



**2010 Economics**

**Intermediate 1**

**Finalised Marking Instructions**

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## ECONOMICS INTERMEDIATE 1

### 2010 Marking Scheme

#### ITEM A

|                                                                                                                                                           | Marks                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <b>1</b> Land – Mr Ferguson’s Farm/fields, car park,<br>Labour – Highway One, American rock band, Mr Ferguson<br>Capital – mobile food vans               | <b>3</b>             |
| One mark for each correct                                                                                                                                 |                      |
| <b>2</b> X and Y axis plus labels                                                                                                                         | <b>1</b>             |
| Supply and demand diagram identified                                                                                                                      | <b>1</b>             |
| Equilibrium price and quantity labelled                                                                                                                   | <b>1</b>             |
| <b>3 (a)</b> (Demand for tickets would) Decrease                                                                                                          | <b>1</b>             |
| <b>(b)</b> (Demand for tickets would) Increase                                                                                                            | <b>1</b>             |
| <b>4 (a)</b> Revenue = tickets sold × price or<br>Revenue = £10 × 10000<br>= £100,000<br>no £ sign -1<br>full marks awarded if answer correct             | <b>1</b><br><b>1</b> |
| <b>(b)</b> Profit = revenue - expenses or<br>Profit = £100,000 - £60,000<br>= £40,000<br>no £ sign -1<br>full marks awarded if answer correct             | <b>1</b><br><b>1</b> |
| <b>5</b> Looking for:<br>One currency expressed in terms of another<br>Accept example of actual exchange rate for mark eg<br>One pound equals two dollars | <b>1</b>             |
| <b>6 (a)</b> Two mark definition would be:<br>Output-based costs which change with output<br>Award one mark for “costs which change”                      | <b>2</b>             |
| <b>(b)</b> Any two variable costs – 1 mark each<br>Food – one mark                                                                                        | <b>2</b>             |
| <b>7</b> Growing crops – 1 mark – accept any other reasonable opportunity cost                                                                            | <b>1</b>             |
| <b>8</b> One mark for each negative effect:<br>Noise/Pollution/Rubbish/Roads congested/Increased crime                                                    | <b>2</b>             |

**ITEM B**

|          |                                                                                                                                                                                                         | <b>Marks</b> |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>1</b> | One mark for correctly identifying this as an IMPORT for the UK.                                                                                                                                        | <b>1</b>     |
| <b>2</b> | <b>(a)</b> Two marks for definition:<br>Output of goods and services (1) also accept definition which mentions income/expenditure method<br>Over a period of time (1)<br>Measured in monetary terms (1) | <b>2</b>     |
|          | <b>(b)</b> One mark for identifying that Malawi's national income would increase                                                                                                                        | <b>1</b>     |
| <b>3</b> | One mark for each characteristic identified:<br>Dependence on agriculture/Low output/High debts/Low literacy/High population growth/High proportion of young people/Very poor/Low national income       | <b>2</b>     |
| <b>4</b> | One mark for each method identified. These include:<br>Charity/Any other aid identified/Trading with them/Sending specialists to help them/Sending equipment, cheap loans etc                           | <b>2</b>     |
| <b>5</b> | One mark for each reason given:<br>Closer to Europe/Same lifestyle/Same goods/Members of EU – less trade restrictions                                                                                   | <b>2</b>     |
| <b>6</b> | One mark for each advantage:<br>Wider range of goods/Cheaper goods/More competition<br>any 2 points, one mark each                                                                                      | <b>2</b>     |
| <b>7</b> | <b>(a)</b> One mark for each method identified<br>Quotas/Tariffs/Embargos/Subsidies                                                                                                                     | <b>2</b>     |
|          | <b>(b)</b> One mark for reason:<br>Protect domestic industry/Protect strategic industry/Retaliation etc                                                                                                 | <b>2</b>     |
| <b>8</b> | <b>(a)</b> One mark for each effect identified:<br>Reduced spending power/Reduced standard of living/Possible poor health/Lack of confidence/Low self-esteem/Stuck in poverty trap                      | <b>2</b>     |
|          | <b>(b)</b> One mark for each problem outlined:<br>Lack of income from taxes/Higher spending on benefits<br>Other knock-on effects – crime, poor health etc                                              | <b>2</b>     |
|          |                                                                                                                                                                                                         | <b>(20)</b>  |

[END OF MARKING INSTRUCTIONS]