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0455 / 0987 (9-1) IGCSE Economics Topic Questions / Paper 2

Topic: 1.3.2 The influence of opportunity cost on decision-making

Question-1

Explain the significance of opportunity cost for a government when making its spending decisions. [4]

Question-2

Why may less wheat be the opportunity cost of producing more milk?[2]

Question-3

Explain, using an example, the influence of opportunity cost on government decision - making. [4]

Question-4

In 2019, China's economic growth rate was 6.1% and Chinese households increased their spending. More Chinese people attended sports events and the earnings of top sports people increased. China exported more despite a rise in tariffs on some of its products. For example, the US imposed higher tariffs on the imports of Chinese tea and coffee Identify the opportunity cost of households spending their income and the opportunity cost of Chinese firms exporting goods and services. [2]

Question-5

Explain how the principle of opportunity cost might be relevant when a person chooses a new job. [3]