



3055 BA SANGAM COLLEGE

PH: 6674003/9264117 E-mail: basangam@connect.com.fj



REVISION QUESTIONS – WORKSHEET 19 YEAR 13 - ECONOMICS

Strand	Introduction to economics
Sub Strand	Nature and Scope of Economics
Content Learning Outcome	Explore the different approach, scope and methodology in economics.

Topic: Introduction to Economics

(1mark each)

- The study of economics is based on:
 - Methods of trade and exchange
 - Methods of government intervention in the economy and the reasons for this intervention
 - The need to protect the environment for future generation
 - The need to allocate scarce resources available within the economy to their desired use
- The economist who used econometrics to explore the relationship of money to economics and who also devised an equation of exchange is
 - Edward Chamberlin
 - Alfred Marshall
 - Irving Fisher
 - Joan Robinson
- Which of the following views will be held by a typical Keynesian?
 - Markets work efficiently
 - Most individuals suffer from money illusion.
 - Aggregate expenditures are not taken into account.
 - Increased government spending has no effect on the level of economic growth.
- Microeconomics is the study of the
 - normative aspects of life as compared to the factual implications and applications of economic models.
 - decisions of individuals and businesses and the interaction of those decisions in the market.
 - national and the global economy emphasizing on the aggregation and effects of economic indicators.
 - decisions that take place at the macro level that affect profit making and customer satisfaction.
- If two things happen one after the other then the second thing to happen is caused by the first. This is an example of a
 - pre-determined fallacy.
 - post hoc fallacy.
 - fallacy of composition.
 - causation.
- When economists say that people are rational, it means that they
 - act on complete information.
 - will not later regret any decision made now.
 - do not make errors of judgment.
 - make the best decision from their perspective.

Question 7

Explain the contributions of the following theorist:

1. Alfred Marshall

2. John Maynard Keynes

3. Adam Smith

(1 mark each)

Question 8

(a) Use the **Resource List** given below and your own knowledge to answer the questions that follow:

<u>Resource List Economic Schools Of Thought</u>
<ul style="list-style-type: none">• Classical• Keynesian• Neo-classical

Identify the economic school of thought associated with each of the distinguishing features given below. Each economic school of thought is to be used **only** once.

(i) The market mechanism on its own could not always cure itself of a recessionary period due to market failure or inflexible prices and wages. The implication of this was that there was a role for active management of aggregate spending by government.

(1 mark)

(ii) The movement of prices and wages would ensure that free market economies would always restore themselves, and quite quickly, after periods of 'glut'.

(1 mark)

(iii) Major contributions were the role of rational expectations, with the implication that active policies were ineffective because people would adjust their beliefs and behaviours accordingly and real variables are insensitive to active demand management.

(1 mark)

(b) State the difference between the **Deduction** and **Induction Methods** as far as the scope and methodology of economics is concerned. **(2 marks)**