

1.1 Scarcity and assumptions: supported rehearsal

Name: _____ Class: _____ Date: _____

Total: 6 marks

Objective

Supported preparation: Explain scarcity and opportunity cost using a model; Distinguish positive from normative claims and evaluate assumptions. This is original rehearsal, not completion of the assessed task.

1 Key knowledge and worked examples

Scarcity means resources cannot meet every competing use. Opportunity cost is the next-best alternative forgone. A production possibility model fixes resources and technology for a period; a point inside may indicate underuse, while an outward frontier shift indicates greater potential. A positive claim is in principle testable; a normative claim requires a value judgement.

Original source / task evidence

Task: the same labour can make either 20 desks or 40 chairs, with a straight frontier. What is the opportunity cost of one desk, and is “chairs should be prioritized” positive?

Separate what is stated from the interpretation.
Scarcity and assumptions

Task: the same labour can make either 20 desks or 40 chairs, with a straight frontier. What is the opportunity cost of one desk, and is “chairs should be prioritized” positive?

Opportunity cost per desk = $40 \text{ chairs} / 20 \text{ desks} = 2 \text{ chairs per desk}$ under constant trade-offs. The should claim is normative and needs a criterion, such as need or fairness. Actual costs may change along a curved frontier.

2 Practice

2.1 For the worked case, identify the evidence and a conclusion it can support. Explain one material limit. [3]

3 Exam-style questions

3.1 Output moves from inside the PPC to its unchanged boundary. Has productive potential increased? Give a reasoned answer, evidence or method, and a relevant qualification. [3]

Solutions

2.1 Opportunity cost per desk = $40 \text{ chairs} / 20 \text{ desks} = 2 \text{ chairs per desk}$ under constant trade-offs. The should claim is normative and needs a criterion, such as need or fairness. Actual costs may change along a curved frontier. Authored points for identifying relevant evidence, explaining a supported inference and a material limit.

3.1 The unchanged boundary indicates the same modelled potential. More resources are employed or used efficiently, so actual output rises without a demonstrated capacity increase. An outward boundary shift would represent higher potential under changed resources or technology. Authored points for a relevant judgement, reason tied to the case and justified qualification or method. Accept a supported alternative.