



2013 Economics

Standard Grade Foundation

Finalised Marking Instructions

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Part One: General Marking Principles for Economics Standard Grade Foundation

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this Paper. These principles must be read in conjunction with the specific Marking Instructions for each question.

- (a)** Marks for each candidate response must always be assigned in line with these general marking principles and the specific Marking Instructions for the relevant question. If a specific candidate response does not seem to be covered by either the principles or detailed Marking Instructions, and you are uncertain how to assess it, you must seek guidance from your Team Leader/Principal Assessor.
- (b)** Marking should always be positive ie, marks should be awarded for what is correct and not deducted for errors or omissions.

GENERAL MARKING ADVICE: Economics Standard Grade Foundation

The marking schemes are written to assist in determining the “minimal acceptable answer” rather than listing every possible correct and incorrect answer. The following notes are offered to support Markers in making judgements on candidates’ evidence, and apply to marking both end of unit assessments and course assessments.

Part Two: Marking Instructions for each Question

Question 1

- a** { [Limited in supply] (relative to people's wants) shortage =0. **2 KU**
 { [Limited/time]
- b (i)** Health (accept hospital, air ambulance, medicine).
 Defence (accept soldiers).
 Education (accept educated people).
- (ii)** Use labour.
 (Use) machinery.
- (iii)** Those who need it – example acceptable
 Those who can afford it. **3 ES**
- c (i)** The Public Sector. **1 ES**
- (ii)** Owned and controlled by the government. **1 KU**
- d (i)** Defence. **1 ES**
- (ii)** It is the next best alternative foregone.
 It is their second choice. **1 KU**
 Choice you did not pick
- Accept CE

Question 2

- a**
- (i)** £600 **1 ES**
 - (ii)** £400 **1 ES**
 - (iii)** Profit **1 ES**
 - (iv)** Total revenue is greater than total cost. **1 KU**
- b** **£10** **2 ES**
- £600 / 60
- £500 / 50
- £400 / 40
- £300 / 30
- £200 / 20
- £100 / 10
- c**
- (i)** £200 **1 ES**
 - (ii)** Rent
Loan repayments
Electricity for lighting **1 KU**
Wages for indirect labour (clearly shown)
- 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 **2 KU**
- Do not accept shop/shopping mall.

Question 3

a It is not durable.
It is not portable.
It is not divisible.
It is not scarce. **2 KU**

b (i) Debit cards (Accept Switch)
Credit card
Cheque
Gift voucher
Money-off coupons **2 KU**
Not pay-pal

(ii) Debit/credit cards
Means you do not have to carry around a lot of coins which can be heavy.
People feel safer carrying rather than money.
People can have access to larger amounts more readily.
Easier to use for telephone/internet transactions.
CE

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

Gift Voucher/Money-off coupons **2 ES**
Means you do not have to use your own income.

c Cash Machine
Mortgage
Foreign currency
Personal Loan
Business Advice
Insurance **3 ES**

Question 4

- a (i)** A human resource. **1 ES**
- (ii)** Greater experience
More qualified (More degrees).
Able to do more different surgeries (More skilled).
Recommended by more hospitals.
Published.
Teaches others. **3 ES**
- b (i)** £150,000 **1 ES**
- (ii)** £200,000 **1 ES**
- (iii)** £121,000 **1 ES**
- c** Very few will have the qualifications necessary.
Not many will have the necessary expertise.
Other hospitals may have offered better money.
Geographical immobility. **2 KU**
- d** House
Car
Private education for children
Medical Insurance/free healthcare
Free Child care
Free car parking
Designated parking space.
Gym membership
- Accept any 3 reasonable answers. **3 KU**
Answers must be clearly different and not financial.

Question 5

- a (i)** Tertiary **1 KU**
- b (i)** Labour intensive **1 ES**
- (ii)** There are more human workers in the nursery than machines. **1 ES**
- c (i)** The price of nursery care. **1 ES**
- (ii)** The Christmas savings club. **1 ES**
- (iii)** Childcare prices have risen by 5% **1 ES**
- (iv)** Price of childcare has become dearer. (If people's incomes do not rise by as much as inflation they will have less money to spend, so buy less). (Consequently, less people may enrol their children in the nursery) as they can't afford it **2 KU**
- Can't afford = 1
less children = 1
- d (i)** Horizontal integration. **1 ES**
- (ii)** The 2 firms which have joined together are at the same stage of production and are producing the same type of service. **2 ES**
CE
- (iii)** **advantage**
Larger company enjoys economies of scale which may lead to cheaper prices.
Two nurseries combined may produce better quality service
- disadvantage**
Less competition – prices may rise further.
They may close down one of the nursery buildings which may cause problems for some (more travel)
As they become bigger there may be less personal service.
- Accept valid answers related to advantages or disadvantages for children attending the nursery. **2 KU**

Question 6

a Greater choice of brands.
Greater variety of products.
Possibly, better quality products.
Greater competition, therefore cheaper prices.

Accept any reasonable answer. **2 ES**

b (i) Imports will rise. **1 KU**

(ii) UK companies are buying clothes from abroad, which are imports.
As more are being bought it follows that the amount is rising and so imports are rising. **1 KU**

c Yen

Accept ¥ **1 KU**

d **£100,000** (2 marks) **2 ES**

If final answer is wrong, but the working is correct (1 mark)

$$\$20 / 2 = £10$$

$$£10 \text{ (X 10,000 shirts)} = \mathbf{£100,000}$$

1 **1**
or

$$10,000 \text{ shirts X } \$20 = \$200,000$$

$$\$200,000 / 2 = \mathbf{£100,000}$$

e

<i>Events</i>	<i>Increase in supply</i>	<i>Fall in supply</i>
The price of wool rises		✓
Foot and mouth disease kills many sheep		✓
The government increase the rate of Corporation Tax		✓

3 ES

Question 7

- a** Direct tax – Income tax,
Corporation tax
- Indirect tax – Petrol revenue tax,
Excise duty (cigarettes),
V.A.T. **2 ES**

- b** Raise Excise Duty
Raise Income Tax
Raise VAT.
Raise Corporation Tax.
Raise PRT **2 ES**

- c (i)** Decrease. **1 ES**
- (ii)** Changes to all taxes will reduce the amount of disposable income that workers have (*examples below*) (1 mark)
and so they will be able to afford less and buy less luxuries etc. (1 mark).
thereby reducing their standard of living (1 mark).

Income tax has risen, therefore workers will receive less take-home pay.

Rises in VAT, PRT or excise duty all reduce workers' spending power, assuming they buy products affected by these taxes.

Corporation tax rise may cause firms to cut back on the number of employees or to raise the prices of their goods. **2 ES**

d

	<i>Capital</i>	<i>Current</i>
Education	Schools Smartboards School minibus	Teachers' wages Textbooks/Jotters
Healthcare	Hospitals IT Equipment Hospital beds Heart monitors Ambulances	Uniforms Medicines Stationary Nurses/Doctors wages

4 KU

[END OF MARKING INSTRUCTIONS]