

**SMART EXAM RESOURCES**  
**0455/0987(9-1) IGCSE ECONOMICS**  
**PAPER-2- MARKSCHEME**

**MARKSCHEME: 1**

2 marks for an explanation of what is meant by the economic problem, i.e. limited/finite resources and unlimited/infinite wants (1) giving rise to a condition of scarcity/insufficient resources (1).

2 marks for an explanation of what is meant by opportunity cost, i.e. the benefit obtained from the (next) best alternative (1) foregone (1).

2 marks for an explanation of why opportunity cost is relevant to the allocation of resources i.e. the condition of scarcity gives rise to the need to make a choice (1) opportunity cost indicates if resources are used for one purpose they cannot be used for another purpose/ consideration of opportunity cost can result in an efficient allocation of resources (1). [6]

## MARKSCHEME: 2

Discuss to what extent an ageing population is a serious economic problem. [8]

Up to 5 marks for why it might be a serious problem:

- increase need for health care (1) tax revenue used to provide health care could have been used for another purpose/opportunity cost (1)
- increase cost of pensions (1) place a tax burden on workers (1)
- increase the dependency ratio (1) proportionally more non-workers will have to be supported by proportionally fewer workers (1)
- reduce mobility of the labour force (1) older workers may be less geographically/ occupationally mobile (1)

Up to 5 marks for why it might not be a serious problem:

- a rise in the average age from a young age (1) may reduce dependency ratio (1)
- older workers may be more experienced (1) leading to higher productivity (1)
- ageing population may not increase dependency ratio/cost of pensions (1) if retirement age is raised (1)
- longer life expectancy (1) raise living standards (1)

## **MARKSCHEME: 3**

**Explain what is meant by the 'economic problem'.**

**[2]**

There are finite/limited/scarce resources (1) but unlimited/infinite wants (1) and so it is necessary for a choice to be made (1)

Maximum of 2 marks

## **MARKSCHEME: 4**

**Explain what is meant by the 'economic problem'.**

**[2]**

There are finite/limited/scarce resources (1) but unlimited/infinite wants (1) and so it is necessary for a choice to be made (1)

Maximum of 2 marks

## MARKSCHEME: 5

Explain three reasons why inflation is regarded as a serious economic problem. [6]

Up to 2 marks: increases cost of living (1), people are worse off if incomes do not rise as much as prices (1) because purchasing power will be less (1).

Up to 2 marks: this is a particular problem for those on fixed incomes (1) compared to others who at least get some increase in their wages each year (1).

Up to 2 marks: lenders become more reluctant to lend money (1) and this can reduce the extent of liquidity in the economy/reduce investment (1).

Up to 2 marks: it can lead to uncertainty and a lack of confidence in the economic future of a country (1), making firms reluctant to invest (1).

Up to 2 marks: if the prices of exports go up, this will make them less competitive in foreign markets (1); this could lead to a reduction in demand and a consequent increase in unemployment (1) and may cause a current account deficit (1).