25 What is most likely to cause more poverty in a country?

A a decrease in the general price level

B a decrease in the rate of income tax

C a decrease in the level of unemployment

D a decrease in the level of wages

20 What is the most likely result of a fall in interest rates?

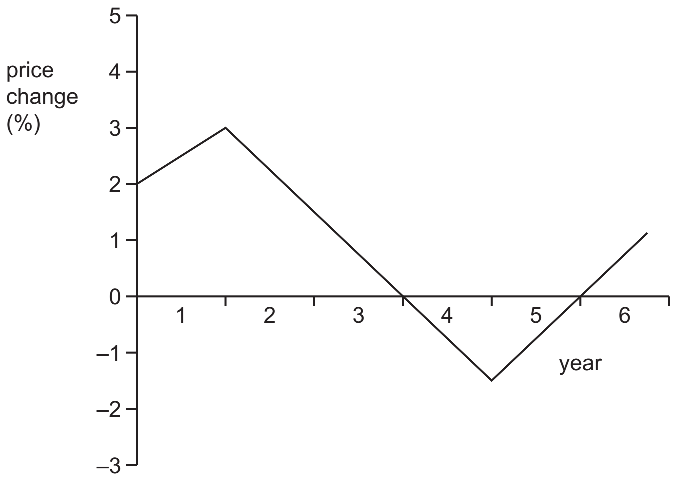
A a fall in inflation

B a fall in investment

C a rise in consumer spending

D a rise in saving

24 The graph shows changes in the average price level.



When did the country experience deflation?

A year 2 to year 5

B year 2 to year 3

C year 2 to year 4

D year 4 to year 5

24 A country's Consumer Prices Index (CPI) falls from 120 to 110 in a year.

What will be a likely effect of this fall?

A incomes will fall in real terms

B savings will fall in real terms

C the rate of interest will rise

D the real value of debt will rise

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

19 In a country, some highly-paid workers reduce their working hours because of very high income tax rates at higher levels of income.

What is a disadvantage of this income taxation?

A It creates uncertainty for workers.

B It does not maximise tax revenue.

C It is inequitable for lower-income earners.

D It is regressive in the distribution of income.

23 The table shows the weights attached to various categories of goods in a Consumer Prices Index (CPI) in two years.

CPI category	year 1	year 2
clothing	100	200
food	400	300
energy	100	100
household goods	200	100
motoring	200	300
total	1000	1000

What can be concluded from the table when comparing year 1 and year 2?

A Real income spent by the average consumer on motoring increased.

B The cost of producing food has fallen.

C The CPI has not changed over the two years.

D The proportion of income spent on clothing has increased.

IGCSE Economics: **w24 12**

20 What is the definition of economic growth?

A It is an increase in the general level of prices over time.

B It is an increase in the level of a nation's output over time.

C It is an increase in the level of total demand over time.

D It is an increase in wages, interest, profits and rent over time.

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5 Hawaii's economy has grown due to tourism but the growth in this sector has also increased inflation in this US island state. It is estimated that 9% of Hawaii's population were living in poverty in 2022. Many families struggled to save. Young workers were able to leave due to high levels of labour mobility between US states. However, Hawaii is now facing an ageing population including many more retired people.

(a) Define *labour mobility*. [2]

(b) Explain the effects of an ageing population on spending and saving levels. [4]

(c) Analyse how a rise in tourism can increase inflation in an economy. [6]

(d) Discuss whether or not fiscal policy is effective in reducing poverty. [8]