



2011 Economics

Standard Grade Foundation

Finalised Marking Instructions

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Marking Instructions

Question 1

- (a) (i) Biscuits, Sweets, Tea, Coffee, Balloons, Cakes.
Do not accept wedding dress.
- (ii) Coffee machine, Sewing machine, Table, Chairs, Shop, Kilt shop sign.
- (iii) Alterations, shop staff, kilt shop = 0. **3 ES**
- (b) (i) Wedding shop, Custom-made dresses, Kilt shop, Seamstress. **1 ES**
- (ii) A better quality product is made.
Dresses are custom made and are unique.
Personal service. **2 KU**
- (c) (i) No. **1 ES**
- (ii) The woman is willing but unable to purchase the dress.
She would like to buy the £6000 dress, but as her budget is only £3000 she is unable to buy it.
- Look for consequential errors **1 KU**
- (d) (i) Horizontal Integration. **1 ES**
- (ii) Two firms at the same stage of production (1 mark) and producing the same type of good have joined together (1 mark). **2 ES**

Question 2

- (a) (i) £80,000. 1 ES
- (ii) £100,000. 1 ES
- (iii) Loss. 1 ES
- (iv) The theme park's revenue is £20,000 less than its costs, so it makes a monthly loss of £20,000. 1 KU
- (b) (i) Food, Electricity, Drink.
- (ii) Loan repayments, Wages, Advertising. 2 ES
- (c) (i) Make workers redundant.
Source cheaper food.
Close one or more rides.
Reduce the amount of advertising they do. 1 KU
- (ii) Accept any reasonable explanation.
Accept Consequential error if answer relates to costs. 2 KU
- (d) Photoworld sponsors the Plunge attraction (1 mark).
- Benefit – Becomes more widely known.
– Associated with the theme park.
– Good advertising.
– May lead to more people coming to their shop. 2 ES
- Only accept one benefit (1 mark)

Question 3

(a) 6 million. **1 ES**

(b) (i) Increase. **1 ES**

(ii) Increase. **1 ES**

Mark as a consequential error if answer to (b)(i) is incorrect.

(iii) Derived demand for labour.
More MP3s are required to be produced so more workers will be required to produce them.

Mark as a consequential error if answers to (b)(i) and (b)(ii) are incorrect. **2 KU**

(c) (i) Fall. **1 ES**

(ii) Sales of CD players are falling. Demand for Compact Discs is a derived demand. If fewer people buy CD players and switch to MP3 players demand for CD players will fall. Therefore Moffat's Electronics will order fewer supplies of CD players as they will expect to sell fewer. **2 KU**

(d) (i) Any place where buyers and sellers come together to exchange goods and services. **1 KU**

(ii) Telephone sales, Mail order, Traditional market (stalls etc)/Farmers' market, Internet, Swap-meet.

Do not accept shop. **2 KU**

Question 4

(a) Building society, Family, Friends, Commercial loan companies, Overdraft, Credit card. **2 KU**

(b) Build a factory, Buy machinery/equipment, Pay off debts, Fund an advertising campaign, Buy premises.

Accept any 2 reasonable answers. **2 KU**

(c) Cash machine, Insurance, Foreign currency, Savings Account. **2 KU**

(d) (i) Credit or Debit card, Cheque, Gift Voucher, Coupons/money-off vouchers **2 ES**

(ii) **Debit/credit cards**

Means you do not have to carry around a lot of coins which can be heavy.
People feel safer carrying cheques rather than money.
People can have access to larger amounts more readily.
Easier to use for telephone/Internet transactions.

Cheque

Means you do not have to carry around a lot of coins which can be heavy.
People feel safer carrying cheques rather than money.
People can have access to larger amounts more readily.
Easier to use for mail transactions.

Gift Voucher/Money-off coupons

Means you do not have to use your own income.
Means you do not have to carry around a lot of coins which can be heavy.
People feel safer carrying cheques rather than money.
Easier to use for mail transactions.
Two reasons or one reason well explained for full marks. **2 ES**

Question 5

(a) Man-made

Railway station.
Ticket office.
Newsagents.
Litter bin.
Railway line.

Natural

Grass land.
Trees.
Quarry.

2 ES

(b) Technological unemployment – Person who lost job because of electronic tills.

Structural unemployment – Person who lost job because the railway closed down.

2 ES

- (c) (i)** Less income.
Fall in standard of living.
Loss of skills.
Loss of work ethic.
Longer out of work the less employable people become.
Reliance on state benefits.

1 KU

- (ii)** Loss of self-esteem.
Depression.
Medical problems.
Loss of ability in an area if not working.

1 KU

- (iii)** Government has to pay out more JSA.
Government receives less income tax.
May have to pay for medical bills or increased crime.

1 KU

- (d)** Education, Training, Go to the Job Centre, Advertise in the paper.
Accept any 2 reasonable answers. Answers must be clearly different.

2 ES

Question 6

(a) Social Protection. 1 ES

(b)

TEACHERS' WAGES	– EDUCATION
ARMY HELICOPTERS	– DEFENCE
JOB SEEKER'S ALLOWANCE	– SOCIAL PROTECTION

3 ES

(c) Educated people are more likely to get jobs and therefore:
pay income tax
not claim Job Seekers Allowance
enhance economic growth
set up businesses and pay corporation tax
earn money and pay VAT.

2 KU

(d) An economy with both a public and private sector.
Example or development required for full marks.

2 KU

(e) VAT

Increase VAT, as producers would pass this on to consumers so increased prices would discourage consumers from buying as many goods and consumer demand would fall.

Income Tax

Increase Income Tax, as people would have less money available to spend so consumer demand would fall.

4 ES

Question 7

- (a) YEN accept ¥. **1 KU**
- (b) (i) \$350. **1 ES**
- (ii) Export. **1 KU**
- (iii) The money for the holiday leaves the UK and goes to USA.
Tickets etc come into UK from USA so are exported from the USA. **1 KU**
- (c) EURO accept €. **1 ES**
- (d) Flights to Las Vegas have risen from £800 last year to £1250 this year. **1 ES**
- (e) Children travel free on all USA trips.
10% discount on all holidays booked this month.
Commission free exchange.
Website.
Savings scheme to make it easier for people to finance a holiday. **3 ES**
- (f) (i) The prices of holidays to Las Vegas and Japan.
- (ii) Tommy's Travel Savings Scheme. **2 ES**

[END OF MARKING INSTRUCTIONS]