

**SMART EXAM RESOURCES**  
**IGCSE ECONOMICS MCQ-PAPER-1**  
**1 1.1-THE BASIC ECONOMIC PROBLEM**

1

Which economic change would increase the problem of scarcity?

- A** a decrease in fish stocks
- B** a discovery of a new oil field
- C** an increase in labour productivity
- D** a reduction in waste

2.

Economics is primarily concerned with

- A** allocating scarce resources for unlimited wants.
- B** controlling unemployment and inflation.
- C** determining the level of government expenditure.
- D** studying how new wants and economic resources can be produced.

3.

What is meant by the economic problem?

- A** how to achieve efficiency with the existence of fixed resources and limited wants
- B** how to allocate resources between public and private sectors
- C** how to balance unlimited wants against finite resources
- D** how to decide which methods to use to exploit all resources

4.

Why will the economic problem never be solved?

- A** People will always want more products than can be produced.
- B** People will never agree on what is the best economic system.
- C** There will always be an uneven distribution of income.
- D** There will always be some people unemployed.

5.

A hospital cannot treat all the people that need treatment. This is an example of

- A** excess supply.
- B** limited wants.
- C** scarcity.
- D** unlimited resources.

6.

Which combination of terms gives the general definition of the economic problem?

- A** bigger families, less food, starvation
- B** falling supply, rising demand, shortage
- C** higher population, fewer jobs, unemployment
- D** limited resources, unlimited wants, scarcity

7.

What is the basic economic problem facing all societies?

- A** how to achieve price stability
- B** how to keep employment levels high
- C** the extent to which incomes should be redistributed
- D** what will be produced, how and for whom

8.

Why is choice an important part of the basic economic problem?

- A** Choice is necessary to achieve an equilibrium price.
- B** Limited resources have many uses.
- C** Manufacturers produce a large variety of foods.
- D** The market leads to an unequal distribution of goods.

9.

What is the basic economic problem facing all economies?

- A** inequality of income
- B** insufficient resources
- C** low economic growth
- D** shortages of skilled labour

10.

Which terms summarise the nature of the economic problem?

- A** finite resources and limited wants
- B** finite resources and unlimited wants
- C** infinite resources and limited wants
- D** infinite resources and unlimited wants

11.

Every business organisation faces the problem of satisfying wants.

What is the reason why wants are **not** fully satisfied?

- A** An economy can only produce a limited amount of goods and services.
- B** Governments cannot print enough money to pay for goods and services.
- C** There is an over-production of goods and services by business organisations.
- D** Workers are too skilled for the requirements of the jobs available.

12

An unemployed worker accepts a job.

Which of the following is the opportunity cost of this decision?

- A** the cost of travel to work
- B** the income from the new job
- C** the leisure time lost
- D** the training in the new job

13.

What is the best example of the existence of the economic problem?

- A** A government provides accommodation for all those who are homeless.
- B** A police force has a lengthening list of unsolved crimes.
- C** Janitha hands her homework in at the last permitted deadline.
- D** Musa completes his journey without putting petrol in his car.