1 Scarcity, choice, and trade – Part 1

Name: ____________ Class: ________ Date: __________

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)		
scarcity	稀缺性			
opportunity cost	机会成本			
production possibilities curve (PPC)	生产可能性曲线			
comparative advantage	比较优势			

Recall

You already meet economics every day:

- You cannot buy everything you want –money and time are limited.
- Choosing one thing means giving up another.
- Countries trade goods with each other.

This sheet lines up the core economic ideas. Each idea has a worked example.

New ideas

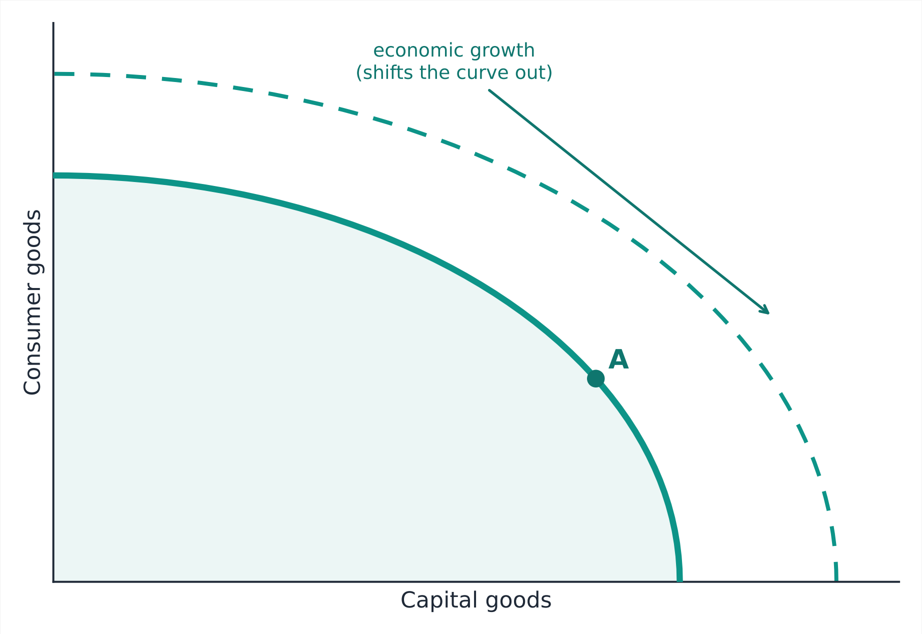
1 Scarcity and choice

Economics starts with **scarcity** 稀缺性: wants are unlimited, but resources are limited. So every choice has an **opportunity cost** 机会成本–the value of the next-best thing you gave up.

Worked example. If you spend an evening studying instead of working a $40 shift, the opportunity cost of studying is the $40 you did not earn.

■

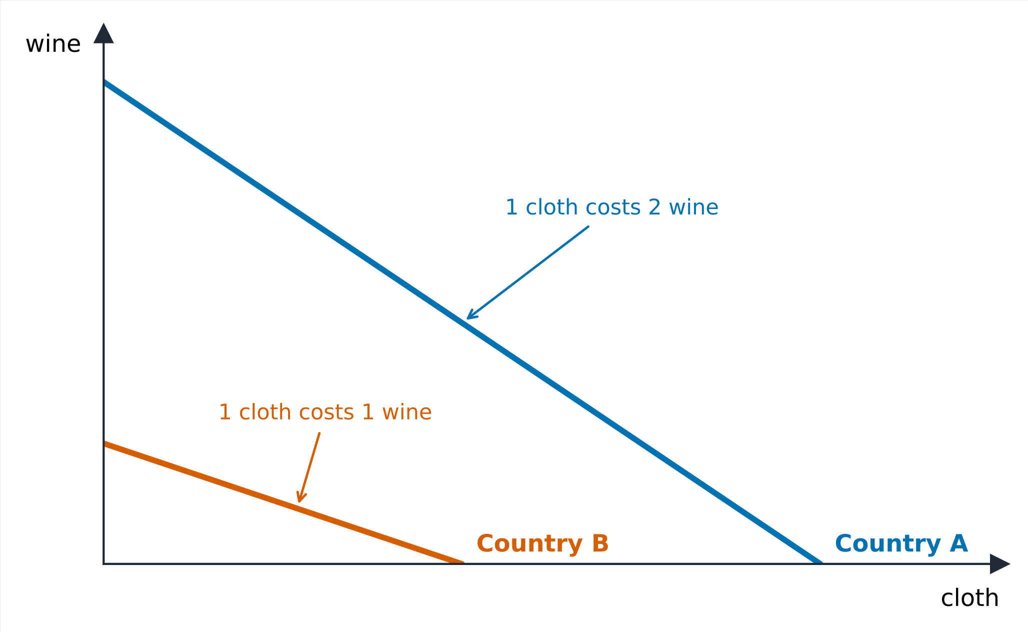
The **production possibilities curve (PPC)** 生产可能性曲线 shows the most of two goods an economy can make with its resources fully used.



- Points **on** the curve are efficient; **inside**, wasteful; **outside**, impossible.
- More resources or better technology shift the whole curve **outward** (growth).

■ 3 Comparative advantage

A producer has a **comparative advantage** 比较优势 in a good if it can make it at a **lower opportunity cost**. Countries should specialize where they have the comparative advantage, then trade.



Watch out: opportunity cost is what you **give up**, not the money you spend. Even a free activity has an opportunity cost –the best alternative use of that time.

Practice

Try these in order. The methods are all above.

2.1 State what "scarcity" means in economics. [1]

2.2 You choose to watch a film instead of earning $15 babysitting. State the opportunity cost. [1]

2.3 On a PPC, state what a point (a) on the curve, (b) inside the curve represents. [2]

2.4 State one thing that would shift a country's PPC outward. [1]

2.5 Explain what it means for a country to have a comparative advantage in a good. [2]