



2012 Economics

Standard Grade - General

Finalised Marking Instructions

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Marking Instructions

Question 1

- | | |
|---|-------------|
| (a) Private Sector. | 1 KU |
| (b) Land, wages, raw materials, loss of employment. | 2 KU |
| (c) Employment, higher incomes, cheaper power, sustainable fuel source, higher exports, more power produced. | 2 KU |
| (d) EU/Government grant, share issue, retained profits. | 2 ES |

Question 2

- (a) $\frac{750}{1350} \times 100 = 55.56$ (1 mark for each step) **3 ES**
- (b) Prescription charges, corporate fines, import duties.
Council tax/rates = 0 **1 KU**
- (c) (i) Children's clothing, basic foods, books. **1 KU**
- (ii) To ease the tax burden on lower income groups and families. **1 KU**
- (d) (i) Adjust the system so the higher income tax group pay ⁽¹⁾ proportionately more as their income rises and/or the lower income groups pay proportionately less as income falls. **2 KU**
- (ii) Increase the rate of income tax as income rises.
% of income tax paid falls as income falls **2 ES**
- (iii) accept any reasonable description. **2 KU**

Question 3

- (a) (i) Fell gradually over the period – must mention years and %. **2 ES**
- (ii) Cheaper loans, mortgages, increase aggregate demand, more investment, cheaper sterling. **2 KU**
- (b) To make profit, charge for using their money, to cover running costs. **2 KU**
- (c) Length of repayment period allowed, administration charges, reputation of lender. **1 KU**
- (d) Customer deposits, quantitative easing/ Bank of England. **1 KU**
- (e) Government persuasion and pressure on banks to lend.
Any Government measure that gives firms access to more money. **2 ES**

Question 4

- (a) The interaction of buyers and sellers of Bonzo dog food which will determine its price. Must show interaction in answer. **2 KU**
- (b) (i) £3 and 5000 pkts – Range (4900-5000) **1 ES**
(ii) £2 × 3200 = 6400 (1 mark for each step) **2 ES**
(iii) They won't be able to sell the amount they have supplied (1) OR
Excess supply (1). Must demonstrate answer with figures. **2 KU**
- (c) Neither, S1, D1, S1, neither. **5 ES**

Question 5

- (a) European Union. **1 ES**
- (b) $15\%/140 \text{ billion} - 16\%/150 \text{ billion}$ (1 mark for each step) **2 ES**
 $21\text{bn} \quad 24 \text{ bn} \quad = -3\text{bn}$
- (c) (i) Total imports bigger than total exports. **1 ES**
(ii) Tariff, quotas, subsidies, buy British campaigns, government grants. **4 ES**
- (d) 1 $\overset{(1)}{\text{(Cheaper exports)}}$ so $\overset{(1)}{\text{(volume rises)}}$
2 $\overset{(1)}{\text{(Dearer imports)}}$ $\overset{(1)}{\text{(volume down)}}$ **4 KU**

Question 6

- (a) (i) ⁽¹⁾ (Price falls) and demand rises because more affordable. **2 ES**
- (ii) ⁽¹⁾ (Price rises) and supply rises as more houses are built. **2 ES**
- (iii) 1 Demand rises so demand for workers rises.
- 2 Demand for workers up so wages rise. **2 ES**
- (b) (i) Build more council houses, subsidise mortgages, public private sector housing initiative. **3 ES**
- (ii) Council houses are cheaper to rent than it is to buy a house and young people earn less.
No C,E answers. **1 KU**

Question 7

- (a)** 4, 3, 2. **3 ES**
- (b)** **(i)** Increase market share, economies of scale, market domination, eliminate competition.
- (ii)** Ensure outlet for product, increase market share.
- (iii)** Spread risk, diversification. **3 KU**
- (c)** FC = Rent, rates, insurance.
- VC = Raw material, component parts eg zips. **2 KU**
- (d)** Use cheaper materials, reduce overheads, increase productivity. **3 ES**

[END OF MARKING INSTRUCTIONS]