



2010 Economics

Standard Grade General

Finalised Marking Instructions

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2010 ECONOMICS

STANDARD GRADE – GENERAL

Marking Instructions

Question 1

- (a) Must be the action not the name of the industry
Quarrying
Construction
Architects, Government **3 ES**
- (b) Owned by shareholders
Run by board of directors
Limited liability **2 KU**
- (c) (i) 1 Increased employment
2 Higher sales for local retailers **2 KU**
- (ii) Increased taxation revenues – has to be national **2 KU**
- (d) Increased spending on health or education **1 ES**
- (e) (i) Dearer steel so increased cost of building stadium **1 KU**
- (ii) Find cheaper suppliers outside eurozone – reduce wastage **1 ES**

Question 2

- (a) $300 \times 7\% = £21$ **2 ES**
- (b) High income family own more cars, dearer cars, higher fuel consumption or go more holidays **2 KU**
- (c) (i) No **1 ES**
- (ii) Smaller percentage but of a higher sum so more spending **2 ES**
- (d) (i) Increased spending on anti smoking campaigns eg warnings on packets **1 ES**
- (ii) Less working days lost through illness so higher growth **1 KU**
- (e) 1 Increase rates of tax for higher earners
2 Increased spending on transfer payments eg income support
3 Reduce VAT **4 ES**

Action plus explanation to get 2

Question 3

- (a) Fell 0.6 to 0.5 between 2006 and 2007 but then rose steeply to 2.2 in 2010. Must include percentages and years **1 ES**
- (b) Totalling all those claiming job seekers allowance **1 KU**
- (c) $50\% - 60\% - 0.5/1.0 = 1\text{mark}$ **2 ES**
- (d) (i) Increased public spending/lower tax/lower interest rates – must be economic **2 ES**
- (ii) Stimulates demand for goods and services and so stimulates demand for the labour to make these goods and service **2 ES**
- (e) 1 Bigger strain on public spending
2 Lower economic growth **2 KU**
- (f) Low and steady inflation **1 KU**

Question 4

- (a) A 40,000 B 0 C 84000 D 175 **4 ES**
- (b) Components eg circuit wire **1 KU**
- (c) Higher production then more components have to be bought **1 KU**
- (d) $\text{£}132,000 - 220 \times 600 = 1 \text{ mark}$ **2 ES**
- (e) (i) Amount produced by each worker/average product **1 KU**
- (ii) 1 Increased training for the workforce
2 Increased capital investment **2 ES**
- (iii) More training will lead to greater efficiency so higher productivity **2 ES**

Question 5

- (a) It is a merit/good – many of the population could not afford it if the government did not pay for it. **1 KU**
- (b) (i) Refuse collection, public parks **1 KU**
(ii) $7.6\% - 60/790 = 1$ mark **2 ES**
- (c) (i) Increase **1 KU**
(ii) Higher the unemployment figures then more money paid out in the form of benefits **2 KU**
- (d) (i) New school building
(ii) Doctors' salaries **2 KU**

Question 6

- (a) £350 - £400 400,000 **1 ES**
- (b) They will have effective demand but will face a shortage of laptops **1 ES**
- (c) 1 Tax on laptops
2 Dearer component parts for laptops **2 ES**
- (d) (i) Forward vertical integration **1 KU**
(ii) Ensure an outlet for its production **1 KU**
(iii) Economy of scale so lower prices **1 KU**

Question 7

- | | | | |
|------------|--------------|---|-------------|
| (a) | (i) | -15 million | 1 ES |
| | (ii) | -48 million - 48 million gets 1 mark | 2 ES |
| (b) | (i) | Oil and related products | 1 ES |
| | (ii) | Any comparative advantage in oil production | 1 KU |
| (c) | (i) | 1 to increase demand for UK food production so bigger profits/
investment
2 to increase employment in UK food related industries eg transport | 2 ES |
| | (ii) | 1 Tariffs on imports of foreign food
2 Subsidies to UK food producers | 2 KU |
| | (iii) | Tariffs raise prices of foreign food in UK shops so UK consumers will buy more food made in UK. Description of action gets 1 mark. | 2 KU |

[END OF MARKING INSTRUCTIONS]