

X038/101

NATIONAL
QUALIFICATIONS
2010

FRIDAY, 28 MAY
9.00 AM – 10.15 AM

ECONOMICS
INTERMEDIATE 1

40 marks are allocated to this paper:

20 marks for Item A and 20 marks for Item B.

Attempt **all** questions.

All answers are to be written in the answer book provided.



ITEM A

Read the information below, then answer the questions which follow.

A local business woman, Mrs Macduff, has said that 10,000 tickets priced at £10 each have been sold for the 2010 Dumbarton Rocks Festival.

The headline act will be the American rock band Highway One.

The festival will take place on Mr Ferguson's farm just outside the town. This year one of Mr Ferguson's fields will be used as a car park. Unlike last year, the festival must finish by midnight.

Food will be available on site from a number of mobile food vans.

1. There are 4 factors of production. Mrs Macduff is an example of Enterprise. From the passage, identify an example of each of the other **3** factors of production.
 Land
 Labour
 Capital **3**
 2. Draw a fully-labelled supply and demand diagram showing the equilibrium price and quantity of festival tickets. **3**
 3. State whether the demand for tickets would increase or decrease if:
 - (a) the weather forecast for the festival was very bad; **1**
 - (b) the American band had a massive chart hit. **1**
 4. (a) Calculate the total revenue from the sale of tickets. Show all working. **2**
 (b) The total cost of running the festival is £60,000. Using the total revenue figure from 4(a), calculate the profit made from running the festival. Show all working. **2**
 5. The American band will be paid in pounds (£) and so the exchange rate is important to them. What is meant by the term "exchange rate"? **1**
 6. (a) What is meant by the term "variable cost"? **2**
 (b) Give **2** examples of a variable cost. **2**
 7. Give an example of an opportunity cost to Mr Ferguson of using his field as a car park. **1**
 8. Identify **2** problems a festival might cause for people in the Dumbarton area. **2**
- (20)**

ITEM B

Read the information below, then answer the questions which follow.

Many Britons are tired of the beaches of Spain and are looking for something a bit different. Malawi, in Africa, for example is a very poor country but has, in Lake Malawi, one of the most beautiful lakes in the world.

Malawi suffers from many of the problems of developing countries. Tourism is seen as one way of improving its living standards.

1. A man from Glasgow goes on holiday to Malawi. State whether this is an export or an import for the UK. 1
 2. (a) What is meant by the term “National Income”? 2
 (b) More tourists are going to Malawi. State whether the National Income of Malawi will increase or decrease. 1
 3. State 2 characteristics of developing countries. 2
 4. Identify 2 ways developed countries can help improve the living standards of developing countries. 2
 5. Give 2 reasons why Britain trades more with European countries than with African countries. 2
 6. Identify 2 ways UK consumers can benefit from international trade. 2
 7. Some countries put up barriers to trade. 2
 (a) Give 2 examples of barriers to trade. 2
 (b) Give 2 reasons why countries put up barriers to trade. 2
 8. (a) State 2 problems that unemployment causes for the person who is unemployed. 2
 (b) State 2 problems that unemployment causes for the Government. 2
- (20)**

[END OF QUESTION PAPER]

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