

	KU	ES
Total		

0820/402

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 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 not, you may lose all the marks for this paper.	e this book to the invigilator. If you do



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

M

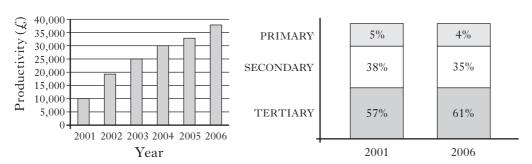
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2			

Diagram 1

PRODUCTIVITY IN THE UK (£) 2001 - 2006

Diagram 2

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



(i) Explain the term "productivity". (*a*)

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

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

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

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1.	(cor	Using Diagram 2, describe how changes shown might affect the Current Account of the UK Balance of Payments.	Marks	KU	ES
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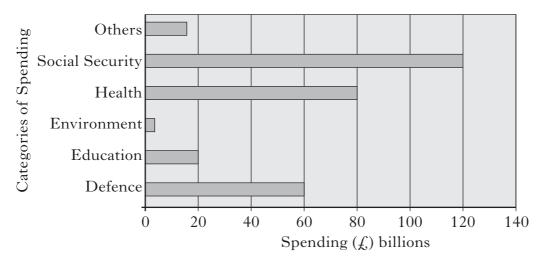
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2. Study the diagram below and answer the questions which follow.

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Why does the UK Government spend money on "Education"? (*a*)

Give one example of public spending that could be included under the category "Others".

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

Answer:

Show your working here.

2

1

1

(*b*)

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con	ntinue	ed)	Marks	KU	ES
d)		rt from direct taxation, state 2 other ways the UK Government es money to pay for the National Health Service.			
	1 _				
	_				
	2 _				
			2		
e)		lic spending can be divided into 2 types: CAPITAL and RRENT. Outline the differences between the 2 types of spending.	-		
			2		
f)	(i)	What is the likely effect of rising employment levels in the UK on spending on Social Protection? Tick (✓) the correct box.			
		Increased Spending			
		Reduced Spending	1		
			1		
	(ii)	Explain your answer to $(f)(i)$.			
			2		
		[Turn over			
		[Turn over			

MARGIN 3. Study the article below and answer the questions which follow. Marks KU ES 2006 Economic Growth Rates DAILY ECHO "Recently the UK economy has experienced a higher rate of 3%: economic growth than many of its European Union partners, the USA 2%or Japan." 1% A Government Spokesman UK Japan USA What is meant by the term "economic growth"? 1 What are the likely benefits of economic growth to: (*b*) UK Employees: _____ UK Firms: UK Government? 3 (i) State 2 possible costs to the UK economy of this economic (c) growth. 1 2 (ii) Choose **one** possible cost given in (c)(i) and explain why this cost may occur.

[0820/402] Page six

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	4:			MAF	HIS RGIN
Govern 1	ate 2 other economic objectives, apart from growth, of the UK		KU	ES	
	Go	overnment.			
	1				
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		Marks KU cher economic objectives, apart from growth, of the UK mment.			
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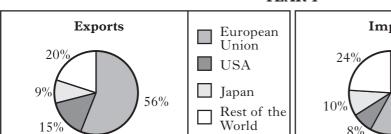
4. Study the pie charts below and answer the questions which follow.

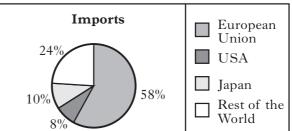
UK Trade Patterns by Area-Percentage Terms

Marks

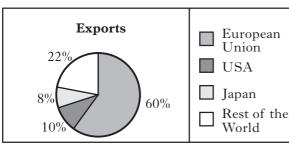
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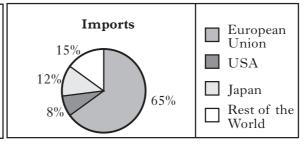
YEAR 1





YEAR 2





- (a) Describe how the UK trading pattern has changed between Year 1 and Year 2 with:
 - (i) European Union;
 - (ii) Japan.
- (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.
 - (ii) Describe how the import control named in (b)(i) would work.

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. (b)	(con	tinued)	Marks	KU	ES
	(iii)	Suggest one economic argument against the use of import controls.		KU	ES
			1		
(c)	The	current exchange rate is $£1 = 150$ yen.	_		
()	A Ja	panese hotel entrepreneur is visiting Glasgow. He changes 90,000 into \mathcal{L} sterling. His hotel bill is $\mathcal{L}140$ and his entertainment bill He pays $\mathcal{L}210$ for a flight back to Tokyo.			
	(i)	Why would the Japanese entrepreneur exchange yen for £ sterling?			
			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			

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ontinued)	Marks	MAI	
Describe 2 economic advantages that Scotland offers to a Japanes			-
entrepreneur who is considering expanding his hotel chain.			
1	_		
	_		
2	_		
	_ 2		
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[0820/402] Page ten [Turn over for Question 5 on Page twelve

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

Marks

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ROY	AL BAI	NK OF CLYDESIDE	GOLF SUPERSTORE		
GET YOUR CURREN 0% COM	FOREIGN CY HERE MISSION	PERSONAL LOANS 7% per year CASH MACHINE	"SOARAWAY" GOLF CLUBS £500 NO DEPOSIT REQUIRED INTEREST RATE 5% PER ANNUM PAYABLE OVER 12 MONTHS		
(a)	(i)	From the picture for deferred paym	above identify money being used as a standard ent.		
				1	
	(ii)	Explain your answ	ver to (a)(i).		
				2	
(<i>b</i>)	Desc	cribe 2 characteristi	cs of "good money".		ſ
	1 _				
				2	
	_			4	

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5.		ntinue		Marks	KU	ES
	(c)	Com	nmercial Banks play a major role in the UK economy.			
		(i)	Describe the main functions of a Commercial Bank in the modern UK economy.			
				2		
		(ii)	How does a Commercial Bank make a profit?			
				2		
	(<i>d</i>)	takir	istomer in the Golf Store decided to buy the Soaraway golf clubs ag advantage of the special offer. How much would she have to for the clubs in total?			
		Ansv	wer:			
		Shov	w your working here.			
				2		

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

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

Diagram 1

Diagram i

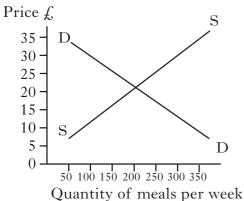
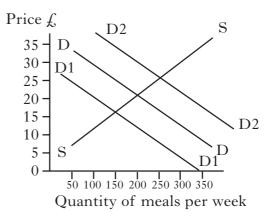


Diagram 2



(a) Why does a normal demand curve slope downwards from left to right?

(b) (i) Using Diagram 1, identify the equilibrium price and quantity in Blue Monday's City Centre Restaurant.

(ii) Calculate the total revenue per week at the equilibrium price and quantity.

Answer £, _____

Show your working here.

1

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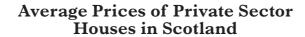
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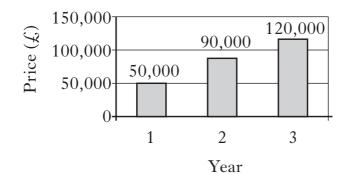
(con (c) (d)	tinued)						1
(c)	_	g Diagram 1, suggest 2 reasons why Blue Mourant would not set the price of a meal at £30	-	ity Centre	2		l
		arant would not set the price of a mear at 500	, .				
	1				-		
	_				-		
	2 _						
					2		
(d)	Durir	ng the year, the following situations occur.					
		g Diagram 2, identify whether the demand 1 or D2D2 by putting a tick in the appropri					
(c) (d)		er has been provided for you.	iate box.	THE IIIS	L		
			D4D4	D2D2			
			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		
							İ
			[7	Turn over	•		

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

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

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

1 the demand for houses in the private sector;

2 the supply of houses in the private sector.

2 2 2

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7.	(continued)			Marks	KU	ES
	(c)	Calculate the percentage increase in average prices of private sector houses in Scotland between Year 1 and Year 3.				
		Ansv	wer:			
		Shov	w your working here.			
				2		
	(<i>d</i>)		Government is concerned that many young people cannot afford ate sector housing.			
		(i)	Suggest 3 measures the Government could use to solve this problem. 1			
		(ii)	Choose one of these measures and explain how it would be expected to work.	3		
			[END OF QUESTION PAPER]	1		





