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

MARKSCHEME: 1

Analyse why the elimination of absolute poverty would not solve the economic problem.	6
- Absolute poverty is lack of access to basic necessities (1) example e.g. food/living below a certain income level e.g. $1.25 (1) - The economic problem is unlimited wants (1) exceeding finite resources/scarce resources/scarcity (1) - Even if everyone had access to basic necessities, people would still want more products (1) e.g. better quality food (1) there would not be enough resources to meet people's increasing wants (1) relative poverty will still exist/rich will still be able to spend more than the poor (1) - Over time what is considered to be absolute poverty is likely to change (1)	

MARKSCHEME: 2

Define the basic economic problem.	2
The basic economic problem is the scarcity (1) of resources / factors of production (1) compared to unlimited wants of humans (1) .	

MARKSCHEME: 3

The nature of the economic problem:
- at any moment in time in an economy, output is limited by the resources and technology available; there is, therefore, a basic condition of scarcity
- the wants of consumers are unlimited or infinite
- the ability of the resources to satisfy those wants, however, are limited or finite
- there is, therefore, a need to make a choice as a result of this scarcity
- this choice will be in terms of what to produce, how to produce and for whom to produce.

Candidates can gain all 4 marks for addressing any four of these five points.   [4]

MARKSCHEME: 4

Explanation:
- there are finite/limited resources
- so there is a basic situation of scarcity
- there are unlimited wants
- so there is a need to exercise choice. [4]

MARKSCHEME: 5

Basic economic problem:
- finite/limited resources
- basic situation of scarcity
- unlimited wants
- necessity for a choice to be made.   [2]