

## NATURE OF ECONOMIC PROBLEM

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

D

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.

B

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.

B



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.

A

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

C

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

D

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

C

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.

C

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

B

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

A

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.

A

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.

A

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

D