

2005 Economics

Intermediate 1

Finalised Marking Instructions

These Marking Instructions have been prepared by Examination Teams for use by SQA Appointed Markers when marking External Course Assessments.

ECONOMICS INTERMEDIATE 1

2005 Marking Scheme

ITEM A

- (a) (i) Look for a simple understanding of the idea of splitting up the workforce so that each worker does a different task, instead of one worker doing everything. Candidates may refer to division of labour by product or process – both are valid. Mark according to overall quality. **2**
- (ii) Advantages include: increased output, improved quality, lower training costs. Also credit references to increased sales and higher profits. **1**
- (iii) Disadvantages include: boredom, interdependence, limited skill, greater risk of unemployment. **1**
- (b) (i) One mark for correct labels, one mark for correctly drawn demand and supply curves, one mark for correctly showing the increase in demand and one mark for correctly showing the increase in price. **4**
- (ii) Reasons include: increase in income, advertising, fall in the price of computer games, increase in quality or facilities, fashion. **2**
- (c) Reasons include: none available, pay offer too low, poor conditions/holidays, content where they are. **2**
- (d) (i) Total cost divided by output or cost of producing one good or average fixed costs plus average variable costs. **2**
- (ii) Examples include: bulk buying, cheaper loans, employing specialists, greater advertising, increased dimensions. **2**
- (e) (i) Total revenue minus total costs – or any similar idea. **2**
- (ii) A variety of answers possible eg if a firm does not make a profit it will go out of business, it has to give its shareholders a dividend, it needs reserves to expand. Accept any plausible reason. **2**
- (20)**

ITEM B

- (a) (i) The number of people who do not have a job/are out of work. 2
- (ii) Employed workers may feel more secure as there is less risk of being made redundant, they may get a wage rise as the demand for labour has increased (or the employer might not want to lose them), there might be more opportunities for promotion (for the same reasons).
Unemployed workers will have a better chance of getting a job, they might also benefit from an increase in JSA (as government has more money to spend).
Also credit candidates who say that individuals might benefit from increased government spending on NHS, education etc. 2
- (iii) Look for an understanding of the fact that incomes will rise which will increase the demand for goods. Credit references to the possibility of increased profits. 2
- (b) (i) One mark for any aspect direct taxation eg placed on income or wealth, paid directly, collected by inland revenue. One mark for the example. 2
- (ii) One mark for any aspect of indirect taxation eg placed on spending, paid indirectly, collected by customs and excise. One mark for the example. 2
- (c) (i) Reasons include: to specialise, to obtain goods they cannot produce themselves, to cover shortages, to increase variety. 2
- (ii) Look for a simple description of two of the following: tariffs, quotas, embargoes, high safety standards etc. 3
- (d) (i) The difference between (one mark) the imports and exports (one mark) of goods and services. 2
- (ii) Credit any plausible example eg oil, whiskey, tourism. 1
- (iii) Reasons include: nearness – therefore lower transport costs; free trade – trade is therefore easier and cheaper; EU countries fairly rich therefore they demand the sorts of goods/services Scotland produces 2
- (20)

[END OF MARKING INSTRUCTIONS]