1.4 Scarcity, Choice and the Production Possibility Frontier: 30-minute Pack

AQA 7136 · Calculators not allowed · about 30 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Full sentences are required in questions worth 4 marks or more. Spend about 30 minutes in total on this pack.

1 Distinguish between opportunity cost and money cost, using a short example involving a farmer choosing between planting wheat and barley on the same land.

(Total for Question 1 is 4 marks)

2 Define the four factors of production (land, labour, capital, enterprise) and give one clear UK example of each.

(Total for Question 2 is 4 marks)

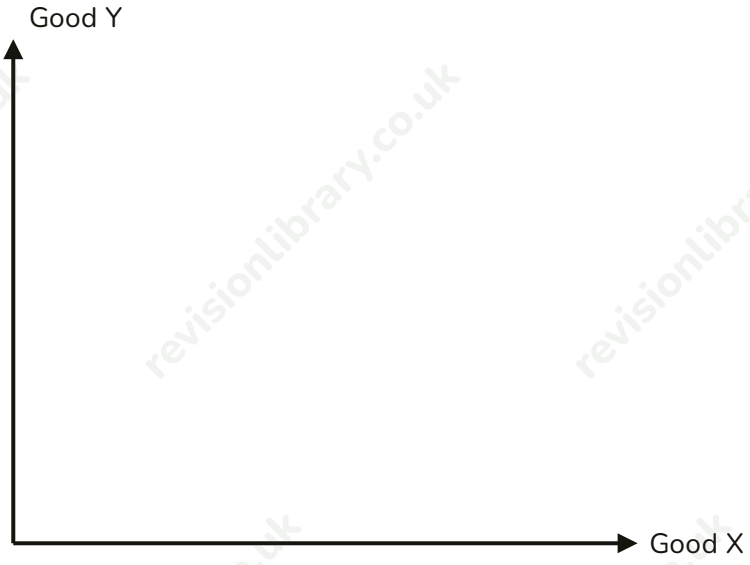
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3 Explain the distinction between positive and normative economic statements, and give one short example of each about government spending on education in the UK.

(Total for Question 3 is 4 marks)

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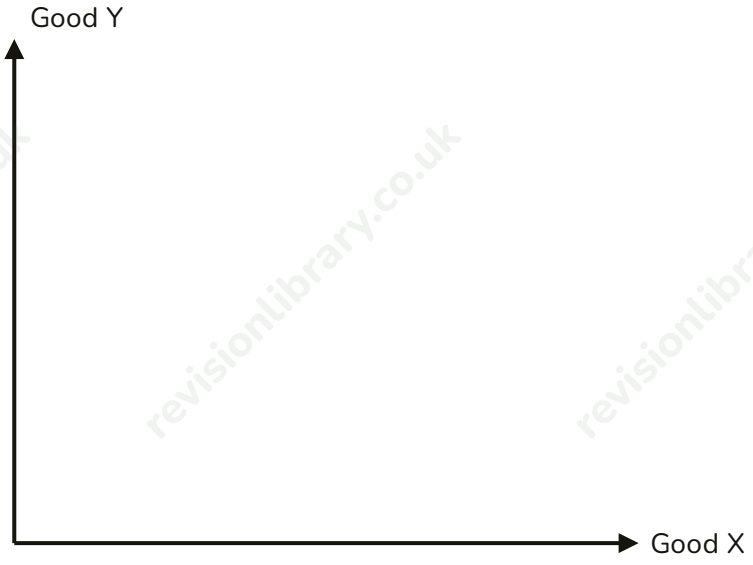
4 Draw a production possibility frontier (PPF) and show an outward shift of the curve. In the prompt describe what the student should draw: original concave PPF and a new concave PPF shifted outwards in parallel (or generally outward), label old curve PPF1 and new curve PPF2, and mark a point on PPF1 and its feasible improvement on PPF2. Award marks for correct labelling, correct direction of outward shift and an explanation linking the shift to growth sources such as increased capital or technology.



(Total for Question 4 is 5 marks)

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5 Draw a production possibility frontier (PPF) and show an inward shift of the curve. In the prompt describe what the student should draw: original concave PPF and a new concave PPF shifted inwards, label PPF1 and PPF2, mark a point on PPF1 that becomes infeasible on PPF2, and explain a cause such as natural disaster or large emigration reducing productive capacity. Award marks for correct labelling, correct inward shift direction and valid cause explanation.



(Total for Question 5 is 5 marks)

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Mark scheme · 1.4 Scarcity, Choice and the Production Possibility Frontier: 30-minute Pack

Question 1

defines opportunity cost as the value of the next best alternative forgone	**B1**
defines money cost as the explicit monetary expenditure or price paid	**B1**
example: if farmer plants wheat, opportunity cost is the barley output forgone	**B1**
contrast: money cost would be seed, fertiliser and labour payments for wheat, which are cash expenses rather than the value of forgone barley	**B1**

Answer: Opportunity cost is the value of the next best alternative forgone, e.g. the barley yield and revenue sacrificed when the farmer plants wheat instead. Money cost is the actual cash payments for inputs to grow wheat, such as seed and fertiliser.

Question 2

land: natural resources, example e.g. farmland in East Anglia	**B1**
labour: human effort, example e.g. nurses in the NHS	**B1**
capital: man-made aids to production, example e.g. factory machinery in a UK car plant	**B1**
enterprise: organisation and risk-taking by entrepreneurs, example e.g. a tech startup founder in London	**B1**

Answer: Land: natural resources such as farmland in East Anglia. Labour: human effort such as NHS nurses. Capital: man-made equipment such as machinery in a UK car factory. Enterprise: the entrepreneur who organises and takes risk, such as a tech startup founder in London.

Question 3

defines positive statement as objective and testable about what is, was or will be	**B1**
defines normative statement as value judgement about what ought to be	**B1**
gives a positive example, e.g. 'A 5% increase in education spending will raise school capital investment by £400 million' (testable, fact claim)	**B1**
gives a normative example, e.g. 'The government should increase education spending to reduce inequality' (value judgement)	**B1**

Answer: Positive: objective, testable claim, e.g. 'A 5% rise in education spending will increase school capital investment by £400 million.' Normative: value judgement, e.g. 'The government should increase education spending to reduce inequality.'

Question 4

original PPF labelled PPF1 and new curve labelled PPF2	**B1**
PPF2 correctly drawn to the right/outside of PPF1 indicating outward shift	**B1**
point marked on PPF1 and a higher feasible point marked on PPF2	**B1**
arrow showing direction of outward shift	**B1**
explanation linking outward shift to economic growth drivers, e.g. more capital, improved technology, larger skilled labour force	**B1**

Question 5

original PPF labelled PPF1 and new curve labelled PPF2	**B1**
PPF2 correctly drawn to the left/inside of PPF1 indicating inward shift	**B1**
point on PPF1 marked as now outside PPF2	**B1**
arrow showing direction of inward shift	**B1**
explanation giving a valid cause, e.g. natural disaster, loss of capital, emigration reducing labour, or war	**B1**

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