Centre Number

Student Number

CATHOLIC SECONDARY SCHOOLS
ASSOCIATION OF NSW

2011
TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION

Economics

Morning Session
Wednesday, 10 August 2011

General Instructions

- Reading time – 5 mins
- Working time – 3 hours
- Write using blue or black pen
- Board-approved calculators may be used
- Use Multiple Choice Answer Sheet provided
- Write your Centre Number and Student Number at the top of this page and pages 9, 11, 13 and 15

Total marks – 100

Section I Pages 2–8

20 marks
Attempt Questions 1–20
Allow about 35 minutes for this section

Section II Pages 9–16

40 marks
Attempt Questions 21–24
Allow about 1 hour and 15 minutes for this section

Section III Pages 17–18

20 marks
Attempt either Question 25 or Question 26
Allow about 35 minutes for this section

Section IV Page 19

20 marks
Attempt either Question 27 or Question 28
Allow about 35 minutes for this section

Section I

20 marks
Attempt Questions 1-20
Allow about 35 minutes for this section

Use the Multiple Choice Answer Sheet provided.

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1 Which of the following best describes the impact of globalisation on the world economy?

(A) International divergence and greater capital flows between countries

(B) Increases in Gross World Product and international economic integration

(C) Greater domination of world markets by TNC's and a reduction in global income

(D) Greater global trade and an increase in global income equality

2 Which of the following is characteristic of a public good?

(A) Goods and services that have positive externalities

(B) Goods and services provided by the government

(C) A non-rival good, which is non-excludable

(D) A non-rival good, which is excludable

3 Which of the following is a benefit of free trade to a domestic economy?

(A) Short term unemployment may occur as some domestic businesses may experience difficulties competing with imported products

(B) Domestic businesses may be reluctant to expand due to increasing foreign competition

(C) Domestic producers face greater competitive pressures resulting in lower prices and improved product quality

(D) Training programs improves the skills of individuals experiencing cyclical unemployment

4 Which of the following is an effect of a subsidy?

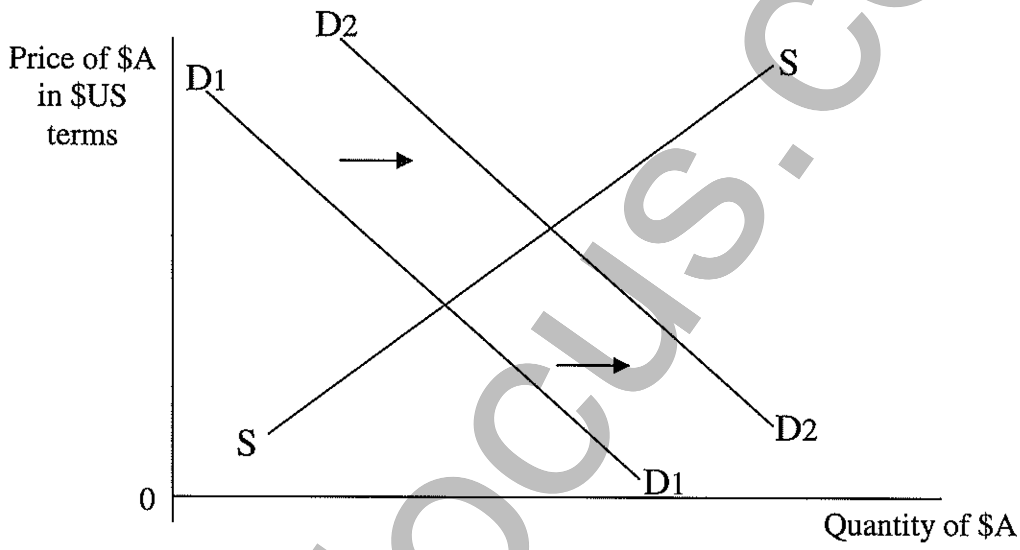
(A) Increased supply by domestic producers and distorted allocation of resources in the economy

(B) Higher prices domestically and a redistribution of income in the economy

(C) Increased productivity of labour and promotion of structural change

(D) Decreased prices and promotion of international competitiveness for Australian goods

5 The following graph shows a movement in the supply and demand of Australian dollars against US dollars on the foreign exchange market.



Which of the following factors may have caused the demand curve to shift from D1 to D2?

(A) An increase in foreign investment in the Australian economy

(B) A significant drop in interest rate levels in the Australian economy

(C) A decline in Australia's terms of trade

(D) A significant increase in the number of Australians travelling overseas

6 Which of the following forms of protection may impact upon the conduct of monetary policy in the Australian economy?

(A) Tariffs as a result of their impact on government revenue

(B) Subsidies due to the increased levels of government spending

(C) Tariffs as a result of their inflationary impacts

(D) Subsidies due to their impact on the costs of production

7 Which of the following are characteristics of most developing economies?

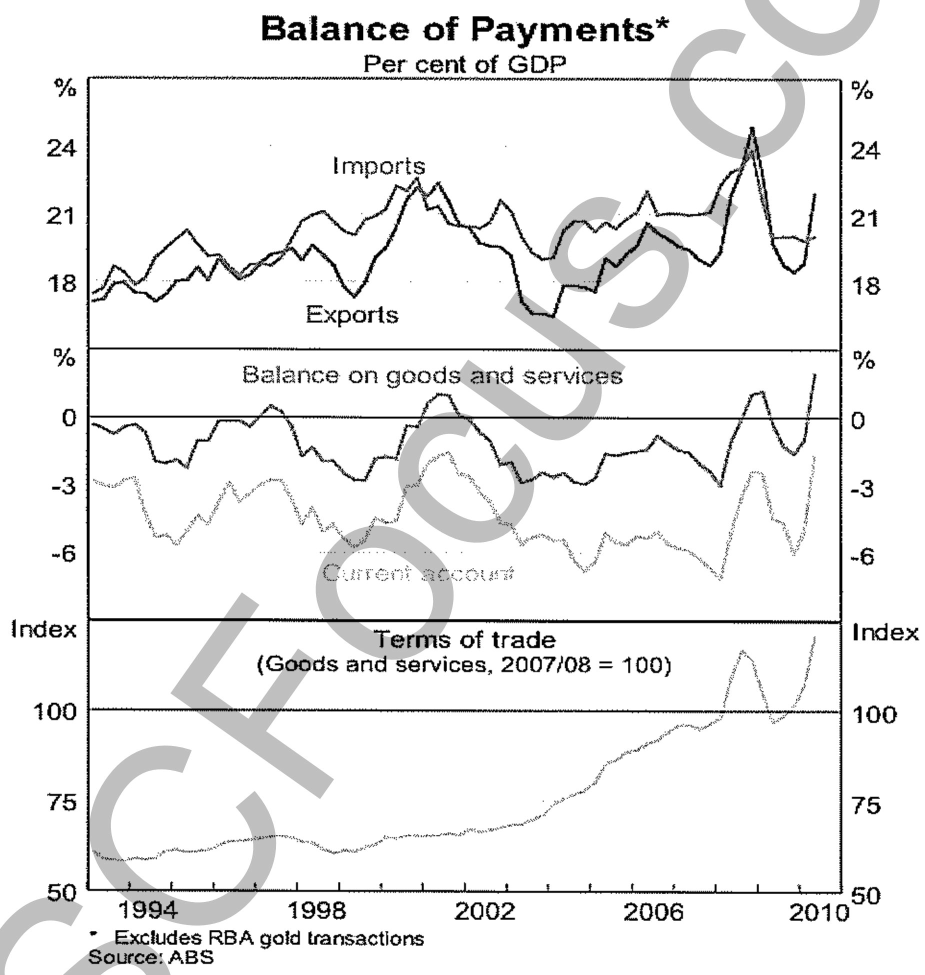
(A) Low levels of economic growth and unsustainable foreign liabilities

(B) Low levels of income inequality and low living standards

(C) High levels of Foreign Direct Investment flows and stable political institutions

(D) Low levels of population pressures and high levels of efficiency in agricultural productions

8 Which of the following statements below describes the pattern of Australia's external stability over the last 10 years as depicted in the graph?



(A) The terms of trade have generally declined with a persistent current account deficit

(B) The terms of trade have generally improved with a persistent current account deficit

(C) Overall, exports as a percentage of GDP, have been higher than imports

(D) The trends in the balance on goods and services is not consistent with the balance on the current account

9 The following economic data relates to a hypothetical economy.

Year	Y ($m)	C ($m)
1	500	150
2	600	180
3	?	240

What would be the equilibrium level of income in year 3 if consumption (C) in this economy increases to $240 m in year 3 and the MPC remains constant?

(A) $200 m

(B) $700 m

(C) $800 m

(D) $900 m

10 Which of the following is a long-term outcome of microeconomic reform?

(A) Increased structural unemployment and lower rates of productivity

(B) Increased production costs and a decrease in GDP

(C) Increased levels of international competitiveness and lower rates of inflation

(D) Increased capital inflow and a decrease in foreign investment

11 Australia donates $20 million dollars to East Timor for the purpose of building a new hospital.

Where would this transaction be recorded on the balance of payments?

(A) As a credit on the transfers component of the current account

(B) As a debit on the net income component of the current account

(C) As a credit on the financial account

(D) As a debit on the capital account

12 What would be the most likely effect of the Reserve Bank of Australia purchasing second-hand Commonwealth Government Securities?

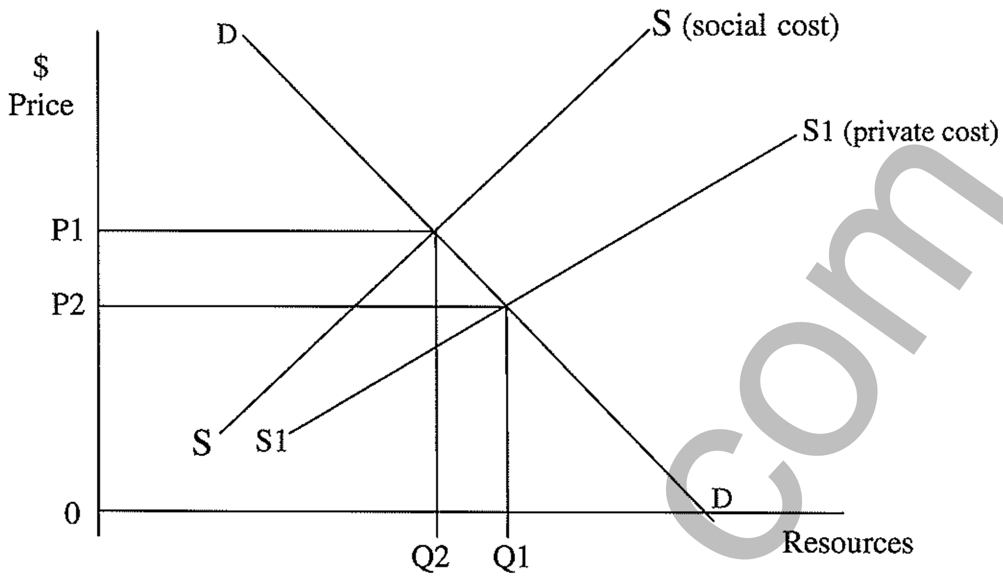
(A) A decrease in liquidity of exchange settlement funds and a decrease in interest rates

(B) An increase in liquidity of exchange settlement funds and a decrease in interest rates

(C) A decrease in liquidity of exchange settlement funds and an increase in interest rates

(E) An increase in liquidity of exchange settlement funds and an increase in interest rates

13 The following diagram shows the supply and demand curves for the motor vehicle industry.



What would be the effect on the environment if government policy caused the supply curve to move from SS to S1S1?

(A) Market failure is taken into account

(B) Society pays more for goods and services

(C) There will be an increase in environmental degradation

(D) Motor vehicle industry would produce less for the market

14 The table below shows the Gini Co-efficient for Country A and Country B over a three–year period:

Year	*Country A*	*Country B*
1	0.35	0.95
2	0.55	0.85
3	0.65	0.75

According to the data in the table, which statement correctly describes what these economies have experienced?

(A) The Lorenz curve for Country A is further away from the line of equality than the Lorenz curve for Country B

(B) The Lorenz curve for Country B is further away from the line of equality than the Lorenz curve for Country A

(C) The Lorenz curve for Country B is moving away from the line of perfect equality

(D) The Lorenz curve for Country A is moving closer to the line of perfect equality

15 The following table shows selected data for a hypothetical economy's balance of payments.

Balance of Payments (BOP)	*$bn*
Exports	100
Imports	150
Net services	80
Net Income	-90
Net current transfers	-15
Capital transfers	50
Reserve assets	5

According to the information above, which of the following statements is correct for this economy under a floating exchange rate regime?

(A) There is a surplus of $30 billion on the balance of Goods and Services

(B) There is a deficit of $30 billion on the Balance of Goods and Services

(C) There is a surplus of 75 billion on the financial account

(D) There is a deficit of $55 billion on the financial account

16 Which of the following is an argument for economies to protect new and emerging industries?

(A) These industries may need protection in the short run to enable them to improve their efficiency

(B) The selling of goods by foreign businesses at a price much lower than similar goods in the domestic market may impact upon the profitability of these industries

(C) These industries generally develop with large-scale workforces and without government assistance and unemployment may emerge

(D) Goods and services developed by these industries are crucial in promoting self-sufficiency within the economy

17 The table below shows selected data for a nation.

Year	*Nominal GDP ($m)*	*CPI*	*Real GDP*
1	650	100	650
2	785	103.5	?

From the information above, what is the real GDP for this economy in year 2?

(A) $785.0 m

(B) $758.0 m

(C) $108.5 m

(D) $135.0 m

18 The table below shows selected data for two countries, A and B.

Country	*Population (Million)*	*Working Age Population (million)*	*Employed (Million)*	*Unemployed (Million)*
A	60	35	17.5	2.5
B	45	25	13	2

Which of the following statements is true for either of these two countries?

(A) Country B has a higher participation rate and a higher unemployment rate than Country A

(B) Country B has a higher participation rate but a lower unemployment rate than Country A

(C) Country A has a higher participation rate and a higher unemployment rate than County B

(D) Country A has a higher participation rate but a lower unemployment rate than Country B

19 If the government sets a price floor for the wheat commodity which is above the equilibrium price, what is the likely impact of this on the economy?

(A) Supply will exceed demand on the market

(B) Demand will exceed supply on the market

(C) Market forces will increase the price

(D) There will be a shortage in the supply of wheat on the market

20 Other things being equal, what would be the likely impact on Australia's external stability of a loose/expansionary monetary policy?

(A) Foreign investors would increase their capital inflow and investments in Australia

(B) Foreign investors would decrease their capital inflow and investments in Australia

(C) Demand for Australia's exports would be boosted as Australia's currency is appreciated

(D) Demand for Australia's exports would be boosted as Australia's currency is depreciated

Centre Number

Student Number

CATHOLIC SECONDARY SCHOOLS ASSOCIATION OF NEW SOUTH WALES
YEAR 12 TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION 2011

ECONOMICS – MULTIPLE CHOICE ANSWER SHEET

Select the alternative A, B, C, or D that best answers the question. Fill in the response oval completely.

Sample 2 + 4 = (A) 2 (B) 6 (C) 8 (D) 9

A ○ B ● C ○ D ○

If you think you have made a mistake, put a cross through the incorrect answer and fill in the new answer.

A ● B ● C ○ D ○

If you have changed your mind and have crossed out what you consider to be the correct answer, then indicate this by writing the word *correct* and drawing an arrow as follows:

correct

A ● B ● C ○ D ○

ATTEMPT ALL QUESTIONS

Question				
1	A ○	B ○	C ○	D ○
2	A ○	B ○	C ○	D ○
3	A ○	B ○	C ○	D ○
4	A ○	B ○	C ○	D ○
5	A ○	B ○	C ○	D ○
6	A ○	B ○	C ○	D ○
7	A ○	B ○	C ○	D ○
8	A ○	B ○	C ○	D ○
9	A ○	B ○	C ○	D ○
10	A ○	B ○	C ○	D ○
11	A ○	B ○	C ○	D ○
12	A ○	B ○	C ○	D ○
13	A ○	B ○	C ○	D ○
14	A ○	B ○	C ○	D ○
15	A ○	B ○	C ○	D ○
16	A ○	B ○	C ○	D ○
17	A ○	B ○	C ○	D ○
18	A ○	B ○	C ○	D ○
19	A ○	B ○	C ○	D ○
20	A ○	B ○	C ○	D ○

1900-3

Economics

Centre Number

Section II

Student Number

40 marks
Attempt Questions 21-24
Allow about 1 hour and 15 minutes for this section

Answer the questions in the space provided. These spaces provide guidance for the expected length of response.

Question 21 (10 marks)

The table gives selected data for an economy

Year	*Unemployment*
1	1063000
2	1128000
3	1186000

(a) Define the term Natural Rate of Unemployment (NAIRU). **2**

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(b) Calculate the rate of change in unemployment from year 2 to year 3. (Show working) **1**

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Question 21 continues on page 10

Question 21 (continued)

(c) Explain ONE possible cause and ONE effect of unemployment. **2**

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(d) Examine the effectiveness of ONE economic policy used to reduce the rate of unemployment in Australia. **5**

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End of Question 21

CATHOLIC SECONDARY SCHOOLS ASSOCIATION OF NSW
2011 TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION

Economics

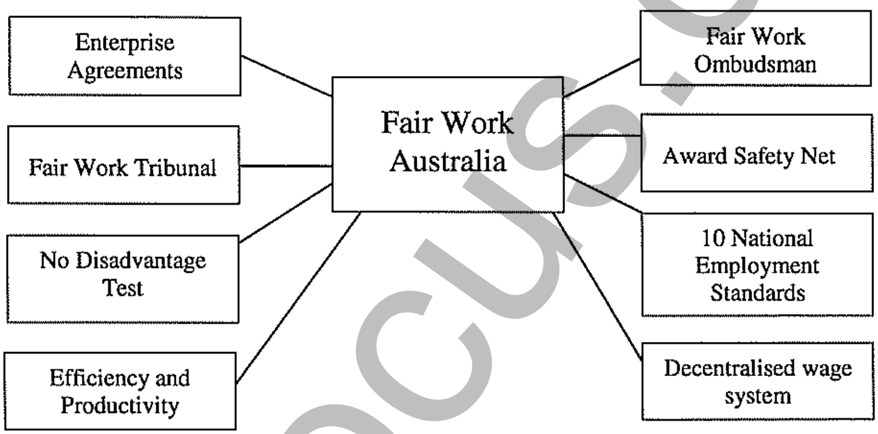
Centre Number

Section II (continued)

Student Number

Question 22 (10 marks)

The following information refers to features of the current wage determination system in Australia.



(a) Define the term 'decentralised wages fixing system'. **2**

(b) Distinguish between Award Safety Net and Enterprise Agreements. **2**

Question 22 continues on page 12

Question 22 (continued)

(c) Explain the purpose of the minimum National Employment Standards. **2**

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(d) Explain ONE advantage and ONE disadvantage of the current wage determination system under the existing Australian government. **4**

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End of Question 22

CATHOLIC SECONDARY SCHOOLS ASSOCIATION OF NSW
2011 TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION

Centre Number

Economics

Student Number

Section II (continued)

Question 23 (10 marks)

(a) Define what is meant by 'microeconomic reform'? **2**

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(b) Outline ONE cost and ONE benefit of microeconomic reform. **2**

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Question 23 continues on page 14

Question 23 (continued)

(c) Explain the role of microeconomic reform policies in improving Australia's labour productivity. **3**

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(d) Explain how microeconomic reform can impact on Australia's economic growth rate. **3**

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End of Question 23

CATHOLIC SECONDARY SCHOOLS ASSOCIATION OF NSW
2011 TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION

Economics

Centre Number

Student Number

Section II (continued)

Question 24 (10 marks)

(a) Define the term 'Gross World Product'. **2**

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(b) Outline TWO externalities of globalisation on the environment. **2**

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Question 24 continues on page 16

Question 24 (continued)

(c) Describe ONE impact of Transnational Corporations (TNC's) on a country other than Australia. **2**

Name Country: ....

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(d) Briefly evaluate the effectiveness of ONE strategy that has been used to promote economic development in a country other than Australia. **4**

Name Country: ....

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End of Question 24

CATHOLIC SECONDARY SCHOOLS ASSOCIATION OF NSW
2011 TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION

Economics

Section III

20 marks
Attempt either Questions 25 or Question 26
Allow about 35 minutes for this section

Answer the question in a writing booklet. Extra writing booklets are available.

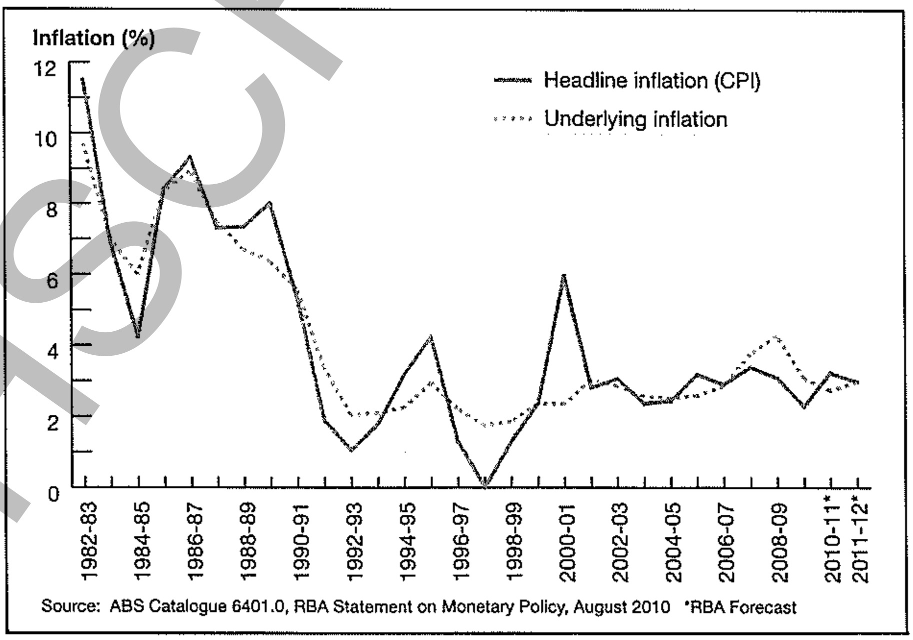
In your answer you will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- use information provided
- apply relevant economic terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

Question 25 (20 marks)

Discuss the impact of the current stance of monetary policy on the level of inflation and economic growth in the Australian economy

> "Both the Reserve Bank and the government agree on the importance of low inflation expectations. These assist businesses in making sound investment decisions, underpin the creation of jobs, protect the savings of Australians and preserve the value of the currency."
>
> *Source: RBA, Statement on the conduct of Monetary Policy, December 2007*



Inflation in Australia 1982-2012

OR

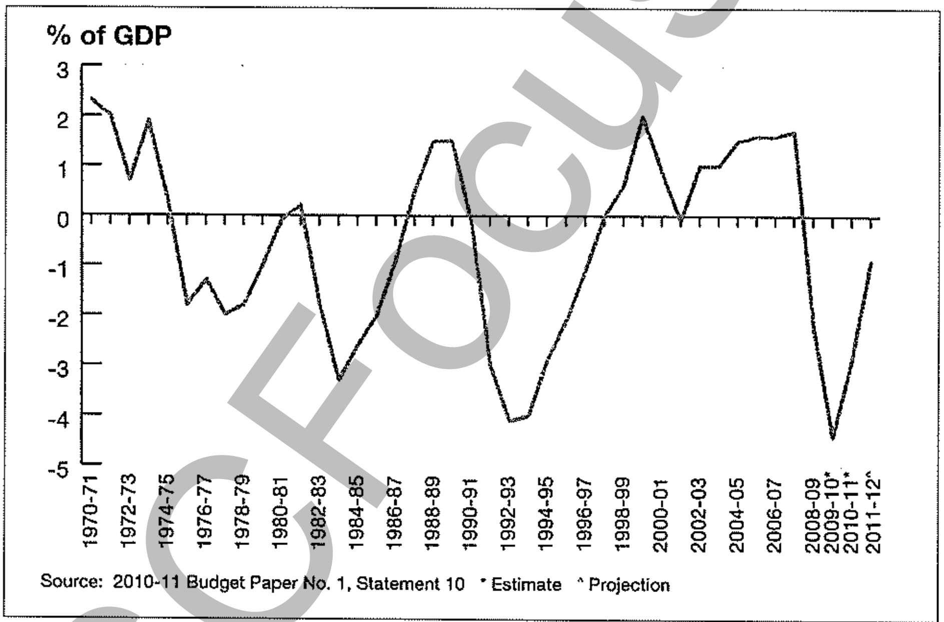
In your answer you will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- use information provided
- apply relevant economic terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

Question 26 (20 marks)

Discuss the impact of persistent fiscal deficits on the level of economic activity in the Australian economy. In your response you should refer to the economic information provided.

> "Fiscal policy is at the heart of the management of the economy. Although it generally plays a less important role than monetary policy in influencing economic growth, fiscal policy can influence the overall level of economic activity and can have a targeted impact on specific sectors of the economy such as individual industries or social groups."
>
> *Source: Australia in the Global Economy, Tim Dixon, 2010*



Commonwealth underlying cash budget outcomes 1970-2012

Section IV

20 marks
Attempt either Questions 27 or Question 28
Allow about 35 minutes for this section

Answer the question in a SEPARATE writing booklet. Extra writing booklets are available.

In your answer you will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- apply relevant economic terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

Question 27 (20 marks)

Examine the links between the key Balance of Payments categories and the trends associated with the Balance of Payments in the Australian economy.

OR

Question 28 (20 marks)

Examine the influence of international organisations, government economic forum, trading blocs and free trade agreements on promoting globalisation.

End of paper

EXAMINERS

Keith Chidiac (Convener)	Trinity Catholic College, Auburn
Linda Busetto	Patrician Brothers College, Fairfield
Tony Nader	Ravenswood School For Girls, Gordon
Spiros Papadimatos	St Euphemia's College, Bankstown
Sonia Prees	Trinity Catholic College, Auburn

CSSA

CATHOLIC SECONDARY SCHOOLS ASSOCIATION OF NSW

2011 TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION

ECONOMICS – MARKING GUIDELINES

Section I
20 marks

Questions 1–20 (1 mark each)

Question	Answer	Syllabus Outcomes	Targeted Performance Bands
1	B	H1, H3, H4	2
2	C	H1, H5, H6, H7	3
3	C	H1, H2, H3, H4	3
4	A	H5, H6, H7	4
5	A	H3, H4	4
6	C	H1, H5, H6, H7	3
7	A	H1, H3, H4	3
8	B	H1, H3, H4	3
9	C	H1, H5, H6, H7,H11	3
10	C	H1, H5, H6, H7	4
11	D	H1, H3, H4,	4
12	B	H1, H5, H6, H7	4
13	C	H1, H5, H6,	4
14	B	H1,H6, H7, H11	3
15	A	H1, H3, H4, H11	4
16	A	H1, H2, H5, H6	3
17	B	H1, H5, H6, H7,H11	4
18	A	H1, H5 H6, H7,H11	4
19	A	H1, H5, H6, H7	4
20	B	H1, H3, H4	4

Section II
40 marks

Question 21 (10 marks)
(a) (2 marks)
Outcomes Assessed: H1, H5, H6
Targeted Performance Bands: 3

Criteria	Marks
• Clearly defines the term Natural Rate of Unemployment (NAIRU)	2
• Sketches in general terms a definition of Natural Rate of Unemployment (NAIRU)	1

Answers could include:
The unemployment rate at full employment is called the natural rate of unemployment OR
The level of unemployment that remains after the elimination of cyclical unemployment.

(b) (1 mark)
Outcomes Assessed: H1, H5 , H11
Targeted Performance Bands: 3

Criteria	Mark
• Clearly and accurately calculates the rate of change of unemployment from year 2 to year 3	1

Answers could include:

$$\frac{1128000}{58000} = 5.1\%$$

(c) (2 marks)
Outcomes Assessed: H1, H2, H5, H6, H7
Targeted Performance Bands: 3

Criteria	Marks
• Clearly explains ONE possible cause and ONE effect of unemployment	2
• Clearly explains ONE possible cause or ONE effect of unemployment OR • Identifies ONE possible cause and/or ONE effect of unemployment	1

Answers could include:

Causes
- Domestic business cycle
- Rigidities in the labour market
- International business cycle
- Decrease in aggregate demand
- Decrease in trade
- Decrease in GDP
- Decrease in labour market skills

Effects

- Increased crime rate
- Boredom and alcoholism
- Loss of productive resources
- Strain on government resources
- Loss of self-esteem and dignity
- Loss of output and income
- Welfare dependency
- Poverty trap
- Less equal distribution of income
- Lower wage growth

(d) (5 marks)

Outcomes Assessed: H1, H2, H5, H6, H7

Targeted Performance Bands: 4

Criteria	Marks
• Clearly examines the effectiveness of ONE economic policy used to reduce the rate of unemployment in Australia	4-5
• Provides a limited examination of the effectiveness of ONE economic policy used to reduce the rate of unemployment in Australia	2-3
• Provides a brief or sketchy examination of the effectiveness of ONE economic policy used to reduce the rate of unemployment in Australia	1

Answers could include:

- Definition of unemployment
- Types of unemployment
- Causes of unemployment
- Fiscal policy measures
- Labour market Industrial relations policy/reforms
- Microeconomic reform policy
- Education and training
- Higher sustainable economic growth
- Monetary policy measures

Question 22 (10 marks)
(a) (2 marks)
Outcomes Assessed: H1
Targeted Performance Bands: 3

Criteria	Marks
• Clearly defines the term 'decentralised wages fixing system'	2
• Provides a sketchy definition the term 'decentralised wages fixing system'	1

Answers could include:
A 'decentralised wages fixing system' is a system of direct negotiation of employment contracts between employers (or their agent) and employees (or their agent) at the enterprise or industry level

(b) (2 marks)
Outcomes Assessed: H1, H2, H5, H6
Targeted Performance Bands: 3

Criteria	Marks
• Clearly distinguishes between Award Safety Net and Enterprise Agreements	2
• Sketches a distinction between Award Safety Net and Enterprise Agreements	1

Answers could include:
- Award Safety Net is a system of annual adjustment to federal minimum award wages
- 'Enterprise Agreements' are negotiated improvements in wages and working conditions at the level of the individual organisation. Once established, they are legally binding on employers and employees.
- 16 Allowable matters examples
- Multi-layered agreements
- Single-layered agreements
- Greenfield agreements

(c) (2 marks)
Outcomes Assessed: H1, H2, H5, H6, H7
Targeted Performance Bands: 4

Criteria	Marks
• Clearly explains the purpose of the minimum National Employment Standards	2
• Sketches an explanation of the purpose of the minimum National Employment Standards	1

Answers could include:
- Fairness and equity for all employees in Australia
- Fair Work Act 2009
- Fair Work Tribunal

(d) (4 marks)
Outcomes Assessed: H1, H2, H5, H6, H7
Targeted Performance Bands: 3

Criteria	Marks
• Clearly explains ONE advantage and ONE disadvantage of the current wage determination system under the existing Australian government	4
• Explains ONE advantage and ONE disadvantage of the current wage determination system under the existing Australian government	3
• Provides a limited explanation of ONE advantage and/or ONE disadvantage of the current wage determination system under the existing Australian government	2
• Provides a brief or sketchy explanation of ONE advantage or ONE disadvantage of the current wage determination system under the existing Australian government	1

Answers could include:
<u>Advantages</u>
- Stronger safety net framework
- Emphasis on enterprise bargaining
- Improvements in the level of equity in the distribution of income
- Skills acquisition and training
- Unfair dismissal laws in place

<u>Disadvantages</u>
- Move to a more regulated industrial relations framework
- Reduced flexibility in labour market
- Reduced emphasis on raising workplace productivity

Question 23 (10 marks)
(a) (2 marks)
Outcomes Assessed: H1
Targeted Performance Bands: 2

Criteria	Marks
• Clearly defines the term 'microeconomic reform'	2
• Provides a limited definition of the term 'microeconomic reform'	1

Answers could include:
Microeconomic reform refers to government policies designed to raise the economy's level of efficiency, productivity, international competitiveness and flexibility in the economy

(b) (2 marks)
Outcomes Assessed: H1, H5, H6, H7
Targeted Performance Bands: 3

Criteria	Marks
• Outlines ONE cost and ONE benefit of microeconomic reform	2
• Outlines ONE cost or ONE benefit of microeconomic reform	1

Answers could include:
Benefits may include:
- Increased supply/production in the economy
- Greater flexibility in resource use
- Greater efficiency and productivity of resources
- Greater competition
- Technical, dynamic and allocative efficiencies
- Lower inflation and inflationary expectations
- A higher sustainable rate of growth

Costs may include:
- higher unemployment rate in the short term
- higher government expenditure on retraining programmes

(c) (3 marks)
Outcomes Assessed: H1, H2, H5, H6, H7
Targeted Performance Bands: 4

Criteria	Marks
• Adequately explains the role of microeconomic reform in improving Australia's labour productivity	3
• Provides a limited explanation of the role of microeconomic reform in improving Australia's labour productivity	2
• Provides a poor explanation of the role of microeconomic reform in improving Australia's labour productivity	1

Answers could include:
- Increase in multifactor productivity
- Increase in supply
- Decrease in inflationary pressure
- Increase in international competitiveness

(d) (3 marks)
Outcomes Assessed: H1, H2, H5, H6, H7
Targeted Performance Bands: 4

Criteria	Marks
• Adequately explains how microeconomic reform can impact on Australia's growth rate	3
• Provides a limited explanation of how microeconomic reform can impact on Australia's growth rate	2
• Sketches an explanation of how microeconomic reform can impact on Australia's growth rate	1

Answers could include:
- Micro reform leads to greater productivity from resources and greater efficiencies which in turn lead to greater output or supply. These would generally allow for higher rate s of economic growth in the economy

Question 24 (10 marks)
(a) (2 marks)
Outcomes Assessed: H1, H3, H4,
Targeted Performance Bands: 3

Criteria	Marks
• Clearly defines the term 'Gross World Product'	2
• Provides a limited definition of the term 'Gross World Product'	1

Answers could include:
- GWP refers to the sum of total output of goods and services of all economies in the world over a period of time

(b) (2 marks)
Outcomes Assessed: H1, H3, H4
Targeted Performance Bands: 3

Criteria	Marks
• Clearly outlines TWO externalities of globalisation on the environment	2
• Sketches an outline of ONE possible externality of globalisation on the environment	1

Answers could include:
- Threats to biodiversity through land clearing, expansion of agriculture, overfishing and illegal hunting
- Damage to the 'Global commons' due to climate change
- Damage to property
- Demerit goods
- International agreement to reduce carbon emissions, protect wildlife and restrict land clearing

(c) (2 marks)
Outcomes Assessed: H1, H3, H4, H5, H6, H7, H8
Targeted Performance Bands: 4

Criteria	Marks
• Clearly describes ONE impact of Transnational Corporations (TNC's) on a country other than Australia	2
• Provides a limited description of ONE impact of Transnational Corporations (TNC's) on a country other than Australia	1

Answers could include:
- Trade flows
- Financial flows
- Investment flows
- Technology, transport and communication
- Labour mobility
- International division of labour
- Environment impacts

(d) (4 marks)

Outcomes Assessed: H1, H5, H6, H7

Targeted Performance Bands: 4

Criteria	Marks
• Clearly evaluates the effectiveness of ONE strategy that has been used to promote economic development in a country other than Australia	3-4
• Provides a limited evaluation of the effectiveness of ONE strategy that has been used to promote economic development in a country other than Australia	1-2

Answers could include:

- Use of fiscal and monetary policies
- Reducing protection/promotion of free trade
- WTO stance
- IMF stance
- Literacy programs
- Medical programs
- Use of automatic stabilizers
- Environmental programs
- Export-led recovery programme

Section III
20 marks

Question 25 (20 marks)
Outcomes Assessed: H1, H2, H5, H6, H7, H8, H10
Targeted Performance Bands: 4–6

Criteria	Marks
• Demonstrates a clear and concise understanding of the impact of the current stance of monetary policy on the level of inflation and economic growth in the Australian economy • Integrates appropriate economic terms, relevant concepts, relationships and theory • Synthesises own information with the information provided to develop a sustained, logical and well-structured response	17-20
• Demonstrates an understanding of the impact of the current stance of monetary policy on the level of inflation and economic growth in the Australian economy • Consistently applies appropriate economic terms, relevant concepts, relationships and theory • Uses own information and the information provided to develop a logical and well-structured response	13-16
• Provides a generalised description of the impact of the current stance of monetary policy on the level of inflation and economic growth in the Australian economy • Applies appropriate economic terms, concepts, and relationships • Uses own information and the information provided to develop a coherent response	9-12
• Sketches some aspects of the impact of the current stance of monetary policy on the level of inflation and/or economic growth in the Australian economy • Uses some appropriate economic terms, concepts, and relationships • Uses information to develop a generalised response	5-8
• Identifies some aspects of the impact of the current stance of monetary policy on either the level of inflation or economic growth in the Australian economy • Uses some economic terms and/or concepts • Presents a limited response	1-4

Answers could include:

- Definition of Monetary policy
- Aims of monetary policy
- Impact of changes in interest rates on economic activity
- Impact of changes in interest rates on economic growth
- Trends and causes of inflation
- Positive and negative effects of inflation
- Sources of economic growth
- Positive and negative effects of economic growth
- Trends in the business cycle
- Monetary policy response to GFC

Question 26 (20 marks)
Outcomes Assessed: H1, H2, H3, H4, H5, H6, H7, H8, H10
Targeted Performance Bands: 4–6

Criteria	Marks
• Demonstrates a clear and concise understanding of the impact of persistent fiscal deficits on the level of economic activity in the Australian economy. • Integrates appropriate economic terms, relevant concepts, relationships and theory • Synthesises own information with the information provided to develop a sustained, logical and well-structured response	17-20
• Demonstrates an understanding of the impact of persistent fiscal deficits on the level of economic activity in the Australian economy. • Consistently applies appropriate economic terms, relevant concepts, relationships and theory • Uses own information and the information provided to develop a logical and well-structured response	13-16
• Provides a generalised description of the impact of persistent fiscal deficits on the level of economic activity in the Australian economy. • Applies appropriate economic terms, concepts, and relationships • Uses own information and the information provided to develop a coherent response	9-12
• Sketches some of the impact of persistent fiscal deficits on the level of economic activity in the Australian economy. • Uses some appropriate economic terms, concepts, and relationships • Uses information to develop a generalised response	5-8
• Identifies some aspects of the impact of persistent fiscal deficits on the level of economic activity in the Australian economy. • Uses some economic terms and/or concepts • Presents a limited response	1-4

Answers could include:

- Definition of Fiscal Policy
- Budget outcomes
- Fiscal policy stance
  - Expansionary
  - Contractionary
  - Neutral (balanced)
- Effects of budgetary changes on:
  - Economic growth
  - Unemployment
  - Inflation
  - External stability
  - Resource use
  - Income distribution
- Methods of financing a budget deficit
- Implications of domestic and international perspectives

Section IV
20 marks

Question 27 (20 marks)
Outcomes Assessed: H1, H3, H4, H5, H6, H7, H8, H10
Targeted Performance Bands: 4–6

Criteria	Marks
• Demonstrates a clear and comprehensive understanding of the links between key Balance of Payments categories and the trends associated with the Balance of payments in the Australian economy • Integrates appropriate economic terms, relevant concepts, relationships and theory • Synthesises own information to develop a sustained, logical and well-structured response	17-20
• Demonstrates an understanding of the links between key Balance of Payments categories and the trends associated with the Balance of payments in the Australian economy • Consistently applies appropriate economic terms, relevant concepts, relationships and theory • Uses own information to develop a logical and well-structured response	13-16
• Provides a generalised description of the links between key Balance of Payments categories and the trends associated with the Balance of payments in the Australian economy • Applies appropriate economic terms, concepts, and relationships • Uses own information to develop a coherent response	9-12
• Sketches in general terms some of the links between key Balance of Payments categories and the trends associated with the Balance of payments in the Australian economy • Uses some appropriate economic terms, concepts, and relationships • Uses own information to develop a generalised response	5-8
• Identifies some of the links between key Balance of Payments categories and the trends associated with the Balance of payments in the Australian economy • Uses some economic terms and/or concepts • Presents a limited response	1-4

Answers could include:

- Relationship between Net income component of the current account and the financial account
- Business profitability levels and direct investments
- Dividends and Portfolio investments
- Interest repayments and loans
- Trends in the size and composition of Australia's Balance of Payments
- International competitiveness
- Terms of trade
- Trade flows
- Financial flows
- Foreign investment

Question 28 (20 marks)
Outcomes Assessed: H1, H3, H4, H5, H6, H7, H8, H10
Targeted Performance Bands: 4–6

Criteria	Marks
• Demonstrates a clear and comprehensive understanding of the influences of international organisations, government economic forums, trading blocs and free trade agreements on promoting globalisation • Integrates appropriate economic terms, relevant concepts, relationships and theory • Synthesises own information to develop a sustained, logical and well-structured response	17-20
• Demonstrates an understanding of the influences of international organisations, government economic forums, trading blocs and free trade agreements on promoting globalisation • Consistently applies appropriate economic terms, relevant concepts, relationships and theory • Uses own information to develop a logical and well-structured response	13-16
• Provides a generalised description of the influences of international organisations, government economic forums, trading blocs and free trade agreements on promoting globalisation • Applies appropriate economic terms, concepts, and relationships • Uses own information to develop a coherent response	9-12
• Briefly outlines some of the influences of international organisations, government economic forums, trading blocs and free trade agreements on promoting globalisation • Uses some appropriate economic terms, concepts, and relationships • Uses own information to develop a generalised response	5-8
• Identifies/lists some of the influences of international organisations, government economic forums, trading blocs and free trade agreements on promoting globalisation • Uses some economic terms and/or concepts • Presents a limited response	1-4

Answers could include:

- Definition of 'globalisation'
- Globalisation: trade, investment, technology, finance and labour
- WTO
- IMF
- World Bank
- G7,G8, G20
- United Nations
- OECD
- Multi-lateral and bi-lateral agreements
- Trading blocs
- APEC, ASEAN, EU, NAFTA
- Monetary Unions
- Trade and financial flows
- Free trade and protection
- Use of economic data

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