



IB Economics: IBeconomics.com

1.1 SCARCITY AND CHOICE: STUDENT LEARNING ACTIVITY

Answer the questions that follow.

1. DEFINITIONS

Define the following terms:

[10 marks]

- Needs
- Wants
- Resources
- Factors of production
- Scarcity
- Economics
- Scarcity
- Goods
- Services
- Opportunity cost
- Resource allocation

2. SHORT-ANSWER QUESTIONS

1. Explain why economics is the study of 'choices'.

[4 marks]

2. Explain why water is less expensive than diamonds, even though water is a necessity and we need it to survive.

[4 marks]

1.1 What is Economics? Student Activity

3. Distinguish between goods **and** services.

[2 marks]

4. Using the concept of scarcity, explain why we must avoid waste and inefficiency in the production and consumption of goods and services.

[4 marks]

1.1 What is Economics? Student Activity

5. Examine the relationship between scarcity, choice and opportunity cost.

[4 marks]

6. Outline the three fundamental economic questions that need to be addressed by an economy.

[3 marks]

1.1 What is Economics? Student Activity

7. Examine the relationship between the three fundamental economic questions, the allocation of resources and income (or output) distribution in an economy. **[4 marks]**

8. State the factors of production. **[2 marks]**

1.1 What is Economics? Student Activity

9. Contrast the two factors of production: entrepreneurship **and** labour.

[4 marks]

10. Explain the meaning of the term 'sustainability'.

[4 marks]
