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IGCSE-Economics

1.1.1 Finite resources and infinite wants — Question Paper (Student Copy, Set 2)

Q1.

GDP per capita in Switzerland is high. What is the reason why Swiss citizens still face the basic economic problem?

- A Income in Switzerland is unevenly distributed.
- B Inflation in Switzerland is high.
- C Swiss citizens expect high living standards.
- D Swiss citizens have to make choices in consumption.

Q2.

Why will scarcity always exist?

- A There are high costs of production.
- B There are low levels of education.
- C There are unlimited resources.
- D There are unlimited wants.

Q3.

How can the economic problem be described?

- A as insufficient capital to satisfy our wants
- B as insufficient income to satisfy all our needs
- C as insufficient resources to satisfy our unlimited wants
- D as insufficient wealth to satisfy all our needs

Q4.

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

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Q5.

Although people may satisfy their basic needs there is always something more that they want. To what economic issue does this statement refer?

- A exchange
- B market forces
- C scarcity
- D income distribution

Q6.

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

Q7.

What makes choice an important element in the basic economic problem?

- A Increased demand leads to higher market prices.
- B Limited resources have many alternative uses.
- C Reaching a market equilibrium may take a long time.
- D Scarce economic resources are distributed equally.

Q8.

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.

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Q9.

An oil company announced in 2015 that it was starting its drilling operations for oil deposits in the Arctic Ocean. What will be the effect of this?

- A to increase the supply of raw materials
- B to reduce the level of technology available
- C to solve the economic problem
- D to worsen resource allocation

Q10.

To help reduce the price of oil, new supplies are needed. However, objectors oppose exploration of new sites because of the environmental damage it may cause. Why is this statement an example of the basic economic problem?

- A Oil is a limited resource.
- B Oil is expensive.
- C The exploration involves demand and supply.
- D There are external costs involved in production.

Q11.

A consumer has \$10 to spend. A meal costs \$9 and a drink costs \$5. What would describe the situation if the consumer did not have enough money to purchase both the meal and the drink?

- A excess demand
- B free goods
- C market failure
- D the economic problem