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0455 IGCSE Economics Topic Questions / Paper 2

Topic: 1.1.1 basic economic problem

1.1.1.2-Concept of scarcity

Question-1

Explain the terms scarcity and opportunity cost. [4]

Question-2

Explain the economic problem of scarcity. [3]

Question-3

Countries have to decide how to use their scarce resources. A number of countries are devoting more of their resources to tourism. Some of the jobs in the industry are, however, low-paid and offer little job security. The average age of workers employed, for example, in hotels is relatively young although some older workers have spent their working life in the hotel industry. (a) What is meant by 'scarce resources'? [2]

Question-4

Explain why scarcity gives rise to an 'opportunity cost'. [4]

Question-5

Discuss whether a decision to cut down trees for wood is an appropriate use of a scarce resource. [8]