

Unit A and B

Quiz

Name

Expectation

- A1. Economic Inquiry and Skill Development: Encourages students to formulate and answer questions using economic concepts like opportunity cost and scarce resources.
- A2. Developing Transferable Skills: Develops students' ability to apply critical thinking and analysis to real-world problems.
- B1. Scarcity and Choice: Focuses on understanding scarcity and how it influences economic decisions.

Knowledge - 5 marks

Name the type of fallacies used in the 3 statements.

1. The Great Depression was caused by the stock market crash of 1929.

2. If one student in the class gets a perfect score by studying late at night, then everyone in the class should study late at night to get perfect scores

3. After wearing my lucky socks, my team won the game. Therefore, my lucky socks caused the victory.

Communication -5 marks

4 What are the 3 fundamental economics questions?(2.5marks)

5. Name the 3 Economic Systems? (2.5 marks)

Thinking, and Application- 10 marks

Imagine you are a government official in a country with limited financial and natural resources. The country faces two critical issues:

- Building new hospitals to improve public health.
- or
- Investing in renewable energy projects to reduce dependence on fossil fuels.

Using the concept of **opportunity cost** and **scarce resources**, analyze the economic trade-offs involved in this decision. Answer the following questions

1. What factors should the government consider when deciding between these two options? (Thinking 2.5 marks)
2. How do the three fundamental economic questions apply to this scenario? (Thinking 2.5 marks)
3. What policies or strategies could the government implement to balance the trade-offs and address both issues effectively? (Application 5 marks)

Questions and Answers

1. **The Great Depression was caused by the stock market crash of 1929** is an example of the **Fallacy of Single Causation**.
2. **If one student in the class gets a perfect score by studying late at night, then everyone in the class should study late at night to get perfect scores** is an example of the **Fallacy of Composition**.
3. **After wearing my lucky socks, my team won the game. Therefore, my lucky socks caused the victory** is an example of the **Post Hoc Fallacy** (cause-and-effect fallacy).
4. **What are the three fundamental economic questions?**
 - What to produce?
 - How to produce?
 - For whom to produce?
5. **Name the three economic systems.**
 - Traditional Economy
 - Command Economy
 - Market Economy

Opportunity Cost and Scarce Resources

The government must consider the opportunity cost of choosing one option over the other. For example:

- If the government invests in hospitals, the opportunity cost is the renewable energy projects that could help achieve long-term sustainability.
- If the government invests in renewable energy, the opportunity cost is the immediate improvement in public health that hospitals could provide.

Scarce resources, such as limited budgets and skilled labor, must be allocated efficiently to maximize societal benefit.

Three Fundamental Economic Questions

1. What to produce?

- Should the government prioritize healthcare or renewable energy to meet the most urgent societal needs?

2. How to produce?

- What resources (financial, labor, and technological) are required for each project?
- Are there cost-effective ways to achieve the desired outcomes?

3. For whom to produce?

- Who will benefit the most from the chosen investment?
- Will the benefits be distributed equitably across the population?

Government Policies and Strategies

To address both issues effectively, the government could:

- Introduce public-private partnerships to share costs and risks between the public and private sectors.
- Phase investments over time, starting with the most urgent needs (e.g., hospitals) while gradually funding renewable energy projects.
- Use targeted taxation or subsidies to generate revenue or incentivize sustainable practices.
- Prioritize multi-purpose solutions, such as energy-efficient hospitals, to address both public health and sustainability goals simultaneously.