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IGCSE-Economics

1.1.1 Finite resources and infinite wants — Question Paper (Student Copy, Set 3)

Q1.

Which economic question is least likely to arise as a result of scarcity?

A For whom will we produce?

B How will we produce?

C What will we produce?

D When will we produce?

Q2.

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.

Q3.

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.

Q4.

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

Q5.

To help reduce the price of oil, new supplies are needed. However, in 2013, objectors opposed attempts to explore new sites because of the environmental damage the exploration might cause. How does this illustrate 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.

Q6.

Economics textbooks identify the existence of scarcity as the basic economic problem. What is it that makes scarcity a problem?

A It can cause inflation and unemployment.

B It is impossible to satisfy unlimited wants.

C It is the first priority of governments.

D It only affects the richest countries.

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.

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

Q9.

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.

Q10.

Economics textbooks often start by identifying the existence of the basic economic problem. What is it that makes this problem ‘basic’?

A It affects all economies and individuals.

B It is the most urgent target of government economic policy.

C It only affects low-income developing economies.

D It relates to the production of raw materials in the primary sector.

Q11.

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.