Past-paper walk-through

Production possibility curves ▪ 1.5

eXercise

Questions in this set

- 9708/11 N25 Q3 ▪ 1 mark
- 9708/11 N25 Q10 ▪ 1 mark
- 9708/12 N25 Q5 ▪ 1 mark
- 9708/13 N25 Q5 ▪ 1 mark
- 9708/22 N25 Q3 ▪ 20 marks
- 9708/11 J25 Q2 ▪ 1 mark
- 9708/12 J25 Q5 ▪ 1 mark
- 9708/1 23 Q3 ▪ 1 mark

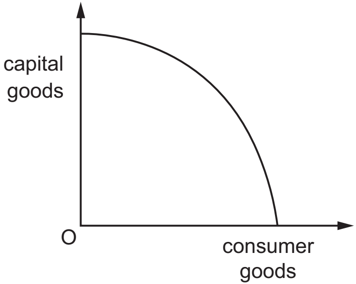
Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- // separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = “or words to that effect” – the wording need not match.

Question 3

9708/11 N25 ▪ Q3 ▪ 1 mark

3 The diagram shows a production possibility curve for an economy that produces capital goods and consumer goods.



Question 3

Why is the production possibility curve drawn concave to the origin?

A Capital goods are a more labour-intensive output than consumer goods.

B Consumers always seek to maximise their satisfaction from consumption.

C Profit maximisation for firms always ensures efficiency in production.

D Some resources are more efficient in production of some goods than others.

Solution 3

Answer: **D**

Why

- The PPC is concave to the origin because resources are not equally suited to both goods.
- As more of one good is produced, increasingly unsuitable resources have to be switched to it.
- So the opportunity cost of each extra unit rises, which is what makes the curve bow outwards.

Question 10

9708/11 N25 ▪ Q10 ▪ 1 mark

10 What is an example of direct provision by a government?

A The government introduces a subsidy on renewable fuels to help the environment.

B The government introduces a unit tax on cigarettes to discourage consumption.

C The government sets a maximum rent on housing to protect tenants.

D The government takes over a private library to improve local services.

Solution 10

Answer: **D**

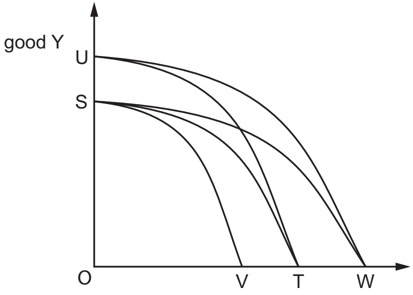
Why

- Direct provision means the government supplies the good or service itself.
- A subsidy, a tax or a regulation all work *through* the market instead.
- So look for the case where the state is the producer, not the one adjusting private incentives.

Question 5

9708/12 N25 ▪ Q5 ▪ 1 mark

5 The diagram shows a production possibility curve (PPC) for a country that produces two goods, X and Y. The initial PPC is given by ST.



Question 5

good X

What is the effect on the PPC when the productivity of workers producing good X increases?

A The PPC shifts from ST to SV.

B The PPC shifts from ST to SW.

C The PPC shifts from ST to UT.

D The PPC shifts from ST to UW.

Solution 5

Answer: **B**

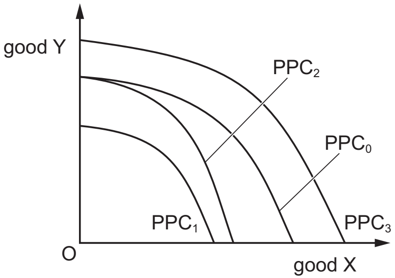
Why

- Movements *along* a PPC show a reallocation between the two goods, at an opportunity cost.
- A shift of the whole curve shows a change in total productive capacity.
- A point inside the curve shows unemployed or inefficiently used resources.

Question 5

9708/13 N25 ▪ Q5 ▪ 1 mark

5 The diagram shows a production possibility curve (PPC) for an economy that produces two goods, X and Y. Both goods require labour to produce. The initial position of the PPC is at PPC_0.



Question 5

What is the effect on the PPC following the emigration of a large number of workers?

A the PPC remains at PPC_0

B the PPC shifts from PPC_0 to PPC_1

C the PPC shifts from PPC_0 to PPC_2

D the PPC shifts from PPC_0 to PPC_3

Solution 5

Answer: **B**

Why

- Both goods need labour, so more of one means less of the other – movement along the curve.
- A shift of the whole PPC needs more resources or better technology.
- So decide whether the change described alters the *trade-off* or the *total capacity*.

Question 3

9708/22 N25 ▪ Q3 ▪ 20 marks

3 (a) With the help of a diagram, explain the difference between a movement along a production possibility curve (PPC) and a shift of this curve and consider whether a decision to produce more of one product will always incur an equal opportunity cost. [8] (b) Assess the extent to which it is always necessary to increase the size of the labour factor of production in order to cause an outward shift of the production possibility curve. [12] Section C Answer one question. EITHER

(a) (a) With the help of a diagram, explain the difference between a movement along a production possibility curve (PPC) and a shift of this curve and consider whether a decision to produce more of one product will always incur an equal opportunity cost. [8] **[8]**

Question 3

(b) (b) Assess the extent to which it is always necessary to increase the size of the labour factor of production in order to cause an outward shift of the production possibility curve. [12] **[12]**

Solution 3

(a) Mark scheme

- With the help of a diagram, explain the difference between a movement
- along a production possibility curve (PPC) and a shift of this curve and
- consider whether a decision to produce more of one product will always
- incur an equal opportunity cost.
- Follow the point-based marking guidance at the top of this mark scheme and
- award:
- up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2
- Analysis

Solution 3

- up to 2 marks for AO3 Evaluation.
- AO1 Knowledge and Understanding (max 3 marks)
- For a fully accurately labelled diagram showing 2 products (not X and Y, P and
- Q etc.) (1) and an explanation that a movement means a decision to produce
- more of one product than another (1) and an explanation that a shift means that
- more (or less) of both products can be produced due to a change in productive
- capacity (1). Also accept a diagram showing an accurate shift in the PPC along
- with an explanation that this results from increased/decreased resources in the
- economy (1).
- AO2 Analysis (max 3 marks)

Solution 3

- For analysis that clearly explains what is meant by opportunity cost (1) and fully
- explains what is meant by increasing opportunity cost in terms of rate of which
- one product is given up for another product (1) and by a constant opportunity
- cost in terms of the rate of which one product is given up for another product 1
- AO3 Evaluation (max 2 marks)
- For evaluation that explains that whether the opportunity cost is equal will
- depend on the ease of transferring production resources from one product to
- another (1) and reaches a justified conclusion 1
- 8
- AO1 Knowledge and understanding

Solution 3

- 3
- AO2 Analysis
- 3
- AO3 Evaluation
- 2
- 9708/22
- October/November
- 2025

Solution 3

(b) Mark scheme

- Assess the extent to which it is always necessary to increase the size of
- the labour factor of production in order to cause an outward shift of the
- production possibility curve.
- Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table
- B: AO3 Evaluation to mark candidate responses to this question.
- AO1 and AO2 out of 8 marks. AO3 out of 4 marks.
- Indicative content
- Responses may include:

Solution 3

- AO1 Knowledge and understanding and AO2 Analysis
- Responses should be aware that the question is focused on factors of
- production that cause an outward shift of the PPC i.e., an overall increase in
- potential output. Points to consider in the discussion may include: -
- ▪
- the ease of increasing the labour force through e.g., increasing the
- retirement age, attracting more people into the labour force etc.
- ▪
- the quality of the labour force including the importance of education and
- training

Solution 3

- ▪
- the importance of at least one other factor of production e.g., enterprise,
- capital and /or land
- The analysis should focus on the necessity of increasing the size of the labour
- force to increase potential output and compare this with the advantages and
- disadvantages of increasing at least one other factor of production.
- For example:
- ▪
- An increase in the size of the labour force provides more workers
- therefore increasing the number of goods and services that can be

Solution 3

- produced
- ▪
- This will increase total output if other factors of production are maintained
- ▪
- This will lead to an increase in economic growth and an outward shift in
- the production possibility curve
- However:
- ▪
- An increase in the labour force may not be possible
- ▪

Solution 3

- Other factors of production may be more important, for example,
- enterprise, capital and /or land
- ▪
- It may be more advantageous to develop the productivity of the existing
- labour force through training, better technology etc.
- ▪
- This depends however on the receptiveness of the workforce along with
- the availability of enterprise skills, capital and land.
- Level 1 responses will be assertive and lacking in explanations / mainly
- descriptive and/or or mainly lacking in relevance to the question.

Solution 3

- Level 2 responses may contain some inaccuracies and may be one sided.
- Analysis will be explained at least in part and will be largely relevant to the
- question.
- 12
- 9708/22
- October/November
- 2025
- Level 3 responses will consider alternative policies / concepts etc. and will
- be balanced. Explanations of points raised will be offered and will be accurate
- and relevant to the question.

Solution 3

- AO3 Evaluation
- That clearly analyses both sides of the question and comes to a valid
- conclusion.
- Accept all valid responses.
- A one-sided response cannot gain any marks for evaluation.
- AO1 Knowledge and understanding and AO2 Analysis
- 8
- AO3 Evaluation
- 4
- 9708/22

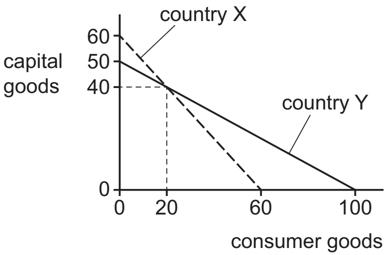
Solution 3

- October/November
- 2025
- Section C
- EITHER

Question 2

9708/11 J25 ▪ Q2 ▪ 1 mark

2 The diagram shows the production possibility curves of two countries, X and Y.



What can be concluded from the diagram?

Question 2

A Both countries have decreasing opportunity cost in the production of consumer goods.

B Both countries should produce 40 units of capital goods and 20 units of consumer goods.

C Country Y has constant opportunity cost in the production of consumer goods.

D Country Y is producing more consumer goods than country X.

Solution 2

Answer: **C**

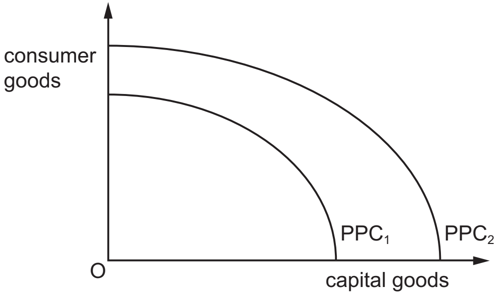
Why

- Compare the two countries' opportunity cost ratios, which are the slopes of their curves.
- The country with the flatter curve gives up less of the other good to make one more unit.
- So read off each intercept and calculate the trade-off for each country before comparing.

Question 5

9708/12 J25 ▪ Q5 ▪ 1 mark

5 The diagram shows an outward shift of the production possibility curve from PPC_1 to PPC_2.



Question 5

What could have caused this shift?

A a decrease in mineral resources

B a decrease in prices of consumer goods

C an increase in employment

D an increase in technology

Solution 5

Answer: **D**

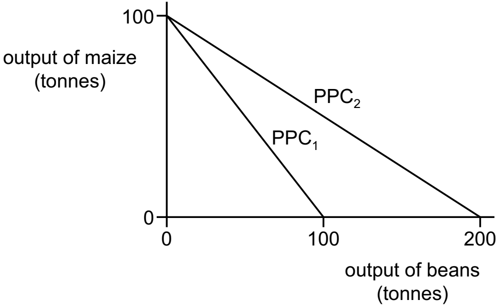
Why

- An outward shift of the whole PPC means more of *both* goods can be produced.
- That needs more resources or better technology.
- A decrease in resources, or simply moving along the existing curve, could not cause it.

Question 3

9708/1 23 ▪ Q3 ▪ 1 mark

3 The diagram shows that the production possibility curve (PPC) of maize and beans has changed from PPC_1 to PPC_2.



Question 3

What has happened to the opportunity cost of maize and the returns to factors producing beans?

	opportunity cost of maize	returns to factors producing beans
A	fallen	fallen
B	fallen	risen
C	risen	fallen
D	risen	risen

Solution 3

Answer: **D**