



2010 Economics

Standard Grade Foundation

Finalised Marking Instructions

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Marking Instructions

Question 1

- (a) (i) Grass, Flowers, Trees, Water.
- (ii) Soldiers, Games salesperson, Bakers.
- (iii) Jeep, Tank, Army Base, Shops, Games consoles, Games. **3 ES**
- (b) (i) Cakes, pies, water.
- (ii) Games console, games.
- (iii) Tank, Jeep, Sales till. **3 ES**
- (c) (i) Public sector – Army base, Scanland water. **2 ES**
Private sector – Game-on plc, Meg's the Bakers.
- (ii) Public sector – Organisations owned and controlled by the Government.
Private sector – Organisations owned and controlled by private individuals.
Game-on PLC is a Public limited company (1 mark). **2 ES**
- (d) (i) A basic commodity which is necessary for survival. **1 KU**
- (ii) Need. **1 KU**

Question 2

- (a) Tickets for the match are limited in supply relative to people's wants.

There are a finite amount of tickets; 60,000 (1 mark)

Once these have been sold no more will become available, but if demand is greater than 60,000 not everybody who wants a ticket will be able to get one.

One-off match (0 marks)

unless related to the fact the match is a sell-out (1 mark).

2 KU

- (b) **£2, 700,000**

$£45 \times 60,000$ (1 mark)

2 ES

- (c) Fixed Cost

1 KU

- (d) (i) More

1 ES

(ii) Tickets are difficult to get. Demand is much greater than supply, this will increase the price.

Buyers will be willing to pay more than £45 for the tickets as they know that they are difficult to get.

2 ES

- (e) She will make a profit if she sells the ticket for any price above £45.

1 ES

Question 3

- (a) (i) There are many new stores opening in New Town, so they may get trade from customers visiting other shops.

There are good motorway links which will attract more customers.

Good motorway links help reduce transport costs.

500 new houses have been built in the area, which may mean more potential customers in the area.

New Town is booming, it is a thriving area.

- (ii) Old Towns future is not bright – shops are closing down.

Sales in Old Town are falling.

Shoppers are not visiting Old Town due to new shopping centres, such as the one in New Town, and rising prices.

2 ES

- (b) Tax incentives

Grants

Reduced rental rates

Invest in education in the area

Spending on regeneration of the area.

2 ES

- (c) (i) New Town Bugle headline ‘Price Rises Worry Consumers’

Prices have risen by 4%.

1 ES

- (ii) Sales of BF Bikes may fall (1 mark)

This is because, as prices are rising, consumers will be able to buy less with their money and so will buy less goods, especially luxuries. Consequently less people may buy bikes from BF Bikes.

2 KU

- (d) Loans

Mortgages

Foreign currency

Cash machine, Cash withdrawals

Current accounts.

3 ES

Question 4

(a) 30,000 TVs

10,000 × 3 (1 mark)

2 ES

(b) People who are willing **and** able to buy a good/service.

2 KU

(c) Decrease
Decrease
Decrease
Increase
Increase.

5 KU

(d) (i) Decrease

1 KU

(ii) If there are not enough LCD screens, less televisions will be made, therefore less will be made available for sale, so supply will decrease.

1 ES

Question 5

- (a) (i) £500 price tag on the sofa.
- (ii) Cash, credit cards, debit cards.
- (iii) 12 months interest free credit. **3 ES**
- (b) Credit cards or debit cards (1 mark only).
Cheques. **2 KU**
- (c) To make interest in a bank or building society.
- So that they have money available for an emergency.
- In order to raise the amount of money necessary for an item they cannot presently afford.
- Accept any reasonable answer. **2 KU**
- (d) Bank
Building Society
At home (Piggy Bank). **2 KU**
- (e) Tertiary. **1 ES**

Question 6

- (a) (i) 2,000 Tonnes 1 ES
- (ii) 10,000 Sweaters 1 ES
- (b) (i) USA 1 ES
- (ii) The USA produces more wheat than Scotland (1 mark) using the same amount of resources; 100 Workers (1 mark). 2 ES
- (c) Greater choice of brands.
Greater variety of products.
Greater competition, therefore cheaper prices.

Accept any reasonable answer. 3 KU
- (d) (i) Import 1 KU
- (ii) Scotland is buying the wheat from the USA, so the wheat leaves the USA and comes into Scotland, therefore it is an import. 1 KU
- (iii) Dollars 1 KU
- Accept '\$' 1 KU
- (e) **£100,000** (2 marks)
- If final answer is wrong, but the working is correct (1 mark)
- $€50/1.5 = £33.34$
- $£33.34 \times 3000 \text{ tonnes} = \textbf{£100,000}$
- or
- $3000 \text{ tonnes} \times €50 = €150,000$
- $€150,000/1.5 = \textbf{£100,000}$ 2 ES

Question 7

- (a) Direct Tax – Income Tax, Corporation Tax
Indirect Tax – Petrol revenue tax, VAT **2 ES**
- (b) (i) 5% **1 ES**
(ii) To encourage individuals to set up businesses as they will be cheaper to run.
To stimulate demand, if tax cuts are passed on to consumers.
To stimulate supply in the economy. **2 KU**
- (c) To improve the skills and knowledge of the nation, which will help to create a more skilled workforce and therefore increase the productive capacity of the country.
A more educated workforce will be more likely to find jobs and so reduce unemployment, reducing spending on benefits.
A more educated workforce will be less likely to be involved in crime, therefore reducing spending on tackling crime.
An effort to improve economic growth.
Accept any reasonable answer. **2 KU**
- (d) (i) Decrease **1 ES**
(ii) Income tax has risen, therefore workers will receive less take home pay (1 mark).
Workers will have less disposable income and so be able to afford less and buy less luxuries etc (1 mark). **2 ES**

[END OF MARKING INSTRUCTIONS]