

Topic 1.1: Scarcity

LO: MKT-1.A | Skill: 1.A | Portfolio: Analysis Memo 1

Mini-FRQ — Scoring Guide (8 points total)

Format: Short Free-Response (Concept & Explanation)

Part 1 — Define + apply scarcity (2 pts)

- **1 pt:** Defines scarcity as unlimited wants vs. limited resources.
- **1 pt:** Applies it to Pinegrove (the one line and crew can cut only one product at full volume).

Part 2 — Four economic resources (4 pts)

- **1 pt each:** Land (the logs / forest timber), Labor (the ~20 workers), Capital (the cutting line and saws), Entrepreneurship (the founder who organizes the mill and takes the risk). One Pinegrove example required per resource.

Part 3 — Opportunity cost (1 pt)

- **1 pt:** Identifies the opportunity cost of cutting flooring as the construction lumber (the next-best alternative given up) AND defines opportunity cost as that next-best alternative.

Part 4 — Non-rival resource (1 pt)

- **1 pt:** Explains that the cutting pattern is non-rival — every saw can follow it at once without using it up — whereas the cutting line is rival: one product blocks the other. (This is the EK MKT-1.A.2 distinction.)

Common mistakes / scoring notes

- Calling money or revenue 'capital' — capital means produced tools and equipment, not funds.
- Listing several things as the opportunity cost — it is the single next-best alternative, not everything given up.
- Calling the cutting pattern scarce — award the point only if the student treats the known pattern as non-rival.