

IGCSE Economics

Name: _____ Score: _____

1. Specialisation means a country concentrates on producing:

- ☐ only luxury goods
- ☐ what it produces most efficiently
- ☐ everything it needs
- ☐ nothing at all

2. A tariff is:

- ☐ a subsidy to exporters
- ☐ a ban on all trade
- ☐ a tax on imports
- ☐ a limit on import quantity

3. An exchange rate is:

- ☐ the price of one currency in terms of another
- ☐ a tax on imports
- ☐ the inflation rate
- ☐ the interest rate

4. Which are part of the current account? (Select all that apply.)

- ☐ trade in goods
- ☐ trade in services
- ☐ the unemployment rate
- ☐ income from investments abroad

Tick every correct option.

5. Which are gains from free trade? (Select all that apply.)

- ☐ more choice
- ☐ higher prices
- ☐ economies of scale for producers
- ☐ lower prices for consumers

Tick every correct option.

6. A quota restricts trade by:

- ☐ taxing imports
- ☐ lowering import prices
- ☐ subsidising imports
- ☐ limiting the quantity that can be imported

7. Currency depreciation means the currency has:

- ☐ stayed the same
- ☐ been banned
- ☐ risen in value
- ☐ fallen in value

8. A country exports 120 and imports 150 of goods and services. What is the deficit?

9. Trade can only benefit the country that exports more.

- ☐ True ☐ False

10. Which are reasons governments restrict trade? (Select all that apply.)

- ☐ to protect jobs
- ☐ to protect infant industries
- ☐ to lower domestic prices
- ☐ to guard against dumping

Tick every correct option.

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1. what it produces most efficiently

It focuses on its most efficient products and trades for the rest.

2. a tax on imports

A tariff is an import tax; a quota is a quantity limit.

3. the price of one currency in terms of another

It is the price of a currency, set by supply and demand.

4. trade in goods; trade in services; income from investments abroad

The current account covers goods, services, income and transfers.

5. more choice; economies of scale for producers; lower prices for consumers

Trade lowers prices and widens choice; higher prices is not a gain.

6. limiting the quantity that can be imported

A quota caps the quantity of imports allowed.

7. fallen in value

Depreciation is a fall; appreciation is a rise.

8. 30

$150 - 120 = 30$ deficit.

9. False

False. Specialisation and trade can make both trading countries better off, each getting more than it could by producing everything alone.

10. to protect jobs; to protect infant industries; to guard against dumping

Protection tends to raise, not lower, domestic prices.