

IGCSE CAMBRIDGE

ECONOMICS 9-1

0987 Paper 1
2020 — 2025

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1 - (0987/11_Summer_2020_Q2)

What is the function of the factors of production in an economy?

- A** to make goods and services to fulfil wants and needs
- B** to provide an even distribution of income
- C** to provide tax income for the government
- D** to reduce the existence of external costs

2 - (0987/12_Summer_2020_Q1)

In 2016, 20 billion barrels of oil and 1.6 billion barrels of natural gas were discovered in Texas, US.

Which factor of production has increased in the US due to this discovery?

- A** capital
- B** enterprise
- C** labour
- D** land

3 - (0987/12_Summer_2020_Q3)

A student decides to take up a two year apprenticeship for which she will earn \$10 000 per year. After that she expects to earn \$25 000 per year. She could take an unskilled job which pays \$16 000 per year instead of the apprenticeship.

What is the opportunity cost in the two years of completing the apprenticeship?

- A** \$10 000 **B** \$12 000 **C** \$25 000 **D** \$32 000

4 - (0987/12_Winter_2020_Q1)

What causes economic agents to make choices?

- A** limited needs and wants
- B** the existence of finite resources
- C** the existence of free goods
- D** the market mechanism

5 - (0987/11_Summer_2021_Q1)

Which statement about the factors of production is correct?

- A** Capital is a financial resource and includes savings in banks.
- B** Enterprise is limited in supply and includes office workers.
- C** Labour is a human resource and includes pensioners and children.
- D** Land is a natural resource and includes trees and fish.

6 - (0987/11_Summer_2021_Q2)

A builder spends one hour travelling to and from work. He works 40 hours per week for \$200. He is given a choice to work 50 hours a week for an extra \$75.

What would be the opportunity cost to the builder of working the extra hours?

- A** the ability to increase his purchasing power
- B** the additional time travelling to and from work
- C** the increased hourly earnings of \$7.50
- D** the ten hours of leisure time

7 - (0987/11_Summer_2021_Q10)

In low-income countries, fewer girls than boys become skilled design engineers.

What might explain this situation?

- A** Girls are only interested in low-wage jobs.
- B** Girls do not favour heavy manual work.
- C** Girls have fewer opportunities to complete higher education.
- D** It costs more for girls to be trained as design engineers.

8 - (0987/12_Summer_2021_Q3)

A farmer sells land used for crops to a firm that will use the land for wind turbines to produce electric power.

What is the opportunity cost of this decision by the farmer?

- A** the cost of installing wind turbines
- B** the loss of revenue from crops that grow on the land
- C** the profit made from selling the land
- D** the reduced cost of producing renewable energy

9 - (0987/12_Winter_2021_Q1)

To help reduce the price of oil, new supplies are needed. However, objectors oppose exploration of new sites because of the environmental damage it may cause.

Why is this statement an example of the basic economic problem?

- A** Oil is a limited resource.
- B** Oil is expensive.
- C** The exploration involves demand and supply.
- D** There are external costs involved in production.

10 - (0987/12_Winter_2021_Q2)

What is an opportunity cost for a consumer spending money on a holiday?

- A** the potential interest earned if the holiday money had been saved
- B** the price paid for an air ticket to the holiday destination
- C** the rubbish created during the holiday which affects the local community
- D** the satisfaction that the consumer gains from the holiday

11 - (0987/11_Summer_2022_Q12)

A student has nothing to do on a Friday evening. She withdraws \$5 from the \$100 she has in a savings account and buys a present to take to a party, to which admission is free.

What does this involve?

- A** an opportunity cost equal to \$95
- B** an opportunity cost equal to other goods she could have bought for \$5
- C** no opportunity cost, as entrance to the party is free
- D** no opportunity cost, as she had no better way of using the time

12 - (0987/12_Summer_2022_Q1)

What is an example of a free good?

- A** defence
- B** education
- C** health services
- D** sunshine

13 - (0987/12_Summer_2022_Q2)

A student has nothing to do on a Friday evening. She withdraws \$5 from the \$100 she has in a savings account and buys a present to take to a party, to which admission is free.

What does this involve?

- A** an opportunity cost equal to \$95
- B** an opportunity cost equal to other goods she could have bought for \$5
- C** no opportunity cost, as entrance to the party is free
- D** no opportunity cost, as she had no better way of using the time

14 - (0987/12_Winter_2022_Q2)

An airline needs people and equipment. These can be divided into factors of production.

What is allocated to its correct factor of production?

	people or equipment	factor of production
A	aircraft	capital
B	airline owners	labour
C	computer network	land
D	pilots	enterprise

15 - (0987/11_Summer_2023_Q1)

What is the cause of scarcity in an economy?

- A** high employment levels
- B** high investment levels
- C** unlimited resources
- D** unlimited wants

16 - (0987/12_Summer_2023_Q1)

What is part of the economic definition of scarcity?

- A** high levels of taxation
- B** low levels of investment
- C** unequal distribution of income
- D** unlimited consumer wants

17 - (0987/12_Summer_2023_Q3)

A government spends \$100m on subsidising wind farm construction instead of spending it on an increase in healthcare.

Which economic concept does this spending decision illustrate?

- A** external cost
- B** free goods
- C** market disequilibrium
- D** opportunity cost

18 - (0987/12_Winter_2023_Q1)

Which statement is correct?

- A** Economic goods are **not** scarce.
- B** Economic goods have no opportunity cost.
- C** Free goods are scarce.
- D** Free goods have no opportunity cost.

19 - (0987/12_Winter_2023_Q3)

What is capital?

- A** the ability to organise the factors of production
- B** the energy used in production
- C** the factory used in production
- D** the money invested in a firm

20 - (0987/11_Summer_2024_Q1)

What is a free good?

- A** free samples of a new product
- B** health services provided by the state
- C** second-hand clothing
- D** sunlight

21 - (0987/11_Summer_2024_Q2)

A firm is deciding whether to produce good X or good Y for the next five years. The predicted revenue for good X is \$20 000 per year and for good Y is \$18 000 per year.

What is the opportunity cost of producing good X?

- A** \$18 000 **B** \$20 000 **C** \$90 000 **D** \$100 000

22 - (0987/12_Summer_2024_Q1)

Why will scarcity always exist?

- A** There are high costs of production.
- B** There are low levels of education.
- C** There are unlimited resources.
- D** There are unlimited wants.

23 - (0987/12_Summer_2024_Q2)

A student decides to take up a two-year apprenticeship for which she will earn \$10 000 per year. After that, she expects to earn \$25 000 per year. She could take an unskilled job which pays \$16 000 per year instead of the apprenticeship.

What is the opportunity cost in the two years of completing the apprenticeship?

- A** \$10 000 **B** \$12 000 **C** \$25 000 **D** \$32 000

24 - (0987/12_Winter_2024_Q1)

Which economic question is **least** likely to arise as a result of scarcity?

- A** For whom will we produce?
B How will we produce?
C What will we produce?
D When will we produce?

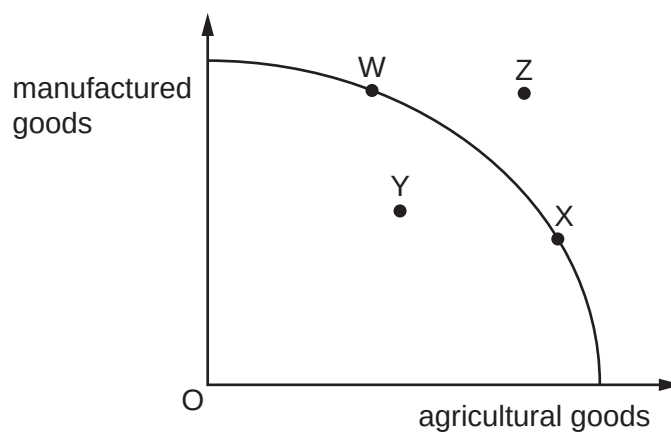
25 - (0987/12_Winter_2024_Q2)

What is opportunity cost?

- A** the allocation of resources in an economy
B the cost to the individual when they consume a good
C the lack of goods and services available to satisfy unlimited wants
D the next best alternative forgone when making an economic decision

26 - (0987/11_Summer_2025_Q3)

The diagram shows a production possibility curve (PPC). The economy is using all of its available resources.



A government decides to encourage more production of manufactured goods instead of agricultural goods.

Which movement shows this policy change?

- A** W to X **B** W to Y **C** X to W **D** Z to X

27 - (0987/12_Summer_2025_Q1)

A university rejects 2000 qualified applicants who wish to study there.

Which factor of production could have caused the university to make this decision?

- A** infinite quantity of capital
B scarcity of labour
C surplus of land
D unlimited supply of enterprise

28 - (0987/12_Winter_2025_Q1)

A government wants to build a new hospital.

What is most likely to prevent the government from doing this?

- A** People in the country cannot afford healthcare.
B People in the country would go abroad for healthcare.
C The government cannot agree how big the hospital should be.
D The government does not have enough money.

29 - (0987/12_Winter_2025_Q2)

Which term describes the loss of potential benefit to a consumer when making a choice between alternatives?

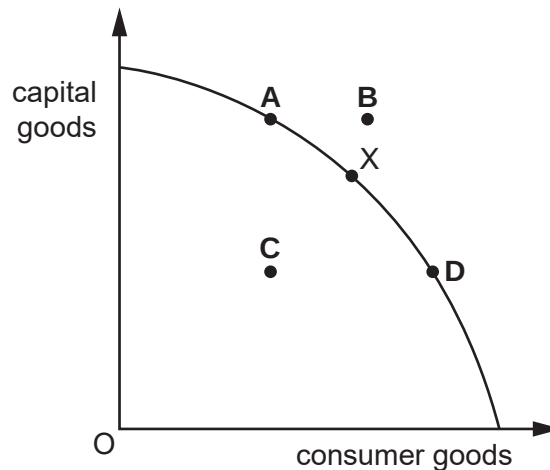
- A** opportunity cost
B scarcity
C shortage
D the economic problem

30 - (0987/12_Winter_2025_Q3)

A country is producing at point X on its production possibility curve (PPC) which shows how it can allocate its production between capital goods and consumer goods.

A period of recession then causes some of its factories to close.

Which point could represent the country's new position?



31 - (0987/12_Winter_2025_Q4)

Which combination gives correct examples of macroeconomics and microeconomics?

	macroeconomics	microeconomics
A	study of demand for a product	study of price of a product
B	study of behaviour of firms	study of individual behaviour
C	study of the economy as a whole	study of specific markets
D	study of the international economy	study of the national economy

1 – A	21 – C	41 –	61 –	81 –
2 – D	22 – D	42 –	62 –	82 –
3 – B	23 – B	43 –	63 –	83 –
4 – B	24 – D	44 –	64 –	84 –
5 – D	25 – D	45 –	65 –	85 –
6 – D	26 – C	46 –	66 –	86 –
7 – C	27 – B	47 –	67 –	87 –
8 – B	28 – D	48 –	68 –	88 –
9 – A	29 – A	49 –	69 –	89 –
10 – A	30 – C	50 –	70 –	90 –
11 – B	31 – C	51 –	71 –	91 –
12 – D	32 –	52 –	72 –	92 –
13 – B	33 –	53 –	73 –	93 –
14 – A	34 –	54 –	74 –	94 –
15 – D	35 –	55 –	75 –	95 –
16 – D	36 –	56 –	76 –	96 –
17 – D	37 –	57 –	77 –	97 –
18 – D	38 –	58 –	78 –	98 –
19 – C	39 –	59 –	79 –	99 –
20 – D	40 –	60 –	80 –	100 –

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