

PENANG SANGAM HIGH SCHOOL

YEAR 12

ECONOMICS

WORKSHEET 1

Question 1 **Multiple Choice**

Circle the letter of the **best** answer.

1. A production possibility curve shows the various combination of output in which
 - A. an economy can produce.
 - B. an economy should produce.
 - C. producers would like to produce.
 - D. consumers would like to consume.

2. “Any combinations of goods outside PPC is unattainable with the given level of resources and technology”. This statement clearly states the concept of :
 - A. Choice
 - B. Scarcity
 - C. Efficiency
 - D. Opportunity cost

3. A **decline** in the price of a commodity causes total revenue **to fall**. From this, one can conclude that the price elasticity of demand for that commodity is
 - A. Unitary elastic
 - B. Relatively elastic
 - C. Perfectly inelastic
 - D. Relatively inelastic

4. _____ occurs when a business grows so large that the costs per unit increases.
 - A. Economies of Scale
 - B. Diseconomies of Scale
 - C. Internal Economies of Scale
 - D. External Economies of Scale

5. As a firm encounters diminishing returns, the total physical product
- A. Increase at a decreasing rate
 - B. Decreases at a decreasing rate
 - C. Increases at an increasing rate
 - D. Decreases at an increasing rate
6. The economical term used to describe the degree of responsiveness of one variable to changes in another variable is
- A. Elasticity
 - B. Disillusionment
 - C. Pro-responsiveness
 - D. Horizontal variation
7. The kinked demand curve explains the behaviour of an oligopolists who
- A. Follow the price set by the leader
 - B. Uses market sharing arrangements
 - C. Follows price reduction by rival firms
 - D. Uses price competition to increase market share
8. The point at which firms can only cover average variable cost in a perfect competition market is known as the _____ point.
- A. Minimal
 - B. Shutdown
 - C. Breakeven
 - D. Equilibrium
9. One difference between perfect competition and monopolistic competition is that
- A. There is a large number of firms in monopolistic competition
 - B. There is a smaller number of firms in perfectly competitive industries
 - C. Firms in monopolistic competition have some degree of market power
 - D. In perfect competition, the product are highly differentiated between firms
10. GDP at current market prices refers to
- A. Constant GDP
 - B. Real GDP
 - C. Nominal GDP
 - D. Real GDP per capita.