

FOR OFFICIAL USE

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0820/402

	KU	ES
Total		

NATIONAL
QUALIFICATIONS
2008

MONDAY, 12 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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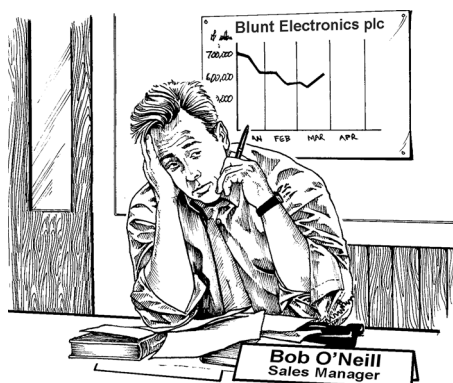
Number of seat

- 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 pictures below and answer the questions which follow.

Marks



Mr O'Neill
Sales Manager (Scotland)
Blunt Electronics plc



Mrs O'Neill
Call Centre Supervisor
Last Direct Bank

- (a) (i) Which factor of production do Mr and Mrs O'Neill provide?

1

- (ii) What return do Mr and Mrs O'Neill receive for providing this factor of production?

1

- (b) In which sector of production is Mrs O'Neill currently employed?

1

- (c) (i) Mr O'Neill earns £50,000 per year and increases his savings from 10% to 15% of this amount. How much more will he be saving per year?

Answer: £ _____

Show your working here.

2

- (ii) Which factor of production is Mr O'Neill providing when he saves?

1

1. (c) (continued)

Marks

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2	
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2	
1	
2	
1	
2	

- (iii) Suggest **2** reasons why Mr O'Neill decided to save more of his income.

1 _____

2 _____

- (d) Firms are sometimes reluctant to invest in new capital.

- (i) Suggest **one** action the UK Government could take to encourage firms to invest.

- (ii) Explain how this action would be expected to work.

- (e) (i) Blunt Electronics plc is to merge with Last Direct Bank plc. What type of integration is this?

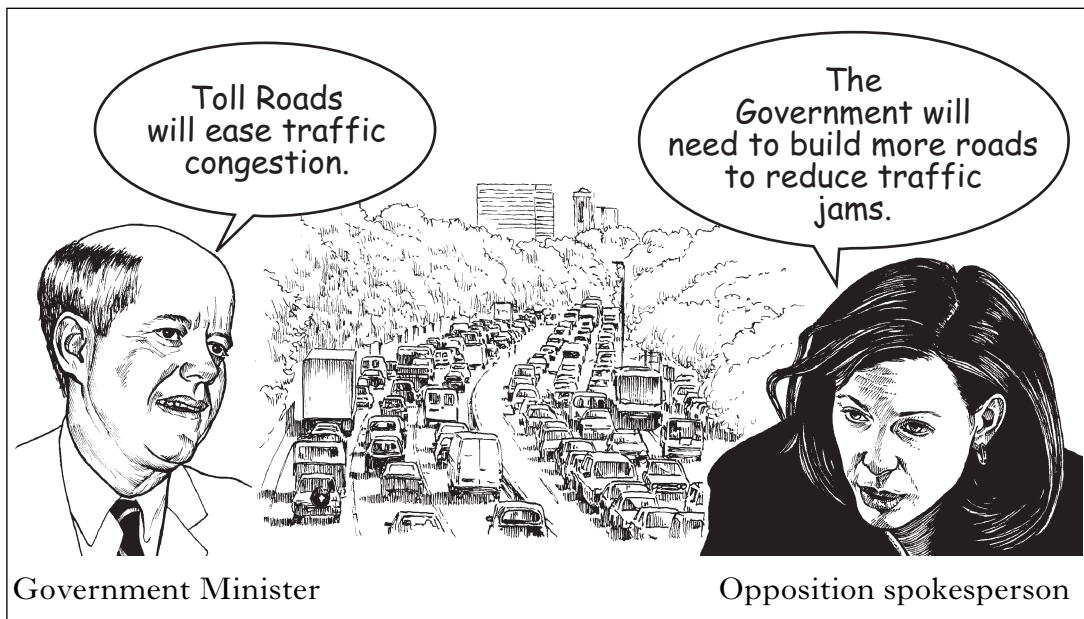
- (ii) Explain why both firms would benefit from this merger.

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- 4

[Turn over for Question 3 on *Page six*

Marks



(a) Describe **2** ways the **economy** of a country might suffer because of road congestion.

2

(b) (i) Explain how toll roads might reduce traffic congestion.

2

(ii) Suggest **2** other possible actions the Government could take to reduce traffic congestion.

2

3. (b) (continued)

Marks

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2	
2	

- (iii) Choose **one** of the actions suggested in (b)(ii) and describe **fully** how it would be expected to work.

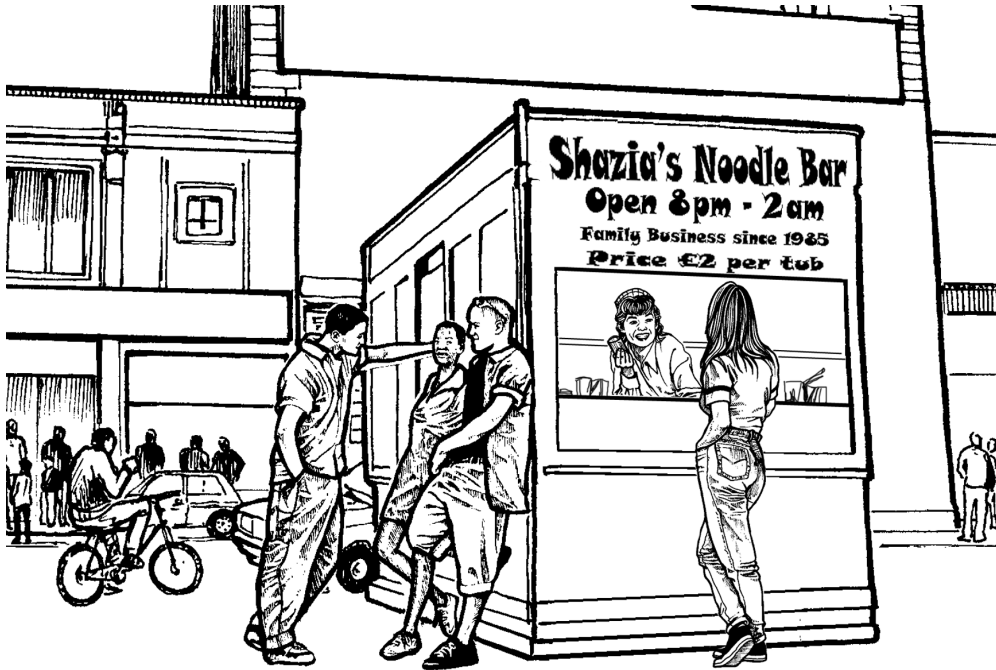
- (c) (i) Apart from spending on roads, identify **one** other area of government spending.

- (ii) Why does the Government spend money this way?

- (iii) Apart from taxation, how does the Government raise revenue to fund its spending?

[Turn over

Marks



- 1 _____
- 2 _____

-
-
-
-

4. (continued)

Marks

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- (d) (i) In which sector of the economy is Shazia's Noodle Bar?

Tick (✓) the correct box.

PUBLIC	
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PRIVATE	
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- (ii) Explain your answer to (d)(i).

- (e) Before opening the noodle bar, Shazia used to work as a hairdresser. What type of mobility of labour does this change demonstrate?

- (f) (i) Shazia wants to increase the profit on each tub of noodles sold. Suggest **2** actions that Shazia could take to achieve this.

1 _____

2 _____

- (ii) Choose **one** of the actions suggested in (f)(i) and explain how it would be expected to work.

[Turn over

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- Page ten

(c) Why are all hospital beds scarce?

2

-

2 _____

2

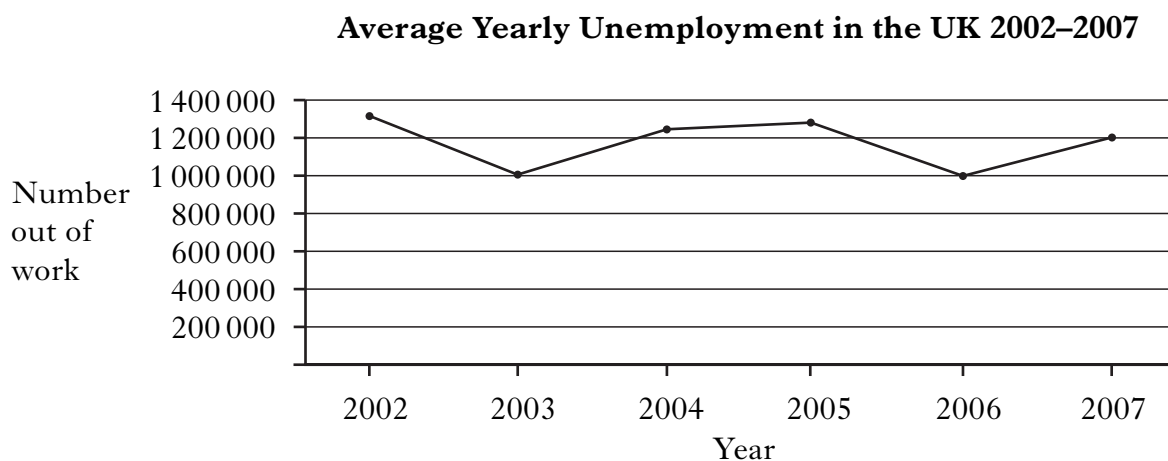
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2

[0820/402]

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

Marks



- (a) How does the UK Government calculate the number of people unemployed in the UK?

1

- (b) Using the graph, describe **in detail** the pattern of unemployment during this period.

2

- (c) (i) What is meant by the term “working population”?

1

- (ii) The working population in the UK in 2006 was 25 million. Calculate the percentage rate of unemployment in that year.

Answer: _____ %

Show your working here.

2

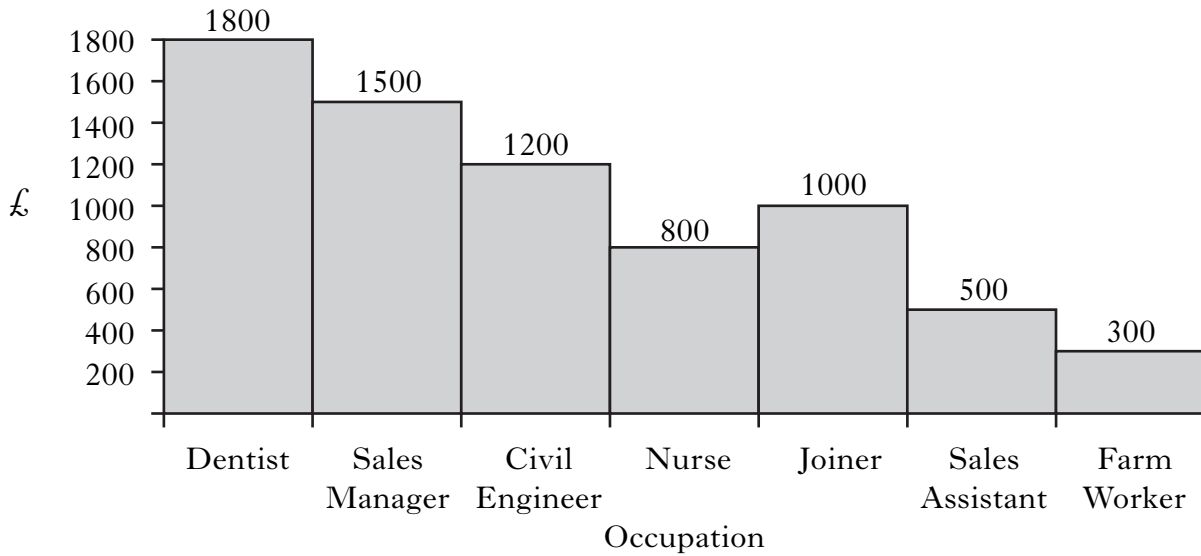
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- 1**

2

[0820/402]

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(a) Explain what is meant by “average weekly gross pay”.

(b) A sales manager is paid 3 times more than a sales assistant. Calculate how many more times a dentist gets paid than a farm worker.

Answer: _____ times

Show your working here.

Marks

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1	
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2	

7. (continued)

- (c) Suggest **one** reason why dentists earn more than farm workers.

- (d) (i) Does the chart show that every dentist earns more than every sales manager?

Tick (✓) the correct box.

YES	
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NO	
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- (ii) Explain your answer to (d)(i).

- (e) “Workers in service industries are paid more than workers in other industries.”

- (i) Does the information in the chart support this statement?

Tick (✓) the correct box.

YES	
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NO	
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- (ii) Justify your answer to (e)(i).

[END OF QUESTION PAPER]

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