

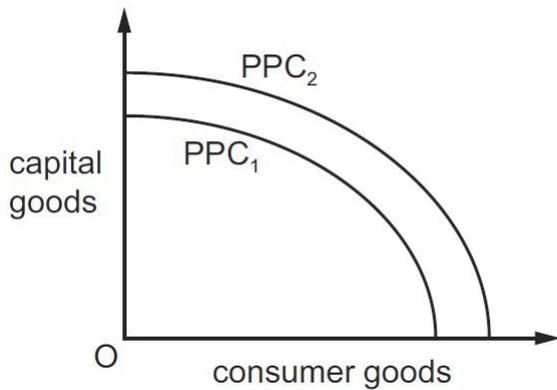
# Smart Exam Resources

IGCSE Economics

## 1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set-1)

**Q1.**

The diagram shows an initial production possibility curve of PPC<sub>1</sub>. What may cause the movement of the production possibility curve from PPC<sub>1</sub> to PPC<sub>2</sub>?



- A a better educated workforce
- B a decrease in availability of raw materials
- C increased wages
- D lower productivity

**Q2.**

What economic concept must be at work when there is movement by a country along its production possibility curve?

- A economies of scale
- B equilibrium price
- C maximum profit
- D opportunity cost

**Q3.**

Which statement about a production possibility curve is correct?

- A A production possibility curve is an alternative name for an industry supply curve.
- B A production possibility curve is an economic model of potential output.
- C A realistic production possibility curve must be drawn as a straight line.
- D A production possibility curve applies only to an economy's production of goods.

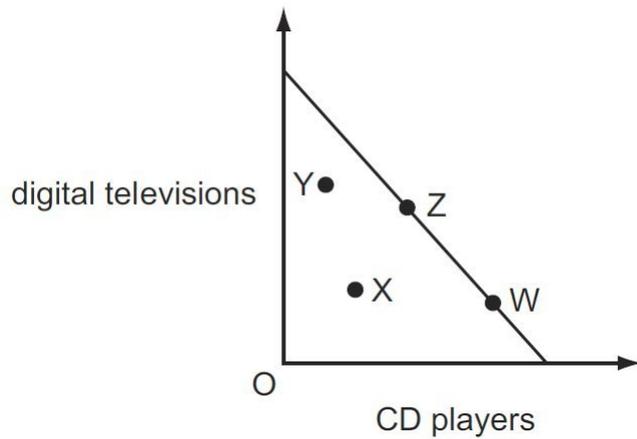
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## 1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set-1)

Q4.

The diagram shows a production possibility curve for digital televisions and CD players. Which movement shows an increase in the use of existing resources to increase production for both digital televisions and CD players?



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

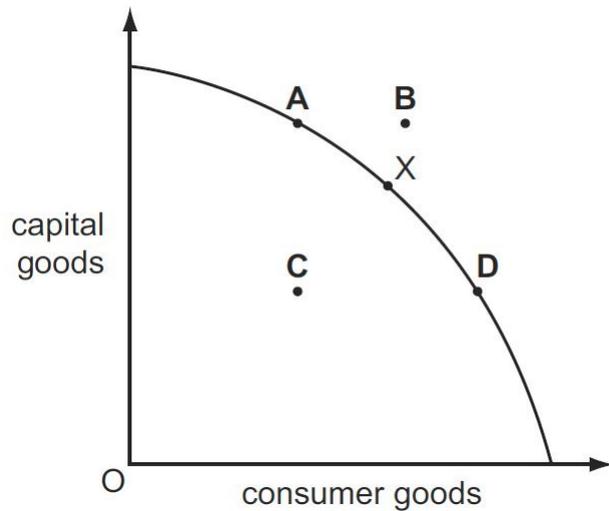
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## 1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set-1)

Q5.

A country is producing at point X on its production possibility curve 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?



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

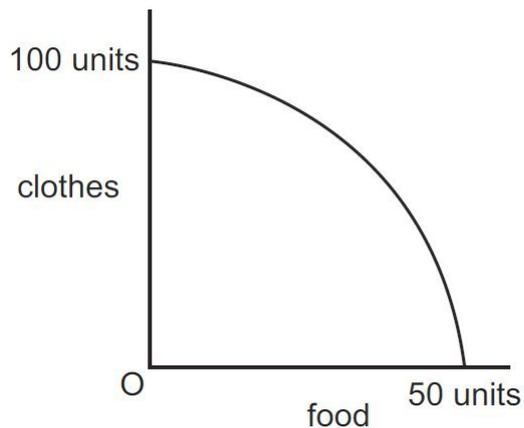
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### 1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set-1)

Q6.

Using all available resources, an economy produces different combinations of two types of goods, clothes and food, shown by the production possibility curve (PPC) below. What does the PPC indicate?



- A It is more efficient to produce more of clothes than food.
- B It is only possible to increase the output of clothes by reducing the output of food.
- C The best situation is to produce equal units of clothes and food.
- D The cost of producing a unit of clothes is always higher than that of food.

Q7.

How is an immediate effect of an increase in unemployment illustrated on a production possibility curve diagram?

- A a movement of the production point closer to the curve
- B a movement of the production point further inside the curve
- C a shift of the production possibility curve inwards
- D a shift of the production possibility curve outwards

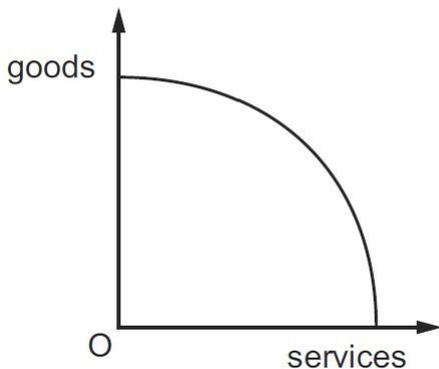
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## 1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set-1)

**Q8.**

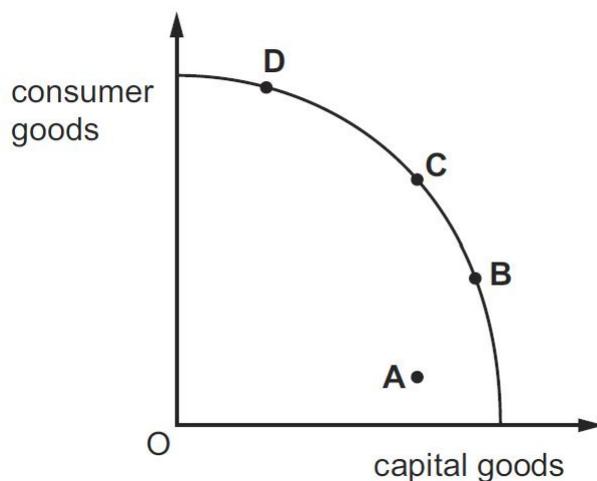
The diagram shows a production possibility curve (PPC). Why is the curve usually drawn like this?



- A International free trade exists.
- B Opportunity cost changes.
- C Resources are unlimited in supply.
- D Some resources will be unemployed.

**Q9.**

The diagram shows a production possibility curve (PPC) for an economy that produces both capital goods and consumer goods. At which point will the economy show the highest potential for sustained long run economic growth?



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

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## 1.4 Production possibility curve (PPC) diagrams — Question Paper (Student Copy, Set-1)

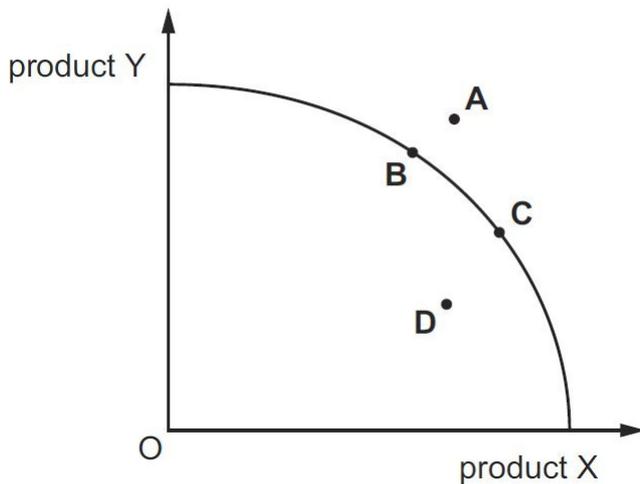
**Q10.**

What would cause an outward shift of a country's production possibility curve (PPC)?

- A a fall in unemployment
- B an increase in the rate of income tax
- C an increase in the labour force
- D a reduction in expenditure on education

**Q11.**

The diagram shows a production possibility curve (PPC). Which of these points shows the largest possible output of product Y currently achievable? product Y



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