

2005

NEWINGTON COLLEGE
TRIAL EXAMINATION

Economics

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black or blue pen
- Board-approved calculators may be used
- Write your computer number at the top of your answers.

Total Marks – 100

Section I

30 marks

Attempt questions 1 – 20

Allow about 35 minutes for this section

Section II

40 marks

Attempt Questions 21 – 24

Allow about 1 hour and 15 minutes for this section

Section III

20 marks

Attempt either Question 25 or Question 26

Allow about 35 minutes for this section

Section IV

20 marks

Attempt either Question 27 or Question 28

Allow about 35 minutes for this section

Outcomes to be assessed in this examination

A student:

H1 demonstrates understanding of economic terms, concepts and relationships

H2 analyses the economic role of individuals, firms, institutions and governments

H3 explains the role of markets within the global economy

H4 analyses the impact of global markets on the Australian and global economies

H5 discusses alternative policy options for dealing with problems and issues in contemporary and hypothetical contexts

H6 analyses the impact of economic policies in theoretical and contemporary Australian contexts

H7 evaluates the consequences of contemporary economic problems and issues on individuals, firms and governments

H8 applies appropriate terminology, concepts and theories in contemporary and hypothetical economic contexts

H9 selects and organises information from a variety of sources for relevance and reliability

H10 communicates economic information, ideas and issues in appropriate forms

H11 applies mathematical concepts in economic contexts

H12 works independently and in groups to achieve appropriate goals in set timelines.

Section I

20 marks

Attempt Questions 1 - 20

Allow about 35 minutes for this section.

Use the multiple-choice answer sheet.

Select the alternative A, B, C or D that best answers the question.

- 1 What is not a characteristic of infant industries?
 - (A) Industries that cannot compete in the global economy
 - (B) Recently privatised industries
 - (C) Industries requiring protection from foreign competition
 - (D) Industries that include mostly new businesses

- 2 What is a bilateral trade agreement?
 - (A) A trade agreement between two countries
 - (B) An agreement between more than two countries
 - (C) An agreement enforceable by the World Trade Organisation
 - (D) An agreement that limits trade between two countries

- 3 Which of the following is not a justifiable argument for trade protection?
 - (A) Assisting infant industries for the short term
 - (B) Maintaining self-sufficiency in particular industries
 - (C) Promotion of international competitiveness in the long term
 - (D) Protection from dumping by foreign producers

- 4 Which of the following organisations would provide financial assistance to improve housing and sanitation in Nigeria?
 - (A) World Trade Organisation
 - (B) World Bank
 - (C) International Monetary Fund
 - (D) United Nations

- 5 Which of the following financial flows is the most volatile?
 - (A) Foreign Direct Investment
 - (B) Balance on Goods and Services
 - (C) Foreign aid
 - (D) Portfolio Investment

6 Which of the following is not recorded in Current Account of the Balance of Payments?

- (A) The assets of new migrants to Australia
- (B) Purchase of intellectual property
- (C) Payment of interest on foreign loans
- (D) Trade credits

7 Which of the following is an example of Foreign Direct Investment?

- (A) Overseas investor who purchases 5% of National Australia Bank.
- (B) A foreign investor purchasing \$5 mill of Australian currency on the foreign exchange market
- (C) A new McDonalds franchise opening in Stanmore
- (D) An Australian property developer establishing a tourist resort in Fiji

8 What is the largest item on Australia's Capital & Financial Account?

- (A) Reserve Assets & Foreign Currency
- (B) Portfolio Investment
- (C) Foreign Direct Investment
- (D) Net Foreign Debt

Questions 9 and 10 refer to the following data

	Number of Persons
Full time employed	10 million
Part time employed	5 million
Unemployed	1 million
Population of working age	20 million
Total Population	30 million

9 What is the labour force participation rate for this nation?

- (A) 80%
- (B) 75%
- (C) 67%
- (D) 50%

10 What is the unemployment rate for this economy?

- (A) 37.5%
- (B) 10.0%
- (C) 6.7%
- (D) 6.3%

11 Which of the following correctly describes the natural rate of unemployment?

- (A) The proportion of workers who are actively seeking employment
- (B) The proportion of unemployed workers whose skills do not match the requirements of firms
- (C) Proportion of workers who have been unemployed for more than 12 months
- (D) The rate of unemployment that coincides with full employment in labour markets

12 How does unemployment impose an economic cost on Australian society?

- (A) Through the loss of self esteem and dignity brought about by being unemployed
- (B) Through rising rates of crime and health problems of unemployed persons
- (C) Through loss of productive capacity within an economy
- (D) Through falling labour force participation rates

Question 13 refers to the following balance of payments data for an economy.

Item	\$ (billions)
Trade in Goods	-1.0
Trade in Services	-3.0
Net Income	?
Net Current Transfers	1.0
Balance on Capital & Financial Account	24.0

13 What is the value of Net Income?

- (A) \$3 billion surplus
- (B) \$3 billion deficit
- (C) \$21 billion surplus
- (D) \$21 billion deficit

14 An overseas student pays fees to an Australian university before commencing her course. How would this transaction be recorded on the Balance of Payments?

- (A) A debit on the capital & financial account
- (B) A credit on the capital & financial account
- (C) A debit on the current account
- (D) A credit on the current account

15 Which two components comprise net foreign liabilities?

- (A) The current account deficit and capital & financial account surplus.
- (B) Net foreign debt and net foreign equity
- (C) Direct investment and reserve assets
- (D) The terms of trade and balance of payments

- 16** The Pitchford Thesis suggests that which of the following contributes to positive economic growth in an economy?
- (A) portfolio investment flows
 - (B) surplus on the capital & financial account
 - (C) external debt borrowings
 - (D) export income
- 17.** Which of the following are economic indicators of the growth of a global economy?
- (A) Increases in the number of internet users and more effective transfer of information
 - (B) Growth in international trade flows and the flows of all forms of investment funds
 - (C) Increasing size of TNCs and reduced movement of workers between nations
 - (D) Divergence of national economies and emergence of an international business cycle
- 18** What nations are the most common recipients of foreign direct investment funds?
- (A) Developing economies
 - (B) Transition economies
 - (C) Advanced industrialised economies
 - (D) Emerging market economies
- 19** What impacts do increased flows of speculative investment have in global finance markets?
- (A) A willingness of some governments to lower their domestic interest rates to attract foreign capital investment
 - (B) A tendency for exporting firms to try to become more efficient.
 - (C) Greater scope for improved infrastructure spending in developed economies
 - (D) Increased volatility in currency markets
- 20** What is globalisation?
- (A) The divergence of an interdependent global economy into independent national economies
 - (B) The emergence of an international business cycle and greater importance of trading blocs
 - (C) The significant rise in international trade and finance flows in recent years
 - (D) The process whereby individual economies become increasingly integrated

End of Section I

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Student Number

Section II

40 marks

Attempt Questions 21 – 24

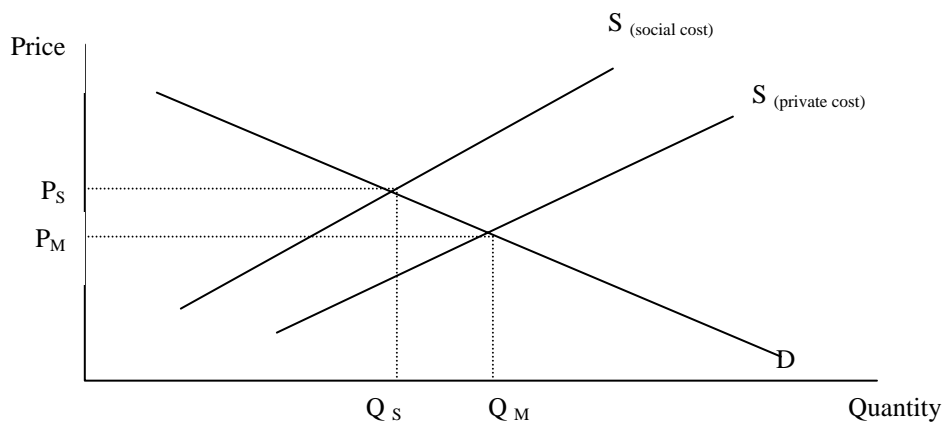
Allow about 1 hour and 15 minutes for this section.

Answers are to be marked in the spaces provided on the sheet.

Question 21. (10 marks)

Marks

Consider the following diagram for an natural resource



Where: P_M = market price Q_M = market quantity
 P_S = socially optimum price Q_S = socially optimum quantity

(a) Define the term market failure 1

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(b) Identify the price and quantity combination that will allow sustainable use of this resource 1

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(c) Explain why the curve $S_{\text{(social cost)}}$ to the left of the curve $S_{\text{(private cost)}}$.

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(d) Distinguish between positive and negative externalities.

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(e) Explain TWO government policies that may be used to better manage natural resources?

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2005 Trial Examination Economics

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Student Number

Section II (continued)

Question 22. (10 marks)

Marks

Consider the following information for a hypothetical economy.

Average Tariff Levels in Australia

1968-9	1977-8	1982-3	1986-7	1994-5	2001-2
29%	25%	23%	19%	9%	4.5%

(a) What is protection?

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(b) What is a tariff?

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(c) Describe TWO forms of protection other than a tariff

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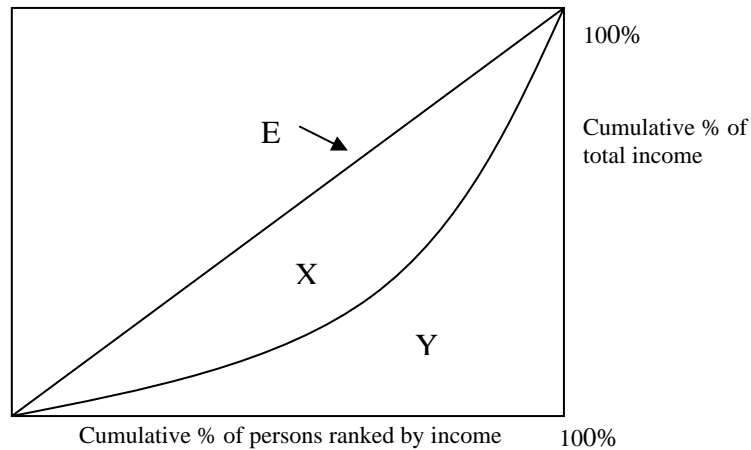
Student Number

Section II (continued)

Question 23. (10 marks)

Marks

The diagram below shows the Lorenz Curve for a nation



(a) What does a Lorenz curve demonstrate?

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(b) What does the line marked E indicate?

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(c) From the diagram above, identify the formula used to calculate the Gini coefficient for this economy.

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(d) Explain the impact of government policies on the distribution of income in Australia **3**

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(e) Explain TWO economic benefits of income inequality for an economy **4**

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End of question 23

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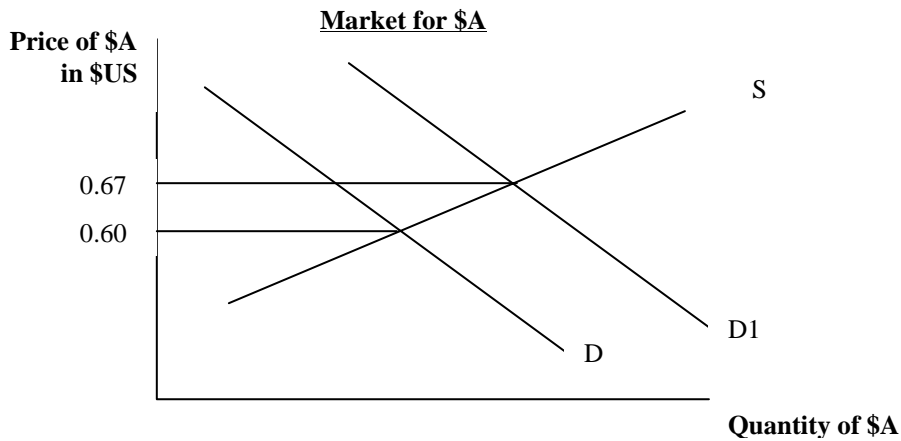
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Student Number

Section II (continued)

Question 24. (10 marks)

Marks



(a) What is an exchange rate? 1

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(b) Identify the value of the Australian dollar after the change in demand for the currency 1

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(c) Explain TWO factors that could have caused this shift in demand 2

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2005 Trial Examination Economics

Section III

20 marks

Attempt either question 25 or 26

Allow about 35 minutes for this section

Answer the question on the writing paper provided.

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

- Use your knowledge and the economic information provided.
 - Apply economic terms, concepts, relationships and theory.
 - Present a sustained, logical and well-structured answer to the question.
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EITHER

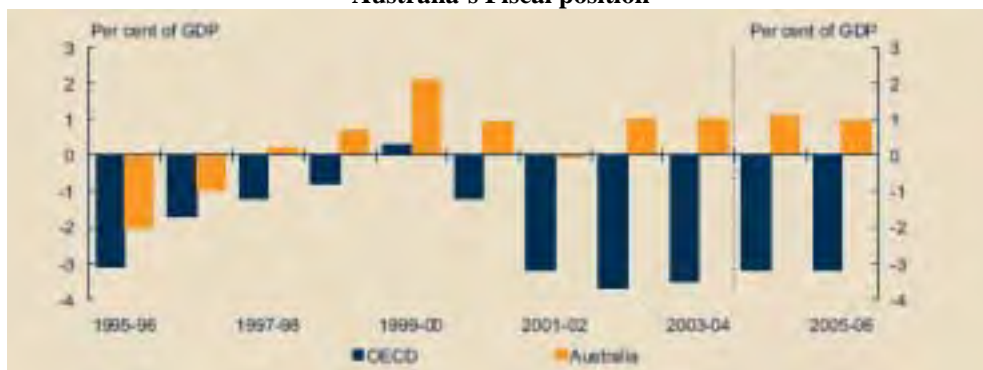
Question 25 (20 marks)

Discuss the effectiveness of current macroeconomic policy in maintaining internal balance within the Australian economy



Australia's economy is in good shape. Sustained increases in income, combined with low unemployment and moderate inflation, continue to improve our wellbeing.

Australia's Fiscal position



Source: 2005-06 Budget Papers

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Section III (continued)

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

- Use your knowledge and the economic information provided.
 - Apply economic terms, concepts, relationships and theory.
 - Present a sustained, logical and well-structured answer to the question.
-

OR

Question 26 (20 marks)

Discuss the impact of microeconomic policies in influencing the process of structural change within the Australian economy

Microeconomic policies are designed to force businesses and industries to become increasingly competitive over time. Considerable room remains for productivity gains within the Australian economy, especially in the tradeable sector and in the labour market... There is a need to continue the momentum of change begun with the various forms of deregulation and privatisation we saw in the 1980s and 1990s.

The real challenge will be in the way that the current government addresses the stalled productivity gains that we are witnessing today.

*Gitt Roskins, Economics Editor - Sandline Gazette
March 2005*



Source: ANZ Bank, 2005

2005 Trial Examination Economics

Section IV

20 marks

Attempt either question 27 or 28

Allow about 35 minutes for this section

Answer the question on the writing paper provided.

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

- Use economic data.
 - Apply economic terms, concepts, relationships and theory.
 - Present a sustained, logical and well-structured answer to the question.
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EITHER

Question 27 (20 marks)

With reference to one or more economies, analyse the impact of trade, investment and changing government economic policies on economic performance.

OR

Question 28 (20 marks)

Analyse the impact of global organisations and trading agreements on the global economy

End of Paper

2005 Trial Examination Economics

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Student Number

Section I - Answer Sheet - Answers

Circle the alternative that most fully and correctly answers the question.

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|-----|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| 1. | A | <input checked="" type="radio"/> B | C | D |
| 2. | <input checked="" type="radio"/> A | B | C | D |
| 3. | A | B | <input checked="" type="radio"/> C | D |
| 4. | A | <input checked="" type="radio"/> B | C | D |
| 5. | A | B | C | <input checked="" type="radio"/> D |
| 6. | <input checked="" type="radio"/> A | <input checked="" type="radio"/> B | C | D |
| 7. | A | B | C | <input checked="" type="radio"/> D |
| 8. | A | <input checked="" type="radio"/> B | C | D |
| 9. | <input checked="" type="radio"/> A | B | C | D |
| 10. | A | B | C | <input checked="" type="radio"/> D |
| 11. | A | B | C | <input checked="" type="radio"/> D |
| 12. | A | B | <input checked="" type="radio"/> C | D |
| 13. | A | B | C | <input checked="" type="radio"/> D |
| 14. | A | B | C | <input checked="" type="radio"/> D |
| 15. | A | <input checked="" type="radio"/> B | C | D |
| 16. | A | B | <input checked="" type="radio"/> C | D |
| 17. | A | <input checked="" type="radio"/> B | C | D |
| 18. | A | B | <input checked="" type="radio"/> C | D |
| 19. | A | B | C | <input checked="" type="radio"/> D |
| 20. | A | B | C | <input checked="" type="radio"/> D |

Marking Guidelines
N.C. Economics Trial HSC 2005

Qn. 21

(a)

0	Does not accurately define market failure
1	Accurately provides a definition of market failure as the inability of the price mechanism to correctly take into account both the private and social cost of an economic activity

(b)

0	Does not accurately identify P_S, Q_S
1	Correctly identifies P_S, Q_S as the combination that will allow for sustainable use of this resource

(c)

0	Does not recognise that social costs relate to market failure at all
1	Recognises that the social costs are greater than private costs alone
2	Explains correctly that $S_{(\text{social cost})}$ represents a higher set of production costs that $S_{(\text{private cost})}$ alone, and that the community will bear the extra costs – not the producer or consumer in this market

(d)

0	Does not accurately define externalities
1	Accurately defines either positive or negative externalities
2	Correctly distinguishes between positive and negative externalities

Positive externalities are the beneficial non-intended spillover effects from economic activity, while negative externalities are adverse spillovers, such as the impacts on the environment and congestion.

(e)

0	Fails to identify relevant govt policy
1	Identifies one relevant govt policy
2	Accurately explains ONE govt policies that may be used to manage natural resource use OR Identifies two relevant govt policies
3	Accurately explains ONE govt policies that may be used to manage natural resource use and identifies one
4	Accurately explains TWO govt policies that may be used to manage natural resource use

Relevant policies could include

Establishing national parks

Imposition of environmental levies (taxes) and issuing of licenses to producers

Imposing fines for companies who cause pollution/waste or create negative externalities
 Providing subsidies to new technology manufacturers or more efficient resources users

Qn. 22

(a)

0	Does not accurately define protection
1	Defines protection as any government action that provides an advantage to domestic producers over foreign competitors

An artificial barrier restricting trade between nations

(b)

0	Does not accurately define a tariff
1	Defines a tariff as a tax imposed on an imported good

(c) 2 mark question

0	Fails to identify a form of protection other than a tariff
1	Describes ONE form of protection OR identifies two forms of protection other than a tariff
2	Describes TWO forms of protection other than a tariff

Answers could include:

- Subsidies
- Quotas / Licenses
- Embargos
- Local content rules
- Quarantine restrictions

(d)

0	Fails to state that tariffs have decreased
1-2	Identifies a reason for a change on the level of protection
3-4	Outlines a reason why the government has reduced protection over this period
5-6	Provides a detailed explanation of more than one reason for the government to reduce tariff levels over the period shown

Reasons could include:

- Improving international competitiveness
- Improving efficiency within export oriented industries
- To force inefficient industries to become more efficient
- To keep Tom Cruise out of Australia
- Seeking to meet international FTA or WTO obligations
- Seeking to build international trade relationships

Qn. 23**(a)**

0	Does not recognise that a LC relates to income distribution or inequality
1	Describes that a LC demonstrates the extent of income inequality in an economy in a graphical form

(b)

0	Does not demonstrate a correct understanding of line E
1	Line E indicates a line of perfect income equality

(c)

0	Fails to identify the formula correctly
1	States the formula as $GC = X / (X+Y)$

(d)

0	Identifies only one or no relevant policies
1	Identifies more than one relevant govt policy
2	Explains one govt policy that impacts on income distribution
3	Identifies more than one govt policy and explains how these may impact on income distribution in Australia

Policies could include:

Policies directly targeted at addressing income inequality such as

Means-tested transfer payments

Fiscal policy

Labour market policies

Better surf due to global warming

Progressive income tax system; or

Policies that may have indirect consequences such as

Labour market reforms

Reforms of income tax systems

More/less stringent means-testing for transfer payments

Work for the dole schemes

Monetary policy (asset prices, investment returns)

MER

Superannuation

(e)

0	Fails to identify any economic benefits of income inequality
1	Identifies one economic benefit
2	Explains one economic benefit or identifies two
3	Explains one <u>and</u> identifies one other benefit
4	Explains two ECONOMIC benefits of income inequality for an economy

Economic benefits could include:

- Encourages labour force to increase education and skill levels
- Encourages the LF to work longer and harder
- Causes LF to become more mobile (occupational and geographical)
- Encourages entrepreneurs to accept risks more readily
- Creates potential for higher savings and K formation

Qn. 24

(a)

0	Fails to correctly define an exchange rate
1	Correctly defines an exchange rate as the value of one nation's currency expressed in terms of another's currency

(b)

0	Incorrect
1	Correctly identifies the new exchange rate as \$US 0.67

(c)

0	Identifies one or no relevant factors
1	Explains one factor that could have caused this increase in demand for \$A or identifies two relevant factors
2	Explains two factors that could lead to an INCREASE in demand for \$A

Factors could include:

- Rise in speculative demand for \$A due to expectations of a future appreciation
- Increase in export sales
- Improved international competitiveness of Australia's exporters
- INXS reforming to write a successful new album
- Global economic conditions leading to increased prices for Australia's exports

(d)

0	Fails to outline any impact on BOGS
1	Outlines an impact on BOGS
2	Explains the impact of a currency depreciation on BOGS

Impacts on BOGS could include:

Improved international price competitiveness of Australia's exports tending to improve BOGS

Imported inflation due to more expensive imports and larger BOGS deficit

In the short term, higher spending on imports due to reliance on imported capital and consumer goods, tending to create larger BOGS deficit

In the long term, businesses that produce import substitutes will grow, reducing imports and improving BOGS

Student:.....

Year 12 Economics
2005 Trial HSC Examinations – Question 25

Discuss the effectiveness of current macroeconomic policy in maintaining internal balance within the Australian economy

Mark Range	Criteria
17-20	<ul style="list-style-type: none">• Develops a sustained logical and well-structured answer that uses appropriate economic terms, concepts, issues, relationships and theory throughout• Discusses in detail the use of macroeconomic policies to maintain internal balance• Clearly examines the effectiveness of these policies• Uses relevant economic data and the information provided to support the response
13-16	<ul style="list-style-type: none">• Develops a logical and structured answer that uses appropriate economic terms, concepts, issues, relationships and theory• Discusses the use of macroeconomic policies to maintain internal balance• Examines the effectiveness of these policies• Uses relevant economic data or the information provided to support the response
9-12	<ul style="list-style-type: none">• Develops an answer that uses some appropriate economic terms, concepts, issues, relationships and theory• Describes how macroeconomic policies can be used to maintain internal balance• Refers to the effectiveness of these policies• Uses some relevant economic data or the information provided in the response
5-8	<ul style="list-style-type: none">• Presents an answer that makes limited use of appropriate economic terms, concepts, issues, relationships and theory• Makes limited reference to macroeconomic policies or internal balance• May make limited reference to the effectiveness of these policies• Uses little or no relevant economic data or the information provided in the response
1-4	<ul style="list-style-type: none">• Presents an answer with very little appropriate use of economic terms, concepts, issues, relationships or theory• Refers to macroeconomic policies or to internal balance• May refer to the effectiveness of government policies

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Mark:.....

Marker:.....

Student:.....

Year 12 Economics
2005 Trial HSC Examinations – Question 26

Discuss the impact of microeconomic policies in influencing the process of structural change within the Australian economy

Mark Range	Criteria
17-20	<ul style="list-style-type: none">• Develops a sustained logical and well-structured answer that uses appropriate economic terms, concepts, issues, relationships and theory throughout• Explains in detail a number of microeconomic policies that have been implemented in Australia• Discusses their impact in bringing structural change• Uses relevant economic data and the information provided to support the response
13-16	<ul style="list-style-type: none">• Develops a logical and structured answer that uses appropriate economic terms, concepts, issues, relationships and theory• Explains microeconomic policies that have been implemented in Australia• Describes their impact in bringing structural change• Uses relevant economic data or the information provided to support the response
9-12	<ul style="list-style-type: none">• Develops an answer that uses some appropriate economic terms, concepts, issues, relationships and theory• Outlines microeconomic policies that have been implemented in Australia• Refers to their impact in bringing structural change• Uses some relevant economic data or the information provided in the response
5-8	<ul style="list-style-type: none">• Presents an answer that makes limited use of appropriate economic terms, concepts, issues, relationships and theory• Outlines a limited number of microeconomic policies that may have been implemented in an economy• Refers to structural change• Uses little or no relevant economic data or the information provided in the response
1-4	<ul style="list-style-type: none">• Presents an answer with very little appropriate use of economic terms, concepts, issues, relationships or theory• Refers to microeconomic policies• May refer to structural change

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Mark:.....

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Section III Feedback (BE)

Q 25 Discuss the effectiveness of current macroeconomic policy in maintaining internal balance in the Aust Economy.

Key concepts need to be clearly defined/discussed.

- macro policy involves demand management to minimize fluctuations in the business cycle (text 237/8)
- major macro policy used is Monetary Policy (MP) (ch 15). RBA stated objective is to maintain inflation on average of 2-3% over the economic cycle. Other macro policy is Fiscal (FP) (ch 14) which has the major objective of boosting national savings via balanced budgets on average over the economic cycle.
- Internal balance has goals of price stability and full employment. Discussion of Non Accelerating Inflation Rate and Phillips Curve is useful theory.
- Effectiveness can be measured over last decade
 - No recession, econ growth averaging above 3%
 - Unemployment down from about 10% in early 90s
 - Price stability (RBA objective) achieved except with introduction of GST
- Effectiveness via current performance
 - Econ growth 1.9% end March Q 2005 (annual growth of 2.6% June Q released 8 Sept) with switch from C to I + X as key drivers
 - Unemployment 5.0% lowest in 29 yrs
 - CPI 2.5% June Q 2005 (underlying rate 2.3%)

Current Macro Policy is successful in maintaining internal balance

Q26 Discuss the impact of microeconomic policies in influencing the process of structural change within the Aust economy.

Microeconomic policy is used by govt to improve resource allocation between firms/industries, in order to maximise output from scarce resources (ch 16). Done to encourage the efficient operation of markets. Key efficiencies are allocative, technical & dynamic. Discuss theory.

Structural Change refers to the process by which the pattern of production in an economy is altered over time, and certain products, processes of production & even industries disappear, while others emerge.

Most responses discussed key examples of microeconomic reform eg tariff reduction, deregulation of industries such as financial, telecommunications, transport etc, privatization / corporatistion and role of ACCC.

The weakness was in showing how these reforms encourage structural reform. Theory to illustrate this would be a diagram showing the effects of reducing tariff protection p130 ie contraction in output of domestic industries resulting in shift of resources to more efficient industries.

Student:.....

Year 12 Economics
2005 Trial HSC Examinations – Question 27

With reference to one or more economies, analyse the impact of trade, investment and changing government economic policies in economic performance

Mark Range	Criteria
17-20	<ul style="list-style-type: none">• Develops a sustained logical and well-structured answer that uses appropriate economic terms, concepts, issues, relationships and theory throughout• Analyses the impact of trade, investment and government economic policies on the economic performance of one or more economies• Uses relevant economic data to support the response
13-16	<ul style="list-style-type: none">• Develops a logical and structured answer that uses appropriate economic terms, concepts, issues, relationships and theory• Analyses briefly, the impact of trade, investment and government economic policies on the economic performance of one or more economies• Uses relevant economic data to support the response
9-12	<ul style="list-style-type: none">• Develops an answer that uses some appropriate economic terms, concepts, issues, relationships and theory• Describes trade, investment and government economic policies within one or more economies• Makes reference to the impact of these on economic performance• Uses some relevant economic data in the response
5-8	<ul style="list-style-type: none">• Presents an answer that makes limited use of appropriate economic terms, concepts, issues, relationships and theory• Briefly describes trade, investment and government economic policies within one or more economies• Makes limited reference to economic performance• Uses little or no relevant economic data in the response
1-4	<ul style="list-style-type: none">• Presents an answer with very little appropriate use of economic terms, concepts, issues, relationships or theory• Refers to trade, investment & government economic policies within one or more economies• May make limited reference to economic performance

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Mark:.....

Marker:.....

Student:.....

Year 12 Economics
2005 Trial HSC Examinations – Question 28

Analyse the impact of global organisations and trading agreements on the global economy

Mark Range	Criteria
17-20	<ul style="list-style-type: none">• Develops a sustained logical and well-structured answer that uses appropriate economic terms, concepts, issues, relationships and theory throughout• Analyses the impact of global organisations and trading agreements on the global economy• Uses relevant economic data to support the response
13-16	<ul style="list-style-type: none">• Develops a logical and structured answer that uses appropriate economic terms, concepts, issues, relationships and theory• Analyses briefly, the impact of global organisations and trading agreements on the global economy• Uses relevant economic data to support the response
9-12	<ul style="list-style-type: none">• Develops an answer that uses some appropriate economic terms, concepts, issues, relationships and theory• Describes the role and operation of global organisations and/or trading agreements in the global economy• Makes reference to the impact of these on the global economy• Uses some relevant economic data in the response
5-8	<ul style="list-style-type: none">• Presents an answer that makes limited use of appropriate economic terms, concepts, issues, relationships and theory• Refers to the role and operation of global organisations and/or trading agreements in the global economy• Makes limited reference to the impact of these on the global economy• Uses little or no relevant economic data in the response
1-4	<ul style="list-style-type: none">• Presents an answer with very little appropriate use of economic terms, concepts, issues, relationships or theory• Makes limited reference to the role and operation of global organisations and /or trading agreements• May refer to their impact on the global economy

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Mark:.....

Marker:.....

Section IV Feedback **Marked by FR**

Question 27

Answers could have included:

- Definition of globalisation
- Benefits and challenges of globalisation
- MUST have referred to at least one economy throughout the response
- Explain the features of trade (imports and exports), investment (FDI) and TNCs
- Examine specific or general stances of government policies to have an impact on trade and investment
- The causes or consequences of these policies and features on the progress of the economy (growth, development, future growth, living standards etc)

A number of responses tried to compare Australia with another economy with only limited success. There is too much ground to cover with this approach – my advice is to stick with the one foreign economy

A common element that held back many of these responses was a failure to comment on the impact of the changes that had been described. Consequently, many paragraphs simply described some possibly relevant aspect of the economy but did not add to the “analysis”

Question 28

Answers could have included:

- Description of the global economy and the drivers of globalisation
- Description of the role of global organisations in promoting the process of globalisation:
 - WTO – trade, inequality
 - IMF – Stability of finance and currency mkts (capital flows)
 - WB – infrastructure and living standards, assistance for developing economies
- Explain the role and purpose of various trading agreements
 - Bilateral
 - Multilateral / Regional/ Trading blocs
- Examine how these agreements and organisations promote international integration, egs:
 - Stepping stones to global free trade v’s compartmentalisation of regions
 - Marginalisation of developing economies
 - Efficiency gains via a need to become internationally competitive
 - Access to new technologies and capital good imports