# 2010 Economics

# Intermediate 1

# Finalised Marking Instructions

**ECONOMICS INTERMEDIATE 1**

**2010 Marking Scheme**

**ITEM A**

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

**ITEM B**

| | | | Marks |
|---|---|---|---|
| **1** | | One mark for correctly identifying this as an IMPORT for the UK. | **1** |
| **2** | **(a)** | 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) | **2** |
| | **(b)** | One mark for identifying that Malawi's national income would increase | **1** |
| **3** | | 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 | **2** |
| **4** | | 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 | **2** |
| **5** | | One mark for each reason given:<br>Closer to Europe/Same lifestyle/Same goods/Members of EU – less trade restrictions | **2** |
| **6** | | One mark for each advantage:<br>Wider range of goods/Cheaper goods/More competition<br>any 2 points, one mark each | **2** |
| **7** | **(a)** | One mark for each method identified<br>Quotas/Tariffs/Embargos/Subsidies | **2** |
| | **(b)** | One mark for reason:<br>Protect domestic industry/Protect strategic industry/Retaliation etc | **2** |
| **8** | **(a)** | 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 | **2** |
| | **(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 | **2** |
| | | | **(20)** |

[END OF MARKING INSTRUCTIONS]