

FOR OFFICIAL USE

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Total	KU	ES

0820/402

NATIONAL
QUALIFICATIONS
2010

MONDAY, 10 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

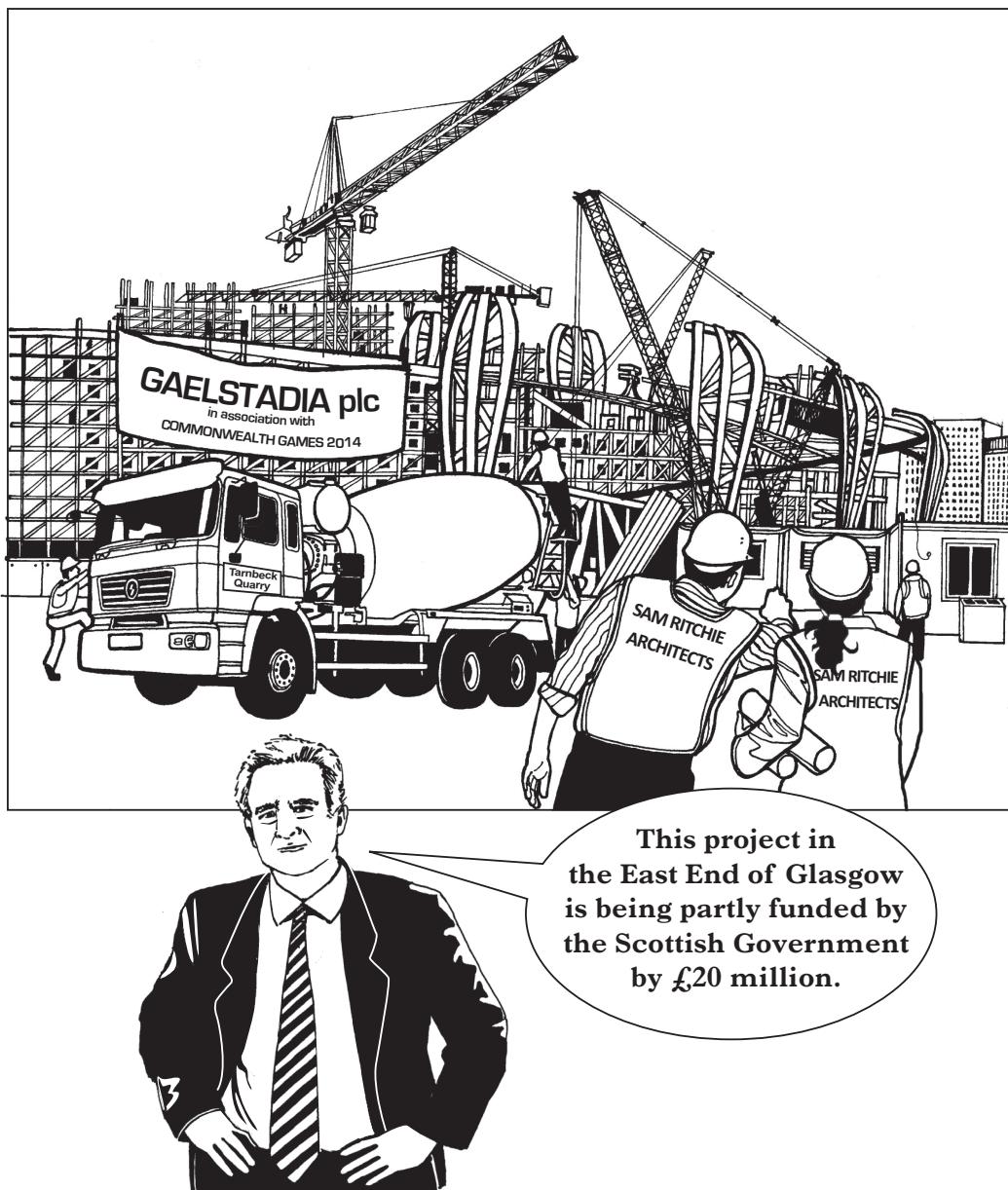
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- 1 Read each question carefully.
- 2 Attempt **all** the questions.
- 3 All answers are to be written in this answer book.
- 4 Do **not** write in the margins.
- 5 Before leaving the examination room you must give this book to the Invigilator. If you do not, you may lose all the marks for this paper.



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

<i>Marks</i>	KU	ES
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- (a) From the picture, identify an activity from each of the following sectors of production.

Primary _____

Secondary _____

Tertiary _____

- (b) Gaelstadia plc is a public limited company. Describe **2** main features of this type of business organisation.

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1. (continued)

- (c) (i) Identify **2 economic** benefits to the East End of Glasgow from this project.

1 _____

2 _____

- (ii) Explain **one** way in which the Scottish Economy might benefit from this project.

- (d) The building of this stadium is being partly funded by the Scottish Government.

State **one** possible opportunity cost of this investment.

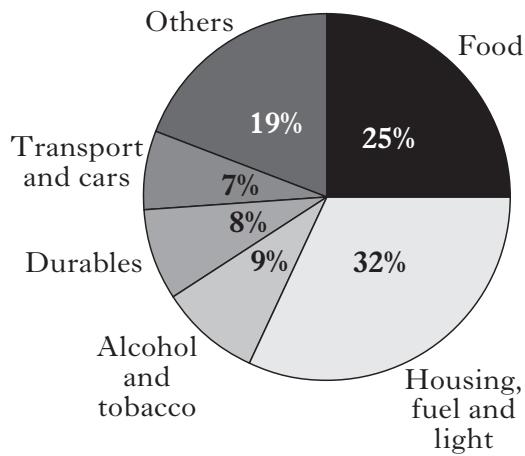
- (e) (i) Gaelstadia plc buys its steel from France and is concerned about the falling value of Sterling compared to the Euro. What problem will this cause Gaelstadia plc?

- (ii) What action might Gaelstadia plc take to solve the problem given in (e)(i)?

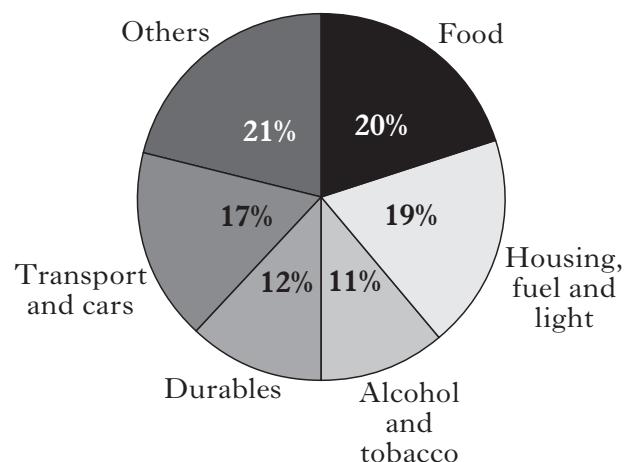
2. Study the charts below and answer the questions which follow.

Percentage of Weekly Income spent by Category

Low Income Family
£300 per week



High Income Family
£800 per week



- (a) Calculate how much the low income family spends on transport and cars in a week.

Answer: £ _____

Show your working here.

2

- (b) Suggest **2** possible reasons why the high income family spends a higher percentage of its income on transport and cars than the low income family.

1 _____

2 _____

2

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2. (continued)

- (c) (i) The high income family spends a lower percentage of its income on food. Does this mean it spends less money on food? Tick (**✓**) the correct box.

Yes	
-----	--

No	
----	--

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

- (d) (i) Apart from raising taxation, give **one** way the UK Government could encourage less spending by families on alcohol and tobacco.

- (ii) Suggest an advantage to the UK **economy** of less spending on alcohol and tobacco.

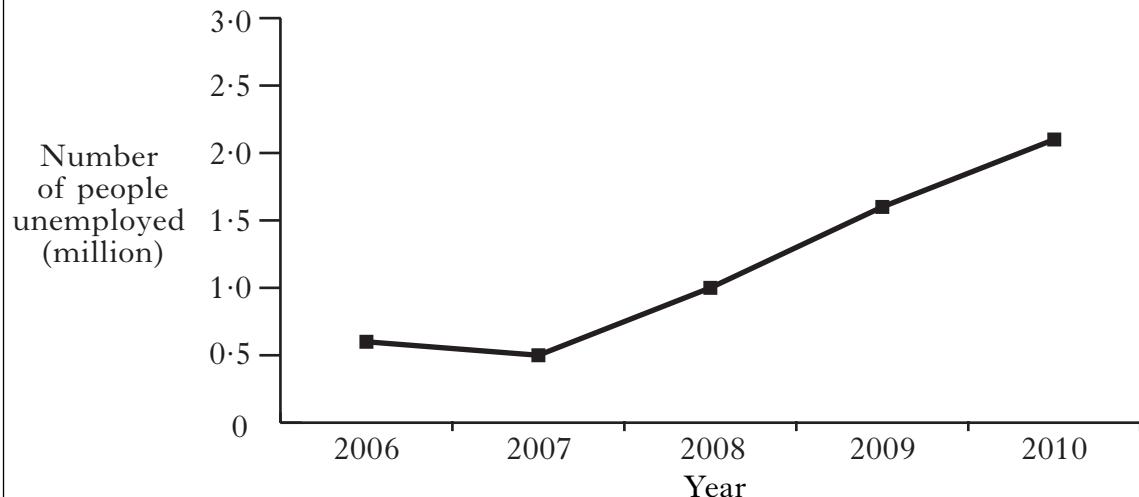
- (e) Describe **2** actions the UK Government could take to reduce the difference in income between high and low income families.

1

2

3. Read the article below and answer the questions which follow.

Unemployment figures in the UK continue to rise



Economists and politicians are concerned by these figures. They are asking the Chancellor of the Exchequer to adopt suitable economic policies to reduce this rise in unemployment and decrease the harmful effects of this trend on the economy.

- (a) Describe fully the trend in UK unemployment.

1

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

1

- (c) Calculate the percentage increase in unemployment in the UK between 2008 and 2009.

Answer: _____

Show your working here.

2

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3. (continued)

- (d) (i) Suggest **2** economic policies the UK Government may use to reduce unemployment.

1 _____

2 _____

- (ii) Choose **one** of your answers to (d)(i) and explain fully how it would be expected to work.

- (e) Describe **2** harmful effects rising unemployment might have on the UK economy.

1 _____

2 _____

- (f) Low unemployment is an objective of the UK Government. State **one** other economic objective of the UK Government.

[Turn over]

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4. The table below shows possible output levels and production costs of MP3 players of YTEC plc for the month of August. Study the table and answer the questions which follow.

Output levels and production costs of MP3 players for the month of August

Output (units)	Fixed Cost (£)	Variable Cost (£)	Total Costs (£)	Average cost (£)
0	A	B	40,000	0
200	40,000	20,000	60,000	300
400	40,000	30,000	70,000	D
600	40,000	38,000	78,000	130
800	40,000	44,000	C	105
1000	40,000	48,000	88,000	88

- (a) Calculate the missing figures.

A	B	C	D
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Show your working here.

- (b) Suggest **one** variable cost to YTEC plc of producing MP3 players.

- (c) Why do the variable costs of YTEC plc increase with output?

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4. (continued)

- (d) The selling price of an MP3 player is £350. Calculate the **total** profit at an output of 600.

Answer: _____

Show your working here.

- (e) (i) The manager of YTEC plc would like to increase the productivity of the workforce.

What is meant by productivity?

- (ii) State **2** measures the manager might take to increase productivity.

1 _____

2 _____

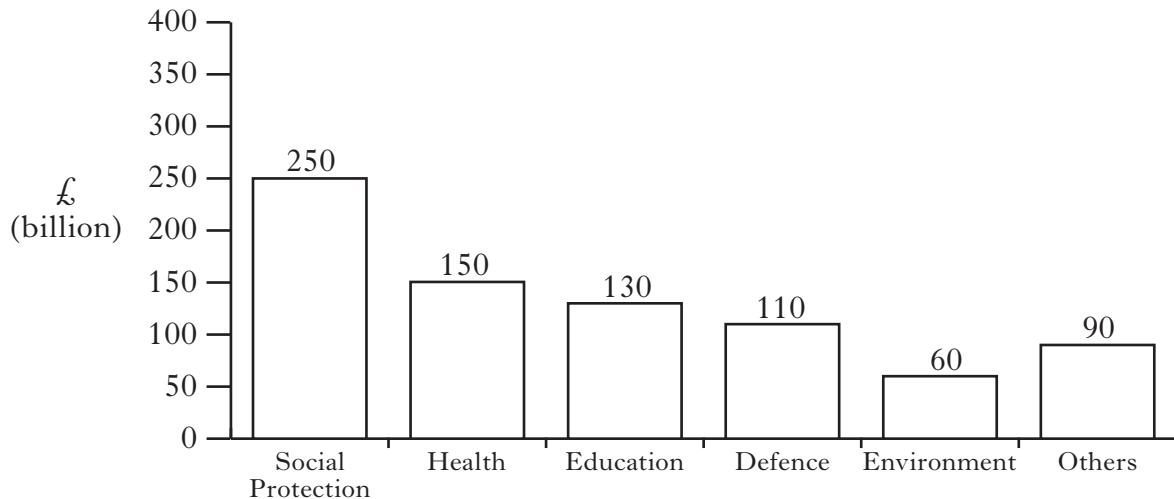
- (iii) Choose **one** of the measures stated in (e)(ii) and explain how it would be expected to work.

[Turn over

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

Annual UK Public Spending by Category (£ billion)



- (a) Give **one** economic reason why the UK Government spends money on Health.

1

- (b) (i) Give **one** example of public spending that could be included under the category of Environment.

1

- (ii) Calculate spending on the Environment as a percentage of total spending.

Answer: _____

Show your working here.

2

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5. (continued)

- (c) (i) What is the likely effect of rising unemployment in the UK on spending on Social Protection?

Tick (**✓**) the correct box.

Increase	
----------	--

Decrease	
----------	--

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

- (d) Public spending can be divided into Capital and Current Expenditure. Give **one** example of:

- (i) Capital Expenditure on Education;

- (ii) Current Expenditure on Health.

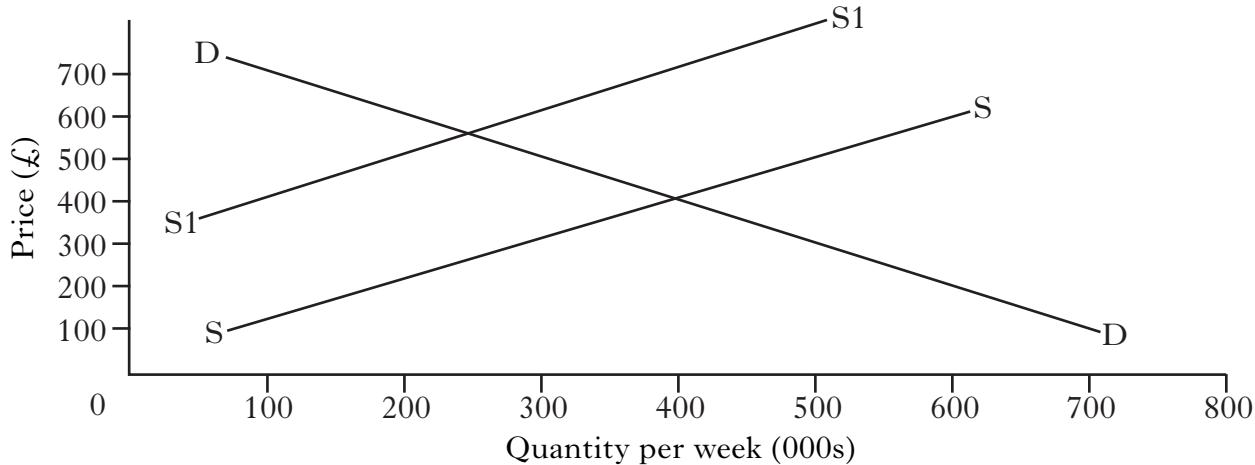
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<i>Marks</i>	KU	ES
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6. Study the diagram below and answer the questions which follow.

PC Universe plc is a firm manufacturing laptop computers.

The Demand and Supply of Laptop Computers for one week



- (a) What is the equilibrium price and quantity of laptop computers when the supply is SS?

Price: _____ Quantity: _____

- (b) What problem will some consumers of laptop computers face when the supply is SS and the price is £150?

- (c) Suggest **2** reasons for the change in supply of laptop computers from SS to S1S1.

1 _____

6. (continued)

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(d) PC Universe plc is planning a takeover of Drive Hard Ltd, a retail firm selling computers.

(i) What type of integration is this?

1

(ii) Suggest **one** reason PC Universe plc might decide to take over a computer retailer.

1

(iii) State **one** reason why consumers of laptop computers might be in favour of this proposed takeover.

1

[Turn over

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

UK International Trade by Product

Category	Exports (£ Billion)	Imports (£ Billion)
Food	10	30
Tourism	20	25
Raw Materials	30	40
Manufactured Goods	50	65
Oil and related products	20	18

- (a) (i) Calculate the UK's trade balance on Manufactured Goods.

Answer: _____

Show your working here.

1

- (ii) Calculate the UK's balance in International Trade.

Answer: _____

Show your working here.

2

7. (continued)

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(b) (i) In which category did the UK have a trade surplus?

1

(ii) Suggest why the UK had a surplus in this category.

(c) The UK Government wants to reduce spending on imports of food.

(i) Suggest **2** reasons why the UK Government may make this decision.

1 _____

2 _____

2

(ii) State **2** possible actions the UK Government could take to reduce imports of food.

1 _____

2

(iii) Choose **one** of your answers given in (c)(ii) and explain how it would be expected to work.

2

[END OF QUESTION PAPER]

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