

# Worksheet 3: The Nine Central Concepts in Economics

IB Economics - Introduction to Economics / Foundations | Trimester school assessment practice

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Total: 45 marks

Instructions: Answer all questions. Use accurate economic terminology. For extended responses, include definitions, application, analysis and evaluation. HL-labelled questions are suitable for extension practice.

## Section A: Multiple choice questions [5 marks]

- Scarcity means that:
  - human wants are limited.
  - resources are finite while wants are unlimited.
  - all goods are free.
  - there is no need to choose.
- Efficiency is mainly concerned with:
  - fairness in income distribution.
  - using scarce resources without waste.
  - making all outcomes equal.
  - removing all government intervention.
- Equity is best described as:
  - the same as profit.
  - fairness or justice.
  - maximum output only.
  - a measure of inflation.
- Economic well-being includes:
  - only income.
  - income, security, quality of life and ability to maintain these over time.
  - only business profits.
  - only the number of goods in shops.
- Interdependence means that economic decision-makers:
  - never interact.
  - depend on and affect each other.
  - always have identical goals.
  - avoid trade.

## Section B: Short-answer questions

- Define scarcity and choice. [4 marks]
- Distinguish between efficiency and equity. [4 marks]
- Explain two dimensions of economic well-being. [4 marks]
- Explain why sustainability is a central concept in economics. [4 marks]

## Section C: Data response / case study

Case study: A government has a limited budget. It can spend more on rural roads, public hospitals, renewable energy or income support for low-income households. Each option improves well-being in a different way, but funding one programme means less funding for others.

- Identify the central economic problem shown in the case. [2 marks]
- Explain how the concept of choice applies to the case. [3 marks]
- Explain one possible efficiency objective and one possible equity objective. [4 marks]
- Discuss one way sustainability could affect the government's decision. [4 marks]

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## Section D: Extended response

Evaluate the usefulness of the central concepts of scarcity, efficiency, equity and sustainability when analysing government policy. [15 marks]

Recommended structure: define key terms, apply to the case or examples, develop analysis with cause-and-effect reasoning, and finish with a balanced judgment.

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# Answer key and marking guidance

Award marks for valid economic reasoning. Accept alternative examples if they are accurate and clearly linked to the question.

## Section A answers

1. B 2. B 3. B 4. B 5. B

## Section B marking guidance

1. Scarcity: limited resources relative to unlimited wants; choice: selecting among alternatives because not all wants can be satisfied.
2. Efficiency: best use of resources/minimising waste; equity: fairness/justice, often relating to distribution of income, wealth or opportunity.
3. Accept income security, jobs, housing, health, education, environmental quality, personal security, social connections, pursuing goals and maintaining quality of life over time.
4. Sustainability matters because present use of resources can reduce future generations' ability to satisfy needs; linked to scarcity and resource degradation.

## Section C marking guidance

1. Scarcity/limited budget relative to many wants.
2. Government must select which programmes to fund and which to sacrifice; not all alternatives can be fully chosen.
3. Efficiency: projects with greatest benefit per resource used, reduced waste, improved infrastructure productivity. Equity: income support, hospitals or access for poorer/rural groups.
4. Renewable energy or environmental protection may preserve natural capital for future generations; policies should avoid reducing future well-being.

## Section D marking guidance

Strong responses define the concepts, explain how each guides policy choices, and apply them to government decisions. Scarcity creates trade-offs; efficiency asks whether resources are wasted; equity asks who benefits and whether outcomes are fair; sustainability asks whether present choices damage future well-being. Evaluation should note possible conflicts, such as growth versus sustainability or efficiency versus equity, and conclude that the concepts are useful but require value judgments and evidence.

15-mark guidance: 1-4 knowledge/definitions; 5-8 application to policy; 9-12 analysis of trade-offs and links; 13-15 evaluation with a balanced judgment.