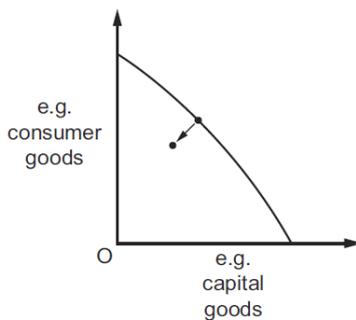


SMART EXAM RESOURCES
0455/0987(9-1) IGCSE ECONOMICS
PAPER-2- MARKSCHEME

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

<p>Explain the difference between a point inside a PPC and a point outside a PPC</p> <p>Logical explanation which might include: A point inside indicates unemployed resources (1) inefficient use of resources / wasted resources (1) output is below potential output (1) an attainable point (1). A point outside is unattainable (1) not enough resources / beyond productive potential / only achievable with more resources / only achievable with better quality resources / not achievable with current resources / will be possible with future economic growth (1).</p>	<p>4 Maximum of 2 marks for point inside and a maximum of 2 marks for point outside.</p>
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MARKSCHEME: 3

<p>Explain how the economic problem results in consumers having to make choices.</p> <p>Logical explanation which might include:</p> <p>The economic problem is unlimited / infinite wants (1) exceeding limited / finite / scarce resources (1) resulting in scarcity (1). Consumers have limited incomes (1) and so cannot buy everything they want (1). Buying one product involves an opportunity cost (1) in the form of another product sacrificed / example (1).</p>	4	
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MARKSCHEME: 4

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

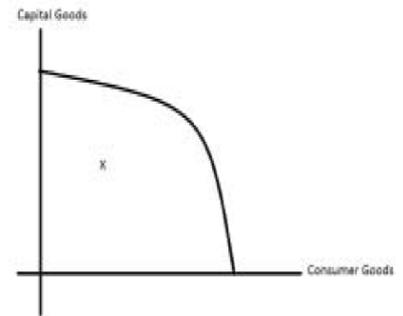
Diagram up to 3 marks:

- 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: 5

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).

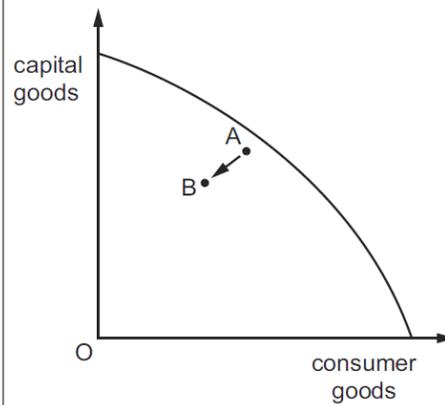
Curve drawn as a curve or downward sloping line to the axes (1).

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'.