



2009 Economics

Standard Grade – General

Finalised Marking Instructions

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2009 ECONOMICS

STANDARD GRADE – GENERAL

Marking Instructions

Question 1

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|-----|-------|--|-------------|
| (a) | (i) | Economies where all economic resources are allocated by the state | 1 KU |
| | (ii) | A finite amount of land, labour and capital unable to match the demand for them | 1 KU |
| | (iii) | Goods and services not necessary for survival | 1 KU |
| (b) | 1 | wealth is more evenly spread | |
| | 2 | full employment | 2 KU |
| (c) | | The profit motive will lead to firms attempting to cut costs and so shed excess labour | 1 KU |
| (d) | 1 | increase public spending/cut direct taxation | |
| | 2 | lower interest to encourage spending and investment | 4 ES |

Question 2

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|-----|------|--|-------------|
| (a) | | As price rises demand falls | 1 KU |
| (b) | (i) | 1000 (accept range) | 2 ES |
| | (ii) | 1 poor advertising campaign | |
| | | 2 a decrease in price of a rival trainer | 2 KU |
| (c) | | £6 and 2500 (accept range) | 1 ES |
| (d) | | A fall in the demand for trainers will cause a fall in the demand for trainer socks and a fall in their price. | 3 ES |

Question 3

- | | | | |
|-----|-------|-------------------------------------|-------------|
| (a) | (i) | Income tax | 1 ES |
| | (ii) | Direct | 1 KU |
| | (iii) | Council Tax | 1 ES |
| (b) | (i) | Alcohol, cigarettes | 1 KU |
| | (ii) | To reduce demand for health reasons | 1 KU |
| (c) | | £390 billion | 1 ES |
| (d) | (i) | A budget deficit of £10 billion | 1 ES |
| | (ii) | 1 increase taxation | |
| | | 2 cut public spending | 2 ES |

Question 4

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|-----|-------|--|-------------|
| (a) | (i) | A general and persistent increase in the level of prices | 1 KU |
| | (ii) | Changes in the RPI or CPI | 2 KU |
| (b) | | Answer must include reference to percentage changes and years | 2 ES |
| (c) | (i) | Their real incomes would be less than they were | 2 ES |
| | (ii) | Strike action | 1 KU |
| | (iii) | By withdrawing their labour to put pressure on Government to change policy | 2 ES |
| | (iv) | That part of the economy where resources are allocated by market forces | 1 KU |

Question 5

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|-----|-------------------------------|-------------|
| (a) | 1 to keep up with competition | |
| | 2 to fill vacancies | 2 ES |
| (b) | 1 increased employment | |
| | 2 more tourism | 2 KU |
| (c) | 1 bank loan | |
| | 2 bring in more partners | 2 ES |
| (d) | 2000 | 2 ES |
| (e) | (i) Ambulance | |
| | (ii) Motor car | 2 ES |

Question 6

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|-----|--|-------------|
| (a) | (i) Public Limited Company | |
| | (ii) Two firms joining to make one | |
| | (iii) Part-ownership in a company | 3 KU |
| (b) | 1 bulk buying | |
| | 2 cheaper loans | 2 KU |
| (c) | (i) It is more cost efficient than doing it themselves | 2 KU |
| | (ii) Increased revenues and so bigger profits | 2 KU |
| | (iii) £6000 increase | 2 ES |
| (d) | (i) Horizontal | 1 ES |
| | (ii) Job security, higher income | 1 KU |

Question 7

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|-----|---------|---|-------------|
| (a) | Spain | | |
| | Estonia | | 2 ES |
| (b) | (i) | Negative effect of £3747 million | 1 ES |
| | (ii) | Net outflow of spending on tourism | 2 ES |
| (c) | | Germany, Netherlands, Denmark and Ireland | 2 ES |
| (d) | (i) | Euro | 1 KU |
| | (ii) | Less money for their sterling so holiday will be more expensive | 2 ES |
| (e) | (i) | 1 impose tariffs | |
| | | 2 keep inflation in UK low | 2 ES |
| | (ii) | Tariffs would make Japanese goods less price competitive here so reducing demand for them | 2 KU |

[END OF MARKING INSTRUCTIONS]