

SUVA GRAMMAR SCHOOL
YEAR 13 ECONOMICS
WORKSHEET 1

NAME: _____

YEAR: ____

***OBJECTIVE:** Explore the different approach, scope, methodology and schools of thoughts in economics.*

Summary notes

No.	Terms	Definition
1.	Economic Variables	Is any measurement that helps to determine how an economy function e.g. population, poverty, inflation, unemployment, GDP, etc.
2.	Generalization	Broad statement or an idea that applies to a group of people or things.
3.	Macroeconomics	Is a branch of economics dealing with the performance, structure, behaviour and decision-making of an economy as a whole.
4.	Microeconomics	Is a branch of economics that studies the behaviour of individuals and firms in making decisions regarding the allocation of scarce resources and the interactions among these individuals and firms.
5.	Normative Economics	It is a statement of 'what ought to be'.
6.	Positive Economics	It is a statement of 'what is'.
7.	Rational Choice	Individuals make wise and logical decisions.
8.	Scarcity	Fundamental economic problem of having seemingly unlimited human wants in a world of limited resources.
9.	Value Judgement	An assessment of something as good or bad in terms of one's standards or priorities.

1. The inflation rate and the economic indicator of Real Gross Domestic Product are the economic issues that come under

- A. Microeconomics.
- B. Macroeconomics.
- C. Fallacy of composition.
- D. Post Hoc fallacy.

2. Deductive Approach in economics focuses on

- A. theory to facts.
- B. facts to theory.
- C. general to specific.
- D. hypothetical methodology.

3. A statement of **what ought to be** is best termed as

- a. Microeconomics.
- b. Macroeconomics.
- c. Normative economics.
- d. Descriptive economics.

4. Which particular **school of economics** advocates the principle of invisible hand to explain how capitalist economy works best without government intervention?
- A. Classical
 B. Keynesian
 C. Monetarist
 D. Neo-Classical
5. Believing what we want to believe and ignoring information which conflict with those beliefs, is an example of a
- A. Fallacy.
 B. Generalization.
 C. Value judgment.
 D. Wishful thinking.

B positive and normative statement

Economic Statements are either directly stated on their own or have some kind of economic connotations in them. Classify the statements (i) to (iv) into **either Positive or Normative Statements**.

- (i) Fiji's economic status is improving as evident by the latest economic indicators. _ _____
- (ii) The unemployment rate for Fiji should be 5%. _ _____
- (iii) Society at large ought to be educated on the importance of poverty eradication. _____
- (iv) Spending at the macro level is acceptable because it enhances and fosters economic growth. _____

(4 marks)

C Classify the following under Microeconomics or Macroeconomics by placing a tick (☐) in the appropriate box.

Statements	Microeconomics	Macroeconomics
Increase in price of coke will lead to increase in demand for Pepsi.		
An increase in money supply erodes the purchasing power of money.		
The labour force participation rate is influenced by the composition of labour force.		
The economic growth rate for the Fijian economy these days is quite promising.		

(4 marks)