

FOR OFFICIAL USE

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0820/402

	KU	ES
Total		

NATIONAL
QUALIFICATIONS
2009

WEDNESDAY, 13 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.



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- 2 _____

2

Marks

-

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- 1 _____
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4

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

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Diagram 1
The Demand for Hyscot Trainers

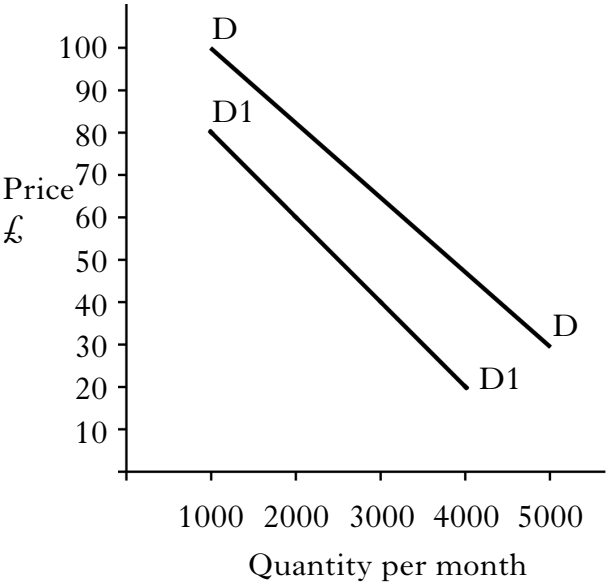
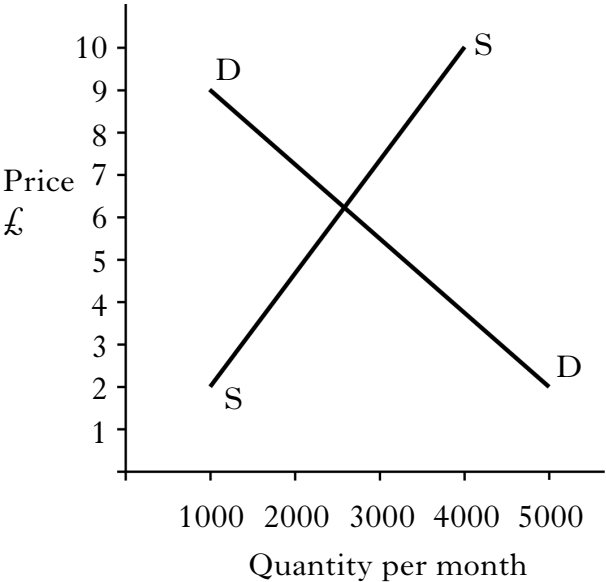


Diagram 2
The Demand and Supply for Hyscot Trainer Socks



(a) State the Law of Demand.

1

Using Diagram 1:

(b) (i) The price of Hyscot Trainers changes from £60 to £50. Using Demand Curve DD, calculate the change in quantity demanded.

Answer: _____

Show your working here.

2

2. (b) (continued)

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- (ii) Give **2** possible reasons why the demand curve has shifted from DD to D1D1.

1 _____

2 _____

- (c) What is the equilibrium price and quantity of Hyscot Trainer Socks in Diagram 2?

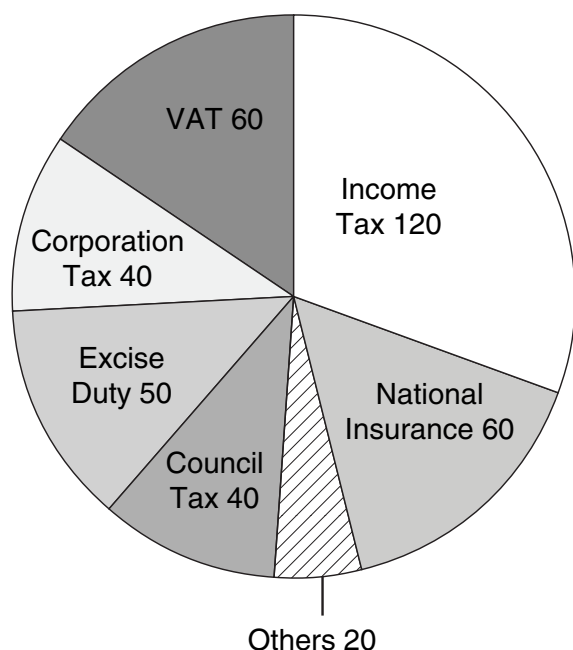
- (d) Describe the effect the shift from DD to D1D1 shown in Diagram 1 might have on the **market** for Hyscot Trainer Socks.

[Turn over

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Scotopian Government Revenue (£bn)

**2009 Scotopian Government
Spending predicted to be
£400 billion**



1

- Tick (✓) the correct box.

Direct	
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Indirect	
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1

1

3. (continued)

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- (b) (i) Name **one** item on which Excise Duty is charged.

- (ii) Apart from raising revenue, give **one** reason why the Scotopian Government may charge duty on this item.

- (c) Calculate the total Scotopian Government Revenue forecast for 2009.

Answer: _____

Show your working here.

- (d) (i) What budgetary problem exists for the Government of Scotopia in 2009?

- (ii) Suggest **2** actions the Government might take to overcome the problem identified in (d)(i).

1 _____

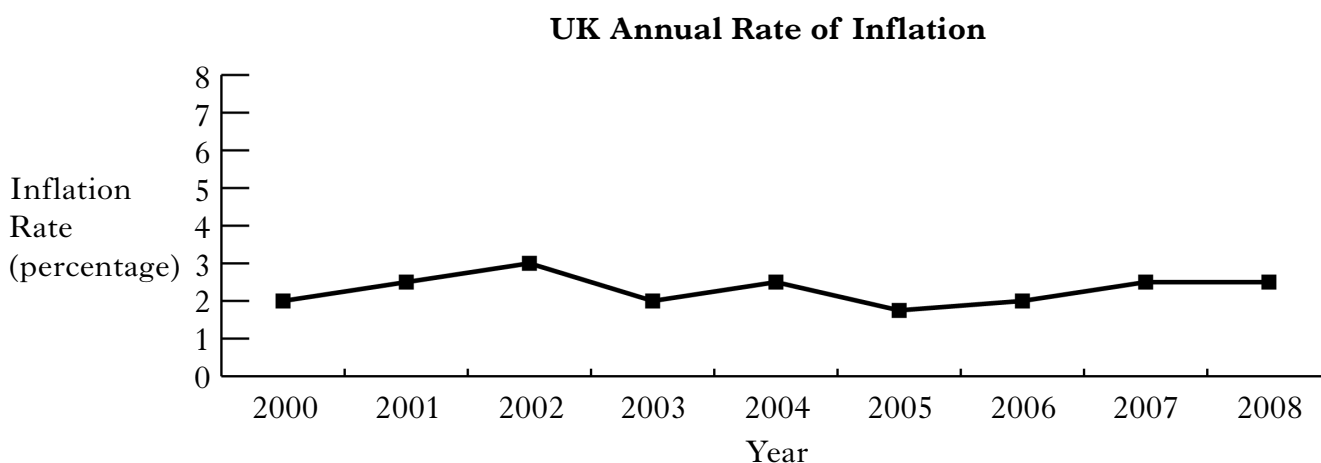
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[Turn over

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

Marks



(a) (i) What is meant by the term “Inflation”?

1

(ii) How does the UK Government measure the rate of inflation?

2

(b) Describe **fully** what has happened to the rate of Inflation in the UK between 2000 and 2008.

2

4. (continued)

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(c) In 2007, the UK Government put a limit of 2% on public sector wage increases and were keen that the private sector followed their example.

(i) Why were public sector employees likely to be unhappy about this decision?

(ii) Suggest **one** action that public sector employees could have taken to persuade the Government to alter this policy.

(iii) Explain your answer to (c)(ii).

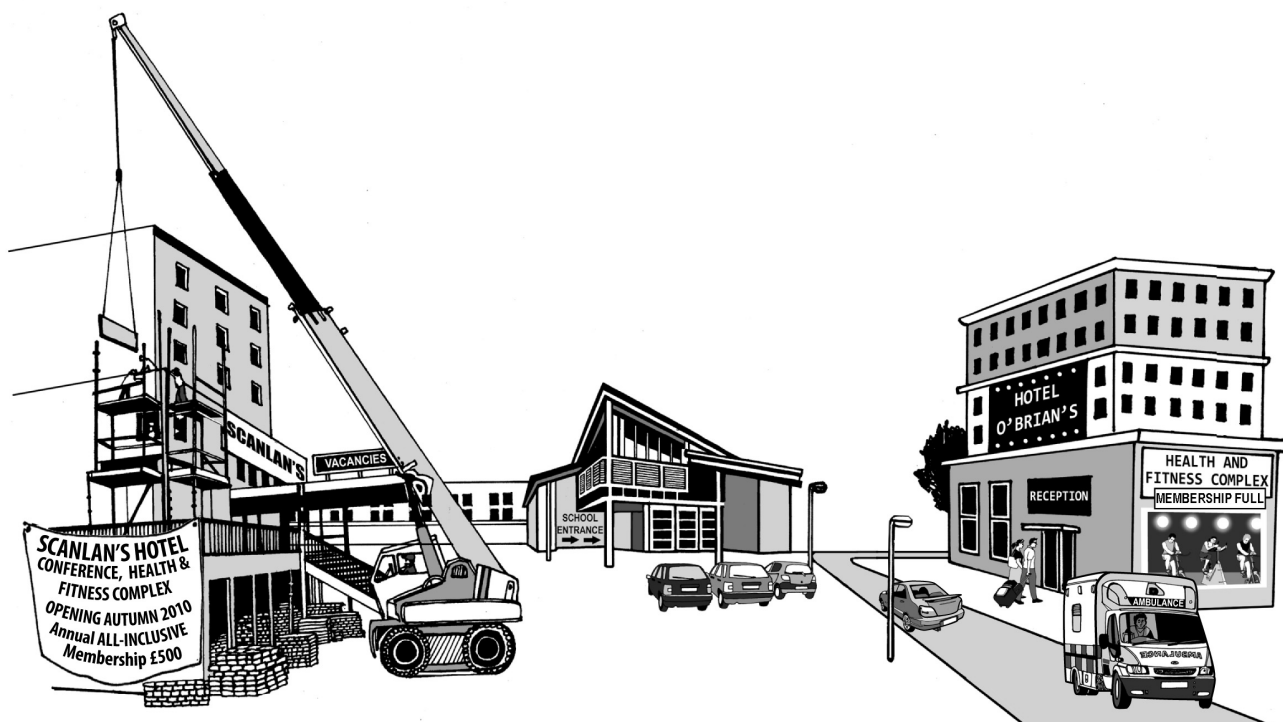
(iv) What is meant by the term “private sector”?

[Turn over

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

Marks

KU ES



(a) Identify from the picture above **2** economic reasons why Scanlan's Hotel has decided to build the new complex.

1 _____

2 _____

2

(b) Describe **2** ways in which the local economy might benefit from the building of the new complex.

1 _____

2 _____

2

(c) Apart from using retained profits, suggest **2** ways Scanlan's Hotel might raise the finance to pay for the new complex.

2 _____

Answer: _____

(e) From the picture, identify:

(i) a merit good; _____

(ii) a private good. _____

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

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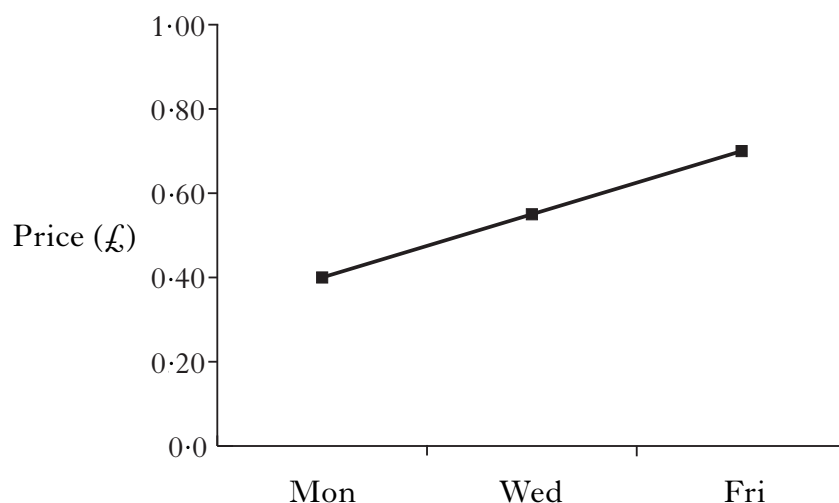
The Daily Scot

NEWLY FORMED PLC SEES SHARE PRICE SOAR

Floodstop plc was formed as a result of the merger of 2 smaller flood defence companies. “We hope to benefit from economies of scale” commented the new Managing Director of Floodstop plc.

Rumours of new Government flood defence contracts may raise the price of shares further.

Floodstop Shares



- (a) Explain the following terms as used in the article:

- (i) Plc;

- (ii) Merger;

- (iii) Shares.

3

6. (continued)*Marks*

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- (b) Suggest **2** economies of scale that Floodstop plc may benefit from.

1 _____

2 _____

- (c) (i) Why would the Government offer firms contracts to improve flood defences?

- (ii) Why might rumours of these contracts cause Floodstop plc's share price to rise?

- (iii) A person owns 20 000 shares in Floodstop plc. Calculate the change in the total value of these shares from Monday to Friday.

Answer: £ _____

Show your working here.

- (d) (i) What type of integration is mentioned in the article?

- (ii) Suggest **one** benefit to the workforce of the integration given in (d)(i).

UK SPENDING AND INCOME FROM TOURISM WITH SELECTED EU COUNTRIES IN 2008

<i>Country</i>	<i>Spending by UK tourists in EU country (£million)</i>	<i>Spending by EU tourists in UK (£million)</i>
Estonia	100	40
France	1955	1355
Germany	1242	1400
Italy	1353	1240
Netherlands	1160	1162
Denmark	136	166
Greece	1509	173
Spain	2884	2222
Portugal	1319	134
Ireland	1304	1323
TOTALS	12 962	9215

(a) In 2008, in which country did UK tourists spend:

Most? _____

Least? _____

(b) (i) What effect did tourism with these EU countries have on the UK Balance of Payments in 2008?

(ii) Justify your answer to (b)(i).

7. (continued)*Marks*

- (c) With which countries did the UK have a trade surplus in tourism in 2008?

2

- (d) (i) Name the currency a tourist from the UK would use in Italy.

1

- (ii) The value of the pound falls by 10% against the US dollar. Explain in what way this change will affect the cost of a UK tourist's holiday to the USA.

2

- (e) (i) The UK Government is concerned about an increasing trade deficit with Japan. Suggest **2** actions the UK Government could take to solve this problem.

1

2

2

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

2

[END OF QUESTION PAPER]

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