1.4 Scarcity, Choice and the Production Possibility Frontier: Test Pack

AQA 7136 · Calculators not allowed · about 25 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Full sentences are required in questions worth 4 marks or more. Spend about 25 minutes in total on this pack.

1 Define scarcity in the context of an economy facing unlimited wants, naming the core consequence for resource allocation.

(Total for Question 1 is 2 marks)

2 Consider a PPF for an economy producing only cars and bread. On the PPF diagram, point C lies inside the curve, point D lies on the curve and point E lies outside the curve. Explain what each point (C, D and E) indicates about resource use and feasibility in this economy. Award marks for identifying inside/on/outside meanings and linking to unemployment or unattainable output.

(Total for Question 2 is 4 marks)

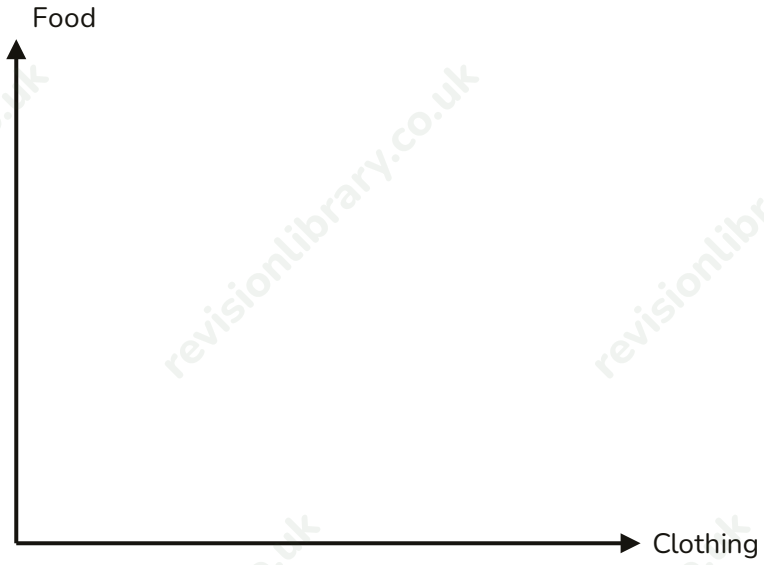
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3 Define the production possibility frontier (PPF) and explain briefly two reasons why a PPF might be concave to the origin in a real economy. Give UK-relevant examples where appropriate.

(Total for Question 3 is 5 marks)

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4 Draw a production possibility frontier (PPF) for an economy that can produce only food or clothing. On your diagram, show and label a movement along the curve from A to B (both points on the curve). In the prompt describe what the student should draw: axes labels, the curve, points A and B and a brief sentence stating why the movement along the curve occurs. Award marks for correct axes labels, correctly drawn concave PPF, points on the curve and correct explanation of movement.



(Total for Question 4 is 4 marks)

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Mark scheme · 1.4 Scarcity, Choice and the Production Possibility Frontier: Test Pack

Question 1

statement that resources are limited in supply relative to unlimited human wants	**B1**
consequence: choices must be made about allocation of resources	**B1**

Answer: Resources are limited relative to unlimited wants, so choices must be made about how to allocate them.

Question 2

point C inside the curve: resources are unemployed or used inefficiently, so output is feasible but less than potential	**B1**
point D on the curve: resources are fully and efficiently employed, representing maximum feasible combinations	**B1**
point E outside the curve: output is unattainable with current resources and technology	**B1**
link to causes: inside could be due to unemployment or idle capital; outside could be achieved only by growth or improved technology	**B1**

Answer: C inside = inefficient use or unemployment so feasible but below potential. D on curve = efficient, full employment of resources, maximum feasible output. E outside = unattainable with current resources and technology, would require economic growth to reach.

Question 3

definition: PPF shows maximum possible combinations of two goods an economy can produce given resources and technology	**B1**
reason 1: diminishing marginal returns/unequal factor suitability, as resources are shifted between goods opportunity cost rises	**B1**
develop reason 1 with example, e.g. agricultural land in the UK better suited to food than to heavy industry, so reallocating resources reduces efficiency	**B1**
reason 2: different factors needed by the two goods so reallocation becomes less efficient, e.g. specialised capital for car manufacturing in the UK is not as useful for agriculture	**B1**
short linking sentence: these factors make the opportunity cost increase as production shifts, producing a concave shape	**B1**

Answer: PPF: the curve showing the maximum feasible combinations of two goods given available resources and technology. It is concave because of increasing opportunity cost when resources less suited to the alternative are used, and because of factor specificity and diminishing returns; for example UK specialised car-assembly capital is poor for food production, and prime farmland yields fall if used for industry.

Question 4

axes correctly labelled: Food (vertical) and Clothing (horizontal)	**B1**
concave PPF drawn and both points A and B placed on the curve	**B1**
arrow showing movement from A to B along the curve	**B1**
explanation: movement along the curve occurs due to reallocation of resources between food and clothing production, implying opportunity cost	**B1**

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