

Multiple Choice- Basic Concepts

1. A mining company ceased mining in 2008 and now concentrates on maintaining and repairing mining machinery.
The activities of the business have moved from

A the primary to secondary sector
B the tertiary to the primary sector
C the primary to the tertiary sector
D the primary to the secondary sector
2. The national accounts of the State of Equitania showed the following figures (billions of Equitanian dollars)

Finance and Banking 30
Shipbuilding 10
Car and van rental 5
Other services 12
Agriculture 20

The value of the service sector is
A 50
B 47
C 37
D 42
3. The term mixed economy usually describes an economy which has

A over 50% state provision
B both government and private ownership
C primary, secondary and tertiary sectors
D a balance of formal and informal sectors
4. Each of the following is classified as included in the primary and secondary sectors EXCEPT

A Oil refining
B car repairing
C growing apples
D cider making

5. Economic statements which can be tested through observation and data analysis are an example of
- A Normative economics
 - B Macroeconomics
 - C Positive economics
 - D Microeconomics
6. The term “opportunity cost” is best described as
- A the minimum cost of production
 - B the price of a commodity
 - C the sacrifice of an alternative use of resources
 - D the opportunity to increase economic welfare
7. All points on a production possibility frontier indicate
- A unemployed resources
 - B a shortage of one of the factors of production
 - C combinations of goods which cannot be produced
 - D full employment of resources
8. In a production possibility frontier (PPF) model with two goods, a **curved** shape of the PPF indicates-
- A resources are fully employed
 - B social welfare is maximised
 - C some resources are better suited to the the production of one or the other of the goods
 - D in the combinations of goods produced some resources are not used
9. Which of the following is **least** likely to lead to an increase in the factors of production an economy has.
- A training additional medical staff
 - B building a new hospital
 - C reducing education current expenditure
 - D importing commercial vehicles
10. The following are all aspects of the economic problem **except**
- A Which combination of factors of production are used
 - B What is produced
 - C Keeping inflation low
 - D Who gets what