

Smart Exam Resources

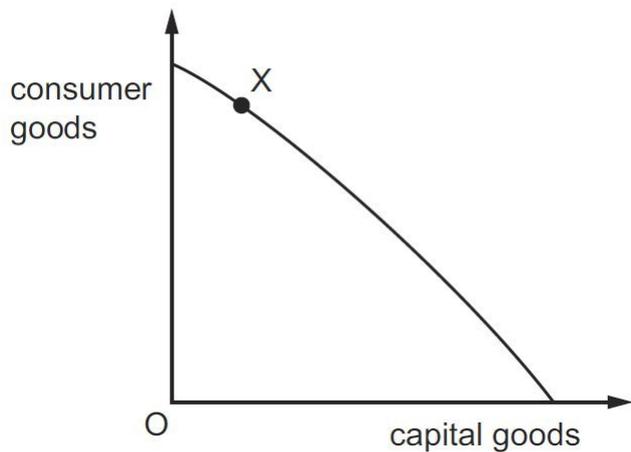
IGCSE Economics

1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set-4)

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Q1.

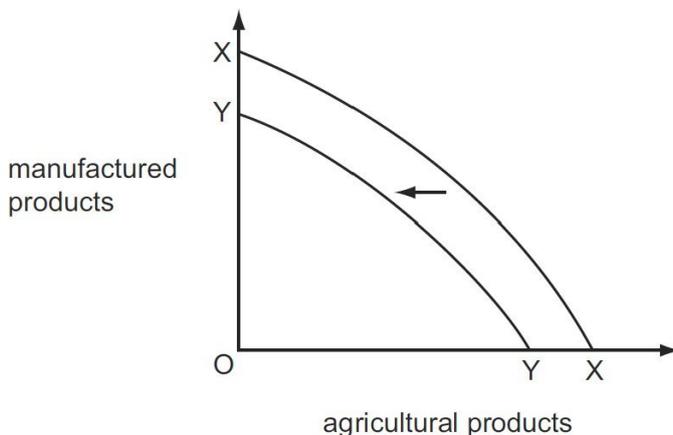
An economy produces different types of goods using its limited resources. This can be illustrated by a production possibility curve (PPC). What does point X on the PPC show?



- A All resources are used for the production of consumer goods.
- B More resources are allocated to producing capital goods than consumer goods.
- C Resources are allocated to produce a mixture of consumer goods and capital goods.
- D Total resources are not being fully utilised for production of these goods.

Q2.

The diagram shows two production possibility curves for an economy. What could have caused the change in the economy's production possibility curve from XX to YY?



- A a decrease in the price level
- B a large number of industrial disputes
- C a major earthquake
- D an increase in unemployment

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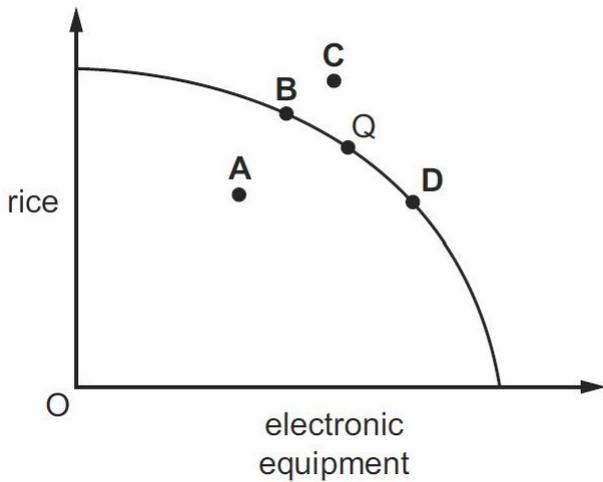
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Q3.

The diagram shows a production possibility curve for an economy that can produce rice or electronic equipment. The economy is at point Q. A recession causes unemployment in the electronics industries. At which point will the economy be in the diagram?



- A The lost profit would be \$300.
- B The lost revenue would be \$60.
- C The daily opportunity cost would be 30 table cloths.
- D The daily opportunity cost would be \$50.

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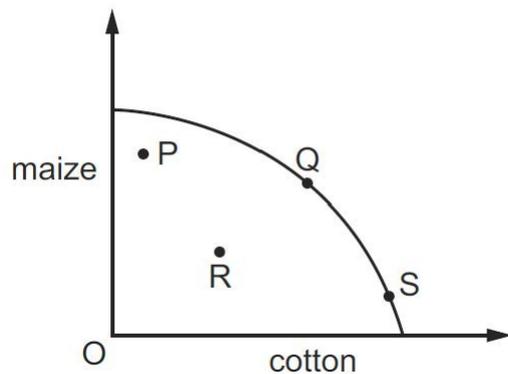
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Q4.

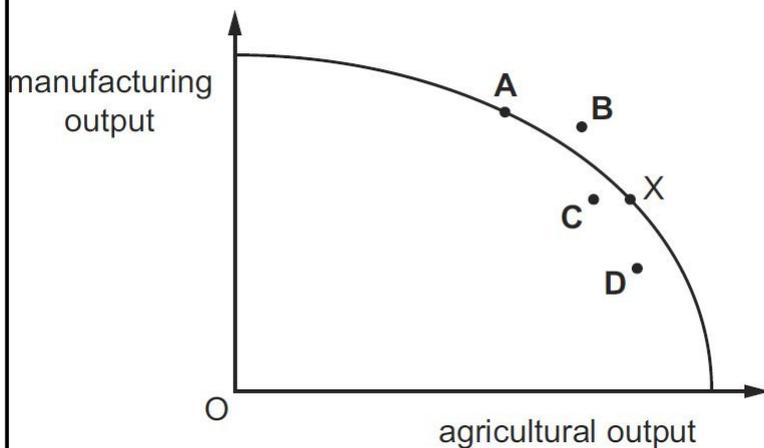
The diagram shows a production possibility curve for maize and cotton. Bad weather causes a poor harvest for both crops. Which movement could be used to represent this change?



- A P to R
- B Q to R
- C S to Q
- D S to R

Q5.

A country is operating at point X on its production possibility curve (PPC). A drought significantly reduces agricultural output. Which point represents the new position?



- A A
- B B
- C C
- D D

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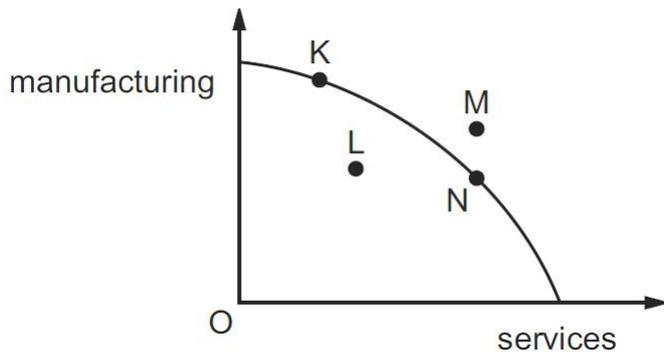
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Q6.

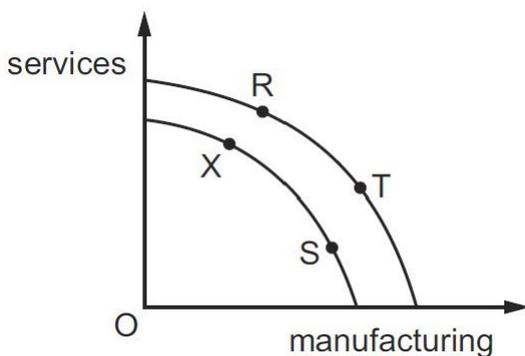
The diagram shows a production possibility curve. The country is using all its resources to produce both manufactured goods and services. What movement would represent an improvement of technology in manufacturing?



- A K to N
- B L to K
- C N to K
- D N to M

Q7.

The diagram shows a production possibility curve diagram. A country's initial position is X. Better manufacturing processes are introduced and the country improves its tourist facilities. What would represent this?



- A S to T
- B T to R
- C X to R
- D X to T

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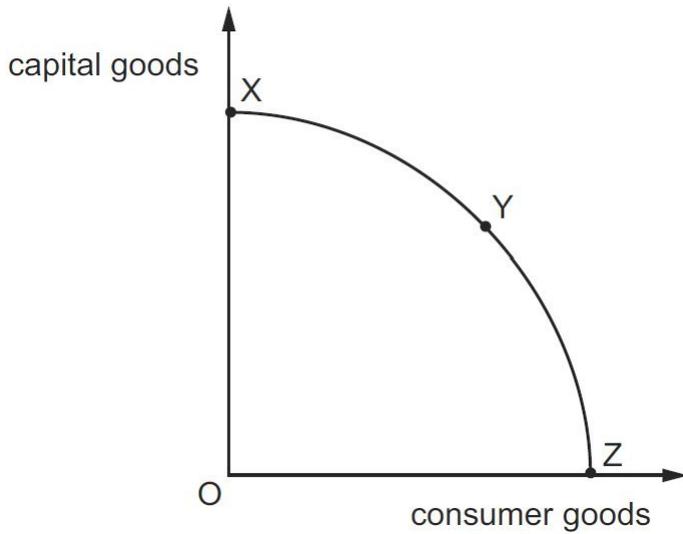
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Q8.

The diagram shows the production possibility curve (PPC) for an economy. What will happen to the opportunity cost of producing more units of consumer goods in terms of capital goods as the economy moves down its PPC from point X to point Z?



- A It will decrease continuously from point X to point Z.
- B It will decrease up to point Y and then increase towards point Z.
- C It will increase continuously from point X to point Z.
- D It will increase up to point Y and then decrease towards point Z.

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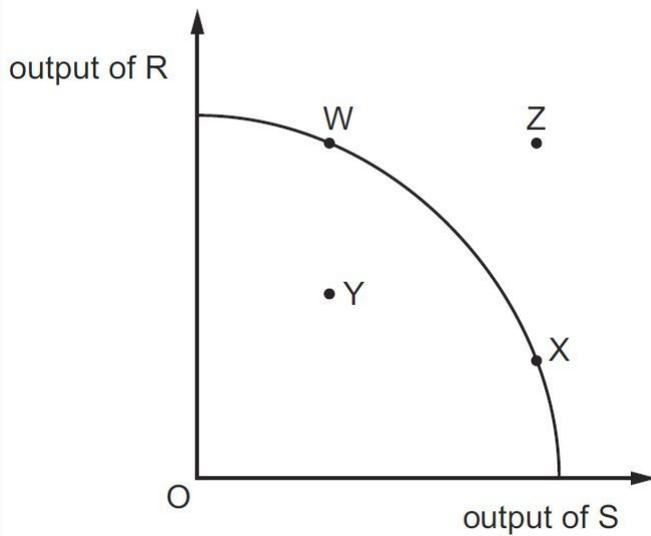
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Q9.

The diagram shows a production possibility curve (PPC) for an economy. Which change on the diagram could represent an increase in unemployment?



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

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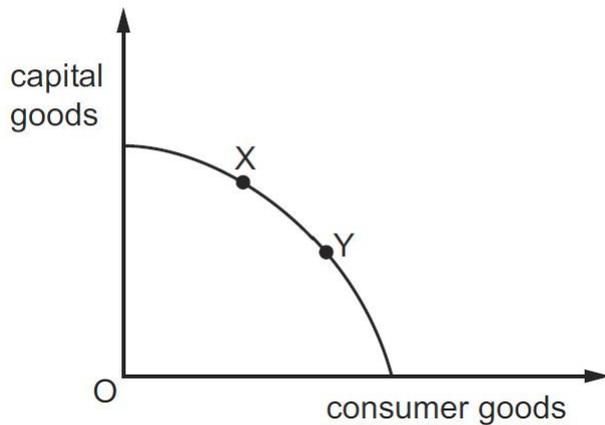
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Q10.

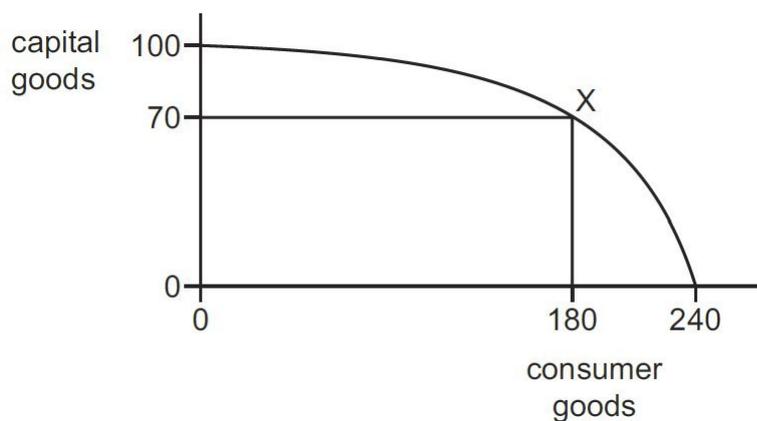
The diagram shows a production possibility curve (PPC) for a country. The country moved from position X to position Y on the PPC. What is the most likely reason for this change?



- A Firms have decided to increase investment in technology.
- B New economic resources have been discovered in the country.
- C The government has brought about an increase in living standards.
- D The government has encouraged long-term economic growth.

Q11.

The diagram shows the production possibility curve (PPC) of an economy producing at point X. What would be the opportunity cost of moving from point X to produce only consumer goods?



- A 60 units of consumer goods
- B 70 units of capital goods
- C 100 units of capital goods
- D 180 units of consumer goods