

## Assessment: Factors of Production and Scarcity

### Specific Expectations

1. **A1. Economic Inquiry and Skill Development:** Encourages students to analyze and evaluate the implications of scarce resources.
2. **A2. Developing Transferable Skills:** Helps students develop problem-solving and critical thinking skills by proposing solutions to real-world challenges.
3. **B3. Growth and Sustainability:** Focuses on analyzing the costs, benefits, and sustainability of economic growth and development.

### Understanding Factors of Production and Scarcity in Sustainable Development

#### Instructions:

Read the scenario below and answer the following questions. Use economic concepts, critical thinking, and analytical skills to explain your answers.

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#### Scenario:

A small island nation relies heavily on tourism and agriculture for its economy. However, the country faces several challenges:

- **Labour:** A significant portion of the population is migrating to urban areas, leading to a shortage of skilled workers.
- **Capital:** The nation lacks the financial resources to invest in modern infrastructure.
- **Land:** Agricultural land is limited due to increasing urbanization and environmental degradation.
- **Entrepreneurship:** Few individuals are willing to take risks to start new businesses.

The government wants to promote sustainable development while addressing these challenges.

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#### Questions:

1. **Factors of Production**
  - Identify the four factors of production in the scenario.
  - Explain how the scarcity of each factor impacts the island's ability to achieve sustainable development.
2. **Economic Choices**

- Using the concept of opportunity cost, explain the trade-offs the government might face when allocating resources to tourism versus agriculture.

3. **Government's Role**

- Propose two strategies the government could implement to address the scarcity of these factors and promote sustainable development.

4. **Sustainable Development**

- How does the scarcity of these factors affect the island's ability to meet the needs of its current population while preserving resources for future generations?
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