



**2012 Economics**

**Standard Grade - Foundation**

**Finalised Marking Instructions**

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## 2012 Economics

### Standard Grade Foundation

#### Marking Instructions

##### Question 1

- (a) (i) Trees, plants, water, land cinema is built on.
- (ii) Workers – ticket sales, ticket collection, food Sales.
- (iii) Tills, water-fountain machine, cinema, plant pots, confectionary stall. **3 ES**
- (b) Mixed economy. **1 KU**
- (c) Jobs, trade for local shops, facilities for conferences etc, income. **2 KU**
- (d) Capital spending. **1 KU**
- (e) (i) Wages, water rates, rent, electricity, cost of food and drink etc  
Cost of raw materials (paper for tickets), uniforms, cost of films.  
Accept any reasonable answer **2 ES**
- (ii) Increase the price of tickets **or** Decrease price of tickets (only if effect on sales alluded to for both).  
Increase price of food and drinks.  
Advertising to attract more customers.  
Rent out cinema for conferences etc.  
Offer other attractions – Arcade games etc. **2 ES**

**Question 2**

**(a) (i) 200, 000 less**

$$4 \times 100, 000 = 400, 000$$

$$2 \times 100, 000 = 200, 000$$

$$= 200, 000$$

If only 200, 000 (1 mark)

If a fall is mentioned or shown in working (1 mark).

**2 ES**

- (ii)** Company gets a bad reputation.  
Laptops are faulty.  
More people are buying superior alternatives (eg ipads)  
Cheaper alternatives are available.  
The laptops are outdated.  
Fall in real income

Accept any reasonable answer.

**1 KU**

**(b) (i) Decrease.**

**1 ES**

**(ii) Decrease.**

**1 ES**

- (iii)** As less customers want the laptops, less would be sold and therefore supply would contract as there is no incentive for the producer to supply a product which will not sell.

Mark as a consequential error if answer given for (b) (ii) is incorrect.

**1 ES**

**(c)**

<i>Event</i>	<i>Increase</i>	<i>Decrease</i>
Mell laptops win an award as best laptop in a computer review magazine.		
Mell laptops are featured in a major new movie.	3	
The price of software decreases.	3	
Income tax increases and consumers have less income to spend.		3
A rival laptop manufacturer reduces the price of their laptops.		3

**4 KU**

- (d)** Offer free training.  
Offer perks – company car  
Offer an attractive bonus scheme  
Advertising (on its own) = 0

Advertising – clearly showing effect = 1

1 ES

**Question 3**

**(a) £200**

1 Mark  
(80 + 30 + 50 + 40) = £200

2 ES

**(b) (i)** Food, clothing, housing. }  
**(ii)** Entertainment. } Not on chart = 0

2 ES

**(c) (i)** Increase taxation on 'junk food'.  
Spend money on a healthy eating campaign.  
Reduce taxation on healthy food.

Do not accept banning 'junk food' or sale of junk food on campus.

1 KU

**(ii)** Increase taxation on 'junk food' – More expensive, so will discourage students as they cannot afford it.

Spend money on a healthy eating campaign – Increased awareness of health problems stemming from 'junk food' and so discourage consumption.

Reduce taxation on healthy food – Cheaper cost attracts students who can afford more.

Accept any reasonable answer which explains action given in (c)(i).

1 ES

**(d) (i)** Better qualified workforce.  
More people liable to be in employment.  
Less transfer payments, as more likely to be employed.  
More income tax revenue, as more likely to be employed.  
More productive workforce.  
More innovative.

1 KU

**(ii)** Grants.  
Scrap tuition fees.  
Increase the number of universities.  
Increase university places.

1 KU

**(iii)** Grants – More affordable.  
Scrap tuition fees – More affordable.  
Increase the number of universities – Increase access.  
Increase university places – Increase access.

Accept any reasonable answer which explains action given in (d)(ii).

1 ES

**Question 4**

- (a) (i)** Horizontal integration **1 ES**
- (ii)** Two companies from the same stage of production are joining together (1 mark) making similar types of goods (1 mark). **2 ES**
- (b)** Secondary. **1 KU**
- (c) (i)** Production becomes more efficient.  
Costs fall.  
Savings on equipment.  
Reduces training time.  
Increases worker productivity.  
Increases worker expertise. **2 KU**
- (ii)** Less choice available.  
Generic product – no unique products. **1 KU**
- (d) (i)** Technological unemployment **1 ES**
- (ii)** Invest in training and education.  
Grants to firms employing workers in areas of high unemployment. **1 ES**
- (iii)** Economy – Unused resources could be contributing to economic growth.  
Government has increased transfer payments.  
Government receives less revenue.  
Possible rise in crime and associated costs.
- Unemployed person – 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. **2 KU**

### Question 5

- (a) Mrs McCorkindale has a bigger TV than Mr Wylie.

Mrs McCorkindale has cars whilst Mr Wylie has to take the bus.

Mrs McCorkindale has a bigger house than Mr Wylie.

Mrs McCorkindale has a swimming pool which Mr Wylie does not.

Answers must show a degree of comparison (Mrs McCorkindale has a big TV is not sufficient).

**3 ES**

- (b) (i) House prices up 18%.  
FC Utd Ticket prices rise.  
TV Licence fee rises by 25%.

**2 ES**

- (ii) Reduces standard of living (1 mark).  
He will not be able to buy as much with his money as prices will have risen (1 mark)  
but his income may not have risen (1 mark).  
He will not be able to afford luxuries (1 mark).

**2 ES**

- (c) (i) Bank loan  
Loan from friends or family.  
Hire Purchase

Accept any reasonable answer

**1 KU**

- (ii) To make interest in a bank or building society.

So that she has money available for an emergency.

In order to raise the amount of money necessary for an item she cannot presently afford.

Accept any reasonable answer.

**2 KU**

- (iii) Bank.  
Building Society.  
At home (Piggy Bank).

**2 KU**

**Question 6**

(a) (i) 13,000 Oranges. **1 ES**

(ii) 2,000 Kilos. **1 ES**

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

(ii) Scotland produces more haggis than Spain (1 mark)  
using the same amount of resources; 100 Workers (1 mark). **2 ES**

(c) (i) Export **1 KU**

(ii) Spain is buying the haggis from Scotland, so the haggis leaves Scotland  
and goes out to Spain, therefore it is an export.  
NO consequential **1 KU**

(d) **€72,000** (2 marks)

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

$$£6 \times 1.50 = €9$$

$$£9 \times 8000 \text{ tonnes} = \mathbf{€72,000}$$

Or

$$8000 \text{ tonnes} \times £6 = £48,000$$

$$£48,000 \times 1.5 = \mathbf{€72,000}$$

} Right figures  
} wrong final answer = 1

**2 ES**

(e) YEN

Accept '¥'. **1 KU**

### Question 7

- (a) (i) Corporation tax. 1 ES
- (ii) £215 billion  
(no marks if £215)  
£500 billion × 43% (1 mark for correct working). 2 ES
- (b) Direct Tax – Income Tax  
National Insurance  
Corporation Tax  
  
Indirect Tax – VAT  
Excise Duty 2 ES
- (c) Cigarettes  
Alcohol 2 KU
- (d) Raise taxation (1 mark). – Council tax / rates = 0  
Borrowing.  
Sell assets.  
Raise prices of Government-owned industries.  
Privatise Government-owned industries. 2 ES
- (e) More to spend in other areas; Education, Health.  
Increased unemployment in the Defence sector.  
Fall in business for industries integral to the defence sector.  
Economic assets abroad are less protected.  
  
Accept any reasonable answer. 2 KU

[END OF MARKING INSTRUCTIONS]