Week 1

IGCSE Economics

Homework bundle for this week

本周作业合集

exercises.lol

Contents 目录

IGCSE Economics Name: ____________________ Score: ______

1. The basic economic problem exists because:
   - ☐ wants are unlimited but resources are limited
   - ☐ people do not work hard enough
   - ☐ prices are too high
   - ☐ there is too much money

2. In economics, capital means:
   - ☐ man-made aids to production (machines, tools)
   - ☐ money in the bank
   - ☐ a capital city
   - ☐ natural resources

3. Opportunity cost is:
   - ☐ the next best alternative given up
   - ☐ the money price of a good
   - ☐ the total of all options not chosen
   - ☐ the cost of making a good

4. A point on the PPC represents an economy that is:
   - ☐ using all its resources efficiently
   - ☐ wasting resources
   - ☐ producing the impossible
   - ☐ in recession

5. Which is a free good?
   - ☐ air
   - ☐ a smartphone
   - ☐ a bus ticket
   - ☐ a loaf of bread

6. The entrepreneur takes the risk and combines the other factors of production.

   ☐ True ☐ False

7. Every economy must decide what to produce, how to produce it, and for whom.

   ☐ True ☐ False

8. Opportunity cost applies to consumers, producers and governments.

   ☐ True ☐ False

9. A good that is scarce and so has an opportunity cost is an _________ good.

   ____

10. Education and training that make workers more productive improve human _________.

    ____

IGCSE Economics

1. **wants are unlimited but resources are limited**

   Scarcity = unlimited wants meeting finite resources.

2. **man-made aids to production (machines, tools)**

   Capital is man-made aids to production, not money.

3. **the next best alternative given up**

   It is the single next-best alternative sacrificed.

4. **using all its resources efficiently**

   On the curve = full, efficient use; inside = waste; beyond = unattainable.

5. **air**

   Air is not scarce, so it has no opportunity cost — a free good.

6. **True**

   Enterprise organises land, labour and capital and bears the risk for profit.

7. **True**

   These three questions follow from scarcity.

8. **True**

   Anyone making a choice with scarce resources faces an opportunity cost.

9. **economic**

   Economic goods are scarce; free goods are not.

10. **capital**

    Human capital is the skills embodied in labour.

IGCSE ECONOMICS • EXERCISE SHEET

1.1 The nature of the basic economic problem

Name: ______________ Class: __________ Date: ____________ **Total: 19 marks**

KEY WORDS free good 免费物品 • opportunity cost 机会成本 • resources 资源 • economic good 经济物品 • goods 物品

Objective

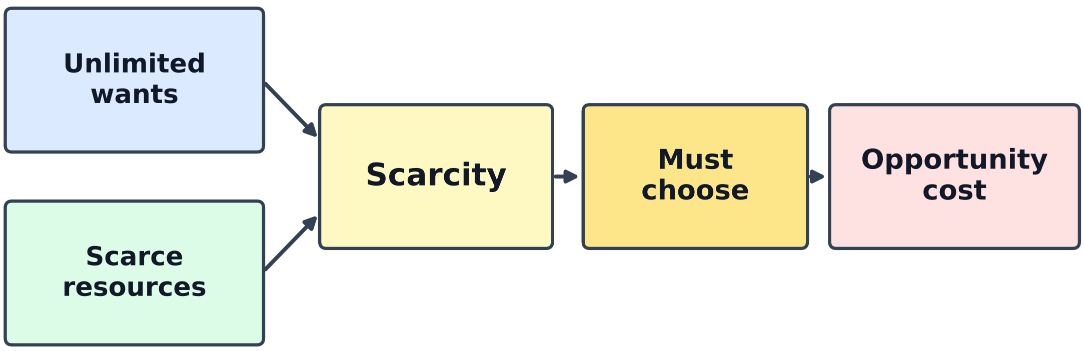
Build the skills to answer exam questions on **the basic economic problem 基本经济问题** — **scarcity 稀缺**, **choice 选择**, and **economic and free goods 经济物品与免费物品**.

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

1 Worked examples

■ Scarcity forces choice

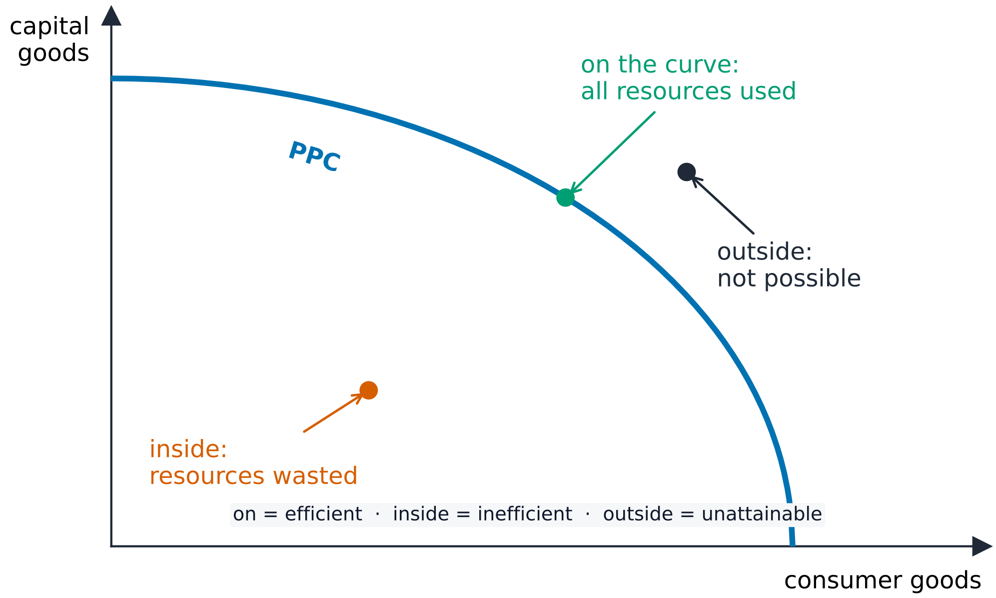


Exam: scarcity forces choice — opportunity cost is the next-best alternative forgone

$$\textit{Unlimited } \boldsymbol{wants} \text{ 欲望} + \boldsymbol{finite} \text{ 有限 } \textit{resources} \rightarrow \boldsymbol{scarcity} \text{ 稀缺}$$

- **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.



Scarcity forces a choice between two goods — the PPC shows the limit and the trade-off

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).

2 Practice

2.1 Define the term *scarcity*. [2]

2.2 State the difference between an *economic good* and a *free good*. [2]

2.3 Identify the four groups of decision-makers in an economy. [4]

3 Exam-style questions

3.1 Which is a **free good**? [1]

- **A** a free gift with a purchase
- **B** the air you breathe
- **C** a state-funded school place
- **D** a discounted product

3.2 Explain why scarcity means that consumers must make choices. [4]

3.3 Discuss whether scarcity affects a government in the same way as it affects a consumer. [6]

Solutions

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

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

2.2 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).

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

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

3.2 *[4]* K 1–2 + An up to 2 — resources are scarce but wants are unlimited, so a consumer cannot buy everything $\to$ they must choose what to buy $\to$ and giving up the next best thing is the opportunity cost.

3.3 *[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.

1 A university rejects 2000 qualified applicants who wish to study there.

Which factor of production could have caused the university to make this decision?

A infinite quantity of capital

B scarcity of labour

C surplus of land

D unlimited supply of enterprise

IGCSE Economics: **s25 23**

5 Missions to outer space face the same basic economic problem as that experienced on Earth. The African Space Agency was created to improve science and technology on the African continent. This agency also aims to coordinate trade between African countries to help technological development. This may improve how markets work. In 2021, total government spending on this agency was more than $500 million.

(a) Define *the basic economic problem*. [2]

(b) Explain how a market allocates resources. [4]

(c) Analyse the benefits a country may gain from exporting to and importing from other countries. [6]

(d) Discuss whether or not an increase in government spending will benefit an economy. [8]

IGCSE Economics: **m25 22**

2 South Korea makes use of both economic goods and free goods. Its output includes products with both elastic and inelastic supply. The country is building the world's first floating city, estimated to cost $180m. This is to cope with rising sea levels caused by climate change. Governments take a number of measures to reduce greenhouse gases which contribute to climate change, including banning the burning of wood to heat homes.

(a) Identify a difference between economic goods and free goods. [2]

(b) Explain how opportunity cost will influence a government's decision on whether to spend tax revenue on a large infrastructure project. [4]

(c) Analyse the influences on whether supply of a product is elastic or inelastic. [6]

(d) Discuss whether or not a government should ban the burning of wood to heat homes. [8]

1 What has an opportunity cost in consumption?

A air

B food

C sea water

D sunlight

IGCSE Economics: **w24 12**

1 Which economic question is **least** likely to arise as a result of scarcity?

A For whom will we produce?

B How will we produce?

C What will we produce?

D When will we produce?

IGCSE Economics: **w24 13**

1 What is the cause of the economic problem facing the global market for gold?

A Consumer wants for gold are limited.

B Gold is a limited resource.

C Only governments can sell gold.

D There is an unlimited supply of gold.

IGCSE Economics: **s24 11**

1 What is a free good?

A free samples of a new product

B health services provided by the state

C second-hand clothing

D sunlight

IGCSE ECONOMICS • EXERCISE SHEET

1.2 Factors of production

Name: ______________ Class: __________ Date: ____________ **Total: 17 marks**

KEY WORDS labour 劳动 • capital 资本 • land 土地 • factors of production 生产要素 • enterprise 企业家才能

Objective

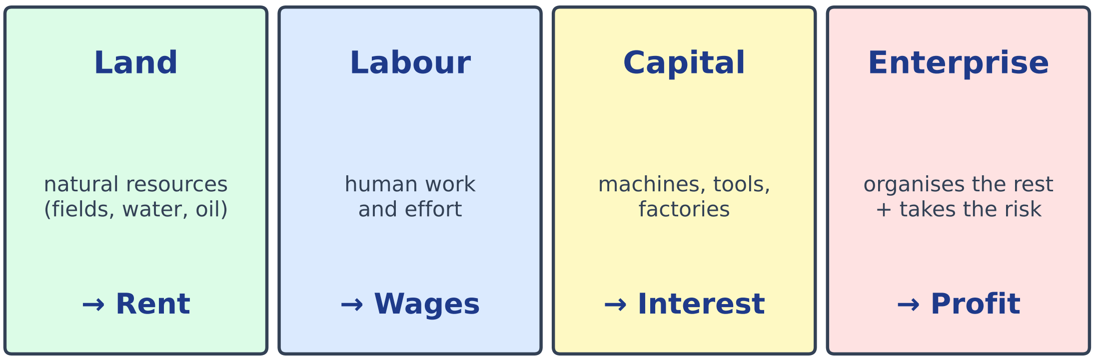
Build the skills to answer exam questions on **factors of production** 生产要素 — **land, labour, capital and enterprise** 土地、劳动、资本、企业家才能, their **rewards** 报酬, and their **mobility, quantity and quality** 流动性、数量、质量.

You must be able to:

- name the four factors and the reward each earns
- explain the mobility of a factor
- explain how the quantity and quality of factors can change

1 Worked examples

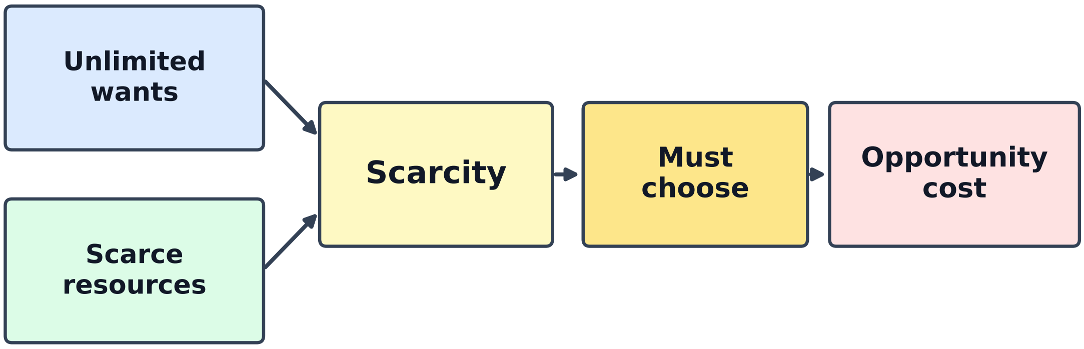
■ The four factors



Exam: name factor + reward together (land→rent, labour→wages, capital→interest, enterprise→profit)

Each factor earns income for being used

Factor	Reward
land 土地	rent 地租
labour 劳动	wages 工资
capital 资本	interest 利息
enterprise 企业家才能	profit 利润



Exam: scarcity forces choice — opportunity cost is the next-best alternative forgone

The factors are themselves scarce — which is the root of the economic problem

- **Mobility** 流动性: how easily a factor moves to a new use (a multi-skilled worker is mobile; a fixed factory is not).
- **Quantity** and **quality** can change — training and technology raise quality, so each factor produces more.

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 State the reward earned by each of the four factors of production. [2]

2.2 Define the term *capital*. [2]

2.3 Define the term *mobility of labour*. [2]

3 Exam-style questions

3.1 The reward to the factor **enterprise** is: [1]

- **A** rent
- **B** wages
- **C** interest
- **D** profit

3.2 Explain two ways the quality of the factor labour could be improved. [4]

3.3 Analyse why some workers are more occupationally mobile than others. [6]

Solutions

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

2.1 land → rent; labour → wages; capital → interest; enterprise → profit (2 for all four; 1 for two or three).

2.2 the man-made things used to produce goods and services, such as machines, tools and factories (2 for a clear definition; 1 for a partial idea).

2.3 how easily a worker can move from one job or use to another (2 for a clear definition; 1 for a partial idea).

3.1 D. Enterprise earns profit.

3.2 *[4]* For **each** of two ways: K 1 + An 1 — e.g. *education and training* raise workers' skills → they produce more and better; *better healthcare* keeps workers fit → they work more productively.

3.3 *[6]* K/App/An — occupational mobility depends on a worker's skills: a worker with many transferable skills can move easily to a new job, while one with a single narrow skill cannot; training and qualifications raise mobility, but some jobs need specific skills or licences that take years to gain → so the more general and transferable a worker's skills, the more occupationally mobile they are.

2 Sonia owns a takeaway food delivery service. She decides to expand the firm, buying more vans and hiring additional drivers.

Which factors of production were changed?

A capital and labour

B capital and land

C enterprise and capital

D labour and land

IGCSE Economics: **s25 21**

3 In recent years, the quantity of Latvia's factors of production has changed. Since 2008, its capital has increased and its land has not changed significantly, but its labour force and its enterprise have decreased. Enterprise and conditions of supply can affect firms' prices. In 2022, the Latvian Government increased the country's national minimum wage (NMW). Its NMW did, however, remain one of the lowest in the European Union.

(a) Identify the rewards to capital and land. [2]

(b) Explain **two** causes of a decrease in enterprise in an economy. [4]

(c) Analyse how changes in conditions of supply can affect a firm's prices. [6]

(d) Discuss whether or not a rise in a national minimum wage will harm an economy. [8]

IGCSE Economics: **m25 22**

3 Estonia's factors of production are employed in a range of industries including education. In 2022, the country experienced a shortage of teachers. The government increased teachers' wages to attract workers from other industries. Two of Estonia's other industries are building and clothing. Estonia's clothing industry has firms of different sizes. Estonia's firms were affected in 2022 by the government increasing the money supply.

(a) Define *factor of production*. [2]

(b) Explain **two** reasons why building workers may **not** become teachers. [4]

(c) Analyse how a small firm can compete successfully with a large firm in the same industry. [6]

(d) Discuss whether or not an increase in the money supply will benefit an economy. [8]

2 In which case is it possible to set the level of reward before production takes place for the first factor of production but **not** for the second factor?

	first factor	second factor
A	capital	land
B	enterprise	labour
C	labour	capital
D	land	enterprise

26 African economies may have rapid economic growth because of a large increase in their working age population.

Based on this idea, which factor of production is most likely to grow significantly?

A labour

B enterprise

C capital

D land

IGCSE Economics: **w24 13**

2 The management of an airline decided to replace its aeroplanes with more technologically advanced aircraft. At the same time, the company retrained its pilots.

Which factors of production has the airline improved?

A capital and labour

B capital and land

C labour and enterprise

D land and enterprise

IGCSE ECONOMICS • EXERCISE SHEET

1.3 Opportunity cost

Name: ____________ Class: ________ Date: __________ **Total: 16 marks**

KEY WORDS opportunity cost 机会成本 • alternative 替代选择 • consumers 消费者 • governments 政府 • producers 生产者

Objective

Build the skills to answer exam questions on **opportunity cost** 机会成本 — what it is, and how it affects **consumers, workers, producers and governments** 消费者、工人、生产者、政府.

You must be able to:

- define opportunity cost
- apply it to each type of decision-maker
- analyse the role of opportunity cost in a decision

1 Worked examples

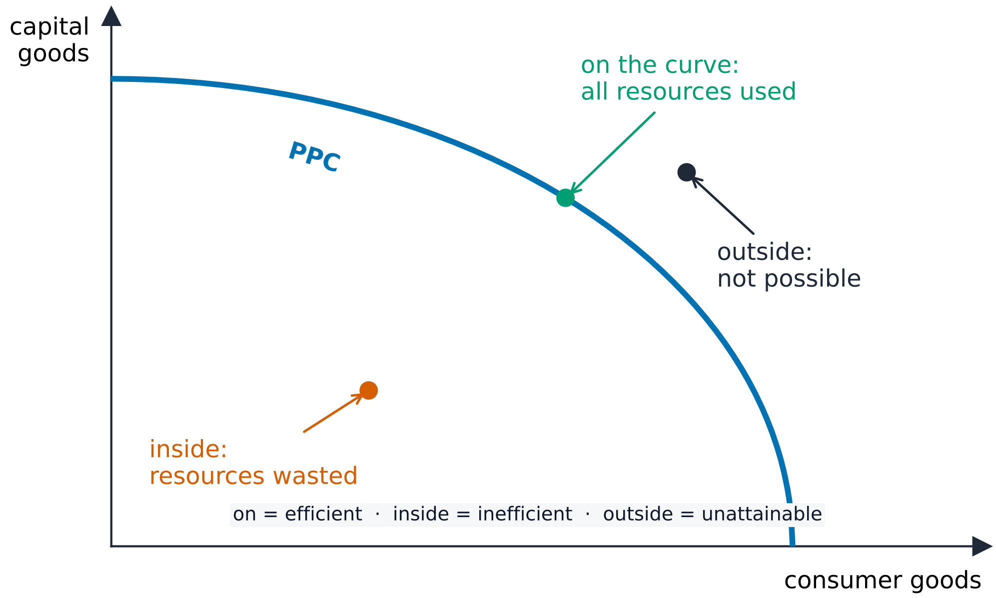
■ The cost of every choice

Opportunity cost is the next best alternative given up

- **Opportunity cost** 机会成本: the next best **alternative** 替代选择 given up when a choice is made.
- **Consumer:** buys a game → gives up the book. **Worker:** takes one job → gives

up another's pay.

- **Producer:** makes more cars → gives up the trucks. **Government:** builds a hospital → gives up a school.
- Every choice has a cost, even when no money changes hands.



On a PPC, opportunity cost is what you give up moving from one point to another

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 Define the term *opportunity cost.* [2]

2.2 A government spends its budget on a new road instead of a new hospital. State the opportunity cost. [1]

2.3 State the opportunity cost for a worker who chooses one job over another. [2]

3 Exam-style questions

3.1 A consumer spends $30 on a concert ticket instead of a book. The opportunity cost is: [1]

- **A** the $30 spent
- **B** the book given up
- **C** the concert enjoyed
- **D** nothing, because money was spent

3.2 Explain, with an example, how opportunity cost affects a producer's decision. [4]

3.3 Analyse why opportunity cost is important when a government decides how to spend its budget. [6]

Solutions

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

2.1 the next best alternative given up when a choice is made (2 for a clear definition; 1 for a partial idea).

2.2 the new hospital that is given up (1).

2.3 the pay (and benefits) of the next best job they could have done (2 for a clear answer; 1 for a partial idea).

3.1 B. The opportunity cost is the next best alternative — the book given up.

3.2 *[4]* K 1–2 + An up to 2 — a producer's resources are scarce, so using them for one product means another is given up → e.g. a factory that makes more cars uses factors that could have made trucks → the forgone trucks are the opportunity cost, which the producer must weigh.

3.3 *[6]* K/App/An — a government has a limited budget but many demands (health, education, defence, roads), so spending on one means giving up another → opportunity cost shows the true cost of each choice → it helps the government compare the benefit of each option and spend where the benefit to society is greatest → ignoring it could waste scarce public money on a less valuable project.

2 Which term describes the loss of potential benefit to a consumer when making a choice between alternatives?

A opportunity cost

B scarcity

C shortage

D the economic problem

IGCSE Economics: **w25 23**

2 A Swiss multinational food manufacturer increased prices for its products by an average of 8% in 2022. It increased its prices in the USA by 11.6%. This multinational company (MNC) is one of the world's oldest MNCs. It started as a small firm but has grown over the last 160 years. Over this period, its decisions have always been influenced by opportunity cost.

(a) Define *multinational company*. [2]

(b) Explain **two** reasons why a firm may charge a different price for the same product in two different countries. [4]

(c) Analyse how opportunity cost influences the decisions made by consumers, workers and producers. [6]

(d) Discuss whether or not consumers would benefit from an increase in the number of small firms in an industry. [8]

IGCSE Economics: **m25 12**

9 A government intends to build a new road through a forest.

What will be an external cost of this?

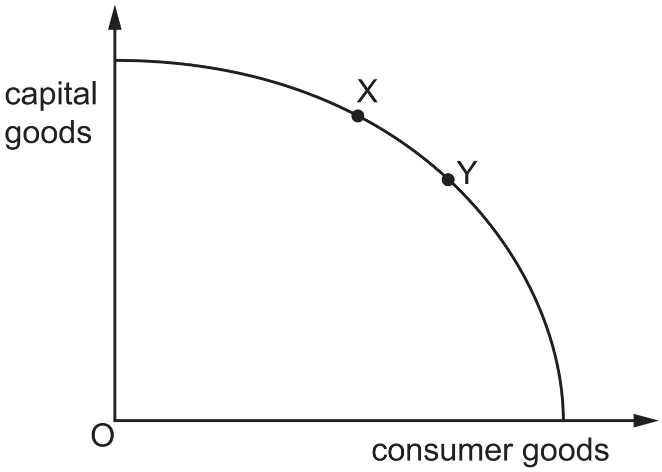
A the cost of building the road

B the loss suffered by those who would have used the forest

C the cost of maintaining the road

D the new jobs created from the construction of the road

3 The diagram shows the production possibility curve (PPC) for an economy.



Which cost can be determined as the economy moves along its PPC from point X to point Y?

A the opportunity cost of producing more capital goods

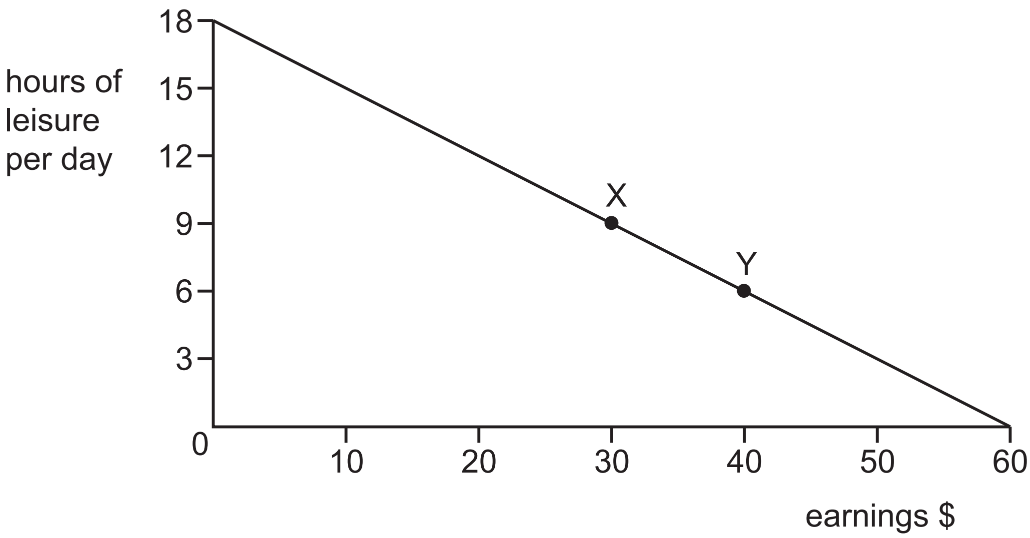
B the opportunity cost of producing more consumer goods

C the social cost of producing more capital goods

D the social cost of producing more consumer goods

IGCSE Economics: **w24 13**

3 The diagram shows the choices for an individual between leisure and earnings.



What is the opportunity cost to the individual of the extra earnings when moving from position X to position Y?

A $10

B $40

C 3 hours of leisure per day

D 6 hours of leisure per day

IGCSE ECONOMICS • EXERCISE SHEET

1.4 Production possibility curve (PPC) diagrams

Name: ____________ Class: ________ Date: __________ **Total: 18 marks**

KEY WORDS production possibility curve 生产可能性曲线 • economic growth 经济增长 • unemployment 失业 • non-renewable resources 不可再生资源 • shifts 移动

Objective

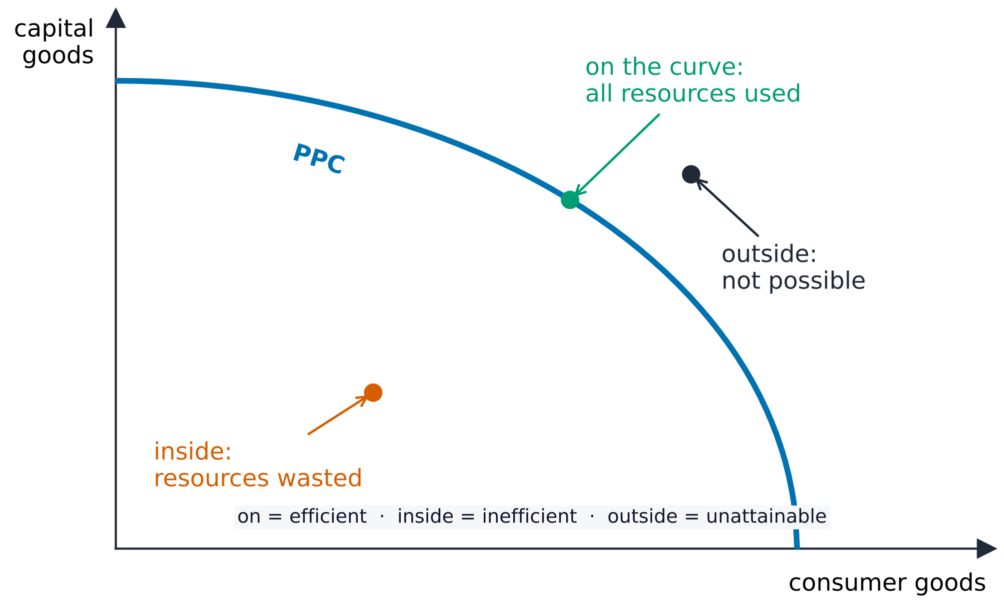
Build the skills to answer exam questions on **production possibility curve (PPC) diagrams 生产可能性曲线** — points on, inside and outside the curve, **movements along 沿曲线移动** it, and **shifts 移动** for growth and decline.

You must be able to:

- draw and label a PPC and interpret points on, inside and outside it
- explain a movement along the curve (opportunity cost)
- explain shifts of the curve (growth and decline)

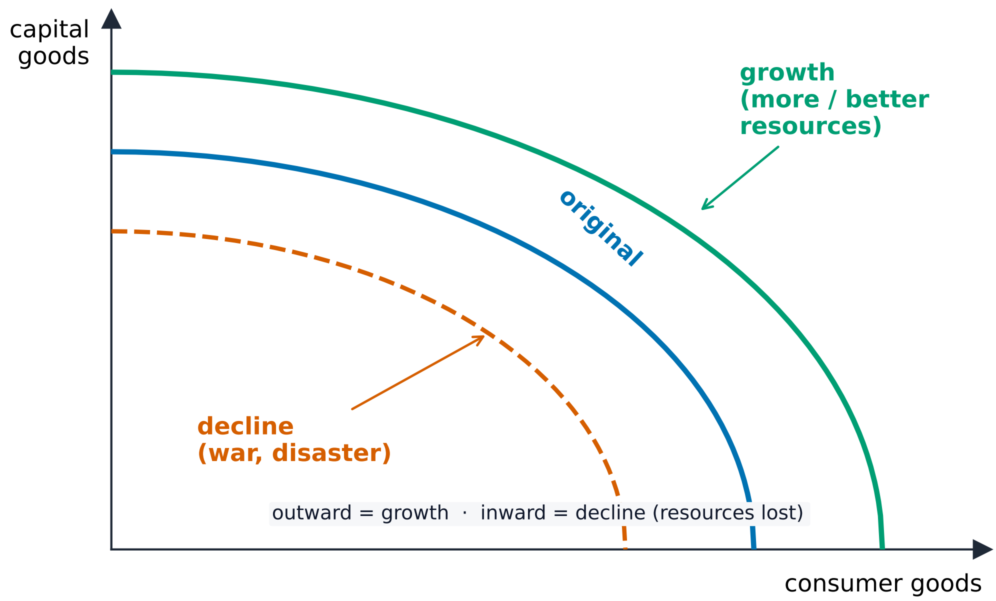
1 Worked examples

■ Reading a PPC



The PPC shows the most two goods an economy can make with full use of resources

- **On** the curve: all resources used. **Inside:** waste (e.g. **unemployment** 失业). **Outside:** impossible now.
- **Movement along** the curve = a **trade-off** 取舍 → the good given up is the opportunity cost.
- **Shift outward** = **economic growth** 经济增长 (more/better resources). **Shift inward** = decline (war, disaster).



An outward shift of the whole PPC is economic growth; an inward shift is decline

Answer shapes: an **Analyse** [**up to 6**] answer should use a labelled PPC diagram; **Discuss** [8] adds a judgement (Ev).

2 Practice

2.1 State what a point **inside** the PPC shows. [1]

2.2 Define the term *production possibility curve.* [2]

2.3 State two causes of an outward shift of the PPC. [2]

3 Exam-style questions

3.1 An outward shift of a country's PPC represents: [1]

- **A** unemployment
- **B** economic growth
- **C** opportunity cost
- **D** a movement along the curve

3.2 Using a PPC diagram, explain the opportunity cost of an economy making more capital goods. [4]

3.3 Discuss whether an economy should always aim to move its PPC outward. [8]

Solutions

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

2.1 that resources are wasted or not all used (e.g. unemployment) — the economy could make more (1).

2.2 a curve showing the maximum amounts of two goods an economy can make when it uses all its resources fully (2 for a clear definition; 1 for a partial idea).

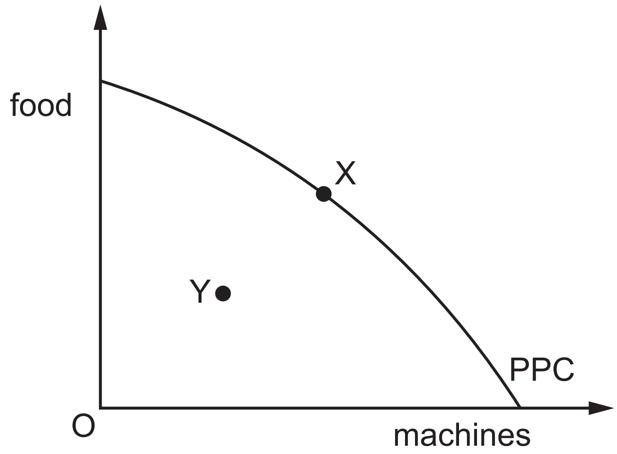
2.3 any two of: more resources (a bigger workforce, more land); better resources / new technology / training (1 + 1).

3.1 B. An outward shift of the PPC shows economic growth.

3.2 *[4]* K 1 + **diagram up to 2** (labelled PPC, capital vs consumer goods, a movement along it) + An 1 — to make more capital goods the economy moves along the curve, so it must make fewer consumer goods → the forgone consumer goods are the opportunity cost.

3.3 *[8]* K/App/An up to 5 + Ev up to 3. **For outward growth:** more of both goods, higher living standards, more jobs. **Against:** growth may use up non-renewable resources, cause pollution, or need fewer consumer goods now (more capital goods) which lowers living standards today. **Judgement (Ev):** moving the PPC outward usually helps, but the *type* of growth matters — sustainable growth is good, but growth that exhausts resources or harms the environment may not be worth it; it depends on how it is achieved.

3 The diagram shows a country's production possibility curve (PPC).



What would cause a movement from point X to point Y?

A decrease in productivity

B decrease in unemployment

C increase in capital investment

D increase in economic growth

21 An economy operating on its production possibility curve (PPC) enters a recession that causes unemployment. As the recession gets worse some unemployed workers emigrate in search of jobs overseas.

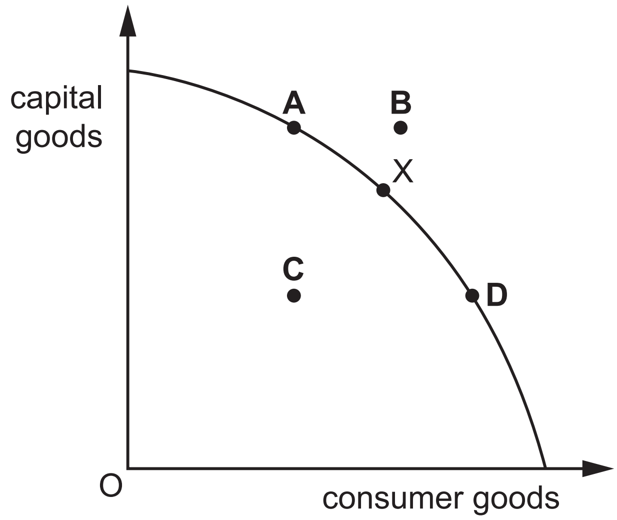
How are these effects of the recession shown on a diagram of the economy's PPC in the short-term and the long-term?

	short-term effect on the PPC diagram	long-term effect on the PPC diagram
A	movement to a point inside the PPC	movement to a point inside the PPC
B	movement to a point inside the PPC	shift of PPC to the left
C	shift of PPC to the left	movement to a point inside the PPC
D	shift of PPC to the left	shift of PPC to the left

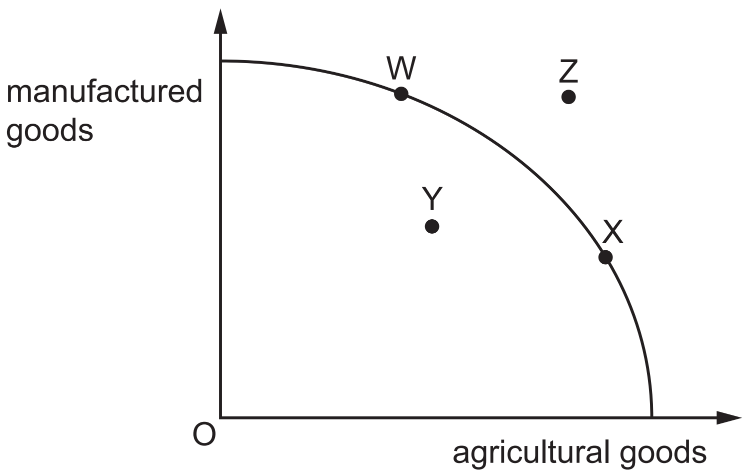
3 A country is producing at point X on its production possibility curve (PPC) which shows how it can allocate its production between capital goods and consumer goods.

A period of recession then causes some of its factories to close.

Which point could represent the country's new position?



3 The diagram shows a production possibility curve (PPC). The economy is using all of its available resources.

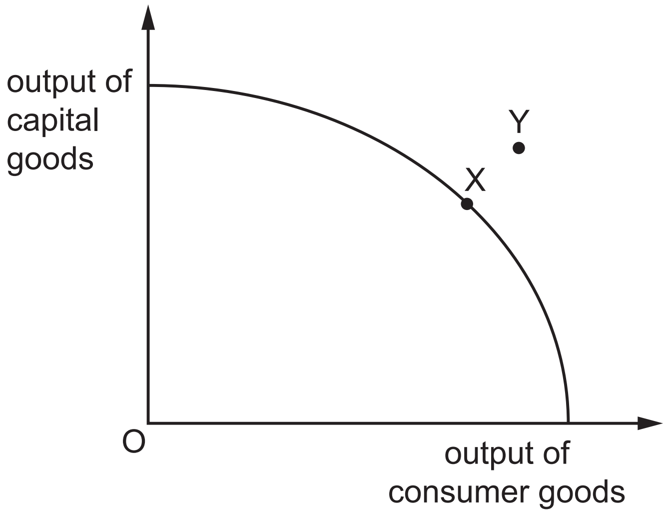


A government decides to encourage more production of manufactured goods instead of agricultural goods.

Which movement shows this policy change?

A W to X **B** W to Y **C** X to W **D** Z to X

3 The diagram shows the production possibility curve (PPC) for an economy that is at point X.



Which change in the economy's labour market will allow it to reach point Y?

A employed workers become more productive

B unemployed workers find new jobs

C workers emigrate for higher wages

D workers retire at younger ages

IGCSE Economics: **s25 22**

3 In 2022, Paraguay's production possibility curve (PPC) shifted to the right. Paraguay has a mixed economic system. Its government provides merit goods and public goods. The country's private sector is a major producer of shampoo. The firms in the shampoo industry make use of division of labour. There are several firms in the industry, but the number is declining. There is a possibility that soon there may be just one firm in the industry.

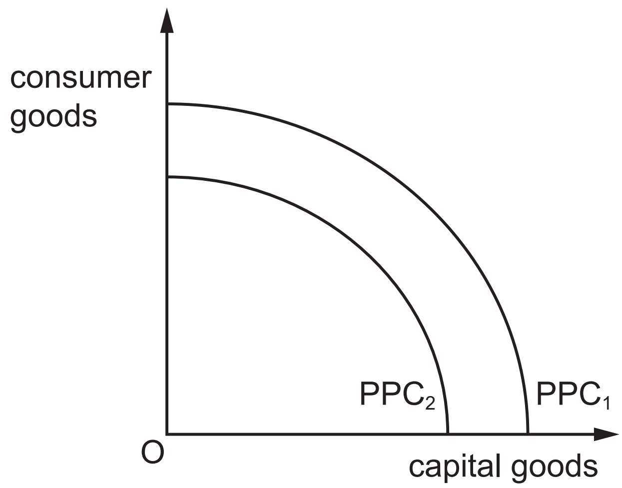
(a) Identify what is measured on the axes of a production possibility curve. [2]

(b) Explain, with an example of each, the difference between a merit good and a public good. [4]

(c) Analyse how division of labour can benefit firms. [6]

(d) Discuss whether or not consumers would benefit from only one firm producing shampoo. [8]

3 The diagram shows an initial production possibility curve of PPC_1.



What is likely to have caused the movement of the production possibility curve PPC_1 to PPC_2?

A a decline in non-renewable resources

B a decline in the opportunity cost of consumer goods

C an increase in investment

D an increase in unemployment

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2 In 2021, the production point on the UK's production possibility curve (PPC) changed. Average wages increased. The average annual wage of a waiter was $23,580 while that of a chief executive of a large commercial bank was $1,617,000. A rise in wages enables people to eat in restaurants more often. Some of the food sold in UK restaurants is imported. In 2021, the UK government signed free trade agreements, removing import restrictions, with a number of countries.

(a) Identify **two** places where a production point could be located on a PPC diagram. [2]

(b) Explain **two** reasons why someone may switch from eating in one restaurant to eating in another restaurant. [4]

(c) Analyse why the wage of a chief executive of a large commercial bank is higher than that of a waiter. [6]

(d) Discuss whether or not free trade will increase economic growth. [8]