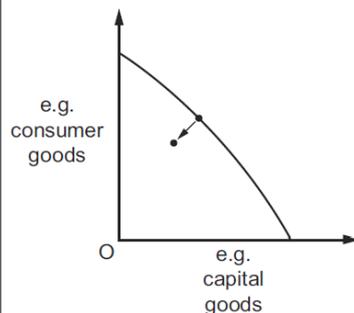


**SMART EXAM RESOURCES**  
**0455/0987(9-1) IGCSE ECONOMICS**  
**PAPER-2- MARKSCHEME**

**MARKSCHEME: 1**

Using a production possibility curve diagram, analyse the effect on an economy's output when there is a change from full employment to unemployment.

6



**Up to 4 marks for diagram:**

Axes correctly labelled (1) Curve/straight downward sloping line drawn to the axes (1) A production point on the one curve (1) A production point inside the one curve (1).

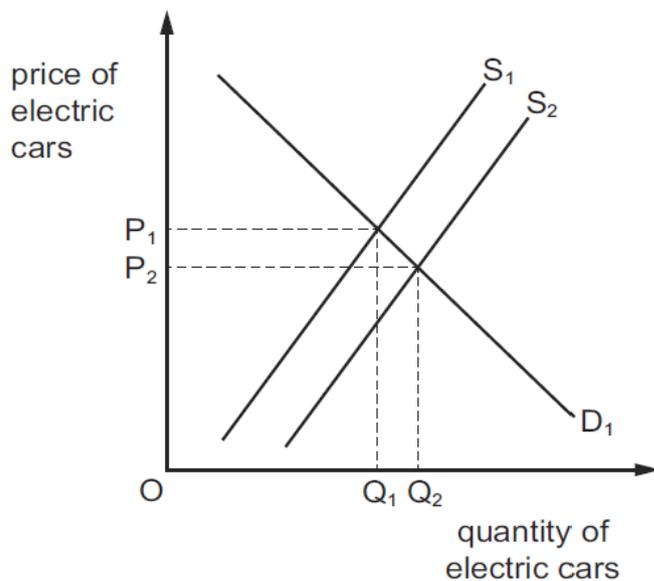
**Up to 2 marks for written explanation:**

Full employment would mean an economy making maximum use of resources (1) making as much output as possible/efficient use of resources (1) unemployment means output is below potential (1) inefficient use of resources/resources lying idle (1) output will fall (1).

## MARKSCHEME: 2

Analyse, using a demand and supply diagram, how a subsidy given to producers could affect the market for electric cars.

6



Up to 4 marks for the diagram:

Axes correctly labelled – price and quantity or p and q (1).

Demand and supply curves correctly labelled (1).

Supply curve shifted to the right (1).

Equilibriums – shown by lines  $P_1$  and  $P_2$  /  $Q_1$  and  $Q_2$  or equilibrium points  $E_1$  and  $E_2$  (1).

Up to 2 marks for coherent analysis which might include:

A subsidy encourages firms to produce more/equivalent to a reduction in costs (1).

Price will fall/quantity traded will rise (1).

## MARKSCHEME: 3

Using a production possibility curve diagram, analyse the impact of an increase in resources on an economy. [5]

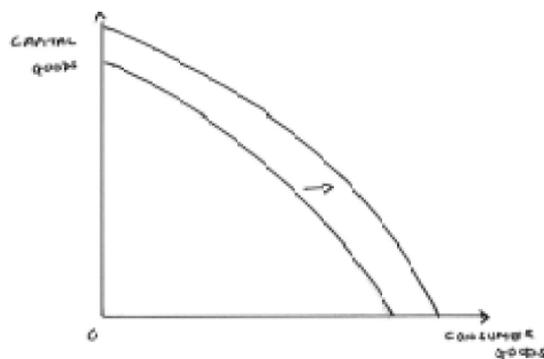
Up to 3 marks for the diagram:

1 mark for the original curve or downward sloping line which must touch the axes.

1 mark for axes correctly labelled in terms of two different products or types of products.

1 mark for showing the curve or line shifted out to the right.

Figure 2 (c)



Up to 2 marks for written analysis:

1 mark for an increase in resources moves the PPC to the right.

1 mark for more resources enables an economy to produce more of both products/increase productive potential/economic growth.

1 mark for whether output increases or not will depend on what happens to the production point.

## MARKSCHEME: 4

Using a production possibility curve diagram, analyse the effect of a decrease in the supply of labour and enterprise on an economy. [5]

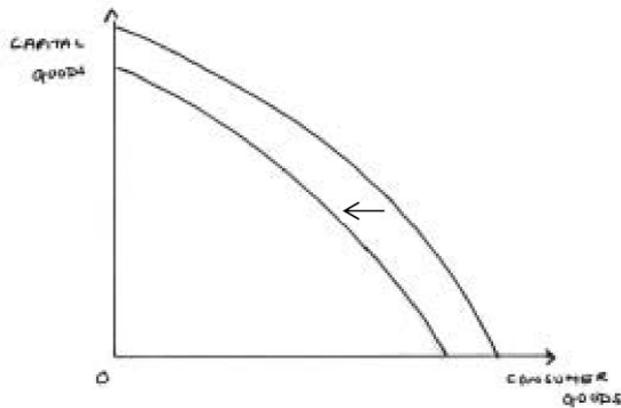


Figure 2 (c)

**Up to 3 marks for the diagram:**

1 mark for axes correctly labelled in terms of two different products or types of products.

1 mark for the original curve or downward sloping line.

1 mark for showing the curve or line shifting to the left.

**Up to two marks for written comments:**

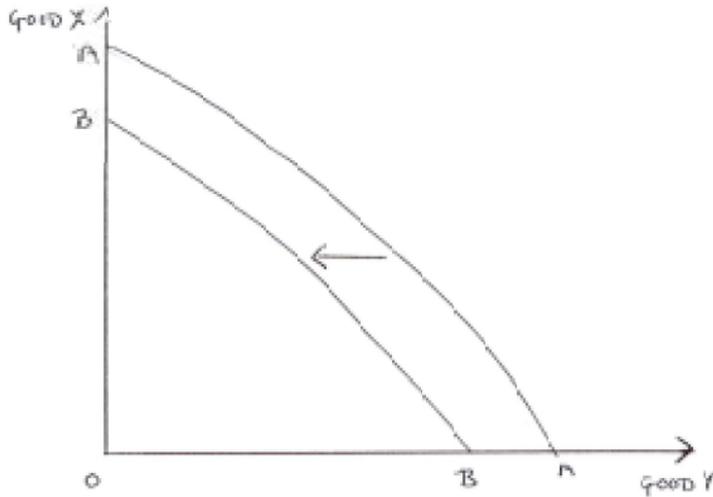
1 mark for fewer resources shifts the PPC to the left.

1 mark for fewer resources reduces the ability of an economy to produce both products/reduces productive potential/reduces GDP.

## MARKSCHEME: 5

Using a production possibility curve diagram, analyse the effect of the destruction of some of its resources on an economy. [6]

Up to 4 marks for the diagram:



- axes correctly labelled (1)
- original curve/downward sloping line to axes (1)
- new curve present (1)
- shift to the left clearly indicated either by an arrow or by labelling (1)

Up to 2 marks for written explanation:

- the destruction of resources will reduce the maximum output a country can produce (1)
- this will move the production possibility curve to the left/closer to the origin (1)