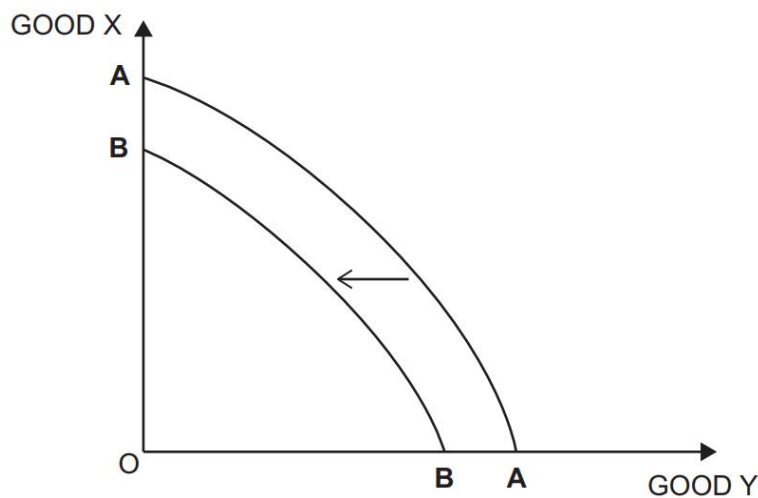


Quick Answers

Question 1

Analyse, using a production possibility curve diagram (PPC), the effect of the destruction of some of its resources on an economy.

Up to 4 marks for the diagram.



- axes correctly labelled (1)
- original curve/downward sloping line to axes (1)
- new curve present (1)
- shift to the left clearly indicated either by an arrow or by labelling (1)

Up to 2 marks for coherent analysis which might include:

- the destruction of resources will reduce the maximum output a country can produce (1)
- this will move the production possibility curve to the left/closer to the origin (1)

Question 2

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

Up to 4 marks for the diagram:

- Axes correctly labelled (1)
- Initial curve drawn as a curve / downward sloping line to the axes (1)
- New curve drawn as a curve / downward sloping line to the axes (1)
- Shift to the right indicated by arrow or lettering (1)

Up to 2 marks for coherent analysis which might include:

- Enterprise is a factor of production / resource (1) there will be more risk takers / decision makers / firms (1) more enterprise increases productive capacity / potential / maximum output that can be produced / causes economic growth (1)

Guidance

Question 3

Analyse, using a production possibility curve (PPC) diagram, the effect of damaging weather on an economy.

Up to 4 marks for the diagram:

- axes correctly labelled in terms of two different products or types of products (1)

- initial curve or downward sloping line is drawn to the axes (1)
- second curve or downward sloping line is drawn to the axes (1)
- An indication either by labelling or an arrow that the curve has shifted inwards / left (1)

Up to 2 marks for written analysis:

- Bad weather will reduce the quantity of resources (1)
- The amount that can be produced with fewer resources will fall (1)

Guidance

Question 4

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

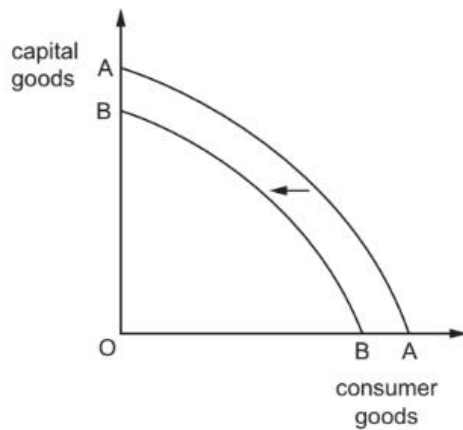
Up to 4 marks for the diagram:

- 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)

Guidance



- 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.

Question 5

Analyse, using a production possibility curve (PPC) diagram, the possible effects of faster internet speeds for economic growth.

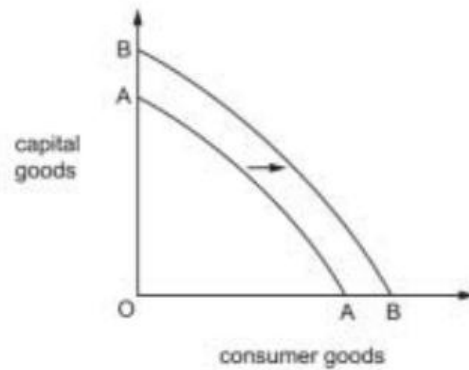
Up to 4 marks for the diagram:

- axes correctly labelled in terms of two different products or types of products (1)
- the curve or downward sloping line is drawn to the axes (1)
- second curve or downward sloping line is drawn to the axes (1)
- an indication either by labelling or an arrow that the curve has shifted outwards / right (1)

Up to 2 marks for written analysis:

Faster internet speed increases productive capacity / the maximum quantity of products that can be produced within a certain time period (1) better communication infrastructure (1) e.g. labour can work faster, capital is better (1) lower costs of production (1) encourage more investments therefore increase financial capital (1) increased productive capacity results in (potential) economic growth / cause economic growth (1)

Guidance



Do not reward analysis marks for description of diagram e.g. PPC shifts to the right.

Question 6

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

Diagram up to 3 marks:

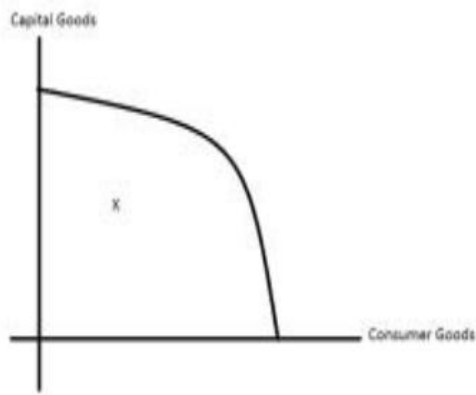
- axes labelled Capital Goods & Consumer Goods (also accept any other combination as long as it is clear that it is two separate products, and not Price and Quantity)
- a curve bowed outwards or a downward sloping straight line drawn to the axes
- point inside the curve identified as point of unemployment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

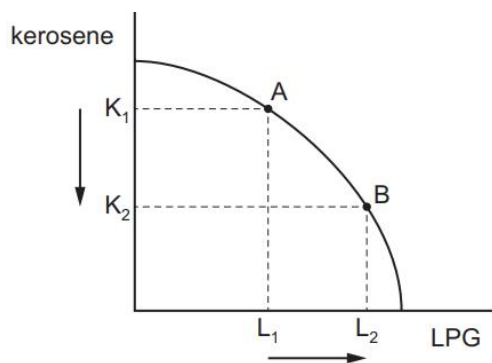
Guidance



Question 7

Analyse, using a production possibility curve (PPC) diagram, the effect of reallocating resources from kerosene to LPG.

Award up to 4 marks for a correct diagram:



- Axes labels LPG and kerosene (1)
- Curve / downward sloping line drawn to axes (1)
- Two production points illustrating increased production of LPG (1)
- New production point indicated (1)

Award up to 2 marks for associated explanation:

- Reallocating resources will involve a movement along the PPC (1) this will involve an opportunity cost (1).

Guidance

- Accept points on the curve with arrow from A to B