



2009 Economics

Standard Grade – Foundation

Finalised Marking Instructions

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Marking Instructions

Question 1

- (a) (i) Growing Strawberries
- (ii) Building Houses
- (iii) Sports Shop
(accept Estate Agents) **3 ES**
- (b) (i) Build Houses
Grow strawberries
Open a Sports Shop
- (ii) Using machinery
Using labour
- (iii) Those who need it.
Those who can afford it/those with effective demand. **3 ES**
- (c) People who are willing **and** able to buy a good/service. **2 KU**
- (d) (i) Growing Strawberries **1 ES**
- (ii) It is the next best alternative foregone.
It is her second choice. **1 KU**

Question 2

- (a) (i) One part of the car is completed before it is passed on for other parts to be completed.

Workers are specialising in different jobs.

2 ES

- (ii) Advantage

- Become more skilled in their specific task.
- Become faster at their job.
- Do not need lots of qualifications.
- It is easier to use machinery to help them do their job.

Disadvantage

- Become bored with their job – repetitive.
- Dependant on workers at the stage before them.
- No feeling of achievement – do not make a complete item.
- Feel unvalued.
- Greater use of machinery may lead to redundancies.

2 KU

- (b) Capital good

- Robot
- Conveyer belt/production line
- Vending machine
- Car factory

Consumer good

- Cans of drink
- Packets of crisps
- Chocolate bars
- Completed cars

2 ES

- (c) (i) Vertical integration

1 ES

- (ii) Brencars is a secondary industry and has bought over a tertiary sector industry. Both companies are involved in the same type of industry – cars.

2 ES

- (d) (i) Capital intensive

1 ES

- (ii) There is much more machinery/robots in the factory than human workers.

1 ES

Question 3

- (a) (i) £40,000 **1 ES**
- (ii) £20,000 **1 ES**
- (iii) Loss **1 ES**
- (iv) Total costs are greater than total revenue. **1 KU**
- (b) **£200** **2 ES**
- £20,000/100
- £40,000/200
- £60,000/300
- £80,000/400
- £100,000/500
- £120,000/600
- (c) (i) £30,000 **1 ES**
- (ii) Rent **1 KU**
- Loan repayments
- (d) (i) Buy cheaper supplies.
Reduce workers wages.
Reduce the size of the workforce.
Reduce electricity/heating/lighting costs etc by more efficient use of energy. **1 KU**
- (ii) Accept any reasonable explanation. **2 KU**

Question 4

- (a) (i) A human resource **1 ES**
- (ii) £2 million **1 ES**
- (iii) £3 million **1 ES**
- (iv) £2,005,000 **1 ES**
- (b) (i) He scored 55 goals last year.
He won the golden boot last year/he is the best player in Europe.

He is a good player = 0 marks (must use evidence) **1 KU**
- (ii) They think he will help to increase demand for their phones.
He is well known and has done well, which they think will enhance the image
of Hold-A-Phone Mobile Phones. **1 KU**
- (c) House, Car, Private education for children, Medical Insurance,
Free child care.
- Accept any 3 reasonable answers. Answers must be clearly different. **3 KU**

Question 5

- (a) (i) Disused Farm land (for sale) in 2009
- (ii) Pump, Kiosk **2 ES**
- (b) (i) Technological unemployment **1 ES**
- (ii) Loss of Income.
Loss of self-esteem.
Can lead to crime.
Government has to pay out more JSA.
Government receives less income tax.
- Accept any 2 reasonable answers. Answers must be clearly different. **2 KU**
- (c) (i) Education, Training, Go to the Job Centre, Advertise in the Paper.
- Accept any 2 reasonable answers. Answers must be clearly different. **2 ES**
- (ii) Accept any reasonable explanation. **2 ES**
- (d) (i) Fuel prices have risen between 2002 to 2009. **1 ES**
- (ii) Price of fuel has become dearer. If people's incomes do not rise by as much as inflation they have less money to spend so buy less.
Consequently sales of Lets's Go fuels will probably fall as fewer consumers can afford to buy it. **2 KU**

Question 6

(a) **£400**

\$800/2

2 ES

(b) (i) Fall in demand

1 ES

(ii) Income effect

As prices rise consumers have to spend more of their income so may decide not to buy flight tickets.

Some consumers will not now be able to afford holidays in the USA, so demand will fall.

Law of demand – as price rises, quantity demanded falls.

Substitution effect

People may decide to switch to cheaper holidays in other countries, so demand for USA holidays will fall.

2 ES

(c) (i) Increase advertising.

Sponsorship deals with celebrities.

Offer better services – more leg room on flights etc.

Offer deals – children go free

– free gifts

– one night free

– double air miles.

Accept any 2 reasonable answers. Answers must be clearly different.

2 ES

(ii) Accept any reasonable answer.

2 KU

(d) (i) Decrease

1 ES

(ii) If consumers demand less holidays, less holidays will be sold and workers will not be needed to sell them, therefore workers may lose their jobs as holiday companies lay off workers in an effort to maintain profits.

2 KU

Question 7

(a) (i) Social Protection **1 ES**

- (ii) Job Seekers Allowance
Child Benefit
Disability allowance
State Pension

Do not accept any answer taken directly from the Heading in the source. **1 KU**

(b) £500 billion X 25% (£500 billion X 0.25)

= **£125 Billion** (1 mark if Billion is omitted)

1 mark if working shown is correct but final answer is incorrect.

2 marks for correct answer even if no working is shown. **2 ES**

(c)

	Capital	Current
Defence and Law and Order	Vehicles Weapons Buildings	Wages Uniforms Stationery Bullets
Health and Education	Hospitals Schools IT Equipment Hospital beds Machinery	Wages Uniforms Medicines Books/jotters Stationery

4 KU

- (d) Raise VAT
Raise income tax
Sale of assets
Borrowing

2 KU

[END OF MARKING INSTRUCTIONS]