

ECONOMICS

Paper 1
2017 — 2023

Chapter 1	Basic Economic Problem: Choice And The Allocation Of Resources	Page 1
Chapter 2	The Allocation Of Resources: How The Market Works; Market Failure	Page 38
Chapter 3	The Individual As Producer, Consumer And Borrower	Page 106
Chapter 4	The Private Firm As Producer And Employer	Page 143
Chapter 5	Role Of Government In Economy	Page 189
Chapter 6	Economic Indicators	Page 235
Chapter 7	Developed And Developing Economies: Trends In Production, Population And Living Standards	Page 283
Chapter 8	International Aspects	Page 303
	Answers	Page 328

1 - (0455/11_Summer_2017_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

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

2 - (0455/12_Summer_2017_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

Which is **not** a factor of production?

- A a farm
- B a farmer
- C a farmer's bank account
- D a second-hand tractor

3 - (0455/13_Summer_2017_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

Which statement about factors of production is correct?

- A The fruit picked from the tree is called land.
- B The managers of a company are called enterprise.
- C The money used to finance a project is called capital.
- D The owner of a company is called labour.

4 - (0455/11_Summer_2017_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

Helium is a gas that is limited in supply. It takes thousands of years to form from decaying radioactive rocks. The US government holds 35% of the world's supply and has been selling its stocks. Helium is essential in medical scanners. It is also used for party balloons which some say is a wasteful alternative use of a valuable good.

Which concepts can be applied to the above statement?

- A demand and supply, government subsidy
- B excess demand, resource allocation
- C factors of production, private monopoly
- D opportunity cost, public sector

5 - (0455/12_Summer_2017_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

Heavy rain caused floods in an area of a country.

What may be an opportunity cost of repairing the damage caused?

- A the allocation of government funds to the area instead of on a new airport
- B the cost of providing shelter for those made homeless
- C the decline in the tourist industry in the area
- D the loss of profits from businesses affected by the flood

6 - (0455/13_Summer_2017_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

A person can make 10 items to sell on a craft stall in a day.

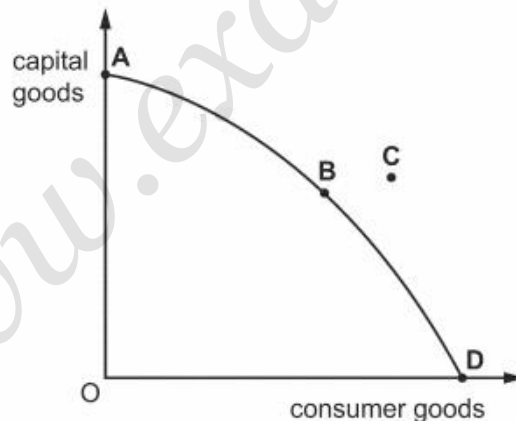
What is the opportunity cost if the person decides to paint a picture instead?

- A 10 craft items
- B the cost of the materials for the craft items
- C the cost of the paint for the picture
- D the value of the picture

7 - (0455/11_Summer_2017_Q3) - *Basic Economic Problem: Choice And The Allocation Of Resources*

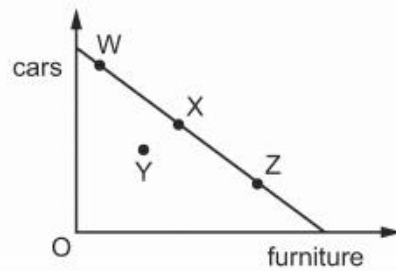
The diagram shows a production possibility curve for an economy.

Which point on the diagram is the most efficient for the economy to produce both consumer goods and capital goods?



8 - (0455/12_Summer_2017_Q3) - Basic Economic Problem: Choice And The Allocation Of Resources

The diagram shows a production possibility curve for cars and furniture.



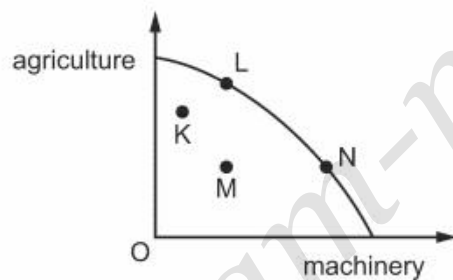
A recession causes a decrease in production in both cars and furniture.

Which movement would represent this change?

- A X to W B X to Y C Z to W D Z to Y

9 - (0455/13_Summer_2017_Q3) - Basic Economic Problem: Choice And The Allocation Of Resources

The diagram shows a production possibility curve for agriculture and machinery.



As a country develops, its primary production decreases and its secondary production increases.

Which movement would represent this change?

- A K to L B L to N C M to N D N to L

10 - (0455/11_Summer_2017_Q15) - Basic Economic Problem: Choice And The Allocation Of Resources

The table shows how a firm's production changes as it employs more workers.

number of workers	10	20	30	40
total production (kilos)	50	100	300	600

What happens to productivity as more workers are employed?

- A It is constant then falls.
 B It is constant then rises.
 C It rises then becomes constant.
 D It rises continuously.

ANSWERS

www.exam-prepare.com

1 - (0455/11_Summer_2017_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

D

2 - (0455/12_Summer_2017_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

C

3 - (0455/13_Summer_2017_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

A

4 - (0455/11_Summer_2017_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

D

5 - (0455/12_Summer_2017_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

A

6 - (0455/13_Summer_2017_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

A

7 - (0455/11_Summer_2017_Q3) - *Basic Economic Problem: Choice And The Allocation Of Resources*

B

8 - (0455/12_Summer_2017_Q3) - *Basic Economic Problem: Choice And The Allocation Of Resources*

B

9 - (0455/13_Summer_2017_Q3) - *Basic Economic Problem: Choice And The Allocation Of Resources*

B

10 - (0455/11_Summer_2017_Q15) - *Basic Economic Problem: Choice And The Allocation Of Resources*

B