Solutions

Marking: **K** knowledge, **App** application to the case, **An** analysis (a developed chain of reasoning), **Ev** evaluation (a justified judgement); calculations earn **M1** for the method and **A1** for the answer.

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

2.1

- W: some resources are **unemployed** / used inefficiently
- X: all resources are used **efficiently**
- Y: **unattainable** with current resources

2.2

- food falls by 20 while clothes rise by 20
- $20 \div 20 = \mathbf{1}$ unit of food per unit of clothes

2.3

- PPC_2 drawn **inside** PPC_1
- the earthquake destroys **capital** / resources
- so the economy can produce **less** of both goods

3.1

B

3.2

C

3.3

(a)

- consumer goods fall from 70 to 40
- opportunity cost = **30** consumer goods (for 20 capital goods, 1.5 each)

(b)

- the costs rise: 10, 20, 30, 40 consumer goods for each 20 capital goods (App)
- resources are **not equally suited** to making both goods (K)
- the first resources moved are good at making capital goods (An)
- later ones are much better at consumer goods, so more consumer goods are lost each time (An)

(c) a developed chain, for example:

- D means more **capital goods**: machines, factories, roads (K)
- these raise the country's capacity to produce (An)
- workers become more productive (App)
- so the PPC **shifts outwards** in future (An)

- giving more of both goods later than choosing C would (An)

(d) for D: (An)

- more capital now brings faster growth and higher living standards later
- new roads and machines attract firms and jobs

against D: (An)

- consumer goods fall from 70 to 40: in a low-income country people may go without food or clothes now
- the benefit comes later and is not certain

judgement: (Ev) for example, choose a point between C and D, or D only if basic needs can still be met, because growth matters but not at the cost of hardship today.

Level 3 (6–8): both sides analysed and a justified judgement. Level 2 (3–5): one side analysed or both explained. Level 1 (1–2): simple points.