4.1 Types of Goods

1. Producer goods (Capital goods) are goods used in a production process to produce other goods and services while consumer goods are goods used for final consumption.

2. Private goods are goods which are both rival and excludable in consumption while public goods are goods which are both non-rival and non-excludable in consumption, and their consumption is concurrent in nature.

3. A good is *(non-rival / non-excludable)* in consumption if it is too costly to exclude others from consuming the good.

4. If a good can be consumed by many individuals concurrently, it is *(non-rival / non-excludable)* in consumption.

5. Once a public good is produced, the marginal cost of serving it to an extra consumer is *(negative / zero / positive)*.

6. Classify the following as private good or public good. Tick (✓) the appropriate box.

Item	Private good	Public good
(a) a piece of cake	✓	
(b) a public football stadium	✓	
(c) the broadcasting of a basketball match on a free TV channel		✓

7. The locker provided in a public swimming pool is a *(producer good / consumer good)* and a *(private good / public good)*.

4.2 Production

8. Production is the process of turning inputs / factors of production into output.

9. Production can be classified into three types:

- Primary production refers to those activities that extract raw materials from nature.
- Secondary production refers to those activities that turn raw materials into semi-finished or finished goods.
- Tertiary production refers to those activities that provide different kinds of services.

10. Classify the following firms into primary, secondary or tertiary production. Tick the appropriate box.

Firm	Primary production	Secondary production	Tertiary production
(a) A supermarket			✓
(b) A farm	✓		
(c) A food processing factory		✓	

© Aristo Educational Press Ltd.

11. The following diagram shows the inter-relationships of the three types of production. Fill in the blanks.

4.3 Division of Labour

12. Division of labour (Specialisation) is a practice in which workers specialise in producing a good or in a stage of production of a good.

13. There are three types of division of labour:

- Simple division of labour
- Complex division of labour
- Regional division of labour

14. Give **THREE** reasons to explain why division of labour can increase labour productivity.

choosing the best people to do the job / practice makes perfect (learning by doing) / saving time on training / saving time on moving from one task to another / stimulus to mechanisation (or any reasonable answers) (any THREE)

15. List **TWO** advantages of division of labour.

increasing (average) labour productivity / economy in the use of capital / improving standard of living (or any reasonable answers) (any TWO)

16. List **TWO** disadvantages of division of labour.

work become monotonous / greater risk of unemployment / greater degree of interdependence / loss of craftsmanship / standardisation of product (or any reasonable answers) (any TWO)

17. Music creation is *(suitable / unsuitable)* to practise division of labour.

© Aristo Educational Press Ltd.