

IGCSE Economics

Name: _____ Score: _____

1. Specialisation means a country concentrates on producing:

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

2. A tariff is:

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

3. An exchange rate is:

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

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

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

Tick every correct option.

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

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

Tick every correct option.

6. A quota restricts trade by:

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

7. Currency depreciation means the currency has:

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

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

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

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

Tick every correct option.

10. Specialisation and trade can make both trading countries better off.

- ☐ True ☐ False

IGCSE Economics

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

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

Protection tends to raise, not lower, domestic prices.

10. True

Each gets more than it could by producing everything alone.