**The City School**

**North Nazimabad Boys Campus**

**Grade 11 Economics Assignment**

**Topic The Basic Economic Problem**

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**Teacher: Arshi Aqueel**

1 In 2012, the Indian Prime Minister announced that the Government was going to spend US$90 million on sending a spaceship to the planet Mars. Some economists argued that it would be better to use the factors of production, such as land and labour, to improve education or to build more roads.

(a) Describe twoways in which land is different from labour. [4]

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

(c) Using a production possibility curve diagram, analyse the impact of an increase in resources on an economy. [5]

(d) Discuss whether the building of more roads will benefit an economy. [7]

2 A number of economies are devoting more of their resources to the provision of health care. Due to the economic problem, this involves them having to make difficult choices.

(a) What is meant by the ‘economic problem’? [2]

(b) Using a production possibility curve diagram, explain why choices have to be made as to how to allocate resources. [6]

(c) Explain how resources are allocated differently in market and mixed economic systems. [4]

(d) Discuss whether an economy would benefit from an increase in the provision of health care. [8]