



**ST. FRANCIS SECONDARY SCHOOL - SLIEMA
SPECIMEN PAPER HALF – YEARLY EXAM**

FORM 3

ECONOMICS

TIME: 2 HOURS

NAME: _____ **CLASS:** _____

Section A Match the following definitions with their appropriate terms

| | | |
|--|--|------------------------------|
| 1. Assist in the distribution of goods and services | | Foreign Trade |
| 2. Used by individuals at home and in their leisure time | | Opportunity Cost |
| 3. The part of the economy owned and controlled by the government | | Production Possibility Curve |
| 4. The next best alternative sacrificed to obtain a particular good. | | Mixed Economy |
| 5. Made up of the private and the public sector | | Zero Returns |
| 6. The system according to which resources are allocated and products distributed, in response to price changes. | | Public Sector |
| 7. When total product is constant | | Commercial Services |
| 8. Shows the maximum output a country could produce when using its resources in the best way possible. | | Price Mechanism |
| 9. Available to everyone as a gift of nature | | Free Goods |
| 10. Involves the buying and selling of goods from other countries | | Consumer Goods |

(10 marks)

Section B: Answer all the questions in this section by underlining the correct answer.

1. Increasing Returns occurs when
 - (a) Total Product is increasing at an increasing rate
 - (b) Marginal Product is increasing
 - (c) Marginal Product is not negative
 - (d) All the above

2. The basic economic problem faced by all economies is:-
 - (a) rising prices
 - (b) unemployment
 - (c) scarcity of resources
 - (d) pollution

3. In the study of economics, resources are also known as:-
 - (e) workers and machines
 - (f) raw materials
 - (g) the output from production
 - (h) factors of production

4. The problem of what to produce in a Planned Economy is solved mainly by:-
 - (a) consumers
 - (b) government directives
 - (c) the profit motive
 - (d) traditional methods

5. Negative Returns occurs when ●
 - (a) total product will be increasing at a decreasing rate
 - (b) total product will be increasing at an increasing rate
 - (c) total product will be falling
 - (d) total product will be rising

6. Which of the following would be regarded as a secondary production?
 - (a) banking
 - (b) coal-mining
 - (c) farming
 - (d) carpenter

7. Production is:-

- (a) an activity designed to increase the number of workers
- (b) an activity designed to satisfy human wants
- (c) an activity designed to satisfy producers
- (d) an activity undertaken by large firms.

8. A market is a place where

- (a) goods are produced
- (b) goods are consumed
- (c) buyers and sellers meet to exchange goods and services
- (d) goods are sold at a low price.

9. When economies speak of opportunity costs, they are referring to:-

- (a) the opportunity of buying costly items
- (b) the money cost of services
- (c) the sacrifice of buying one thing and another
- (d) the sacrifice we make by choosing one activity instead of another.

10. Constant Returns is a situation where

- (a) Total Product is increasing at an increasing rate
- (b) Total Product is increasing at a decreasing rate
- (c) Total Product is increasing at a constant rate
- (d) Marginal Product is zero

(10 marks)

Section C: Answer the following questions:

1. What is the meaning of 'Economic System'?

(2 marks)

2. Which are the three main types of Economic Systems?

(3 marks)

3. What is the difference between a developed and an underdeveloped country?

(5 marks)

4. Explain why do some countries continue to be underdeveloped?

(3 marks)

5. Name three development indicators that the UN uses to monitor progress towards its millennium development goals.

(3 marks)

Section D: Answer the following questions

1. What is the difference between the Variable Factors and Fixed Factors?

(4 marks)

2. What is the difference between Short Run and Long Run?

(4 marks)

3. Define the following terms:

Total Product _____

Average Product _____

Marginal Product _____

Law of Diminishing Returns _____

(2 marks each)

Section E:

The following table shows the total output produced by the workers of a factory producing doors:

| Units of Labour | Total Product | Average Product | Marginal Product |
|-----------------|---------------|-----------------|------------------|
| 0 | 0 | | |
| 1 | 5 | | |
| 2 | 16 | | |
| 3 | 33 | | |
| 4 | 50 | | |
| 5 | 65 | | |
| 6 | 78 | | |
| 7 | 78 | | |
| 8 | 72 | | |
| 9 | 63 | | |

- a. Complete the table by finding the Average Product and Marginal Product for each unit of labour.

(4 marks)

- b. Plot and label appropriately on the graph paper provided the
(i) Total Product,
(ii) Average Product, and Marginal Product.
(**hint:** y-axis: output; x-axis: units of labour)

(7 marks)

- c. On the Total Product Curve show and name the different areas of returns.

(5 marks)

- d. What happens when Marginal Product Curve starts falling ?

(2 marks)

Section E: Answer any **TWO** of the questions below

1. a) Explain the term 'Opportunity Cost'. Give an example. (3)
b) What do you understand by: (i) Private Wealth (2)
(ii) Social Wealth (2)
c) Name and explain in detail the factors of production. (8)

2. Explain in detail with the help of examples, the meaning of the following:
(i) Primary industry (5)
(ii) Secondary industry (5)
(iii) Tertiary industry (5)

3. a) Explain the meaning of 'Division of Labour' (2)
b) What are the advantages of division of labour? (5)
c) What are the disadvantages of division of labour? (5)
d) To what extent can division of labour be applied? (3)

4. a) Explain four features of a 'free market economy' (4)
b) Explain briefly how the characteristics of planned economic systems created problems (disadvantages) which have led to the failure of communism. (3)
c) What is a mixed economy? (2)
d) Explain three ways how government intervenes in a mixed economy. (3)
e) What type of economy do we have in Malta? Give two valid reasons for your answer. (3)

5. What is the Basic Economic Problem? Explain by giving examples how this can be tackled by an individual person, a firm and by the government. (15)

Good Luck !!

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