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Lab 1 (Question 1)

Name: Sharila Mohd Rafique

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Question 1 [10 points]

Choose the term that best matches each of the following descriptions:

Marking:

- a) **Macroeconomics** The study of the economy as a system in which interactions and feedbacks among sectors determine national output, employment and prices.
- b) **Model A** formalization of theory that facilitates scientific inquiry.
- c) **Recession** Occurs when output falls below the economy's capacity output.
- d) **Microeconomics** The study of individual behaviour in the context of scarcity.
- e) **Opportunity cost** What must be sacrificed when a choice is made.
- f) **Capital stock** The buildings, machinery, equipment and software used in producing goods and services.
- g) **Theory A** logical view of how things work, and is frequently formulated on the basis of observation.
- h) **Boom** A period of high growth that raises output above normal capacity output.
- i) **Consumption possibility frontier (CPF)** The combination of goods that can be consumed as a result of a given production choice.
- j) **Production possibility frontier (PPF)** The combination of goods that can be produced using all of the resources available.

Congratulations, your answers are all correct!

Total marks for this question: 10

Overall Mark: 10/10

Your mark of 10/10 has been recorded.

DONE