

IGCSE Economics

Name: _____ Score: _____

1. A market is best defined as:
 - ☐ any system where buyers and sellers trade
 - ☐ a government office
 - ☐ a place where only food is sold
 - ☐ a physical shop only
2. The law of demand states that, other things equal, as price falls:
 - ☐ quantity demanded falls
 - ☐ demand shifts left
 - ☐ supply rises
 - ☐ quantity demanded rises
3. The law of supply states that, other things equal, as price rises:
 - ☐ supply shifts left
 - ☐ demand rises
 - ☐ quantity supplied rises
 - ☐ quantity supplied falls
4. Market equilibrium is where:
 - ☐ demand is zero
 - ☐ supply is zero
 - ☐ quantity demanded equals quantity supplied
 - ☐ price is highest
5. A rise in demand (the demand curve shifts right) leads to:
 - ☐ no change
 - ☐ lower price and quantity
 - ☐ higher equilibrium price and quantity
 - ☐ higher price, lower quantity
6. Price rises 10% and quantity demanded falls 30%. What is the size of PED?

7. Price rises 20% and quantity supplied rises 10%. What is PES?

8. Which are weaknesses of a pure market system? (Select all that apply.)

- ☐ inequality
- ☐ market failure (e.g. pollution ignored)
- ☐ monopoly exploitation
- ☐ consumer choice

Tick every correct option.

9. Education creates a negative externality, harming people other than the student.

- ☐ True ☐ False

10. In a mixed economy, the government typically: (Select all that apply.)

- ☐ sets every single price
- ☐ redistributes income
- ☐ provides merit goods like schools
- ☐ provides public goods

Tick every correct option.

IGCSE Economics

1. any system where buyers and sellers trade

A market is any arrangement bringing buyers and sellers together.

2. quantity demanded rises

Lower price, more demanded – the curve slopes down.

3. quantity supplied rises

Higher price, more supplied – the curve slopes up.

4. quantity demanded equals quantity supplied

Equilibrium clears the market – $Q_d = Q_s$.

5. higher equilibrium price and quantity

More demand raises both equilibrium price and quantity.

6. 3

$PED = 30\% / 10\% = 3$ (ignoring the sign) – elastic.

7. 0.5

$PES = 10\% / 20\% = 0.5$ – inelastic.

8. inequality; market failure (e.g. pollution ignored); monopoly exploitation

Choice is a strength; the others are weaknesses.

9. False

False. Education creates a positive externality: a more educated workforce benefits society beyond the student.

10. redistributes income; provides merit goods like schools; provides public goods

It corrects failures and provides essentials, but does not plan every price.