

- 11 The table shows the proportion of disposable income spent on three different goods by four different households.

Which household is likely to have the lowest income?

	food %	transport %	holidays %
A	50	15	5
B	35	18	10
C	30	20	15
D	20	25	20

- 28 An economy raises its tariffs on imported goods.

What is the most likely result?

- A** a fall in the rate of inflation
- B** an increase in consumer choice
- C** an increase in domestic production
- D** the current account of the balance of payments moves into a deficit

- 19 Monetary policy often involves a change in which variables?

- A** government expenditure or taxes
- B** interest rates or the money supply
- C** labour market or trade union laws
- D** tariffs or quotas

- 20 Which supply-side policy measure is most likely to enable a government to achieve its aim of full employment?

- A** decreasing government spending on school buildings
- B** decreasing the number of teachers in schools
- C** increasing taxation on private school fees
- D** increasing the provision of enterprise skills in schools

- 17 Many central banks around the world decreased interest rates during a recession caused by a pandemic.

What was the most likely macroeconomic aim of this policy?

- A** economic growth
- B** increase in the current account surplus
- C** low inflation
- D** redistribution of income

- 19 What is **not** a likely consequence of a rise in the budget deficit in a year?

- A** a rise in government borrowing
- B** a rise in the level of exports
- C** a rise in the national debt
- D** a rise in the rate of inflation

- 22 A government conducted a labour force survey. It only included people of working age in the survey. The results are shown in the table.

	number of people
of working age	10 000 000
employed	7 000 000
unemployed	1 000 000
not seeking work	2 000 000

Which percentage of working-age people are in the labour force?

- A** 30%
- B** 70%
- C** 80%
- D** 90%

- 26 Japan's population has an increasing proportion of elderly people.

What is the likely impact of this on the Japanese economy?

- A** increased government budget deficit
- B** increased rate of economic growth
- C** increased rate of emigration
- D** increased use of labour-intensive methods of production

23 Country X measures unemployment by counting the number of people claiming unemployment benefit.

Why might this method underestimate the level of unemployment?

- A** Some benefit claimants are working unofficially.
- B** Some employees work overtime.
- C** Some jobseekers do not claim benefits.
- D** Some people are unable to work.

24 What is likely to cause deflation?

- A** higher employment
- B** higher production costs
- C** increased money supply
- D** technological advances