

FOR OFFICIAL USE

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**0820/402**

	KU	ES
Total		

NATIONAL  
QUALIFICATIONS  
2007

TUESDAY, 22 MAY  
10.20 AM – 11.35 AM

ECONOMICS  
STANDARD GRADE  
General 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

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Scottish candidate number

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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.



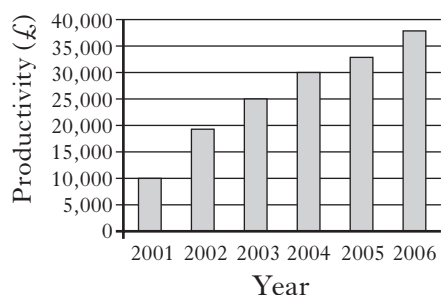
1. Study the diagrams below and answer the questions which follow.

Marks

	KU	ES
1		
1		
2		
2		

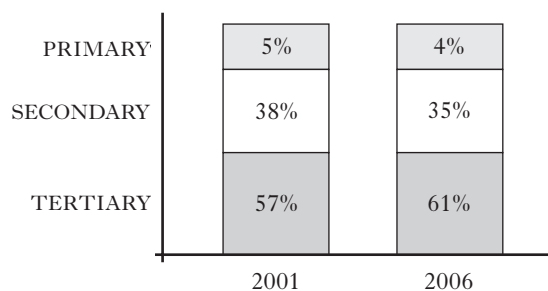
**Diagram 1**

PRODUCTIVITY  
IN THE UK (£)  
2001–2006



**Diagram 2**

EMPLOYMENT BY SECTOR (%)  
IN THE UK ECONOMY  
2001 AND 2006



- (a) (i) Explain the term “productivity”.

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- (ii) In which year was productivity at its highest in the UK?

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- (b) (i) Describe **one** action that the **Government** might take to encourage the trend shown in Diagram 1.

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- (ii) Describe **one** action that **firms** in the UK might take to increase their productivity.

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*Marks*

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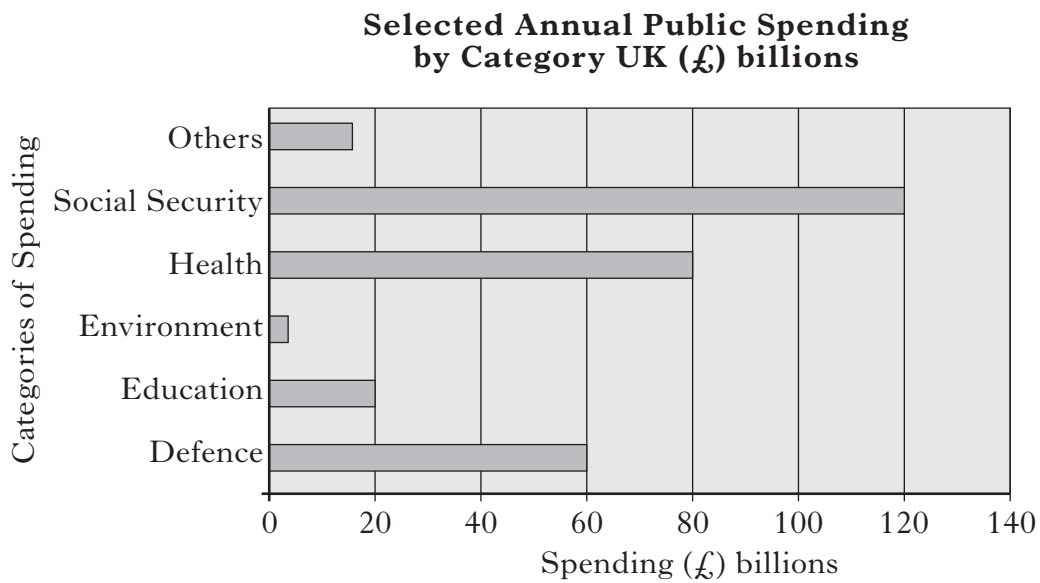
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3

KU	ES
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(a) Why does the UK Government spend money on “Education”?

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**1**

(b) Give **one** example of public spending that could be included under the category “Others”.

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**1**

(c) Calculate Defence Spending as a percentage of total public spending.

Answer: \_\_\_\_\_

Show your working here.

2

*Marks*

- 1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

- 
- 
- 
- 

- Tick (✓) the correct box.

**1**

- 

2



*Marks*

2 \_\_\_\_\_

2

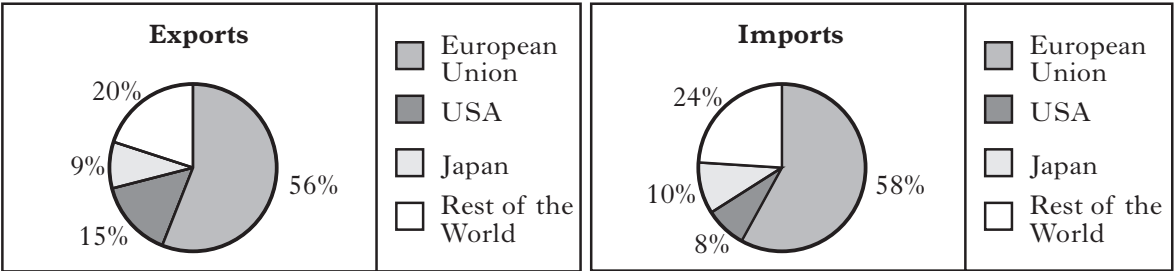
*Page seven*

4. Study the pie charts below and answer the questions which follow.

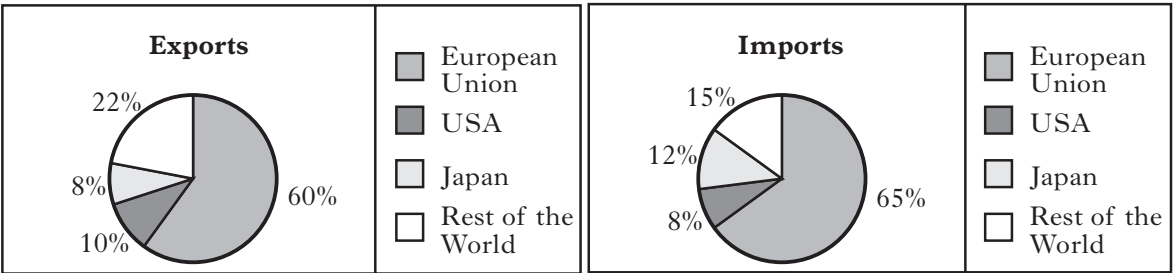
Marks

**UK Trade Patterns by Area – Percentage Terms**

**YEAR 1**



**YEAR 2**



(a) Describe how the UK trading pattern has changed between Year 1 and Year 2 with:

(i) European Union;

\_\_\_\_\_

\_\_\_\_\_

2

(ii) Japan.

\_\_\_\_\_

\_\_\_\_\_

2

(b) The UK Government is considering imposing import controls on Japanese goods and services.

(i) Name **one** type of import control the UK Government could use.

\_\_\_\_\_

1

(ii) Describe how the import control named in (b)(i) would work.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

1



4. (b) (continued)

Marks

- (iii) Suggest **one** economic argument **against** the use of import controls.

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1

- (c) The current exchange rate is £1 = 150 yen.

A Japanese hotel entrepreneur is visiting Glasgow. He changes 90,000 yen into £ sterling. His hotel bill is £140 and his entertainment bill £70. He pays £210 for a flight back to Tokyo.

- (i) Why would the Japanese entrepreneur exchange yen for £ sterling?

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1

- (ii) What value in £ sterling will the entrepreneur receive for his 90,000 yen?

Answer: £ \_\_\_\_\_

Show your working here.

1

- (iii) If the exchange rate changes to £1 = 140 yen, what value in yen will he receive when exchanging his remaining £ sterling on his return to Japan?

Answer: \_\_\_\_\_ YEN

Show your working here.

2

[Turn over

## 4. (continued)

Marks

KU	ES
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(d) Describe **2** economic advantages that Scotland offers to a Japanese entrepreneur who is considering expanding his hotel chain.

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2 \_\_\_\_\_

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2

**[Turn over for Question 5 on *Page twelve***

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

Marks



- (a) (i) From the picture above identify money being used as a standard for deferred payment.

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1

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

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2

- (b) Describe 2 characteristics of “good money”.

1 

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2 

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2

*Marks*

2

2

2

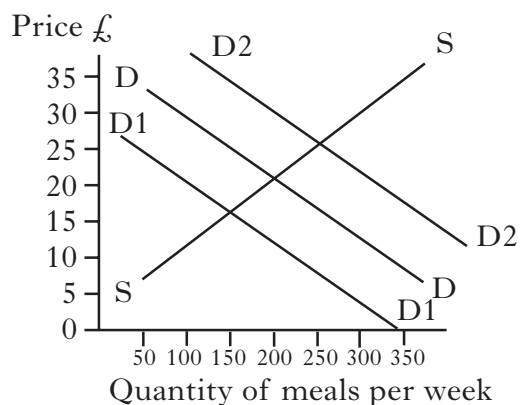
Answer: \_\_\_\_\_

**[Turn over**

KU	ES
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- ## The Demand and Supply for meals per week in Blue Monday's City Centre Restaurant

### Diagram 2



- 

1

- 

2

- Show your working here.

1

Marks

KU ES

**6. (continued)**

- (c) Using Diagram 1, suggest **2** reasons why Blue Monday's City Centre Restaurant would not set the price of a meal at £30.

1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

2

- (d) During the year, the following situations occur.

Using Diagram 2, identify whether the demand curve will shift to D1D1 or D2D2 by putting a tick in the appropriate box. The first answer has been provided for you.

		D1D1	D2D2
(i)	A competitive restaurant closes down.		✓
(ii)	The Good Restaurant Guide gives Blue Monday's City Centre Restaurant a bad report.		
(iii)	100 new luxury flats are built in the city centre.		
(iv)	City centre parking charges are increased.		
(v)	Average income levels in the city rise.		

4

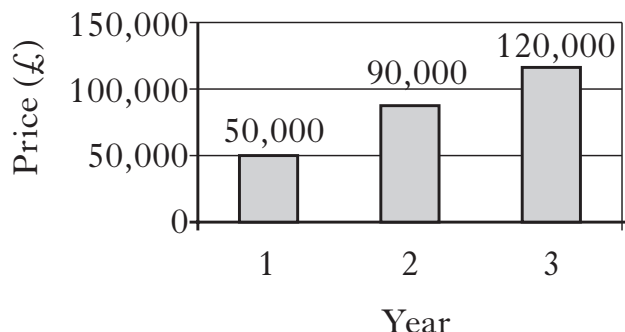
**[Turn over]**

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

Marks

	KU	ES
2		
2		
2		

**Average Prices of Private Sector Houses in Scotland**



- (a) Describe **fully** the trend in average prices of private sector houses in Scotland between Year 1 and Year 3.

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- (b) Describe and explain how the price changes shown might affect:

1 the demand for houses in the private sector;

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2 the supply of houses in the private sector.

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**7. (continued)***Marks*

- (c) Calculate the percentage increase in average prices of private sector houses in Scotland between Year 1 and Year 3.

Answer: \_\_\_\_\_

Show your working here.

**2**

- (d) The Government is concerned that many young people cannot afford private sector housing.

- (i) Suggest **3** measures the Government could use to solve this problem.

1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

3 \_\_\_\_\_

\_\_\_\_\_

**3**

- (ii) Choose **one** of these measures and explain how it would be expected to work.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**1**

[END OF QUESTION PAPER]

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