

Exercise walk-through

The nature of the basic economic problem ■ 1.1

eXercise

You must be able to

- explain scarcity and why it forces choices
- identify the four decision-makers (consumers, workers, producers, governments)
- distinguish economic goods from free goods

Method — Scarcity forces choice

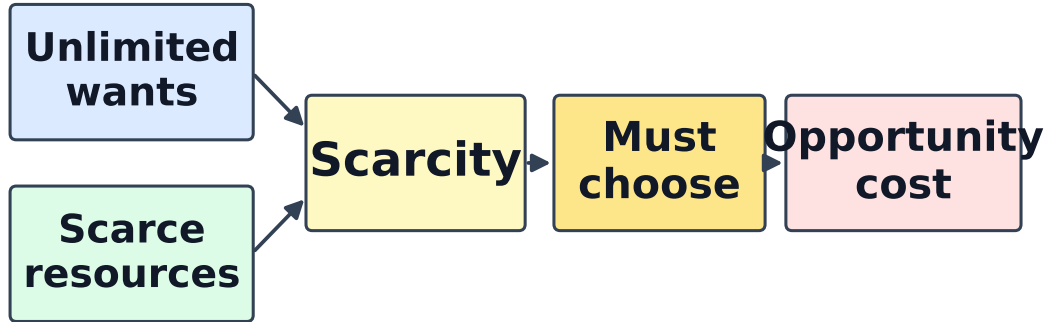
Unlimited **wants** 欲望 + *finite* 有限 *resources* → **scarcity** 稀缺

- **Economic problem** 经济问题: wants are unlimited but resources are scarce, so we must choose.
- **Decision-makers**: consumers, workers, producers (**firms** 企业), governments.
- **Economic good** 经济物品: scarce, has an **opportunity cost** 机会成本. **Free good** 免费物品: not scarce (air, sunlight), no opportunity cost.

Answer shapes (the discuss question is marked by **level of response** — **K** knowledge, **App** application, **An** analysis, **Ev** judgement):

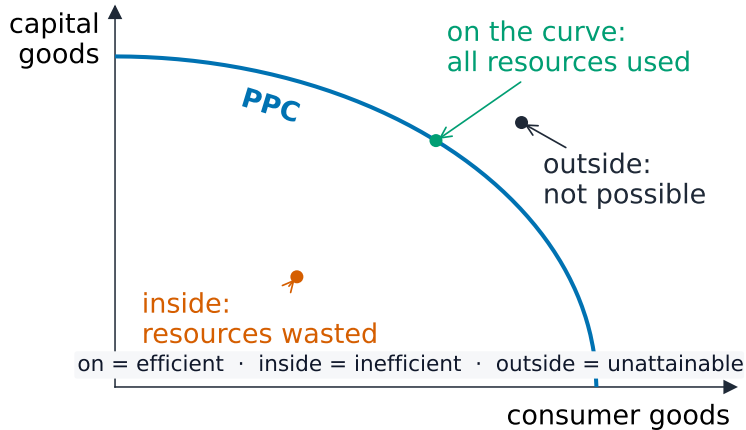
- **Analyse [up to 6]**: define + a developed reasoning chain.
- **Discuss [8]**: both sides + a supported judgement (Ev).

Method — Scarcity forces choice



Scarcity forces choice, and every choice has an opportunity cost

Method — Scarcity forces choice



A point on the curve uses all resources; inside means waste; outside is impossible

Practice 2.1 ■ 2 marks

Define the term *scarcity*.

Solution 2.1

Method: Scarcity forces choice

Worked steps

when there are not enough resources to satisfy everyone's unlimited wants (2 for a clear definition; 1 for a partial idea).

Practice 2.2 ■ 2 marks

State the difference between an *economic good* and a *free good*.

Solution 2.2

Method: Scarcity forces choice

Worked steps

an economic good is scarce and has an opportunity cost; a free good is not scarce and has no opportunity cost (2 for a clear difference; 1 for a partial idea).

Practice 2.3 ■ 4 marks

Identify the four groups of decision-makers in an economy.

Solution 2.3

Method: Scarcity forces choice

Worked steps

consumers; workers; producers (firms); governments ($1 + 1 + 1 + 1$).

Exam-style 3.1 ■ 1 mark

Which is a **free good**?

A a free gift with a purchase

B the air you breathe

C a state-funded school place

D a discounted product

Solution 3.1

Method: Scarcity forces choice

A a free gift with a purchase

B the air you breathe 

C a state-funded school place

D a discounted product

Worked steps

B. The air you breathe is not scarce, so it is a free good.

Exam-style 3.2 ■ 4 marks

Explain why scarcity means that consumers must make choices.

Solution 3.2

Method: Scarcity forces choice

Worked steps

[4] K 1–2 + An up to 2 — resources are scarce but wants are unlimited, so a consumer cannot buy everything → they must choose what to buy → and giving up the next best thing is the opportunity cost.

Exam-style 3.3 ■ 6 marks

Discuss whether scarcity affects a government in the same way as it affects a consumer.

Solution 3.3

Method: Scarcity forces choice

Worked steps

[6] K/App/An up to 4 + Ev up to 2. **Similar:** both face scarce resources and must choose, and each choice has an opportunity cost (a government building a hospital gives up a school; a consumer buying a game gives up a book). **Different:** a government chooses for millions of people and weighs the whole society, while a consumer chooses only for themselves. **Judgement (Ev):** scarcity forces both to choose, but the scale and aims differ — so the *idea* is the same, the *decisions* are not.