

## Mixed economic system

1 What is an example of a public good?

- A healthcare
- B street lights
- C unemployment benefits
- D vaccinations

2 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.

3 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

4 China is moving towards a more mixed economic system and reducing the role of the public sector.

Which economic policy measure might best achieve this?

- A creating excess capacity in state-owned enterprises
- B encouraging competition among private sector firms
- C protecting infant industries
- D subsidising transport infrastructure

5 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

- 6 What is found in a mixed economy but **not** a free market economy?
- A banks
  - B division of labour
  - C price controls
  - D profit motive
- 7 Which headline could apply to a mixed economy but **not** a free market economy?
- A 'Cheap imports put domestic producers out of business.'
  - B 'Local government planning decision angers residents.'
  - C 'Many fish die as a company pollutes a river with waste material.'
  - D 'Small shops close as large supermarkets open in the area.'
- 8 The government of a developed country subsidises local private businesses, and encourages large foreign companies to locate in the country.
- Which type of economic system is this?
- A free market
  - B mixed
  - C planned
  - D subsistence
- 9 A country needs extra nurses. How could this be encouraged in a mixed economy but not in a market economy?
- A Extra part-time nursing courses could be arranged by private colleges.
  - B Nurses could be given a higher statutory minimum wage.
  - C Nursing students could be asked to pay increased fees.
  - D Nursing training colleges could have their subsidies reduced.

10 The diagrams show the percentage (%) of output by type of business in four countries, **A**, **B**, **C**, **D**.

Which country has the largest percentage of output in the private sector?

