

# 2.9 Market Economic System

## Question Paper

Course	CIEIGCSE Economics
Section	2. The Allocation of Resources
Topic	2.9 Market Economic System
Difficulty	Medium

**Time allowed:** 10  
**Score:** /7  
**Percentage:** /100

### Question 1

Which pair of economic institutions can be found in a market economy?

- A. local government and charities
- B. monopolies and commercial banks
- C. nationalised industries and partnerships
- D. stock exchange and public corporations

[1 mark]

### Question 2

What can be found in a market economy?

- A. externalities and monopolies
- B. interest rates and public goods
- C. public corporations and market prices
- D. tax rates and commercial banks

[1 mark]

### Question 3

Cuba is implementing free market reforms.

What is a likely advantage of this?

- A. a wider variety of goods and services produced
- B. greater equality between the different groups in society
- C. increased provision of public goods
- D. less consumption of goods with external costs

[1 mark]

#### Question 4

What is a disadvantage of a market economic system?

- A. Entrepreneurs lack incentives to produce what consumers want.
- B. Government intervention will reduce the efficiency of firms.
- C. Market dominance by firms can lead to higher prices.
- D. There is underproduction of demerit goods.

[1 mark]

#### Question 5

Which pair of economic institutions can be found in a market economy?

- A. local government and charities
- B. monopolies and commercial banks
- C. nationalised industries and partnerships
- D. stock exchange and public corporations

[1 mark]

#### Question 6

An economy operates entirely as a market system.

Which type of service would **not** be provided in such an economy?

- A. commercial banking services
- B. free government health services
- C. private educational services
- D. profitable retail services

[1 mark]

**Question 7**

China, the world's second largest economy, is becoming more like a market economy.

Which policy would contribute directly to such a change?

- A. abolishing state control completely
- B. encouraging consumers to spend more and save less
- C. reducing exports and encouraging more imports
- D. transferring wealth from the state sector to the private sector

**[1 mark]**