Choice, models and market adjustment

Pearson Edexcel · International GCSE · Economics

Supported transfer: Choice, models and market adjustment

Scope and prerequisite teaching

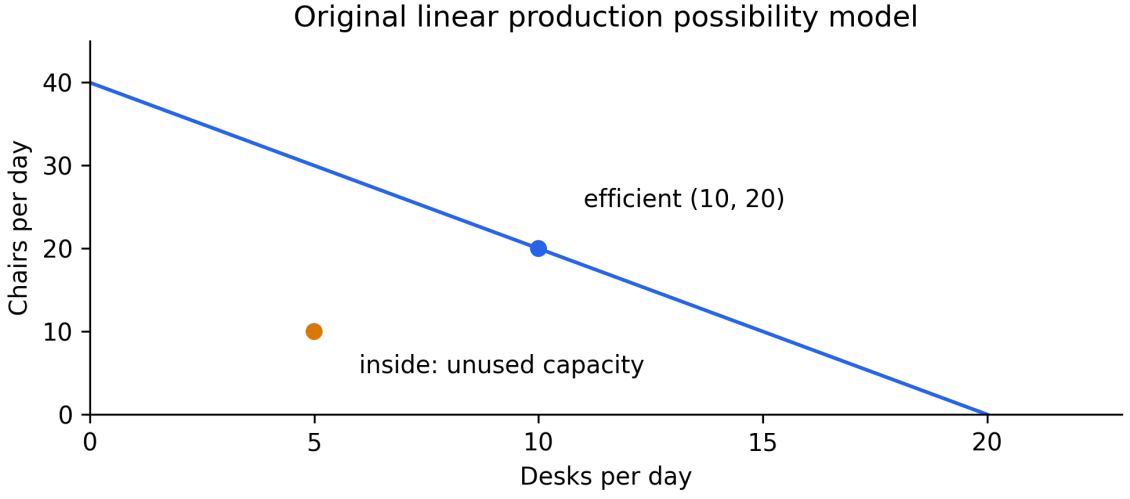
Issue 3, February 2026. Supported mapped specification objectives; qualification rubric reviewed June 2025.

This focused rehearsal adopts the linked native explanations; it does not replace them or certify a whole qualification. Supported objective IDs: 1.1.1a, 1.1.1b, 1.1.1c, 1.1.1d, 1.1.1e, 1.1.2a, 1.1.2b, 1.1.2c.

Native prerequisites: 0101, 0102, 0103.

Key terms

scarcity ; **opportunity cost** ; **equilibrium** ; **excess demand** .



Scarcity and opportunity cost

A production possibility frontier shows maximum feasible combinations using stated resources and technology. On the straight line shown, one extra desk costs two chairs. An inside point can be feasible but does not use full capacity; a point beyond the frontier needs more resources or technology. Movement along the frontier is reallocation, not growth.

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■ Worked case

An original workshop can make 20 desks or 40 chairs per day. With a straight frontier, calculate the opportunity cost of five more desks and distinguish a move along it from a shift.

The slope gives $40/20 = 2$ chairs per desk. Five desks therefore cost $5 \times 2 = 10$ chairs per day. Reallocating existing resources moves along the frontier. More usable resources or better technology can shift it outward; demand alone does not increase physical capacity.

■ Independent transfer

A workshop has idle machines. A new order raises output. Has its production frontier necessarily shifted?

■ Checked original model

No. With usable idle capacity, production may move from inside towards the existing frontier. A capacity increase requires evidence about available resources or technology, while a new order changes demand. Compare feasible combinations before and after rather than equating actual output with potential output.

Evidence and assessment limits

The tasks and marking points here are original, not official questions or mark schemes. The exam format follows the Issue 3 specification and the June 2025 4EC1/01 and 4EC1/02 papers and mark schemes: two 90-minute 80-mark papers, each four compulsory 20-mark questions mixing 1-mark multiple choice, 1–2-mark define/state/calculate, 6-mark analyse, 9-mark assess and 12-mark evaluate items that require reference to the supplied data; extended answers are level-marked (6-mark: 1–2/3–4/5–6; 12-mark: 1–4/5–8/9–12 with an AO4 judgement at the top). Assessment objectives weigh AO2 application at about half of the qualification.

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