

1.1 The Nature of the Economic Problem

Question Paper

Course	CIE IGCSE Economics
Section	1. The Basic Economic Problem
Topic	1.1 The Nature of the Economic Problem
Difficulty	Medium

Time allowed: 10
Score: /8
Percentage: /100

Question 1

What causes economic agents to make choices?

- 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]

Question 4

What identifies a finite resource?

- 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.

Of what is this an example?

- 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]