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0455 IGCSE Economics Topic Questions / Paper 1

1.1.1.1-Finite resources and infinite wants-set-3-qp-office

Question-1

Analyse why the elimination of absolute poverty would not solve the economic problem. [6]

Question-2

Missions to outer space face the same basic economic problem as that experienced on Earth. The African Space Agency was created to improve science and technology on the African continent. This agency also aims to coordinate trade between African countries to help technological development. This may improve how markets work. In 2021, total government spending on this agency was more than \$500 million. (a) Define the basic economic problem. [2]

Question-3

Explain the nature of the economic problem. [4]

Question-4

All countries face the basic economic problem in relation to the factors of production. One country might allocate more resources to education and health care than another, but there will always be an opportunity cost involved in such decisions. (a) Why do all countries face the basic economic problem? [4]

Question-5

A market approach to the basic economic problem has the advantage that prices act like an 'invisible hand' to allocate the resources in an economy. However, the market system also has some disadvantages. (a) What is meant by the basic economic problem? [2]