

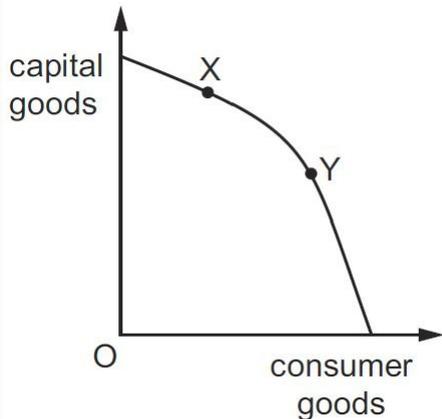
Smart Exam Resources

IGCSE Economics

1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set 5)

Q1.

The diagram shows a production possibility curve (PPC) for country Z. Government policy is to move the economy from point X to point Y on the PPC. What is the most likely effect of this policy?

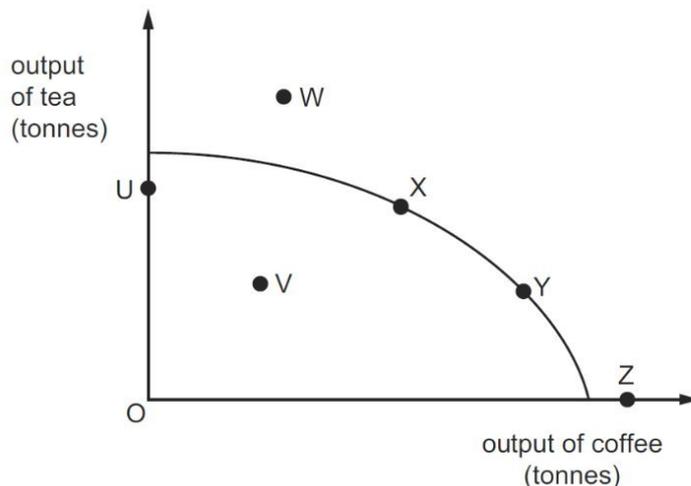


- A Living standards rise in the short run.
- B More capital goods are produced.
- C Prices of consumer goods increase.
- D Total output increases.

Q2.

The diagram shows a production possibility curve (PPC) and a number of output combinations for Which combinations of tea and coffee could the economy currently produce?

The diagram shows a production possibility curve (PPC) and a number of output combinations for tea and coffee.



Smart Edu, Hw, X

0455/0987 IGCSE Economics

Page 1

- A U, V, W, X
- B U, V, X, Y
- C U, V, X, Z
- D V, X, Y, Z

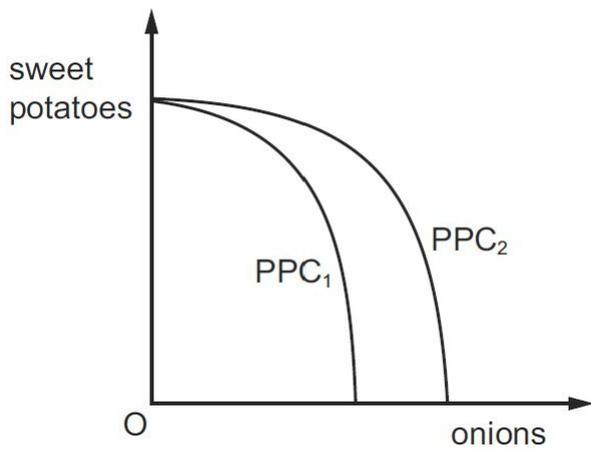
Smart Exam Resources

IGCSE Economics

1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set 5)

Q3.

The diagram shows production possibility curves (PPC) for an economy that produces two goods, Which combination of changes could shift PPC 1 to PPC 2?



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

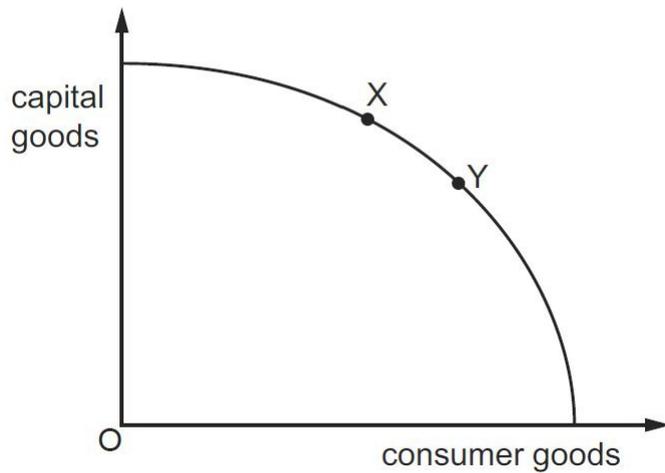
Smart Exam Resources

IGCSE Economics

1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set 5)

Q4.

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 © UCLES 2024

11_0455_11_2024_1.4 3

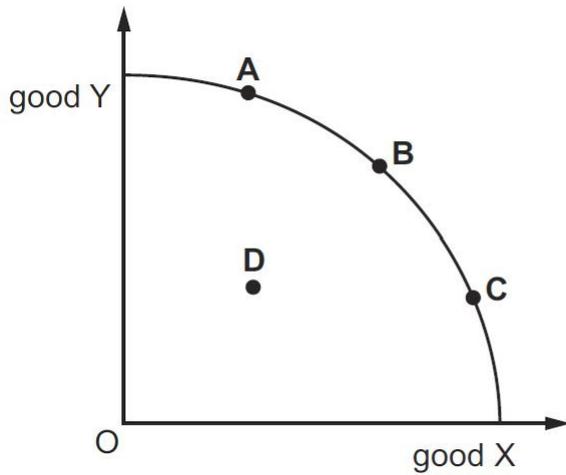
Smart Exam Resources

IGCSE Economics

1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set 5)

Q5.

The diagram shows a production possibility curve (PPC) for an economy that produces two goods, X and Y. Which point shows the greatest opportunity cost of producing one more unit of good X?



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

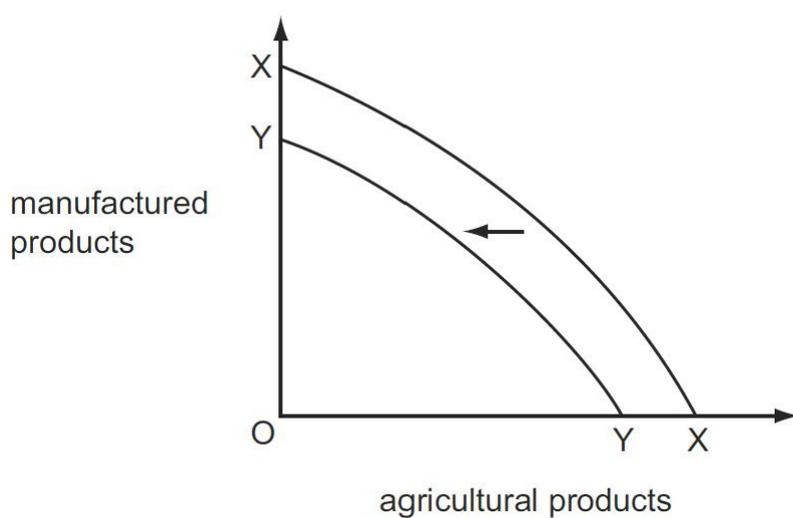
Smart Exam Resources

IGCSE Economics

1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set 5)

Q6.

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

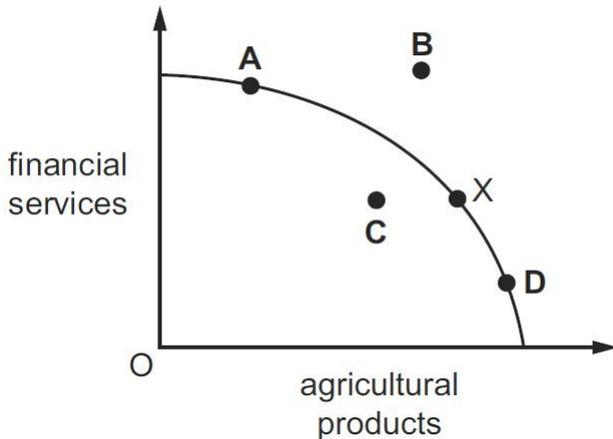
Smart Exam Resources

IGCSE Economics

1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set 5)

Q7.

The diagram shows a production possibility curve for an economy that can provide financial services or agricultural products. The economy is at point X. Bad weather destroys part of the agricultural produce. At which point will the economy be in the diagram?



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

Q8.

How does a production possibility curve show that scarcity exists?

- A It shows that a rise in demand for one of the products increases its price.
- B It shows that as more resources are used to produce a product, its price rises.
- C It shows that at any point outside the production possibility curve an economy is wasting resources.
- D It shows that there is a limit to the quantity of products that can be produced with existing resources and technology.

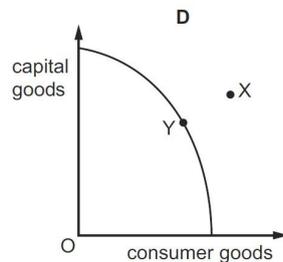
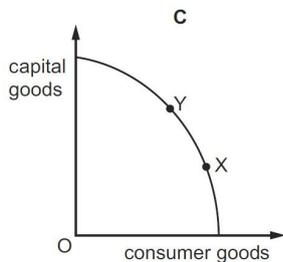
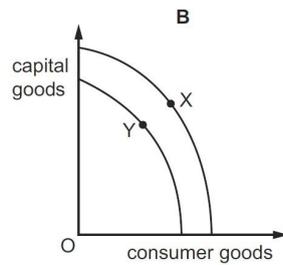
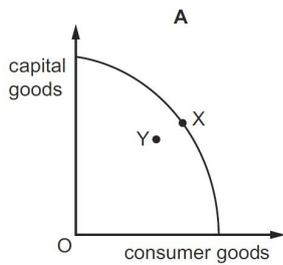
Smart Exam Resources

IGCSE Economics

1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set 5)

Q9.

An economy experiences a recession and moves from full employment to 5% unemployment. Which movement from X to Y on the PPC diagram shows the consequence for the economy?



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

Q10.

What is the purpose of an economy's production possibility curve (PPC)?

- A It answers the question of what to produce in an economy.
- B It enables microeconomic decisions to be taken by firms.
- C It measures the supply of goods and services available in an economy.
- D It shows the productive capacity in an economy at a point in time.