

Name: _____ Class: _____

Date: _____ Total Possible Marks: 15



Scarcity & Choice

Each multiple choice question carries one mark for a correct answer. No marks are deducted for wrong answers. Circle or tick your chosen answer.

Positive and Normative Statements

- 1. Statement One: "Increases in income tax may lead to a double-dip recession."
1 Statement Two: "Increases in income tax should be used to fund increased spending on state education."
- A. Statement One is normative and statement Two is positive.
 - B. Statements One and Two are both normative
 - C. Statement One is positive and statement Two is normative.
 - D. Statements One and Two are both positive.
- 2. What must be true of a positive statement?
1
- A. It is one that can be shown to be correct or incorrect.
 - B. It is one that deals with positive changes in economic well being.
 - C. It is one that is true by definition.
 - D. It is one with which everyone is in agreement.
- 3. Statement One: "The government should intervene to prevent further increases in oil prices."
1 Statement Two: "The rise in oil prices above \$100 a barrel will result in a reduction in demand for new cars."
- A. Statement One is positive and statement Two is normative.
 - B. Statements One and Two are both positive.
 - C. Statement One is normative and statement Two is positive.
 - D. Statements One and Two are both normative.

Multiple choice questions on factor resources

- 4. What is the basic economic problem facing all societies?
1
- A. the extent to which incomes should be redistributed
 - B. how to keep employment levels high
 - C. what will be produced, how and for whom
 - D. how to achieve price stability

— 5.
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	people or equipment	factor of production
A	aircraft	capital
B	computer network	land
C	pilots	enterprise
D	shareholders	labour

A major airline needs a range of people and equipment. These can be divided into factors of production. Which is allocated to its correct factor of production?

- A. A
- B. B
- C. C
- D. D

— 6.
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Which of the following is not a factor of production?

- A. Immigrant workers
- B. Infrastructure such as motorways and drains
- C. Money held in bank and building society accounts
- D. Reserves of oil and gas not yet exploited

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1

Which of the following are capital as defined by economists?

- A. Stocks and bonds
- B. Water and air
- C. Gold and silver
- D. Computers and drills
- E. Surf boards and leisure boats

— 8.
1

\$2 billion is invested by a government in developing a country's natural resources and infrastructure. Which two factors of production does this refer to directly?

- A. capital and labour
- B. labour and land
- C. enterprise and land
- D. capital and land

— 9.
1

The oil and petroleum deposits that are still in the ground in the North Sea is an example of what type of factor of production?

- A. land
- B. physical capital
- C. human capital
- D. enterprise

— 10. Which one of the following is a factor of production?

1

- A. The value of shares in Britain's biggest businesses
- B. Money held by businesses in bank accounts
- C. The profits made by businesses
- D. Land owned or rented by firms

— 11. Commercial companies are cutting down tropical rain forests for hardwood timber. What is the opportunity cost to society of this activity?

1

- A. the environment that is destroyed
- B. the profits of the companies
- C. the products made from the timber
- D. tax revenue from the sale of the timber

— 12.

1

	Tom	Fanda
A	rent and profit	interest and profit
B	wages and profit	wages and rent
C	interest and rent	rent and profit
D	wages and interest	wages and interest

Tom has set up his own business, which is based in premises owned by Fanda. All machinery is hired from an equipment company. Both Tom and Fanda are employed in the business. What describes the earnings of Tom and Fanda?

- A. A
- B. B
- C. C
- D. D

Do you know?

— 13.

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Name the economist (pictured) who won the 1998 Nobel Prize for Economics and who has written extensively on basic needs and the idea of justice in economics

Amartya Sen

- 14. Which indicators are used to calculate the Human Development Index (HDI)?
1
- A. Population growth, per capita GDP, life expectancy
 - B. Population growth, infant mortality rate, malnutrition
 - C. Life expectancy, educational attainment, per capita GDP
 - D. Trade balance, infant mortality rate, educational attainment
- 15. [A]Microeconomics concerns itself with the study of economics and decisions taken at the level of
2 the individual firm, industry or household.

The value of the next best alternative foregone is known as [B]opportunity cost

Not all goods use up scarce resources when they are supplied. Products that are not scarce and no cost is involved when consuming them are known as [C]free goods

Health [D]rationing occurs when the demand for health care services outstrips the available resources leading to waiting lists and delays for treatment.

- 16. Who is definitely employed in the primary sector?
1
- A. a person in a firm producing goods for other firms to use
 - B. a person in a firm engaged in agricultural production
 - C. a person in an organisation which first deals with any imports into the country
 - D. a person in the head office of a company who is first to make decisions