Evidence for Question 4 (a)

Candidate 1

4.a) ~~The~~ A multinational would consider locating in a country with a skilled labour force as they would have more chance of increasing productivity and therefore increasing their chances of profit maximisation with a skilled batch of workers as the workers with high amount of skills would be highly occupationally mobile.

A multinational would also consider a country with a high education rate so that they would not have to waste scarce resources educating their workforce.

It would also consider locating in a country where the Government would offer them financial assistance through subsidies so they can increase their profit margin.

They would also consider locating in a country where labour costs are cheap so that they could avoid large labour costs in their country of origin.
They would also consider locating in a country where they would be able to penetrate ~~mornets~~ markets in order to avoid trade barriers i.e. the European Union's single market.

Candidate 7

4.a) A multinational organisation is a large company with productive assets in more than one country. When choosing a country to locate in, it would consider the language spoken in a particular location - it would be easier to do business there if the same language was spoken. They would also consider the skill of the pool of labour available in the potential location - a skilled work force would be more attractive to produce goods efficiently. If a potential ~~good~~ location has a stable government is a crucial factor when a multinational corporation is locating. Another factor is the proximity to other potential markets when choosing a new location - some MNCs may choose to locate in the UK due to our proximity to the EU. An MNC would also consider their access to cheap laborer when locating - they want to ensure high profit margins.

Evidence for Question 4 (b)

Candidate 2

b)	The implications for the	
	scottish economy of the UK	
	joining the Eurozome could	
	mean that their currency	
	will be transparent, this mean	

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that it is harder for producers to rip of the consumer as consumers will be able to see two different prices from the same currency from two different countries.

By joining the Eurozone there is one central bank therefor one size fits all. This means that the country has very little control over their interest rates. Therefor if UK was suffering from a high rate of economic growth and a high inflation rate but Italy was wanting to increase their economic growth and wanted a low interest rate to achieve this, this would greatly damage our UK economy.

Candidate 6

4b) Implications for the Scottish economy joining the Eurozone include free trade. This means that Scotland can trade within the Eurozone at cheaper costs because there's no taxes envolved.

Another reason is that they are able to have a better trained and skilled workforce because people are able to move to Scotland to work. This increases outputs (Free movement)

It also means that Scotland is part of a larger group of countries. This gives them a better international stance and voice, compared with other countries, such as the USA.

Candidate 5

4b. If the Scottish economy joined the eurozone then
their currency would be replaced from Pounds to
Euros. One disadvantage of this would be the
initial transaction costs as it is estimated it
This will have an opportunity cost as less money will be spent on public services
will cost £5 billion to convert to the Euro currency.
An advantage would be that when the UK is trading
with other EU countries there would be no need to
change currency and there would be no uncertainty
in firms' profit due to unpredictable movements
in the exchange rate. This will provide stability
for firms and as a result we will trade more
There would be less transparency for consumers
when purchasing goods from other

~~[illegible]~~ Eurozone countries as the firms cannot hide behind the exchange rate. It will make visiting other Eurozone countries easier for consumers since there would be no need to convert currency and they will not lose any money through commission. One disadvantage is the UK will not be setting its own interest rates as the ECB will do that. More UK consumers purchase their house compared to other Eurozone countries such as Germany, so this will make UK consumers more sensitive to changes in the interest rate.

Evidence for Question 4 (c)

Candidate 2

c) A advantage of a floating exchange rate is when the pound is weak this can increase exports as it is cheaper for foreigners to buy our goods and service.

On the other hand when the exchange rate for the pound is ~~too~~ high, this makes it cheaper for us to import from other countries and ~~that~~ to import our essentials as we rely a lot on other countries.

Candidate 3

c) - There is no need for the government to intervene and hold huge currency reserves. They can therefore direct these resources into other aspects of economic policy, eg creating growth.

- In a floating exchange rate the balance of payments is self correcting. For example if demand for UK exports rises the value of sterling rises causing demand for exports to fall causing the value of sterling to fall and so on. This means less costly government intervention would be required in terms of trade barriers to correct the balance of payments