IGCSE CIE

Economics MCQ

Market Economic System (QP)

1.May 2024-11/8

What could **not** occur in a market economic system?

A a monopolist supplying specialist goods to the market

B excessive pollution created by power stations

C governments setting minimum wages to relieve poverty

D private ownership of firms making defence equipment

2. May 2024-12/16

What are the features of a highly competitive market when compared with a monopoly market?

	price	profit
A	higher	higher
B	higher	lower
C	lower	higher
D	lower	lower

3.March 2024-12/7

What is a likely benefit of a country moving from a mixed economy to a market economy?

A less inequality

B more nationalisation

C more public goods

D reduced costs of production

4.Oct 2023-11/8

What is a **disadvantage** of a market economy?

A not enough competition

B not enough merit goods

C no consumer choice

D state intervention

5.Oct 2023-12/4

What are features of a market economy?

	private ownership of factors of production	public ownership of factors of production	government allocation of production
A	no	no	yes
B	no	yes	yes
C	yes	no	no
D	yes	yes	yes

6.Oct 2023-12/10

What causes a change in the price of a product in a free market economy?

A changes in demand and supply conditions

B changes in external costs and external benefits

C changes in government decisions

D changes in the quantity of public goods

7.Oct 2023-13/9

In a market there is a surplus of a good.

Which change would cause the market to come to an equilibrium?

A a decrease in demand

B a fall in price

C a rise in price

D an increase in supply

8.May 2023-11/8

For some illnesses, wearing a face mask has a benefit as it could prevent people from getting infected. Not all people are willing to wear face masks.

Based on the statement above, why would there be an inefficient allocation of face masks in the free market?

A Consumers in the free market only consider private costs and benefits.

B Face masks are non-rival and non-excludable.

C There is abuse of monopoly power by the producer of face masks.

D There is perfect information in the free market.

9.Oct 2022-13/4

A government decides to move towards a market economy by selling state-owned enterprises.

What is a possible motive for this?

A to create greater income equality

B to extend government control of the economy

C to increase efficiency of production

D to take account of external costs

10.May 2022-11/11

Which row shows an essential characteristic of competitive markets and monopoly markets?

	competitive markets	monopoly markets
A	many buyers	single seller
B	many sellers	single buyer
C	single buyer	many buyers
D	single seller	many sellers

11.May 2022-11/16

What is an advantage of a country having a market economic system with a large private sector?

A Firms can become unprofitable if they do not produce what consumers want.

B Market forces often fail to ensure maximum benefits for society.

C Some goods may not be provided at all or not in sufficient quantity.

D There is an unequal distribution of income which can increase over time.

12.May 2022-12/5

In recent years, a government has started to make more use of the free market system. However, they are doing it very slowly to avoid the disadvantages that a free market system might bring.

What is a possible disadvantage of the free market system?

A decreased incentive to work

B decreased levels of pollution

C increased efficiency

D increased inequality of income

13.May 2022-13/11

What is an outcome of a competitive market?

A high prices and low quality

B low prices and large choice

C high profits and low quality

D low profits and little choice

14.Oct 2021-12/5

What is an advantage of a market economy?

A Equilibrium market price clears the market.

B Producers and consumers have the same aims.

C The government has no need to intervene in markets.

D The lowest price possible is always charged.

15.Oct 2021-13/5

Why does a government provide certain goods and services in a mixed economic system?

A The government always provides goods more cheaply than private firms.

B The government considers only private costs and benefits.

C The government provides goods to prevent the development of monopolies.

D The government provides public goods because private firms cannot charge for them.

16.May 2021-12/1

What is an advantage of competitive markets?

A Competition causes inequalities of wealth.

B Competition encourages the efficient use of resources.

C The economic problem of scarcity is eliminated.

D The right quantity of merit goods is guaranteed.

17.May 2021-13/5

What is an essential feature of a market economy?

A Central planners determine what, how and for whom to produce.

B It aims for equality in the distribution of goods and services.

C The market price reflects both the private and external costs of production.

D The price mechanism sends signals to consumers and producers to allocate resources.