

A-Level Economics

Name: _____ Score: _____

1. Internal balance refers to:

- ☐ low inflation and low unemployment at home
- ☐ a balanced government budget only
- ☐ a current-account surplus
- ☐ a fixed exchange rate

2. If 1 pound = 1.25 dollars, how many dollars is 400 pounds?

3. Economic development differs from economic growth because it focuses on:

- ☐ living standards and quality of life, not just output
- ☐ only the level of GDP
- ☐ only exports
- ☐ only the money supply

4. Many developing economies rely heavily on the:

- ☐ primary sector (agriculture and raw materials)
- ☐ financial services sector
- ☐ high-tech sector
- ☐ tourism sector only

5. Foreign direct investment by multinationals can bring a developing country:

- ☐ capital, jobs and technology
- ☐ only debt
- ☐ lower exports
- ☐ a smaller workforce

6. Which is a key driver of globalisation?

- ☐ falling transport and communication costs
- ☐ rising tariffs
- ☐ closing borders
- ☐ banning multinationals

7. A demand boost can improve internal balance (jobs) but worsen external balance (the trade deficit).
- ☐ True ☐ False
8. Economic growth can occur without development if the gains do not reach most people.
- ☐ True ☐ False
9. In a poverty trap, low incomes lead to low saving and investment, keeping incomes low.
- ☐ True ☐ False
10. High debt repayments can divert a developing country's money away from health and education.
- ☐ True ☐ False

A-Level Economics

1. **low inflation and low unemployment at home**

Internal balance = stable prices and full employment; external balance = a sustainable BoP.

2. **500**

$400 \times 1.25 = 500$ dollars.

3. **living standards and quality of life, not just output**

Development is about welfare (health, education, choices), not just more output.

4. **primary sector (agriculture and raw materials)**

Primary-product dependence (with volatile prices) is a common feature.

5. **capital, jobs and technology**

FDI brings capital, employment and know-how — though profits may flow abroad.

6. **falling transport and communication costs**

Cheaper transport/communication, trade liberalisation and MNCs drive integration.

7. **True**

Higher demand raises imports, widening the current-account deficit.

8. **True**

If growth is captured by a few, average welfare may barely improve.

9. **True**

The self-reinforcing cycle that makes development hard to start.

10. **True**

Servicing large debts crowds out spending on development priorities.