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## 0820/27/01



NATIONAL QUALIFICATIONS 2012

WEDNESDAY, 25 APRIL ECONOMICS
9.00 AM - 10.00 AM STANDARD GRADE Foundation Level

Fill in these boxes and read what is printed below.
$\square$

Town
$\square$
Surname


Date of birth Day Month


Scottish candidate number
Number of seat

$\qquad$

1 Read each question carefully.
2 Attempt all the questions.
3 All answers are to be written in this answer book.
4 Do not write in the margins.
5 Before leaving the examination room you must give this book to the Invigilator. If you do not, you may lose all the marks for this paper.


1. Study the picture below and answer the questions which follow.

(a) Identify one example of each of the following:
(i) a natural resource;
(ii) a human resource;
(iii) a man-made resource.
(b) In the UK, private firms provide some services and the Government provides other services. What is the name given to this type of economy?
Tick the correct box.

| Planned/Command economy |  |
| :--- | :--- |
| Free market economy |  |
| Mixed economy |  |


|  |  |
| :--- | :--- |
|  |  |

## 1. (continued)

(c) Suggest 2 economic benefits to the local community of the new cinema.

1 $\qquad$

2 $\qquad$
(d) What type of spending is the building of the new cinema complex?

## Tick the correct box.

| Current Spending |  |
| :--- | :--- |
| Capital Spending |  |

(e) (i) From the picture, identify 2 costs to MovieWorld's owners.

1 $\qquad$

2
(ii) Describe 2 ways MovieWorld's owners could increase their revenue.

1 $\qquad$
$\qquad$

2 $\qquad$
2. Mell plc is a company that manufactures and sells laptop computers.

Study the diagram below and answer the questions which follow.

## Demand for Mell plc Laptop Computers

| 2008 |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

(a) (i) Calculate the change in demand for Mell laptop computers between 2008 and 2012.

Answer: $\qquad$
Show your working here.
(ii) Suggest one reason for the change in demand for Mell laptops identified in $(a)(\mathrm{i})$.
$\qquad$
$\qquad$
(b) (i) What is likely to happen to the price of Mell laptops as a result of the change in demand shown in the diagram?

## Tick the correct box.

| Increase |  | Decrease |  |
| :--- | :--- | :--- | :--- |

(ii) What is likely to happen to the supply of Mell laptops as a result of the change in demand shown in the diagram?

## Tick the correct box.

| Increase |  | Decrease |  |
| :--- | :--- | :--- | :--- |

2. (b) (continued)
(iii) Explain your answer to (b)(ii).
$\qquad$
$\qquad$
(c) Identify whether each of the following might increase or decrease demand for Mell laptop computers.
Tick the correct box. The first one has been done for you.

| Events | Increase | Decrease |
| :--- | :---: | :---: |
| Mell laptops win an award as best laptop in a <br> computer review magazine. | $\checkmark$ |  |
| Mell laptops are featured in a major new movie. |  |  |
| The price of software decreases. |  |  |
| Income tax increases and consumers have less <br> income to spend. |  |  |
| A rival laptop manufacturer reduces the price <br> of their laptops. |  |  |

(d) Mell plc is facing a shortage of suitable labour. Apart from raising wages, suggest one action it could take to solve this problem.
$\qquad$
$\qquad$
3. Study the chart below and answer the questions which follow.

Weekly Spending of a University Student

(a) Calculate the total weekly spending of a university student.

Answer: $\qquad$
Show your working here.
(b) From the chart, identify:
(i) a need; $\qquad$
(ii) a want. $\qquad$ 2
3. (continued)
(c) A Government study has found that students spend a lot of money on "junk food".
(i) Suggest one economic action the Government might take to reduce the amount students spend on "junk food".
$\qquad$
$\qquad$
(ii) Explain how the action in (c)(i) would be expected to work.
$\qquad$
$\qquad$
(d) (i) State one benefit to the economy of more people going to university.
$\qquad$
$\qquad$
(ii) Suggest one action the Government might take to increase the number of people going to university.
$\qquad$
$\qquad$
(iii) Explain how the action suggested in (d)(ii) would be expected to work.
$\qquad$
$\qquad$
4. Study the article below and answer the questions which follow.

## ©hy Thugle

Mondxy, Jauray 30, 2012

## Company merger costs jobs!

| me merger of two | Today they announced |
| :---: | :---: |
| ectronics companies will | that they would be |
| cost 100 local workers their | replacing 100 workers with |
| jobs. Mobile phone | machines which would do |
| manufacturer 'Hold -a- | the same jobs. They also |
| phone' and MP3 | announced that they |
| anufacturer 'Walk-on' | would no longer make MP3 |
| have joined together to | players, but would now |
| form a new company | specialise in manufacturing |
| named 'Phone-on plc'. | smartphones. |

(a) (i) Identify the type of integration described in the newspaper article.

Tick the correct box.

| Horizontal Integration |  |
| :--- | :--- |
| Vertical Integration |  |

(ii) Explain your answer to (a)(i).
$\qquad$
$\qquad$
$\qquad$
$\qquad$

|  |  |
| :--- | :--- |
|  |  |
|  |  |
|  |  |
|  |  |

(b) Phone-on plc belongs to which sector of production?

## Tick the correct box.

| Primary |  |
| :--- | :--- |
| Secondary |  |
| Tertiary |  |

(c) Phone-on plc decides that it will specialise in making only smartphones.
(i) Suggest 2 benefits of specialisation to the company.

1 $\qquad$
$\qquad$

2 $\qquad$
(ii) Suggest one disadvantage of specialisation to the customers of Phone-on plc.
$\qquad$

## 4. (continued)

(d) (i) Which type of unemployment is described in the article?

Tick the correct box.

| Residual unemployment |  |
| :--- | :--- |
| Technological unemployment |  |
| Seasonal unemployment |  |

(ii) Using your answer to (d)(i) suggest one action the Government might take to overcome this type of unemployment.
$\qquad$
$\qquad$
(iii) State one disadvantage of unemployment to:

1. the economy;
$\qquad$
$\qquad$
2. an unemployed person.
$\qquad$
$\qquad$
[Turn over for Question 5 on Page twelve
3. Study the picture below and answer the questions which follow.
(a) From the picture, identify $\mathbf{3}$ examples which would suggest that Mrs McCorkindale enjoys a higher standard of living than Mr Wylie.

1 $\qquad$

2 $\qquad$
3 $\qquad$
(b) (i) What evidence of inflation is there in the picture?
$\qquad$
2
(ii) Describe one effect inflation might have on the standard of living
of Mr Wylie.
$\qquad$
$\qquad$
$\qquad$
$\qquad$


## 5. (continued)

(c) (i) Suggest one form of borrowing which Mr Wylie could use to buy a car.
$\qquad$
(ii) Suggest 2 reasons why Mrs McCorkindale might want to save her money.

1 $\qquad$
$\qquad$

2 $\qquad$

2
(iii) State 2 places where Mrs McCorkindale might save her money.

1 $\qquad$

2
6. Study the table below and answer the questions which follow.

| Number of oranges <br> produced by 100 <br> workers per week | Kilos of haggis <br> produced by 100 <br> workers per week |
| :---: | :---: |
|  | 1000 |
| Spain | 12000 |
| Totals |  |
| A |  |

(a) Calculate the missing figures for:
(i) $\mathbf{A}$

Answer: $\qquad$ Number of oranges
(ii) $\mathbf{B}$

Answer: $\qquad$ Kilos of haggis
(b) (i) Which country has an absolute advantage in the production of haggis?
$\qquad$
(ii) Explain your answer to (b)(i).
$\qquad$
$\qquad$
$\qquad$
$\qquad$
(i) og

## 6. (continued)

(c) Spain buys haggis from Scotland.
(i) Would this be an example of an import or export for Scotland?

Tick the correct box.

| Import |  | Export |  |
| :--- | :--- | :--- | :--- |

(ii) Explain your answer to (c)(i).
$\qquad$
$\qquad$ 1
(d) Spain imports 8,000 kilos of haggis from a firm in Scotland. The Scottish firm charges Spain $£ 6$ per kilo of haggis. If the exchange rate is $£ 1=€ 1 \cdot 50$, what will be the total amount paid for the order in Euros?

Answer: € $\qquad$
Show your working here.
(e) The sale of haggis has increased in Japan. Which currency will Japanese consumers use to buy haggis?
$\qquad$
7. Study the chart below and answer the questions which follow.

## Farrland Government Tax Revenues 2012



Total Tax Revenue $=500$ billion Farrland pounds
(a) (i) Which is the smallest category of Government tax revenue?
$\qquad$
(ii) Calculate the total tax revenue from income tax.

Answer: $\qquad$
Show your working here.
(b) From the chart, identify:

1. a direct tax; $\qquad$
2. an indirect tax. $\qquad$
(c) Name 2 goods on which excise duty is usually charged.

1 $\qquad$
2 $\qquad$

## 7. (continued)

(d) The Farrland Government is worried that it does not have enough income in 2012.

Suggest 2 measures the Government might take to increase its income.
1 $\qquad$
$\qquad$
2 $\qquad$
(e) The Farrland Government decides to spend less on Defence.

Suggest 2 economic effects of this decision.
1 $\qquad$
$\qquad$

2 $\qquad$
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