

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

MARKSCHEME: 1

Explanation in terms of limited resources compared with unlimited wants, choice between resources (2 marks).

Next best alternative forgone (2 marks).

[4]

MARKSCHEME: 2

Explanation could include:

- there are limited/finite resources (1)
- to satisfy unlimited/infinite wants (1)
- where choices have to be made/there is an opportunity cost (1).

[3]

MARKSCHEME: 3

What is meant by scarce resources?

[2]

- Factors of production (1) that are limited in supply (1).

MARKSCHEME: 4

Explain why scarcity gives rise to an 'opportunity cost'.

[4]

1 mark for explanation of the term 'scarcity' in terms of the finite resources.

1 mark for insufficient resources to satisfy the unlimited wants.

1 mark for stating that this gives rise to the need to make a choice.

1 mark for stating that this choice will involve an opportunity cost in terms of the (next) best alternative that is foregone.

MARKSCHEME: 5

Discuss whether a decision to cut down trees for wood is an appropriate use of a scarce resource.

[8]

Up to 5 marks for stressing that it is an appropriate use of a scarce resource:

Up to 2 marks: cutting down trees for wood will create employment (1) which will increase incomes in the economy (1).

Up to 3 marks: cutting down trees for wood can be used to build houses, bridges and furniture (1), improving the country's infrastructure (1), satisfying people's wants/demand (1).

Up to 3 marks: the wood can be sold (1), creating profit (1), leading to an increase in GDP (1).

Up to 2 marks: replacement trees can be planted (1) enabling trees to be harvested in the future (1).

Up to 2 marks: wood could be exported (1), improve current account/balance of payments