

## 1.1.2-NATURE OF ECONOMIC PROBLEM-MARKING SCHEME

A friend said his French grandmother kept switching off the lights but left the tap running. His Namibian relative left the lights on while shouting at him to turn off the water.

Which availability of resources and level of prices would make economic sense of these consumer actions?

	in France	in Namibia
<b>A</b>	adequate water supplies	expensive electricity
<b>B</b>	cheap electricity	adequate water supplies
<b>C</b>	expensive electricity	scarce water supplies
<b>D</b>	scarce water supplies	cheap electricity

1-C

Which statement best explains why drought is an economic problem?

- A** Drought cannot be controlled.
- B** Rainfall is unreliable.
- C** The effects of drought involve the government.
- D** Water is a scarce good.

2-D

<p>What is the basic economic problem facing all economies?</p> <p><b>A</b> inequality of income</p> <p><b>B</b> insufficient resources</p> <p><b>C</b> low economic growth</p> <p><b>D</b> shortages of skilled labour</p>	<p>3-B</p>
<p>Which statement best explains why drought is an economic problem?</p> <p><b>A</b> Drought cannot be controlled.</p> <p><b>B</b> Rainfall is unreliable.</p> <p><b>C</b> The effects of drought involve the government.</p> <p><b>D</b> Water is a scarce good.</p>	<p>4-D</p>
<p>Although people may satisfy their basic needs there is always something more they want.</p> <p>To what economic issue does this statement refer?</p> <p><b>A</b> exchange</p> <p><b>B</b> market forces</p> <p><b>C</b> scarcity</p> <p><b>D</b> income distribution</p>	<p>5-C</p>
<p>What is meant by the economic problem?</p> <p><b>A</b> how to achieve efficiency with the existence of fixed resources and limited wants</p> <p><b>B</b> how to allocate resources between public and private sectors</p> <p><b>C</b> how to balance unlimited wants against finite resources</p> <p><b>D</b> how to decide which methods to use to exploit all resources</p>	<p>6-C</p>
<p>What is the cause of economic scarcity?</p> <p><b>A</b> limited wants with limited resources</p> <p><b>B</b> limited wants with unlimited resources</p> <p><b>C</b> unlimited wants with limited resources</p> <p><b>D</b> unlimited wants with unlimited resources</p>	<p>7-C</p>

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

What 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

8-B