2008 Economics

Standard Grade – Foundation

Finalised Marking Instructions

© Scottish Qualifications Authority 2008

The information in this publication may be reproduced to support SQA qualifications only on a non-commercial basis. If it is to be used for any other purposes written permission must be obtained from the Assessment Materials Team, Dalkeith.

Where the publication includes materials from sources other than SQA (secondary copyright), this material should only be reproduced for the purposes of examination or assessment. If it needs to be reproduced for any other purpose it is the centre's responsibility to obtain the necessary copyright clearance. SQA's Assessment Materials Team at Dalkeith may be able to direct you to the secondary sources.

These Marking Instructions have been prepared by Examination Teams for use by SQA Appointed Markers when marking External Course Assessments. This publication must not be reproduced for commercial or trade purposes.

2008 Economics

Standard Grade – Foundation

Marking Instructions

Question 1

(a)	(i)	Limited (1 mark) in supply relative to people's wants.	**2 KU**
(b)	(i)	Trees, water, grass, fruit on trees, food, wood.	
	(ii)	Passengers from ship, crew from ship, people on the island.	
	(iii)	The ship, blankets, radio, tents, wooden crates, ship's Mast.	**3 ES**
(c)	(i)	A boat, television, flare gun – anything which is not a necessity.	
		Accept any reasonable answer.	**1 ES**
	(ii)	Food, shelter, clothing, water.	**1 ES**
	(iii)	Accept any reasonable answer.	**1 KU**
(d)		Each doing separate tasks – one getting blankets, another wood, to culminate in the building of tents.	
		Others doing tasks with other outcomes – getting radio working, getting food.	
		Must have one example of division of labour by process and one by product.	**2 ES**

Question 2

(a) 5000

5 × 1000 fish. **1 ES**

(b) Fall in supply
Fall in supply
Rise in supply **3 ES**

(c) (i) 1 They will be able to catch more fish and so make more profit.

2 More fish will be caught and supply increases, therefore prices may fall. **2 ES**

(ii) Sell assets
Bank loan
Borrow from friends
Catch a different type of fish which is more lucrative
Work longer hours to make more profit.

Subsidy and raising prices = 0 marks **2 KU**

(d) (i) 1 Raise demand for salmon as more will buy it hoping to gain health benefits.

2 Raise price of salmon as suppliers think they could increase profit. Excess demand makes price rise. **2 ES**

Question 3

(a)

Money paid for human, man-made and natural resources	**A**
Money paid for goods and services	**B**

2 KU

(b) (i) Car, Ipod, clothing, furniture.

Accept any tangible object. **1 KU**

(ii) Education, health services, taxi service, joinery.

Accept any reasonable answer. **1 KU**

(c) Households will benefit from greater choice/wider selection of goods and services.
Households may find better employment opportunities. **2 ES**

(d) (i) Customers are more likely to buy foreign goods meaning demand for UK firms' goods will fall (1 mark) and they will make less profit or may make losses. They may close down. **2 ES**

(ii) More choice/variety
Possibly better quality
Incentive for firms to research and develop technology
Easier to visit other countries
Get goods not available here

Watch for possible repetition. **3 KU**

Question 4

(a) (i) Import **1 KU**

(ii) The money paid for the tickets leaves the UK and goes to France.
The tickets are sent to Scotland ie imported.

Accept consequential error. **1 KU**

(b) £50

€75/1.5

If working is correct but answer incorrect (1 mark).

Must have answer of £50 correct to merit 2 marks. **2 ES**

(c) Yen
Accept ¥ **1 KU**

(d) Travel agent
Some shops (eg Marks & Spencer)
Post Office
Using an ATM abroad
Airport
While booking holiday
Building Society **2 KU**

(e) (i) Burger, baguette, match ticket.

(ii) Flag, scarf, shirt, ball, programme, kilt, tammy hat.

(iii) Team coach, burger van, stalls, sign for burger van, stadium.

Merchandise = 0. **3 ES**

(f) 115 burgers

€460/€4

If working is correct but answer incorrect (1 mark).

Must have answer of 115 burgers correct to merit 2 marks. **2 ES**

Question 5

(a) (i) House prices rising.
Food prices rising. **2 ES**

(ii) He will not be able to buy as much with his money as prices will have risen, but his income may not have risen/changed.

He can't buy the house. **2 ES**

(b) Bank Loan
Mortgage **1 KU**

(c) (i) National output has increased by 3.5%. **1 ES**

(ii) Rise (1 mark)

If the economy grows, more jobs are available (1 mark), so more people have more money (1 mark). More money is spent so more profits are made. People's lifestyles are better as they have more disposable income. More and better goods and services are often produced. **3 KU**

(d) Invest money in education.
Raise school leaving age.
Provide training schemes.
Encourage businesses to offer apprenticeships. **2 ES**

Question 6

(a) (i) £3000

£6 × 500

Must have answer of £3000 correct to merit mark. **1 ES**

(ii) £6,500

£2,200 + £800 + £2,000 + £1,500

Must have answer of £6,500 correct to merit mark. **1 ES**

(b) (i) The club is closed 3 nights a week.
There is hardly anyone in the club.
The club does not reach its capacity over the course of a week.
The capacity is 2,000 but only 500 tickets have been sold. **2 ES**

(ii) Reduce ticket and/or drinks prices.
Invest in refurbishing/improving the club or the equipment of DJ.
Reduce costs – cheaper suppliers – leading to reduced ticket prices.
Give special offers.
Open longer hours.

Answers must show economic actions.
Have theme nights = 0 marks. **2 ES**

(iii) Noisy customers outside the club disturbing the community.
Litter left outside the club.
Traffic congestion.
Noise of the club's music.
Rising crime.

Accept any answer which must affect the local community. **2 KU**

Question 7

(a) Income tax **1 ES**

(b) (i) Income Tax
National Insurance
Corporation Tax

(ii) VAT
Excise Duty **2 ES**

(c) Cigarettes
Alcohol
Imported goods
Petrol **2 KU**

(d) Reduce VAT and Excise Duty
Reduce Income Tax
Reduce National Insurance
Reduce interest rates
Control inflation
Advertise Scanland
Hold events

Accept any 3 reasonable measures.

Import, reduce prices, give special offers and educate all = 0 marks. **3 ES**

(e) (i) To improve the health of the nation.
More people are ill.
To reduce the amount it has to spend on the NHS in the long run if less people are sick due to spending now.
To reduce the amount of absences from work.
An effort to improve economic growth.
Alcohol abuse is causing health problems.
Unemployment is causing depression.

Accept any 2 reasonable answers. If 2 health issues are given, only accept one prevention and one cure for full marks. **2 KU**

(ii) Lower spending on defence, education, employment.

Accept any reasonable answer. **1 KU**

(f) Firms/organisations owned and controlled by the Government (1 mark). Any example for extra mark.

Anyone can use the service = 0 marks. **2 KU**

[END OF MARKING INSTRUCTIONS]