1.1 The Nature of the Economic Problem

Question Paper

| Course | CIEIGCSEEconomics | |
|---------------------------------------|--|--|
| Section 1. The Basic Economic Problem | | |
| Topic | 1.1 The Nature of the Economic Problem | |
| Difficulty | Medium | |

Time allowed: 10

Score: /8

Percentage: /100

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| What causes | economic agents to | make choices? |
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- A. limited needs and wants
- B. the existence of finite resources
- C. the existence of free goods
- D. the market mechanism

[1 mark]

Question 2

What is the basic economic problem?

- A. excess supply of goods and services
- B. lack of profits
- C. recession
- D. scarcity of resources

[1 mark]

Question 3

Why do consumers have to make choices when spending their income?

- A. Advertising encourages consumer spending.
- B. Consumers have unlimited incomes.
- C. Consumer wants cannot all be satisfied with their income.
- D. Not all products will be attractive to consumers.

[1 mark]

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- A. The resource does not renew itself.
- B. The supply of the resource is greater than demand.
- C. There is no opportunity cost for the resource.
- D. There is unlimited supply of the resource.

[1 mark]

Question 5

What is the basic problem facing all economies?

- A. how to achieve a stable balance of payments
- B. how to maximise tax revenues
- C. how to reach full employment
- D. how to use scarce resources

[1 mark]

Question 6

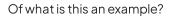
What do economies aim to achieve in tackling the economic problem of scarcity?

- A. equal balance between public and private sectors
- B. equal reward for equal effort
- C. increased competition in the use of resources
- D. optimum allocation of finite resources

[1 mark]

Question 7

Hospital services are provided by the government and paid for through taxation. People cannot always get the treatment they require because of long waiting lists.



- A. external cost
- B. market system
- C. perfectly inelastic supply
- D. scarcity

[1 mark]

Question 8

What is the cause of the economic problem facing all countries?

- A. climate change and global warming
- B. significant quantities of unemployed resources
- C. uneven distribution of income and wealth
- D. unlimited wants in relation to limited resources

[1 mark]