

## Topic: Economic Problem

Q1

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Fill in the gaps using the words below:

Micro-economics examines the .....which an economy has available to ....., that is produces goods and services to meet the ever-changing ....., i.e. the needs and wants of society.

Hence the fundamental economic problems: ..... wants versus ..... resources or to put it another way how to allocate ..... resources (sometimes known inputs or ..... of production) among competing uses to maximise living standards

**supply   finite   resources   factors   demands   infinite   scarce**

Q2

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Define the factors of production and give an example of each in the production of wine

Land:

Labour:

Capital:

Enterprise:

Q3

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Each factor used in production can expect some **reward**. Match the factor to the reward

Land	Interest
Labour	Rent
Capital	Profit
Enterprise	Wages

Now write a sentence using the word 'risk' to explain your choice of reward for enterprise.

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Q4

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A **positive** statement contains no opinion. It usually a statement of fact and can be proven whereas a **normative** Statement expresses a value judgment. Write one positive statement and one normative statement about the UK housing market

Positive:

Normative:

Q5

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Answer the multiple choice questions below by underlining the correct answer(s). There may be more than one! Read each word carefully!

- There is only a finite supply of oil that we know of. As such:
  - A. Oil is an economic good
  - B. Governments must ration oil
  - C. How to allocate energy resources is an example of the fundamental economic problem
  - D. Oil is a free good
  
- Which of the following statements is true:
  - A. A normative statement can be proven to be true or false
  - B. A positive statement never contains the words could or should
  - C. A normative statement always includes words such as should and must
  - D. A positive statement can be tested against facts
  
- For an economist, the key purpose of economic activity is to :
  - A. To remove inequality
  - B. To satisfy needs and wants
  - C. Save scarce resources
  - D. Maximise profit

## Topic: Economic Problem

Q6

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The use of wind turbines is one possible solution to the world's reliance on fossil fuel energies. The table below represents data from seven European countries and the increase in provision of wind-based technology in 2014. The data shows the number of new wind farms, the number of turbines created in those windfarms and the amount of electricity (measured in MW) added to the electricity grids of the respective countries.

Country	Belgium	Denmark	Germany	Spain	Sweden	UK
No. of Farms	3	1	8	1	1	8
No. of turbines connected	44	97	48	1	16	212
MW connected to the grid	192	350	240	5	48	733

Calculate the mean and state the median and mode of the data concerning the number of wind farms created in 2014:

Calculate the proportion of the market share that the UK has in newly created wind turbines in 2014:

Calculate the proportion of electricity generated by the new wind turbines in Europe that was generated by those created in the UK in 2014: