

**CIA4U**

**Lesson 1.2 Scarcity and Choice Assessment**

**Type of Assessment: Homework**

**Purpose of Assessment: Assessment FOR Learning**

**Method of Assessment: Yes/No**

**Learnings Goals:**

* explain, using both normative and positive economic analysis, the interrelationship between needs/wants, production decisions, and consumer choices and decisions
* demonstrate an understanding of production possibilities curves (PPCs) and how they can be used to guide economic decisions about the allocation of scarce resources
* explain how the concepts of scarcity and opportunity costs influence economic decisions, at both the personal and societal levels
* explain the key ideas of a variety of prominent economic theorists

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| **Fundamentals of Economics** | B1 Scarcity and Choice: demonstrate an understanding of the significance of the concept of scarcity and how it influences economic choices and decisions of various economic stakeholders |
| B4 Economic Thought and Decision Making: analyse how economic and political ideas and various sociocultural factors affect economic decision making |

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| **Ontario Curriculum Expectations** | |
| **B1.2** | explain, using both normative and positive economic analysis, the interrelationship between needs/wants, production decisions, and consumer choices and decisions |
| **B1.3** | demonstrate an understanding of production possibilities curves (PPCs) and how they can be used to guide economic decisions about the allocation of scarce resources |
| **B1.4** | explain how the concepts of scarcity and opportunity costs influence economic decisions, at both the personal and societal levels |
| **B4.1** | explain the key ideas of a variety of prominent economic theorists |

**Instructions:**

Use the following data to create a graph. Be sure you have graph paper. Label the x-axis as plows and the y-axis as bread. After plotting the points, connect them to form a curve.

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|  | **Ploughs** | **Bread** |
| A | 0 | 16 |
| B | 1 | 14 |
| C | 2 | 12 |
| D | 3 | 9 |
| E | 4 | 5 |
| F | 5 | 0 |

**Self Assessment:**

1. Are both axes labeled accurately?

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1. Are the points accurate?

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1. Are the points connected to create a curve?

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1. What would a point at (5, 8) mean?

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**Applying Opportunity Cost**

Using the concept of opportunity cost and scarcity, explain one of the following questions. Make a connection to something you have observed.

1. Many Canadians today are much more pressed for time than their grandparents. This is odd because today’s homes are full of so many time-saving devices that our grandparents had no access to. How would you account for this?

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1. TV and radio networks offer “free air“ for public service announcements. What is the cost of this “free” time for the station? Why are there more public service announcements on Sunday than on other days of the week?

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1. The acres of grass surrounding the Taj Mahal in Agra, India, are often cut by young women using kitchen shears instead of lawnmowers. Is this a standard or high-cost way to cut the lawn?

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1. Why, on a rainy day would farmers go into town to do errands, while a business person who lives in town forego their errands?

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**Choose the correct answer for the following questions:**

1. Consumers will seek the lowest prices for goods and services to maximize their consumption.
2. Ceterus Paribus
3. Model
4. Positive economics
5. Normative economics

2. 2. Gas stations should only be allowed to raise their prices briefly after long weekends.

1. Positive economics
2. Variables
3. Normative economics
4. Fallacy of composition

3. Why do economists often use ‘guns’ and ‘butter’ as alternatives when explaining PPCs? What do these goods signify?

1. We always have only two choices in life.
2. Guns represent military goods and butter represents consumer goods and some countries make different choices.
3. Guns require more capital than butter so it makes for a good comparison.
4. Both b and c

4. Which of the following are needed?

1. Food, lunch at an expensive restaurant, clean water
2. Bottled water, bagged lunch, a movie with friends
3. Bagged lunch, clean water, clean air
4. Drive through coffee, clean air, bagged lunch with friends

5 . What is the opportunity cost of increasing hockey stick production from 2 dozen to 3 dozen?

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| Dozens of Hockey Sticks | Pairs of Skates |
| 2 | 11 |
| 3 | 9 |
| 4 | 7 |
| 5 | 5 |
| 6 | 3 |

1. 11 fewer pairs of skates are produced
2. 9 fewer pairs of skates are produced
3. 2 fewer pairs of skates are produced
4. 2 more pairs of skates are produced
5. Can’t tell with this data

**Submit your assignment in your shared course folder.**