

1 Scarcity, choice, and trade – Part 1

—Answers

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Work through these after you have tried the questions yourself.

2.1 wants are unlimited but resources are limited, so people must choose.

2.2 the \$15 you did not earn babysitting.

2.3 (a) an efficient use of all resources; (b) an inefficient point with wasted or unemployed resources.

2.4 more resources, or better technology (economic growth).

2.5 it can produce that good at a lower opportunity cost than another country, so it gives up less to make it.