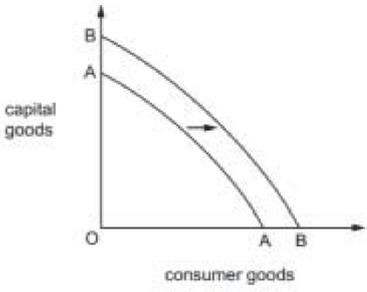


SMART EXAM RESOURCES
0455/0987(9-1) IGCSE ECONOMICS
PAPER-2- MARKSCHEME

MARKSCHEME: 1

<p>Analyse, using a production possibility curve (PPC) diagram, the beneficial effects for a country of the growth of its small and medium-sized firms.</p> <p>Up to 4 marks for the diagram: Axes correctly labelled (1). Initial curve drawn as a curve or downward sloping line to the axes (1). New curve drawn as a curve or downward sloping line to the axes (1). Shift to the right indicated by arrow or lettering (1).</p> <p>Up to 2 marks for coherent analysis which might include: The growth of its small and medium-sized firms will lead to an increase in the number of firms in the economy (1) this will increase productive potential / increase productive capacity / cause economic growth (1).</p>	<p>6</p>	<div style="text-align: center;">  </div> <p>Also accept a tilt outward of the new PPC curve.</p>
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MARKSCHEME: 2

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).

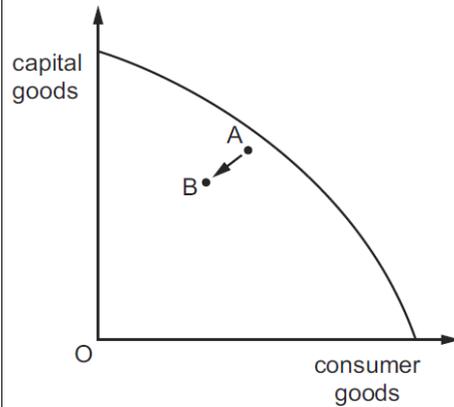
Two production points shown – one on or to left of PPC and the other further to the left of the PPC (1).

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: 3

Analyse, using a production possibility curve (PPC) diagram, the effects of a decrease in the quantity of capital goods in an economy.

Up to 4 marks for the diagram:

Axes correctly labelled (1).

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

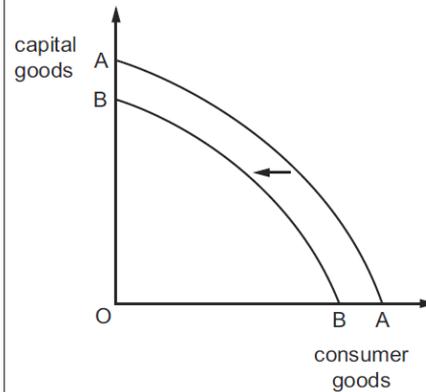
New curve drawn as a curve or downward sloping line to the axes (1).

Shift to the left / pivot indicated by arrow or lettering (1).

Up to 2 marks for coherent analysis which might include:
Capital goods are a resource / investment used to produce other goods (1).

Fewer capital goods / factors of production reduce potential output / productive capacity (1).

6



Accept a PPC diagram that shows fewer capital goods and the same quantity of consumer goods.

Accept Good A / Good B labelling on axis.

Note: movement along the existing PPC is incorrect.
So potentially only 2 marks for correctly labelled axes and correct curve.

MARKSCHEME: 4

Analyse, using a production possibility curve (PPC), the effect of an increase in the quality of its resources on an economy.

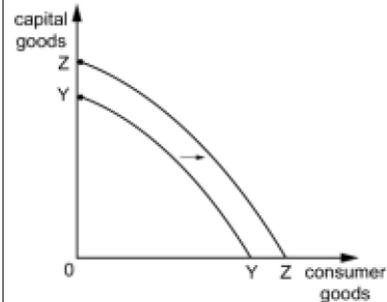
Up to 4 marks for the diagram:

Axes correctly labelled with different outputs (1).
Initial curve drawn as a curve / line sloping downward to the axes (1).
New curve drawn as a curve / line sloping downward to the axes (1).
Shift indicated by arrow or letter (1).

Up to 2 marks for coherent analysis which might include:

Better quality resources will increase productivity (1) enable more of both types of goods to be produced (1) with a given quantity of resources (1) increase productive potential / productive capacity / total supply (1) cause economic growth (1).

6 Nothing for higher output, higher GDP as this is uncertain.



MARKSCHEME: 5

Analyse, using a production possibility curve (PPC), the opportunity cost to an economy of producing more consumer goods.

Up to 4 marks for the diagram:

Axes correctly labelled with capital/consumer goods (1).

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

Movement along the curve/along the axes (1).

Reduction in capital goods/increase in consumer goods shown by numbers or letters or arrows (1).

Up to 2 marks for coherent analysis which might include:

Opportunity cost is the (next) best alternative forgone (1)
resources used to produce consumer goods cannot be used to produce capital goods (1).

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).

6

