Solutions

Economics answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

Each answer shows the steps, then the **result**.

2.1

- that resources are not fully or efficiently used (e.g. unemployment) — the economy could produce more (1)

2.2

- a curve showing the maximum combinations of two goods an economy can produce when all its resources are fully and efficiently used (2 for a clear definition; 1 for a partial idea)

2.3

- any two of: more resources; better resources / new technology; a larger or more skilled workforce (1 + 1)

3.1 C

- Outside the PPC is unattainable with current resources

3.2

- *[8]* AO1 1–2 (define PPC/opportunity cost) + **AO3 diagram up to 4** (correctly labelled PPC, axes capital goods vs consumer goods, a movement along the curve) + AO2/AO3 up to 2 — producing more capital goods means moving along the curve, so fewer consumer goods can be made now; that forgone output is the opportunity cost

3.3

- *[12]* AO1/AO2/AO3 up to 8 + AO4 up to 4. **For:** more capital goods raise future productive capacity
- the PPC shifts out further
- faster growth and more of both goods later. **Against:** fewer consumer goods now means lower living standards today, which may be hard on a poor population. Judgement: investing in capital goods aids long-run growth, but the best balance depends on current living standards and how urgently people need consumer goods now