



2011 Economics

Standard Grade General

Finalised Marking Instructions

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Marking Instructions

Question 1

- | | | | |
|------------|--------------|---|-------------|
| (a) | (i) | £20. | 1 ES |
| | (ii) | No. | 1 ES |
| | (iii) | It is only an average – some spend more and some less. | 1 KU |
| (b) | 1 | Advertise in local press or radio. | |
| | 2 | Adjust prices – offer new products or services. | 2 ES |
| (c) | (i) | 1 Expenses not linked to output. | 1 KU |
| | | 2 Expenses that are linked to output. | 1 KU |
| | (ii) | 20%. | 1 ES |
| (d) | | Production is mainly carried out by human effort/skill – little use of machinery. | 1 KU |
| (e) | | Via the price mechanism/through the forces of demand supply. | 2 KU |
| (f) | (i) | Tertiary. | 1 KU |
| | (ii) | No physical product is produced but a service provided. | 1 KU |

Question 2

- (a) (i) Fell only -1. Fell steadily over the period shown must mention year(s) and % figures. **2 ES**
- (ii) 1 Firms can borrow money for capital purchases more cheaply.
- 2 Increase in use of credit so increase in demand for goods and services so increase in demand for labour. **4 KU**
- (b) (i) 1 Easier access accounts.
- 2 Advertising campaigns. **2 ES**
- (ii) Savers would have easier access to funds without penalties so would be more likely to save in a bank than elsewhere. **1 KU**

Question 3

- (a) Shareholders. 1 ES
- (b) 5000 £100,000/£20 1 ES
- (c) (i) 1 Increase employment levels in area.
2 Improve living standards. 2 KU
- (ii) 1 New share issue.
2 Bank loan.
3 Sell existing assets.
Raising prices = 0. 2 ES
- 2 only needed**
- (d) 1 Traffic congestion.
2 Scenic pollution.
3 Noise pollution. 2 ES
- 2 only needed**

Question 4

- (a) How much the general level of prices increases during a period of one year. **1 KU**
- (b) A full description of the consumers/retail price index. **2 KU**
- (c) Prices went up every year but by a decreasing %. **2 ES**
- (d) (i) Inflation rate is higher than this so they would suffer a fall in real income. **2 ES**
- (ii) 1 Wage increases would also fall.
- 2 Fall in demand/employment/profits in private sector.
- 3 Public sector workers seeking jobs in private sector. **2 ES**

Question 5

- (a)** Ambulance.
Roads.
Car. **3 ES**
- (b)** He was partially helped by Highland Council. **1 ES**
- (c)** **(i)** **1** Geographical – Edinburgh to Highlands.
2 Occupational – Economist to Park owner. **2 KU**
- (ii)** **1** Banking, Financial advice.
2 Stock market, Insurance, Financial advice. **2 KU**
- (d)** **(i)** Farming. **1 ES**
- (ii)** Construction – must demonstrate production. **1 ES**
- (iii)** Safari Park, School, Ambulance. **1 ES**
- (e)** **(i)** Labour. **1 ES**
- (ii)** Profit. **1 KU**
- (iii)** Capital and interest or land and rent – both factor and return for 1 mark. **1 KU**

Question 6

- (a) % of income paid in tax rises as income rises. **2 KU**
- (b) 53% $\frac{800}{1500} \times 100$. **2 ES**
- (c) Army base, Soldiers' wages. **2 KU**
- (d) (i) Year one. **1 ES**
- (ii) 40 billion 1500 - 1460. **1 ES**
- (iii) Borrowing from private sector/using past surpluses.
Other countries, IMF, EU, World Bank. **1 ES**
- (e) 1 Increase in aggregate demand/employment.
- 2 Faster economic growth. **2 KU**

Question 7

- (a) (i) Amount consumers are willing and able to buy at a given price over a period of time.
- (ii) Amount made available for sale by suppliers at a given price over a period of time. **2 KU**
- (b) (i) £300 and 5000. **1 ES**
- (ii) Demand is less than supply – unsold stock. **1 ES**
- (iii) £1,575,000. **2 ES**
- (c) (i) £450. **1 ES**
- (ii) Reduce it by 2000. **2 ES**
- (d) 1, 2 and 5. **3 ES**

[END OF MARKING INSTRUCTIONS]