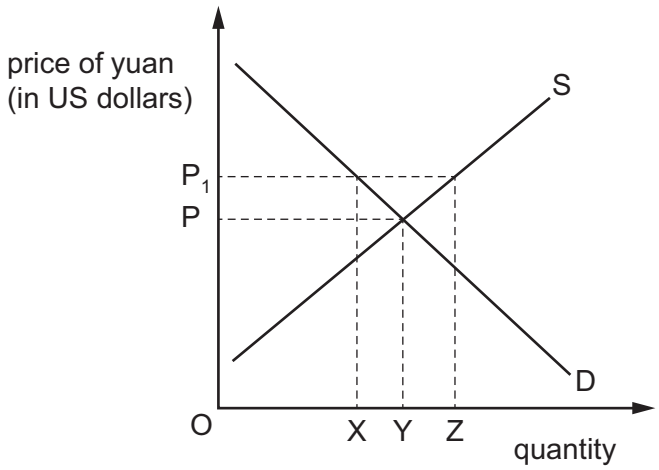
29 In the diagram, D is the demand curve for the Chinese yuan and S is the supply curve of the Chinese yuan.



The Chinese central bank wishes to set the price of the yuan at P_1.

Which action would it have to take?

A buy XY yuan

B buy XZ yuan

C sell XY yuan

D sell XZ yuan

30 The table shows the values of the items in a country's current account in two years.

item	year 1 ($m)	year 2 ($m)
balance of goods and services	–30	0
net primary income	–30	–20
net secondary income	?	?
balance of current account	–50	+10

How did the value of net secondary income change between year 1 and year 2?

A decreased by $10m

B decreased by $20m

C increased by $20m

D increased by $30m

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