



2013 Economics

Standard Grade General

Finalised Marking Instructions

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Part One: General Marking Principles for Economics Standard Grade General

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 General

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 (Rose steadily) from £200 to £300 between year 1 and 3, increase accelerated to £400 during year 4. **3 ES**

pace = 1
figures = 1
years = 1

b $60\% - \frac{(150/250) \times 100}{1} \quad \frac{/250}{1}$ **2 ES**

right equation/wrong answer = 1

c (i) (The demand may rise) as (house ownership seen as more attractive as rents increase). **2 ES**

demand = 1
price = 1

(ii) This increased demand will shift curve to right and raise prices. **2 ES**

d (i) 1. Increase income support benefit.
2. Raise minimum wage levels.
3. Subsidise council house building. **3 ES**

(ii) 1 and 2 both raise income levels of lower paid so make rent more affordable.

3 will result in more affordable properties being available.

No CE

1 KU

Question 2

a A need is necessary for survival eg water – a want can be a luxury eg jewels – examples must be given. **2 KU**

b Free goods have no opportunity cost – they are not scarce.(1)
eg air, sand etc = 1 **2 KU**

c (i) An economy with both public and private sectors. **1 KU**

(ii) Private – (through the interaction of demand supply) 1
(price signals to producers what consumers are willing and able to buy).1

effective demand = 1

3 KU

Public – through Government decision making.(1)

- d** 1. Planned/command
2. Market/laissez faire **2 KU**
- subsistence = 0
- e** Encourage immigration of skilled labour, land reclamation,
exploitation of natural resources.
Must clearly show resources increasing **2 ES**

Question 3

- a** (i) 1. Instant credit,
2. Visa accepted or good hp terms mortgage = 0 **2 ES**
- (ii) Lowering prices, web page, old bikes accepted as deposit.
Accept answers not given in (i). **2 ES**
- b** Taking over a bike building firm, trainer producer.
Watch as it is tertiary → secondary only **2 KU**
- c** Pay savers less percentage interest than they charge borrowers.
mention of plc/in private sector = 1
charge interest = 1
give interest on its own = 0 **2 ES**

Question 4

- a** As the price of a good or service rises, the quantity demanded falls. **1 KU**
- b** (The amount of cougar football boots made available for sale) (1)
at (a given price over a given period of time). (1) **2 KU**
- c** Increases from 200 to 320-30 – increase of 120-130 (Tolerance).
Must have 000 for full marks eg 125 = 1 125,000 = 2 **2 ES**
- d** 1. Cheaper raw materials eg rubber.
2. Increased labour productivity/efficiency by..... **2 ES**
- e** £30 and 430,000/440,000

Accept range (£28-30)(440-450,000)
all or 0 **1 ES**
- f** Shift will result in cheaper price for boots, (this will stimulate (1)
demand for complementary product socks), demand curve shifts
right raising price and supply. **2 ES**

Question 5

- a** Component parts eg screens, electronics. **1 KU**
- b** A. zero
B. £150 **2 ES**
- c** (No extra fixed costs are incurred as output rises in short term eg
rent). 1
Using terms o'head/direct cost } 2nd mark
or reference to variable cost } **2 KU**

- d** (Loss on each Krinkle produced) 1
of £40 at this level of output, fixed costs not being spread over a large enough output. **1 ES**
- e (i)** (An increase in the proportion of equipment/machinery) 1
(compared to the amount of labour). 1 **2 KU**
- (ii)** Decrease. **1 ES**
- (iii)** (More capital – increased output per day) 1
(lower unit output cost) 1 **2 ES**

Question 6

- a** To help redistribute income to lower or non-income groups in society/to reduce poverty. **1 KU**
- b (i)** International aid, regional grants, specific (not in others) infrastructure that could fit = 1
Law and Order **1 KU**
- (ii)** $300/1500(1) \times 100 = 20\%$ **2 ES**
- c (i)** Merit good. **1 KU**
- (ii)** (It would be under-consumed if left to private sector). (1)
(many people could not afford market price of health care so government steps in) (1). **2 KU**
No CE.
- d** £820 bn **1 ES**
- e (i)** Total spending (1500) greater than revenue (1260) so deficit. **1 ES**
- (ii)** Rationalise public spending so less wastage so total falls and deficit lowers.

Increase taxes at top end of income scale so increasing revenue so deficit falls.

Suggest = 1 **2 ES**
explain clearly how = 1

Question 7

- a (i)** Male employment has fallen from 18 million to 14 million between year 1 and 3.
Female employment has risen from 8 million to 12 million between year 1 and 3.
3 – clear points – pattern/year/figures **3 ES**

- (ii)** 1. Male – decline in manufacturing, increase imports eg cars.
2. Female – wages more competitive than men, more part-time work available, flexible, given incentives to work eg childcare **2 KU**
- b** 1. Engage in training courses
2. Move to other areas
dress well = 0 **2 ES**
- c** Claimant count – all those in receipt of job seekers allowance/
labour force survey. **2 KU**
- d** 1. Increased tax revenues.
2. increased economic growth/GDP
3. Profits to firms **2 KU**

[END OF MARKING INSTRUCTIONS]