Worksheet Title

Name: ____________________

Date: ____________________

1. Which combination of factor of production and its factor income is **not** correct?
   A. capital vs. interest
   B. enterprise vs. profit
   C. labor vs. dividends
   D. land vs. rent

2. A government wishes to increase agricultural output. It gives farmers the tools to irrigate the farmers' fields.

   Which factors of production are provided by the farmers?
   A. capital and enterprise
   B. enterprise and labor
   C. labor and land
   D. land and capital

3. In recent years more golf courses, which use large quantities of water, have opened in China.

   What may be the opportunity cost of this?
   A. cost of water
   B. loss of farmland
   C. sales of golf equipment
   D. wages of golf course staff

4. A mobile (cell) phone operator increases the price of making calls on its network. After the price increase, the revenue of the mobile phone operator falls by 10%.

   What is the price elasticity of demand (PED) for the mobile operator's service?

   A. elastic

   B. inelastic

   C. perfectly elastic

   D. unit elastic

5. Which statement about factors of production is correct?

   A. Capital is the amount of money borrowed from a bank

   B. Labor is output made by an employee

   C. Land includes commercially grown rice crops

   D. Profit is reward for enterprise

6. The diagram shows 2 PPCs w19 12

   Which statement about the movement from point X to point Y is correct?

   A. Demand for consumer goods has risen

   B. The opportunity cost for producing consumer goods has risen

   C. There has been an increase in productivity in consumer goods production

   D. There has been an inward shift in the PPC

7. What suggests that there is market failure?
   A. high producer profits
   B. high retail prices
   C. lack of competition
   D. low levels of interest

8. What can cause the supply curve of a product to shift to the righ?
   A. increase for demand of products
   B. increase in government subsidies to producers
   C. increase in indirect taxes on the product
   D. increase in cost of production

9. A farmer reduces the land used to grow wheat from 80 hectares to 60 hectares and increases the use of the land for growing potatoes from 80 to 100 hectares.
   What is the opportunity cost of this change?
   A. The output from 20 hectares used for growing potatoes.
   B. The output from 20 hectares used for growing wheat.
   C. The output from 60 hectares used for growing wheat.
   D. The output from 80 hectares used for growing potatoes.

10. What is meant by the equilibrium price in the market for a good?
    A. the average price paid by consumers
    B. the price at which maximum profit is made
    C. the price at which the producer breaks even
    D. the price at which the supply and demand curves intersect

11. Explain two differences between capital and labor [4]

12. Define capital goods [2]

13. Define labor productivity [2]

14. The main industries in the Seychelles, an island country in the Indian ocean, are tourism and fishing. The price elasticity of supply of fish is affected by the relatively short time that fish can be stored. Economic goods and free goods play a role in both fishing and tourism. With rises in the skills of workers and an increase in enterprise, GDP per head has increased by more than seven times over the last fifty years.

    Analyse, using a production possibility curve (PPC) diagram, the effect of an increase in enterprise on an economy [6]

15. Draw demand and supply diagram to show the effects of a decrease in the costs of production on the market for cars [4]

16. State the formula for calculating the price elasticity of supply (PES) [2]

17. Analyse, using a production possibility curve (PPC) diagram, the effect of an increase in unemployment on an economy. [6]

18. Italy is home to the world's oldest bank and some of the world's oldest car producers. Internationally, both industries are facing a number of challenges. The wages of bank workers and car workers are increasing. Demand for bank loans and for cars is changing, in part, due to changes in population size. It is predicted that the price elasticity of demand (PED) for cars will also change in the future.

    Discuss whether or not demand for cars will become more price-elastic in the future. [8]

19. Identify two of the three resource allocation decisions. [2]

20. Identify two determinants of price elasticity of supply. [2]

21. Define a free good. [2]