Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

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

2.1

- **opportunity cost** is the **next best alternative given up** when a choice is made (K)

2.2

- the opportunity cost is the **new hospital** that is given up (K)

2.3

- the pay (and benefits) of the **next best job** they could have done (K)

3.1 B

- the opportunity cost is the **book given up**, not the $30 spent (K)
- A is money, not the alternative; C is the choice taken; D is false

3.2

- a producer's resources are scarce, so using them for one product means **another is given up** (K)
- e.g. more cars means fewer trucks — the **forgone trucks** are the opportunity cost (An)

3.3

- a government has a **limited budget** but many demands, so spending on one means giving up another (K)
- opportunity cost shows the **true cost** of each choice (An)
- it helps spend where the **benefit to society is greatest** (An)