

## 1.1.1-NATURE OF ECONOMIC PROBLEM-MARKING SCHEME

<p>Which combination of terms gives the general definition of the economic problem?</p> <p><b>A</b> bigger families, less food, starvation</p> <p><b>B</b> falling supply, rising demand, shortage</p> <p><b>C</b> higher population, fewer jobs, unemployment</p> <p><b>D</b> limited resources, unlimited wants, scarcity</p>	1-D
<p>What is the best example of the existence of the economic problem?</p> <p><b>A</b> A government provides accommodation for all those who are homeless.</p> <p><b>B</b> A police force has a lengthening list of unsolved crimes.</p> <p><b>C</b> Janitha hands her homework in at the last permitted deadline.</p> <p><b>D</b> Musa completes his journey without putting petrol in his car.</p>	2-B
<p>Why is choice an important part of the basic economic problem?</p> <p><b>A</b> Choice is necessary to achieve an equilibrium price.</p> <p><b>B</b> Limited resources have many uses.</p> <p><b>C</b> Manufacturers produce a large variety of foods.</p> <p><b>D</b> The market leads to an unequal distribution of goods.</p>	3-B

<p>Why will the economic problem never be solved?</p> <p><b>A</b> People will always want more products than can be produced.</p> <p><b>B</b> People will never agree on what is the best economic system.</p> <p><b>C</b> There will always be an uneven distribution of income.</p> <p><b>D</b> There will always be some people unemployed.</p>	4-A
<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>	5-C
<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>	6-D
<p>An unemployed worker accepts a job.</p> <p>Which of the following is the opportunity cost of this decision?</p> <p><b>A</b> the cost of travel to work</p> <p><b>B</b> the income from the new job</p> <p><b>C</b> the leisure time lost</p> <p><b>D</b> the training in the new job</p>	7-C
<p>A hospital cannot treat all the people that need treatment. This is an example of</p> <p><b>A</b> excess supply.</p> <p><b>B</b> limited wants.</p> <p><b>C</b> scarcity.</p> <p><b>D</b> unlimited resources.</p>	8-C

<p>Which terms summarise the nature of the economic problem?</p> <p><b>A</b> finite resources and limited wants</p> <p><b>B</b> finite resources and unlimited wants</p> <p><b>C</b> infinite resources and limited wants</p> <p><b>D</b> infinite resources and unlimited wants</p>	<p>9-B</p>
<p>Which economic change would increase the problem of scarcity?</p> <p><b>A</b> a decrease in fish stocks</p> <p><b>B</b> a discovery of a new oil field</p> <p><b>C</b> an increase in labour productivity</p> <p><b>D</b> a reduction in waste</p>	<p>10-A</p>
<p>Economics is primarily concerned with</p> <p><b>A</b> allocating scarce resources for unlimited wants.</p> <p><b>B</b> controlling unemployment and inflation.</p> <p><b>C</b> determining the level of government expenditure.</p> <p><b>D</b> studying how new wants and economic resources can be produced.</p>	<p>11-A</p>
<p>Every business organisation faces the problem of satisfying wants.</p> <p>What is the reason why wants are <b>not</b> fully satisfied?</p> <p><b>A</b> An economy can only produce a limited amount of goods and services.</p> <p><b>B</b> Governments cannot print enough money to pay for goods and services.</p> <p><b>C</b> There is an over-production of goods and services by business organisations.</p> <p><b>D</b> Workers are too skilled for the requirements of the jobs available.</p>	<p>12-A</p>
<p>What is the basic economic problem facing all societies?</p> <p><b>A</b> how to achieve price stability</p> <p><b>B</b> how to keep employment levels high</p> <p><b>C</b> the extent to which incomes should be redistributed</p> <p><b>D</b> what will be produced, how and for whom</p>	<p>13-D</p>