

2.11 Mixed Economic System

Question Paper

Course	CIE IGCSE Economics
Section	2. The Allocation of Resources
Topic	2.11 Mixed Economic System
Difficulty	Medium

Time allowed: 10
Score: /5
Percentage: /100

Question 1

A government subsidised a new factory in a rural area to create jobs. It also provided training courses at a college. Objectors claimed the development would destroy an area of natural beauty.

What concepts are involved in this statement?

- A. economic growth, resource allocation, free market equilibrium
- B. government intervention, monetary policy, opportunity cost
- C. public good, market prices, fiscal policy
- D. supply-side policy, negative externalities, factors of production

[1 mark]

Question 2

Governments sometimes intervene in the economy when the market fails.

What is the most likely reason why government intervention may make the situation worse?

- A. Government decisions can take a long time to have an effect.
- B. Governments consider the views of both consumers and producers.
- C. Governments have more resources to calculate costs and benefits than private firms.
- D. Governments may take decisions to reduce negative externalities.

[1 mark]

Question 3

The managers of a firm have to discuss the following topics.

Which topic is **least** likely to be directly affected by the government's influence on the firm?

- A. health and safety laws
- B. replacing one of its managers
- C. the interest it pays on borrowed money
- D. the minimum wage it must pay its workers

[1 mark]

Question 4

The government has an important role in mixed economies.

Which function would it **not** perform?

- A. distributing dividends from profits of state-owned enterprises
- B. employing workers to collect taxes
- C. investing in transport infrastructure projects
- D. producing goods in public corporations

[1 mark]

Question 5

Which situation indicates a mixed economy?

- A. Economic activity is controlled entirely by the private sector.
- B. Individual choices are unaffected by government actions.
- C. Services are provided by both private and public sectors.
- D. The government carries out all planning and decision making.

[1 mark]