

1.1.1-NATURE OF ECONOMIC PROBLEM-QUESTION PAPER

<p>Which combination of terms gives the general definition of the economic problem?</p> <p>A bigger families, less food, starvation</p> <p>B falling supply, rising demand, shortage</p> <p>C higher population, fewer jobs, unemployment</p> <p>D limited resources, unlimited wants, scarcity</p>	1
<p>What is the best example of the existence of the economic problem?</p> <p>A A government provides accommodation for all those who are homeless.</p> <p>B A police force has a lengthening list of unsolved crimes.</p> <p>C Janitha hands her homework in at the last permitted deadline.</p> <p>D Musa completes his journey without putting petrol in his car.</p>	2
<p>Why is choice an important part of the basic economic problem?</p> <p>A Choice is necessary to achieve an equilibrium price.</p> <p>B Limited resources have many uses.</p> <p>C Manufacturers produce a large variety of foods.</p> <p>D The market leads to an unequal distribution of goods.</p>	3

<p>Why will the economic problem never be solved?</p> <p>A People will always want more products than can be produced.</p> <p>B People will never agree on what is the best economic system.</p> <p>C There will always be an uneven distribution of income.</p> <p>D There will always be some people unemployed.</p>	<p>4</p>
<p>What is meant by the economic problem?</p> <p>A how to achieve efficiency with the existence of fixed resources and limited wants</p> <p>B how to allocate resources between public and private sectors</p> <p>C how to balance unlimited wants against finite resources</p> <p>D how to decide which methods to use to exploit all resources</p>	<p>5</p>
<p>What is the basic economic problem facing all economies?</p> <p>A inequality of income</p> <p>B insufficient resources</p> <p>C low economic growth</p> <p>D shortages of skilled labour</p>	<p>6</p>
<p>An unemployed worker accepts a job.</p> <p>Which of the following is the opportunity cost of this decision?</p> <p>A the cost of travel to work</p> <p>B the income from the new job</p> <p>C the leisure time lost</p> <p>D the training in the new job</p>	<p>7</p>
<p>A hospital cannot treat all the people that need treatment. This is an example of</p> <p>A excess supply.</p> <p>B limited wants.</p> <p>C scarcity.</p> <p>D unlimited resources.</p>	<p>8</p>

<p>Which terms summarise the nature of the economic problem?</p> <p>A finite resources and limited wants</p> <p>B finite resources and unlimited wants</p> <p>C infinite resources and limited wants</p> <p>D infinite resources and unlimited wants</p>	<p>9</p>
<p>Which economic change would increase the problem of scarcity?</p> <p>A a decrease in fish stocks</p> <p>B a discovery of a new oil field</p> <p>C an increase in labour productivity</p> <p>D a reduction in waste</p>	<p>10</p>
<p>Economics is primarily concerned with</p> <p>A allocating scarce resources for unlimited wants.</p> <p>B controlling unemployment and inflation.</p> <p>C determining the level of government expenditure.</p> <p>D studying how new wants and economic resources can be produced.</p>	<p>11</p>
<p>Every business organisation faces the problem of satisfying wants.</p> <p>What is the reason why wants are not fully satisfied?</p> <p>A An economy can only produce a limited amount of goods and services.</p> <p>B Governments cannot print enough money to pay for goods and services.</p> <p>C There is an over-production of goods and services by business organisations.</p> <p>D Workers are too skilled for the requirements of the jobs available.</p>	<p>12</p>
<p>What is the basic economic problem facing all societies?</p> <p>A how to achieve price stability</p> <p>B how to keep employment levels high</p> <p>C the extent to which incomes should be redistributed</p> <p>D what will be produced, how and for whom</p>	<p>13</p>