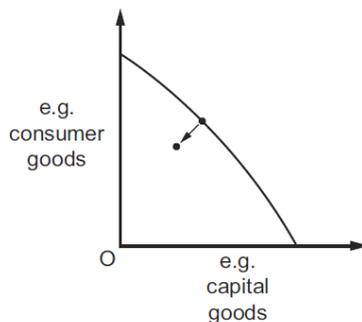


SMART EXAM RESOURCES
0455/0987(9-1) IGCSE ECONOMICS
PAPER-2- MARKSCHEME

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:

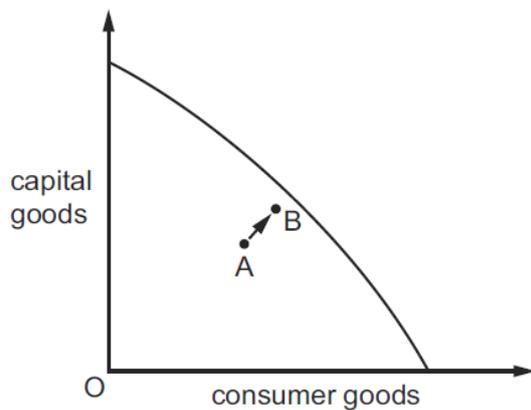
Axes correctly labelled (1) Curve/straight downward sloping line drawn to the axes (1) A production point on the one curve (1) A production point inside the one curve (1).

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

-) Using a production possibility curve diagram, analyse the effect of a decrease in unemployment on an economy's output. [6]



Up to 4 marks for the diagram:

- axis correctly labelled in terms of two different products or types of products (1)
- the curve or downward sloping line drawn to axes (1)
- a production point inside the PPC (1)
- a production point on or moving closer to the frontier (1).

Up to 3 marks for written comments:

- unemployed resources mean an economy is producing inside the PPC (1)
- a decrease in unemployment means more resources are being used (1)
- greater use of resources increases output (1).

MARKSCHEME: 3

Analyse, using a production possibility curve (PPC) diagram, the effects of high unemployment in a country.

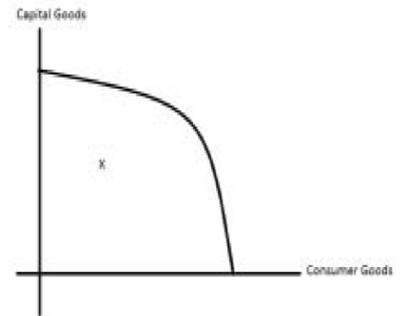
Diagram up to 3 marks:

- axes labelled Capital Goods & Consumer Goods (also accept any other combination as long as it is clear that it is two separate products, and not Price and Quantity)
- a curve bowed outwards or a downward sloping straight line drawn to the axes
- point inside the curve identified as point of unemployment e.g. X

Written analysis up to 3 marks:

- high unemployment means that the available resources are not fully (1) and efficiently used (1)
- the economy will not be able to produce at its maximum level (1) i.e. on the PPC (1) output of the economy is smaller than the maximum (1) lower than potential living standards (1)
- May be negative or lower economic growth / recession (1)

6



MARKSCHEME: 4

Analyse, using a production possibility curve (PPC) diagram, the effect of an increase in unemployment on an economy.

Up to 4 marks for the diagram:

Axes correctly labelled (1).

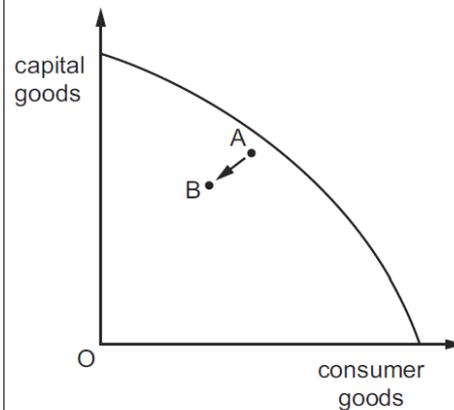
Curve drawn as a curve or downward sloping line to the axes (1).

Two production points shown – one on or to left of PPC and the other further to the left of the PPC (1).

Movement of the production point inwards indicated by arrow or lettering (1).

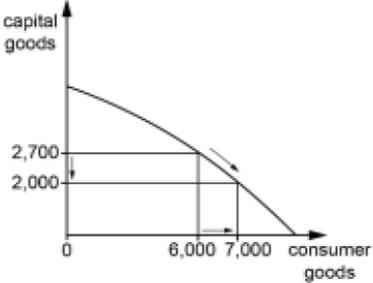
Up to 2 marks for coherent analysis which might include:
Unemployment means resources are not used (1) there is inefficiency (1) reduces output/GDP / causes a recession (1).

6



For analysis, only accept a PPC shifted inwards if logical justification is given i.e. an increase in unemployment may cause some workers to leave the labour force – 'unemployment causing unemployment'.

MARKSCHEME: 5

<p>Analyse, using a production possibility curve (PPC), the opportunity cost to an economy of producing more consumer goods.</p> <p>Up to 4 marks for the diagram:</p> <p>Axes correctly labelled with capital/consumer goods (1).</p> <p>Curve drawn as a curve/line sloping downward to the axes (1).</p> <p>Movement along the curve/along the axes (1).</p> <p>Reduction in capital goods/increase in consumer goods shown by numbers or letters or arrows (1).</p> <p>Up to 2 marks for coherent analysis which might include:</p> <p>Opportunity cost is the (next) best alternative forgone (1)</p> <p>resources used to produce consumer goods cannot be used to produce capital goods (1).</p> <p>Producing more consumer goods now may mean fewer consumer goods in the future (1) as there may be fewer capital goods to make them (1).</p>	6	
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