FOR OFFICIAL USE

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	KU	ES
Total		

0820/401

NATIONAL QUALIFICATIONS 2008

MONDAY, 12 MAY
9.00 AM – 10.00 AM

ECONOMICS
STANDARD GRADE
Foundation Level

Fill in these boxes and read what is printed below.

Full name of centre

Town

Forename(s)

Surname

Date of birth
Day Month Year

Scottish candidate number

Number of seat

1 Read each question carefully.

2 Attempt **all** the questions.

3 All answers are to be written in this answer book.

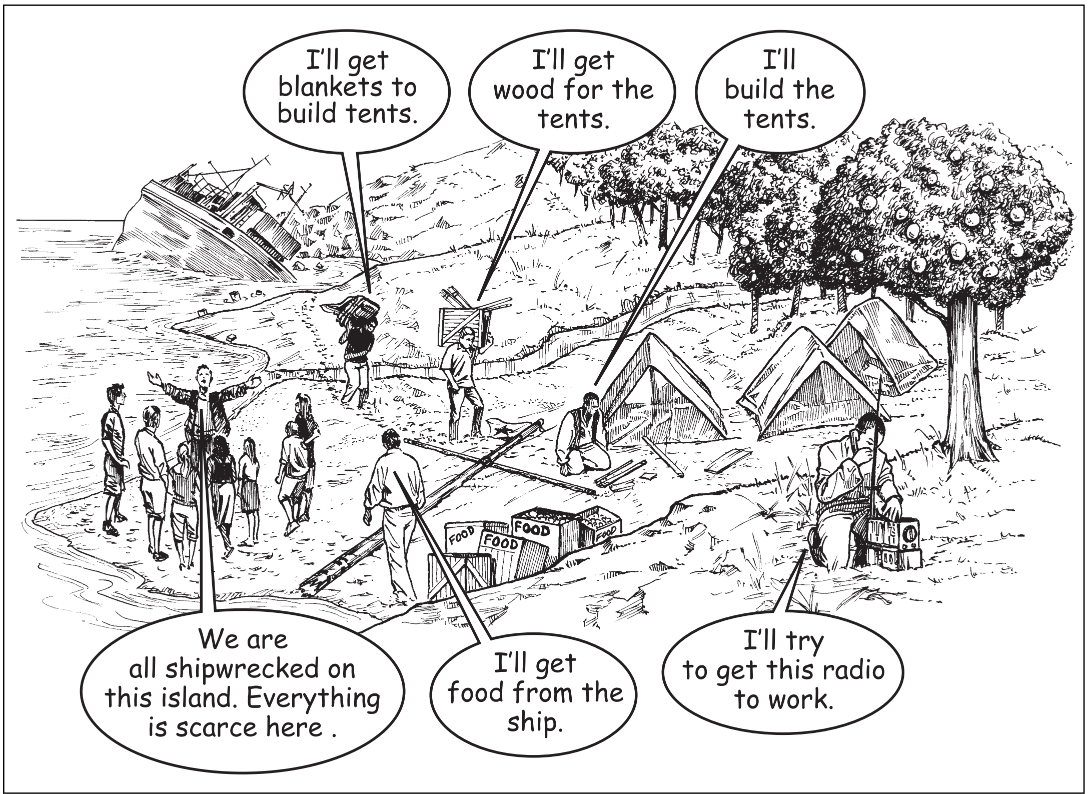
4 Do **not** write in the margins.

5 Before leaving the examination room you must give this book to the invigilator. If you do not, you may lose all the marks for this paper.

DO NOT WRITE IN THIS MARGIN

1. Study the picture below and answer the questions which follow.

Marks | KU | ES



(*a*) The shipwreck survivors in the picture are stranded on a desert island, where all resources are scarce.

Explain what is meant by the term "scarce".

____

____

____

______________________________ **2**

(*b*) Identify **one** example of each of the following:

(i) a natural resource;

____

(ii) a human resource;

____

(iii) a man-made resource.

______________________________ **3**

DO NOT WRITE IN THIS MARGIN

1. (continued)

Marks | KU | ES

(*c*) The shipwreck survivors have needs and wants.

(i) Give **one** possible example of a **want**. **1**

(ii) Give **one** example of a **need**. **1**

(iii) Explain why your answer to (*c*) (ii) is an example of a need. **1**

(*d*) Give **2** examples of how the shipwreck survivors use division of labour on the island.

1

2 **2**

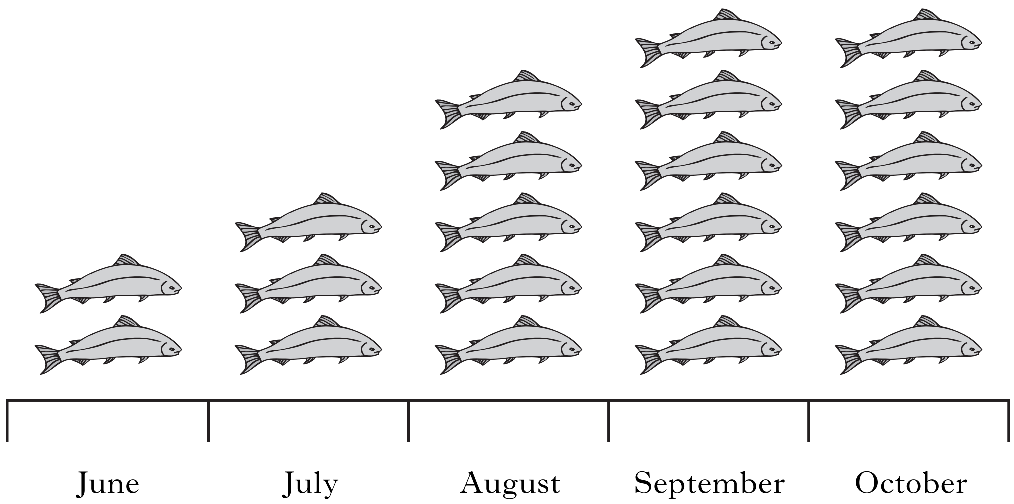
[Turn over

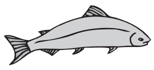
DO NOT WRITE IN THIS MARGIN

2. Study the chart below and answer the questions which follow.

Marks | KU | ES

Halibuton Fish Market
Supply of Salmon



Key  = 1000 fish

(*a*) Calculate the number of salmon supplied by Halibuton Fish Market in August.

Answer: ______________

Show your working here.

1

(*b*) Identify in what way each of the following events may affect the **supply** of salmon at Halibuton Fish Market.

Tick the correct box. The first one has been done for you.

Events	*Rise in supply*	*Fall in supply*
The cost of buying fishing nets falls.	✓	
The price of salmon falls.		
Fishermen's wages rise.		
Technology for finding fish improves.		

3

2. (continued)

Marks | KU | ES

(*c*) (i) Some fishermen decide to buy new and bigger fishing boats.

Suggest **one** economic benefit of this action to:

1 the fishermen;

____

____

2 consumers.

____

______________________________ **2**

(ii) Suggest **2** ways that the fishermen could raise the money to pay for new fishing boats.

1 ______________________________

____

2 ______________________________

______________________________ **2**

(*d*) A recent report suggested that people who eat fish are healthier than those who do not.

Explain the effect this report might have on:

1 the **demand** for salmon;

____

____

2 the **price** of salmon.

____

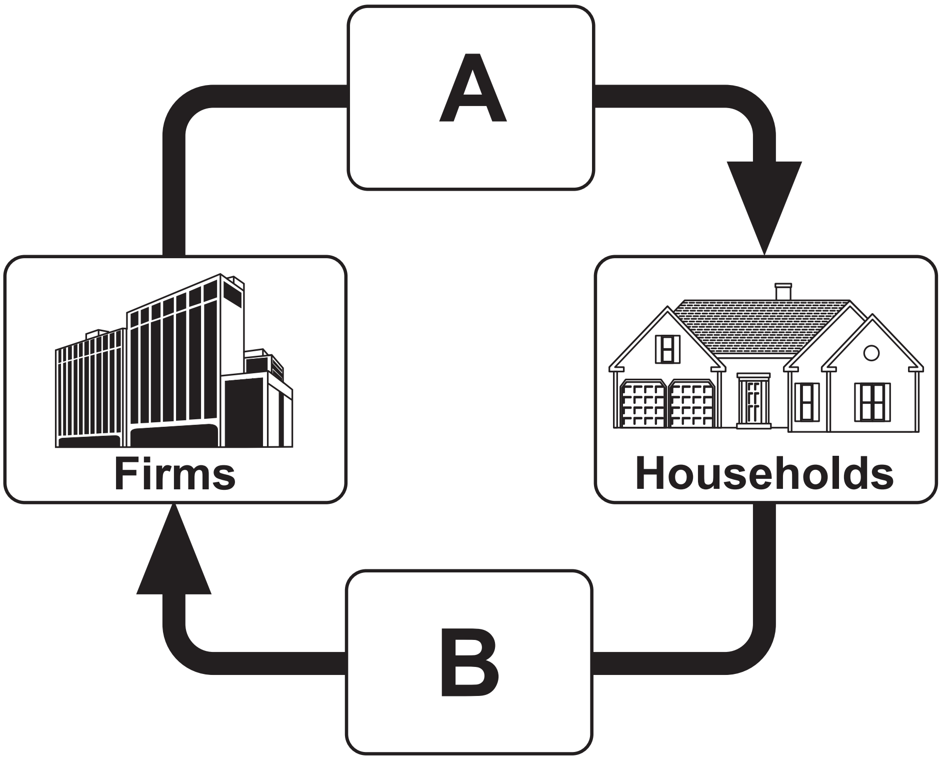
______________________________ **2**

[Turn over

3. Study the diagram below and answer the questions which follow.

Marks | KU | ES

UK Circular Flow of Income



(*a*) The arrows in the diagram represent flows of money. Enter letter A or B beside the correct description in the table below.

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

2

(*b*) Firms produce goods and services.

(i) Give **one** example of a good which might be produced by a firm.

______________________________ **1**

(ii) Give **one** example of a service which might be offered by a firm.

______________________________ **1**

3. (continued)

Marks | KU | ES

(*c*) If the firms in the diagram decide to produce more goods and services, explain how this might affect the households.

____

____

____

____ **2**

(*d*) (i) Foreign firms offer goods in the UK at a cheaper price than UK firms.

Explain how this might affect UK firms.

____

____

____

____ **2**

(ii) Apart from cheaper prices, suggest **3** benefits of international trade to consumers.

1 ____

____

2 ____

____

3 ____

____ **3**

[Turn over

DO NOT WRITE IN THIS MARGIN

Marks | KU | ES

4. Study the picture below and answer the questions which follow.

(*a*) Scottish fans buy tickets to watch Scotland play a rugby match in France.

(i) Is this an example of an import or an export for the UK?

Tick the correct box.

Import		Export	

1

(ii) Explain your answer to (*a*) (i).

____

____ 1

(*b*) A match ticket costs €75. If the exchange rate is €1 = £1·50, how much will a ticket cost a Scottish rugby fan in £ sterling?

Answer: £ ____________

Show your working here.

2

DO NOT WRITE IN THIS MARGIN

4. (continued)

Marks | KU | ES

(*c*) Scotland's next rugby match will be in Japan. Which currency will Scottish fans use to buy tickets in Japan?

______________________________ **1**

(*d*) Apart from a bank, suggest **2** places where Scottish rugby fans could obtain foreign currency.

1 ______________________________

2 ______________________________ **2**

(*e*) From the picture, identify **one** example of each of the following:

(i) a consumer single use good;

____

(ii) a consumer durable good;

____

(iii) a capital good.

______________________________ **3**

(*f*) It costs Henri €400 to run his burger van for the day.

How many burgers would he need to sell in order to make a daily profit of €60?

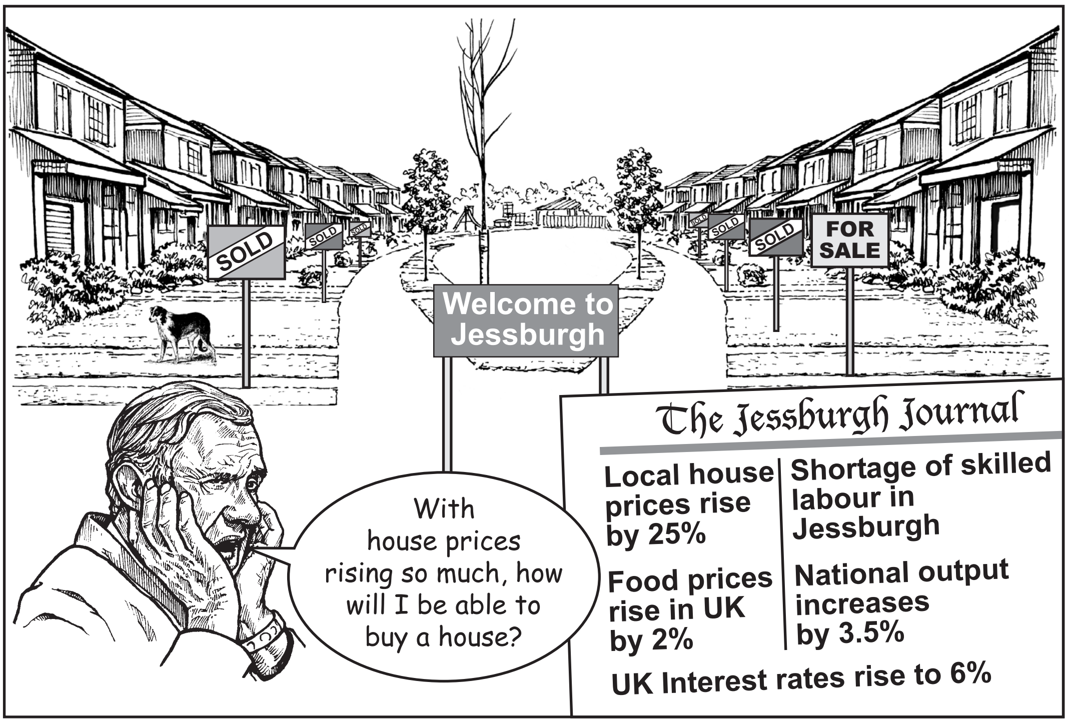
Answer ________________burgers

Show your working here.

2

[Turn over

5. Study the picture below and answer the questions which follow. *Marks* KU ES



(*a*) (i) Identify **2** examples of inflation in the picture.

1 ______________________________

2 ______________________________ **2**

(ii) Describe **one** effect inflation might have on the purchasing power of the man in the picture.

____

____

____

______________________________ **2**

(*b*) Suggest **one** way that the man in the picture could borrow money to pay for a house.

____

______________________________ **1**

(*c*) (i) What evidence of economic growth is there in the picture?

______________________________ **1**

DO NOT WRITE IN THIS MARGIN

5. (*c*) (continued)

Marks | KU | ES

(ii) What effect might economic growth have on the standard of living of the residents of Jessburgh?

Tick the correct box.

Rise		Fall	

Explain your answer.

3

(*d*) Suggest **2** measures the UK Government might take to reduce the shortage of skilled labour in Jessburgh.

1

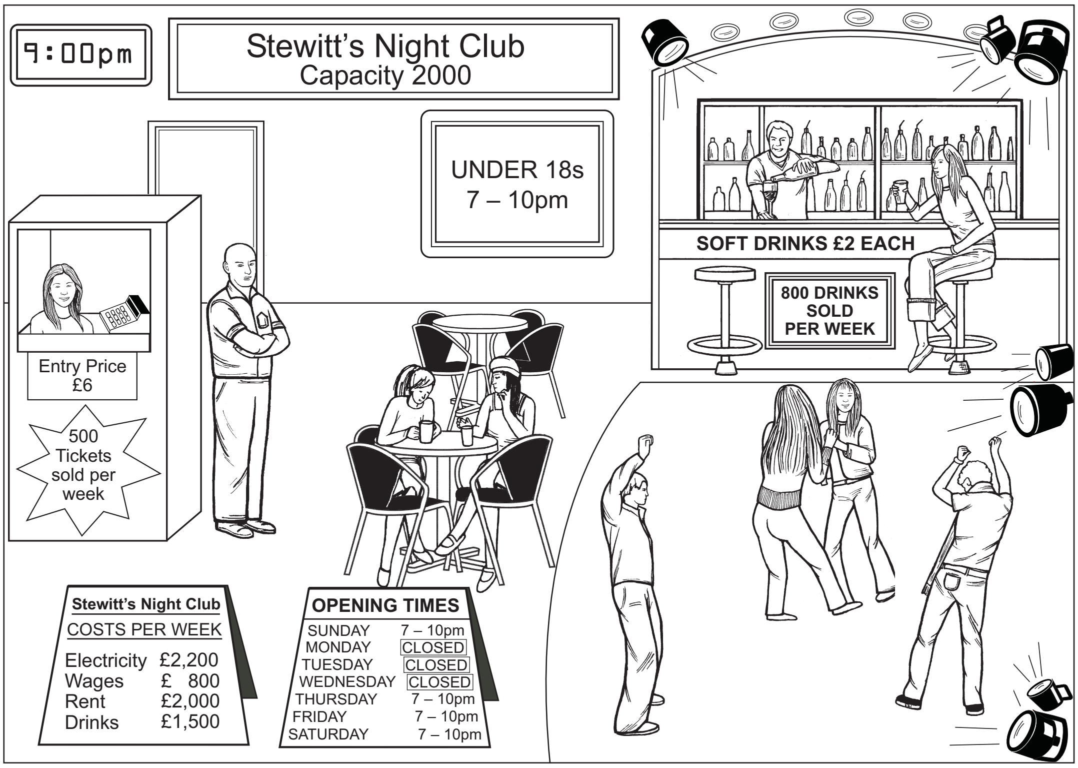
2

2

[Turn over

Marks | KU | ES

6. Study the picture below and answer the questions which follow.



(*a*) Using the information in the picture calculate:

(i) Total Revenue from sales of tickets this week.

Answer: £ ______________

Show your working here.

1

(ii) Stewitt's Night Club's Total Costs for this week.

Answer: £ ______________

Show your working here.

1

DO NOT WRITE IN THIS MARGIN

6. (continued)

Marks | KU | ES

(*b*) (i) Identify **2** pieces of evidence that suggest that demand is falling at Stewitt's Night Club.

1 ______________________________

____

2 ______________________________

______________________________ **2**

(ii) Suggest **2** economic actions that Stewitt's Night Club could take to attract more customers.

1 ______________________________

____

2 ______________________________

______________________________ **2**

(iii) The actions taken by the owner of Stewitt's Night Club to attract more customers have been successful.

Suggest **2** problems this might cause for the local community.

1 ______________________________

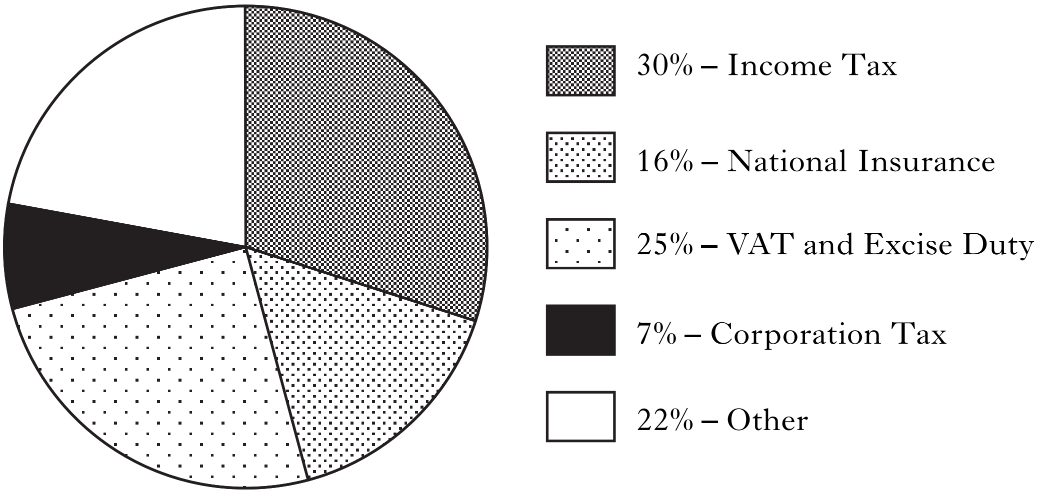
2 ______________________________ **2**

[Turn over

DO NOT WRITE IN THIS MARGIN

7. Study the chart below and answer the questions which follow. *Marks* KU ES

Scanland Government Tax Revenues 2007



(*a*) Which is the largest category of Government tax revenue?

______________________________ **1**

(*b*) From the information given in the chart, identify:

(i) a direct tax; ______________________________

(ii) an indirect tax. ______________________________ **2**

(*c*) Name **2** goods on which excise duty is normally charged.

1 ______________________________

2 ______________________________ **2**

7. (continued) *Marks* KU ES

(*d*) The Government is concerned about the fall in consumer demand in the economy of Scanland.

Suggest **3** measures the Government might take to increase consumer demand.

1 ______________________________

____

2 ______________________________

____

3 ______________________________

______________________________ **3**

(*e*) The Government of Scanland decides to spend more of its tax revenue on Health.

(i) Suggest **2** reasons why the Government has made this decision.

1 ______________________________

____

2 ______________________________

______________________________ **2**

(ii) Suggest **one** opportunity cost of the Government's decision to spend more of its tax revenue on Health.

____

______________________________ **1**

[Turn over for Question 7(*f*) on *Page sixteen*

DO NOT WRITE IN THIS MARGIN

7. (continued)

Marks | KU | ES

(*f*) The economy of Scanland has a large public sector.

Explain what is meant by the public sector.

2

[*END OF QUESTION PAPER*]