

ECONOMICS

Paper 1
2020 — 2024

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1 - (0455/11_Summer_2020_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

What is an example of the purchase of a consumer good?

- A A farm owner buys a television.
- B A farm owner buys additional land.
- C A farm owner buys fertiliser for their crops.
- D A farm owner buys some farming equipment.

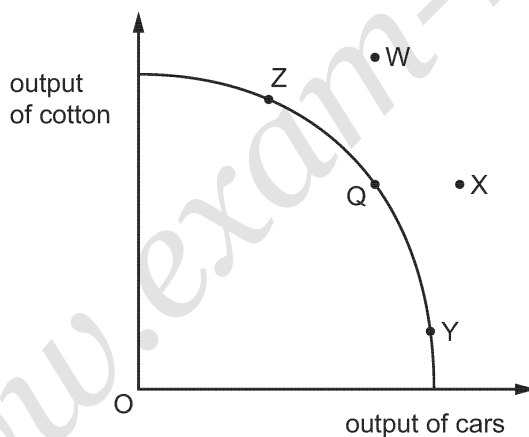
2 - (0455/11_Summer_2020_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

What is the function of the factors of production in an economy?

- A to make goods and services to fulfil wants and needs
- B to provide an even distribution of income
- C to provide tax income for the government
- D to reduce the existence of external costs

3 - (0455/11_Summer_2020_Q3) - *Basic Economic Problem: Choice And The Allocation Of Resources*

The diagram shows a production possibility curve (PPC) for an economy that can produce cotton and cars. The economy is at point Q.



There is improved technology that can only be used in the production of cars.

How would this be represented on this diagram?

- A by a movement from Q to W
- B by a movement from Q to X
- C by a movement from Q to Y
- D by a movement from Q to Z

4 - (0455/12_Summer_2020_Q1) - Basic Economic Problem: Choice And The Allocation Of Resources

In 2016, 20 billion barrels of oil and 1.6 billion barrels of natural gas were discovered in Texas, US.

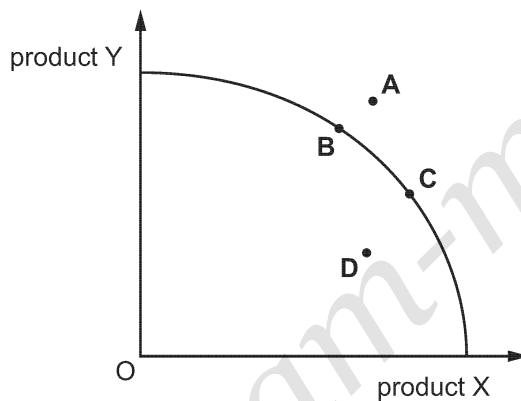
Which factor of production has increased in the US due to this discovery?

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

5 - (0455/12_Summer_2020_Q2) - Basic Economic Problem: Choice And The Allocation Of Resources

The diagram shows a production possibility curve (PPC).

Which of these points shows the largest possible output of product Y currently achievable?



6 - (0455/12_Summer_2020_Q3) - Basic Economic Problem: Choice And The Allocation Of Resources

A student decides to take up a two year apprenticeship for which she will earn \$10 000 per year. After that she expects to earn \$25 000 per year. She could take an unskilled job which pays \$16 000 per year instead of the apprenticeship.

What is the opportunity cost in the two years of completing the apprenticeship?

- A \$10 000
- B \$12 000
- C \$25 000
- D \$32 000

7 - (0455/13_Summer_2020_Q1) - Basic Economic Problem: Choice And The Allocation Of Resources

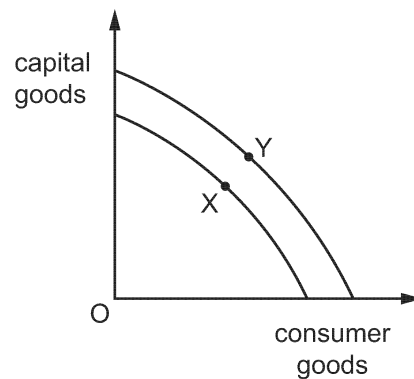
A natural resource was discovered in a country. The exploitation of this resource allowed the country to double its gross domestic product within ten years.

Why did this **not** solve the basic economic problem?

- A Exploiting the resource required high expenditure on capital equipment.
- B Exploiting the resource caused significant environmental damage.
- C Gross domestic product was unevenly distributed in the country.
- D Wants still exceeded the resources available to meet those wants.

8 - (0455/13_Summer_2020_Q2) - Basic Economic Problem: Choice And The Allocation Of Resources

The diagram shows a shift in a country's production possibility curve (PPC).



What would cause the shift from X to Y?

- A a fall in the unemployment rate
- B a fall in consumer demand
- C a rise in the rate of inflation
- D a rise in the size of the labour force

9 - (0455/13_Summer_2020_Q3) - Basic Economic Problem: Choice And The Allocation Of Resources

A farmer decides to grow potatoes instead of wheat.

What is the opportunity cost of growing the potatoes?

- A the output of wheat
- B the price of seed potatoes
- C the profit from growing potatoes
- D the time spent preparing the potato field

10 - (0455/11_Winter_2020_Q1) - Basic Economic Problem: Choice And The Allocation Of Resources

What is the basic economic problem?

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

ANSWERS

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1 - (0455/11_Summer_2020_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

A

2 - (0455/11_Summer_2020_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

A

3 - (0455/11_Summer_2020_Q3) - *Basic Economic Problem: Choice And The Allocation Of Resources*

B

4 - (0455/12_Summer_2020_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

D

5 - (0455/12_Summer_2020_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

B

6 - (0455/12_Summer_2020_Q3) - *Basic Economic Problem: Choice And The Allocation Of Resources*

B

7 - (0455/13_Summer_2020_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

D

8 - (0455/13_Summer_2020_Q2) - *Basic Economic Problem: Choice And The Allocation Of Resources*

D

9 - (0455/13_Summer_2020_Q3) - *Basic Economic Problem: Choice And The Allocation Of Resources*

A

10 - (0455/11_Winter_2020_Q1) - *Basic Economic Problem: Choice And The Allocation Of Resources*

D