

Quick Answers

Question 1

Explain one opportunity cost of conserving forests in Indonesia.

Logical explanation which might include:

- Palm oil not produced / rice not produced / tourism lost as a result of building fewer hotels / lost opportunity to Norwegian government to spend on e.g. education (1)
- (next) best alternative forgone (1)

Question 2

Explain, using information from the extract, an opportunity cost of working.

- Leisure time / holidays / time devoted to raising children / looking after the elderly (1)
- opportunity cost is the (next) best alternative forgone (1)

Question 3

Define choice and provide an example.

- Two or more different alternatives that an economic agent may have OR the idea of sacrifice and opportunity cost (1) different coloured bicycle helmets / any example (1)

Question 4

Explain why the opportunity cost of becoming a teacher for one worker may be greater than for another worker.

- Opportunity cost is the (next) best alternative (1) forgone (1).
- One worker may have earned more than another (1) and so would be giving up more earnings (1).
- One worker may give up more non-wage benefits (1) example e.g. promotion chances (1).
- One worker has further to travel to work / higher costs of travelling (1) loss of leisure time / time with family / lower net income (1).

Question 5

Explain an example of opportunity cost in the extract.

- Opportunity cost is the best alternative (1) foregone (1) plus
- The opportunity cost of UBI (1) is the existing system of state benefits (1) or
- The opportunity cost of spending on unemployment benefits (1) is spending on education / healthcare (1)

Question 6

Explain, using information from the extract, how the concept of opportunity cost affects all rubber farmers in Liberia

- Opportunity cost is the (next) best alternative foregone (1)
- The US MNC could use its resources to produce rubber (1) or cocoa/coffee (1)
- The local farmers could sell rubber (1) or rubber wood / make furniture (1)
- The farmers could use the money to buy more land (1) example, e.g. diversify into other areas / education for their children (1)
- Subsidies to farmers (1) could be used to help them in other ways e.g. education (1)

Question 7

Identify the opportunity cost of building an airport?

- Opportunity cost is the (next) best alternative foregone (1)
- Relevant example e.g. building a hospital (1)