

STUDENT NAME: _____ TEACHER: _____

SAINT IGNATIUS' COLLEGE RIVERVIEW



TRIAL H.S.C. EXAMINATION 2011 ECONOMICS

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Board approved calculators may be used
- Write using black pen

Section I

20 marks

- Attempt questions 1 – 20
- Allow about 35 minutes for this section

Section II

40 marks

- Attempt questions 21 – 24
- Allow about 1 hour & 15 minutes for this section
- Answer in the spaces provided on the question paper

Section III

20 marks

- Attempt either Question 25 or 26
- Allow about 35 minutes for this section
- Answer in a separate booklet or on a new sheet of paper

Section IV

20 marks

- Attempt either Question 27 or 28
- Allow about 35 minutes for this section
- Answer in a separate booklet or on a new sheet of paper

Section I
20 Marks

- Answer all questions on the separate multiple choice answer sheet provided
 - Allow about 35 minutes for this section
-

- Q1 Which of the following statements about Gross World Product is correct?
- (A) Gross World Product fell in 2010
 - (B) Gross World Product is the total accumulated wealth of all nations
 - (C) Emerging economies now account for a growing proportion of Gross World Product
 - (D) Increased protection has been the major factor in recent improvements in Gross World Product

Refer to the table below to answer Question 2.

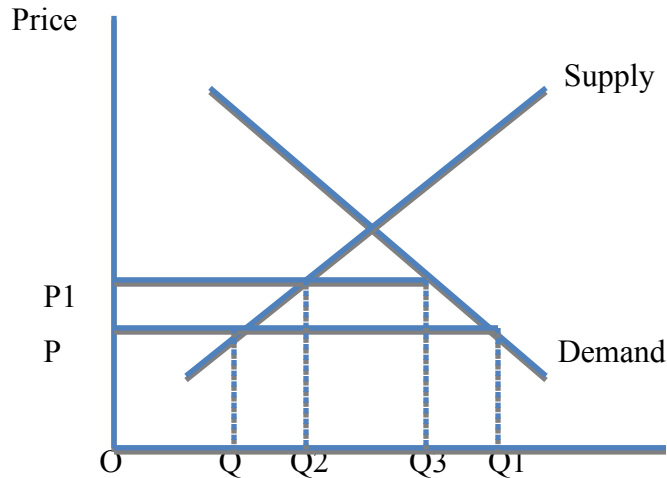
Movements in the Cash Rate throughout 2010

| Month | Movement | Cash Rate % |
|--------------|-----------------|--------------------|
| March | +0.25 | 4.0 |
| April | +0.25 | 4.25 |
| May | +0.25 | 4.5 |
| November | +0.25 | 4.75 |

- Q2 Which of the following actions has the Reserve Bank of Australia most likely taken over the course of 2010?
- (A) Sale of government securities directly to the short term money markets
 - (B) Purchase of government securities directly from the short term money markets
 - (C) Sale of government securities which the financial institutions pay for from their exchange settlement accounts
 - (D) Purchase of government securities from the financial institutions and the funds are then deposited into their exchange settlement accounts

- Q3 Which of the following statements correctly describes the limitations of microeconomic policy.
- (A) The implementation lag is long and the impact lag long
 - (B) The implementation lag is long and the impact lag short
 - (C) The implementation lag is short and the impact lag short
 - (D) The implementation lag is short and the impact lag is long

Refer to the graph below to answer Question 3



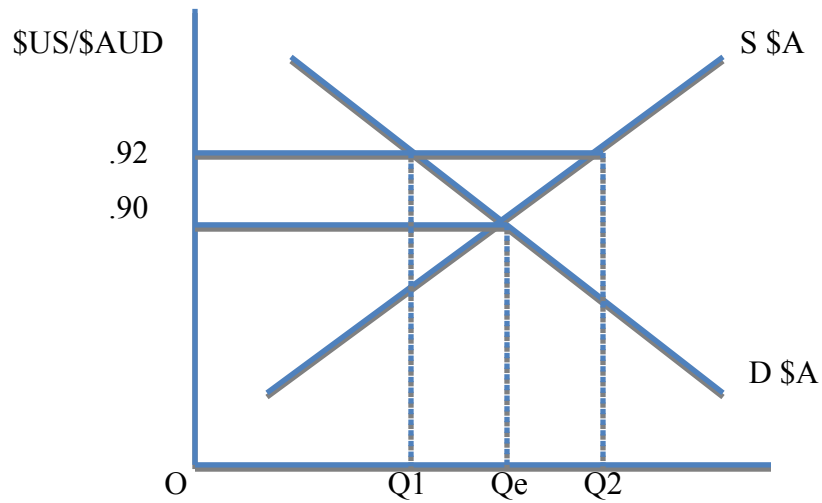
- Q4 Which statement is correct in reference to the graph above?
- (A) The effect of the quota is to reduce domestic supply to OQ and increase demand to OQ1
 - (B) The effect of the subsidy is to increase domestic supply to OQ2 and reduce demand to OQ3
 - (C) The effect of the quota is to increase domestic supply to OQ2 and reduce demand to OQ3
 - (D) The effect of the subsidy is to reduce domestic supply to OQ and increase demand to OQ1

Refer to the table below to answer Question 5.

| Category | 2009 (millions) | 2010 (millions) |
|------------------------|-----------------|-----------------|
| Employed | 8 | 10 |
| Unemployed | 2 | 2.2 |
| Working Age Population | 15 | 17 |
| Total Population | 22 | 25 |

- Q5 Which of the following statements is correct?
- (A) The unemployment rate has increased and the participation rate has increased
 - (B) The unemployment rate has decreased and the participation rate has decreased
 - (C) The unemployment rate has increased and the participation rate has decreased
 - (D) The unemployment rate has decreased and the participation rate has increased
- Q6 Which of the following microeconomic policies has improved efficiency in factor markets?
- (A) The deregulation of financial markets throughout the 1980's
 - (B) The privatisation of government business enterprises such as Telstra
 - (C) The fiscal stimulus provided by the government after the global financial crisis
 - (D) The implementation of the Hilmer Report and the beginning of National Competition Policy
- Q7 Which benefit for individuals and firms respectively has resulted from Australia's decision to reduce protectionism?
- (A) Reduced prices and increased competition
 - (B) Reduced prices and reduced cost of imported inputs
 - (C) Increased choice and reduced innovation
 - (D) Increased choice and reduced access to export markets

Refer to the graph below to answer Question 8



- Q8 Under a managed exchange rate system what action would the Reserve bank take to keep the \$AUD at .92c.
- (A) It would sell the equivalent of $Q2 - Q1$ Australian dollars
 - (B) It would buy the equivalent of $Q2 - Q1$ Australian dollars
 - (C) It would sell the equivalent of $Q2 - Qe$ Australian dollars
 - (D) It would buy the equivalent of $Q2 - Qe$ Australian dollars

Refer to the Balance of Payments data for a hypothetical economy below to answer question 9

| Component | Billions \$ |
|-------------------------------|-------------|
| Goods balance | 12 |
| Services balance | - 8 |
| Net Secondary Income | - 10 |
| Capital and Financial account | 55 |

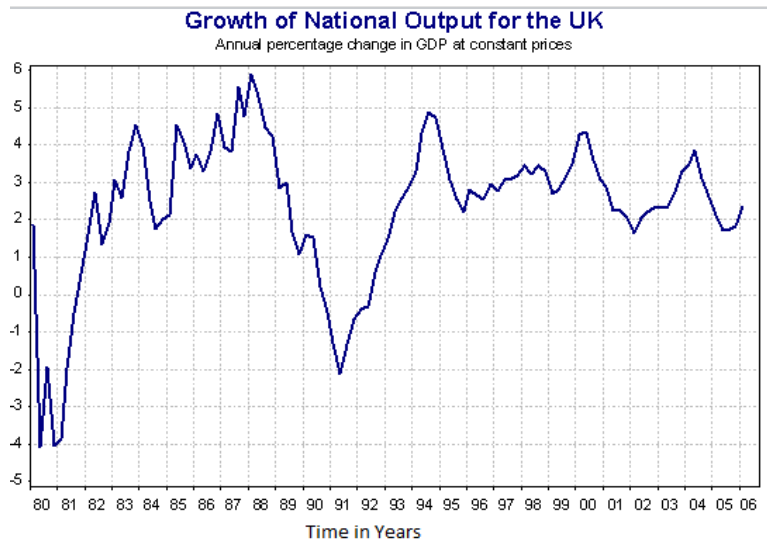
- Q9 The value of Net primary Income in this economy is:
- (A) - \$6b
 - (B) - \$49b
 - (C) \$49b
 - (D) - \$55b
- Q10 Multilateral trade agreements such as NAFTA are desirable for increased world output as long as:
- (A) smaller quotas to allow for more free trade.
 - (B) preferential agreements are maintained between countries.
 - (C) trade diversion effect is greater than the trade creation effect.
 - (D) trade creation effect is greater than the trade diversion effect.

- Q11 What impact is a depreciation of the Australian dollar relative to our major trading partners likely to have on the balance of payments?
- (A) A decrease in the debt servicing ratio
 - (B) A decrease in the international competitiveness of exports
 - (C) An increase in the affordability of Australian assets and hence more foreign investment
 - (D) An increase in the affordability of imported goods and services and hence an improvement in the BOGS

- Q12 Which of the following might be features of a developing economy that was experiencing economic development but not economic growth?
- (A) Rising GDP per capita with falling life expectancy at birth
 - (B) Rising GDP per capita with a falling Human Development Index
 - (C) Falling GDP per capita with increasing levels adult literacy and life expectancy
 - (D) Falling levels of adult literacy and a falling Human Development Index

Q13 Use the graph below to answer the following question.

Which of the following statements regarding automatic stabilisers is correct during the recession experienced in the year 1991 in the UK?



- (A) An increase in taxation receipts to government and an increase in welfare payments.
- (B) A decrease in taxation receipts to government and a decrease in welfare payments.
- (C) An increase in taxation receipts to government and a decrease in welfare payments.
- (D) A decrease in taxation receipts to government and an increase in welfare payments.

Q14 Refer to the table below to answer the following question.

| Country | Real GDP [\$Billions] | CAD [\$ Billions] |
|-----------|-----------------------|-------------------|
| Country A | 2000 | 500 |
| Country B | 1000 | 300 |

Which of the following statements regarding the CAD and economic growth is correct?

- (A) Country A has a larger CAD and has more constraint on its economic growth.
- (B) Country B has a larger CAD and has more constraint on its economic growth
- (C) Country A has a smaller CAD and has more constraint on its economic growth
- (D) Country B has a smaller CAD and has more constraint on its economic growth

Q15 The following table contains information about Net Foreign Liabilities, Net Foreign Debt and Net Foreign Equity for Australia.

| Year | X [\$Bn] | Y [\$Bn] | Z [\$Bn] |
|-----------|----------|----------|----------|
| 2008-2009 | 624 | 79 | 703 |
| 2009-2010 | 671 | 91 | 762 |

Which of the following statements is correct regarding the columns?

- (A) Y represents our Net Foreign Debt and Z represents our Net Foreign Equity
- (B) X represents our Net Foreign Debt and Z represents our Net Foreign Liabilities
- (C) Z represents our Net Foreign Liabilities and Y represents our Net Foreign Debt
- (D) X represents our Net Foreign Liabilities and Z represents our Net Foreign Debt

Q16 The objective of decentralisation of the Australian labour market was:

- (A) to increase the gini-coefficient.
- (B) to increase the role of trade unions.
- (C) to increase dynamic efficiency in the economy.
- (D) to increase aggregate demand in the economy.

Q17 Which of the following statements regarding the current industrial relations framework is correct?

- (A) The 10 National Employment Standards do not apply to Common Law Contracts.
- (B) There are more workers covered by Common Law Contracts than Collective Agreements.
- (C) Modern Awards now include more flexibility than they have previously through a flexibility clause.
- (D) Modern Award conditions do not apply to those on Common Law Contracts and earning below \$113,800.

Q18 Use the following data to answer the question below.

| Economic Variable | Year 1 | Year 2 |
|-------------------|--------|--------|
| Unemployment | 5.5% | 4.5% |
| Real GDP Growth | 4% | 5% |
| Inflation | 2.5% | 4.5% |
| CAD [%GDP] | 3% | 6% |

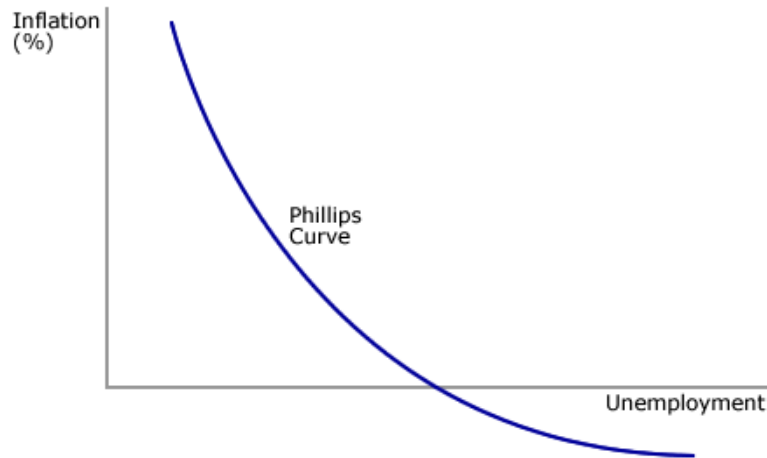
Which policy mix is appropriate if the changes above occurred in the Australian economy from Year 1 to Year 2?

- (A) The RBA should sell CGS and the Federal Government should implement a contractionary budget
- (B) The RBA should buy CGS and the Federal Government should implement an expansionary budget
- (C) The RBA should buy CGS and the Federal Government should implement a contractionary budget
- (D) The RBA should sell CGS and the Federal Government should implement an expansionary budget

Q19 Inflation tends to:

- (A) favour existing borrowers rather than existing lenders.
- (B) reduce a nations CAD and improve its external stability.
- (C) encourage an exchange rate appreciation over the longer term.
- (D) encourage investment in productive assets such as capital equipment.

Q20 Use the diagram below to answer the following question.



The Phillips curve shows:

- (A) the positive relationship between unemployment and inflation.
- (B) that unemployment can be reduced by accepting lower levels of inflation.
- (C) a relationship between inflation and unemployment that exists in the long run.
- (D) the potential tradeoff between lower levels of unemployment and higher levels of inflation.

Section III

Stimulus Essay

- Allow about 35 minutes for this section
 - Answer the question in the writing booklet provided
 - Answer Question 25 OR 26
-

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

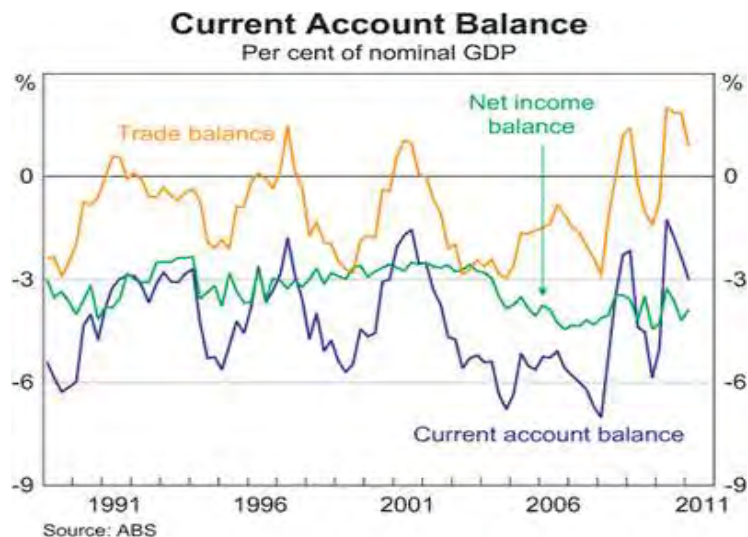
- demonstrate knowledge and understanding relevant to the question
 - use the information provided
 - apply relevant economic terms, concepts, relationships and theory
 - present a sustained, logical and cohesive response
-

Question 25

Analyse the factors that impact on Australia's Balance of Payments and possible government policies to address these. In your response you should refer to the economic information provided.

The global economic recovery is gaining momentum, but remains uneven and subject to significant downside risks. ... Global financial conditions have also improved, notwithstanding the shocks from the earthquake in Japan and unrest in the Middle East and North Africa. However, output in the major advanced economies is still well below potential following the GFC, while the large emerging market economies are confronting significant capacity pressures. The strength and sustainability of the global recovery remains vulnerable ...

Source. Budget Papers, May 2011



Question 26

Analyse the impact of recent fiscal policy on the achievement of internal economic objectives in the Australian economy. In your response you should refer to the economic information provided.

Australia's GDP Growth Rate since January 2007



source: TradingEconomics.com; Australian Bureau of Statistic

Australia's Unemployment Rate since July 2008



source: TradingEconomics.com; Australian Bureau of Statistic

Section IV
Extended Response
Total Marks (20)
Attempt either question 27 OR 28
Allow about 35 minutes for this section

Answer the question in the separate writing booklet provided.

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

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

EITHER

Question 27

Evaluate the strategies used by government to promote economic growth and development in an economy other than Australia.

OR

Question 28

Evaluate the effectiveness of government intervention in relation to environmental management in Australia in a national and global context.

Part A – Multiple Choice Answer Sheet

2011 Economics Trial HSC

- Start Here →
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

CANDIDATE NUMBER:

Section II

40 marks

Attempt Questions 21-24

- Answer each question in the spaces provided
- Allow about 75 minutes for this section

Question 21 (10 marks)

Marks

(a) Outline ONE positive and ONE negative effect of economic growth.

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(b) Define the multiplier and outline why it is relevant for economic policy setting

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Question 21 (continued)

(c) The table below refers to 21 (c)

| | |
|-------------|---------------------|
| MPC | 0.4 |
| Inflation | 5% |
| | |
| | \$ (million) |
| Consumption | 900 |
| Taxes | 600 |
| Investment | 450 |
| Imports | 250 |
| Government | 450 |
| Exports | 300 |
| Savings | 350 |

For the following hypothetical economy, calculate the new level of aggregate demand if there is a \$50 million increase in government expenditure.

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(d) Explain how the elements of aggregate demand are affecting economic growth in Australia.

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CANDIDATE NUMBER:
TEACHER'S INITIALS:

Question 22 (10 marks)

Marks

The graph relates to the questions below



(a) Outline the impact on the value of the Australian dollar if the Reserve Bank of Australia decrease the target cash rate to 2%

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(b) Describe how the Reserve Bank of Australia can have a direct influence on Australia's exchange rate.

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(c) Explain the effect on the Australian economy of the movement in the value of the Australian dollar since the Global Financial Crisis.

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(d) With the aid of a diagram, briefly explain how a country with a managed exchange rate maintains an exchange rate lower than the value that would apply under a floating rate regime.

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CANDIDATE NUMBER:
TEACHER'S INITIALS:.....

Question 23 (10 marks)

Marks

(a) Define the term monetary policy.

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(b) Outline ONE advantage and ONE disadvantage of using monetary policy to manage the economy.

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(c) Why does the Reserve Bank of Australia target the rate of inflation?

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(d) Explain TWO ways by which an increase in interest rates will lead to lower economic activity.

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Question 24 (10 marks)

Marks

(a) Outline TWO economic indicators of the globalisation process.

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(b) Explain why globalisation has increased Australia's international financial flows.

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(c) Analyse the impact of foreign investment on the balance of payments

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Marking Criteria – 2011 TRIAL EXAM - ECONOMICS

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

Question 21

| Suggested Answer | Mark/Criteria | | | | | | | | | | | | |
|---|----------------------|-----|-----------|----|--|--|--|---------------------|-------------|-----|-------|-----|---|
| <p>a. Advantages: living standards, employment, external stability, income distribution Disadvantages: inflation, environmental impacts</p> <p>b. Multiplier process is an economic concept to describe the multiplied increase in AD as a result of increase in G or I.</p> <p>Significance is must be borne in mind when setting policy as the impact on AD is the target of policy, and then work back to the necessary level of fiscal policy</p> <p>c. $AD = C + I + G + (X - M)$ $900 + 450 + 450 + (300 - 250) = 1,850$ $k = 1 / .6$ Increase = 83.3 New = 1,933.33</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>MPC</td> <td>0.4</td> </tr> <tr> <td>Inflation</td> <td>5%</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">\$ (million)</td> </tr> <tr> <td>Consumption</td> <td>900</td> </tr> <tr> <td>Taxes</td> <td>600</td> </tr> </tbody> </table> | MPC | 0.4 | Inflation | 5% | | | | \$ (million) | Consumption | 900 | Taxes | 600 | <p>1 mk for adv, 1 mk for disadv</p> <p>1 mk definition 1 mk relevance</p> <p>1 for k 1 for AD start 1 for AD end 3 total</p> |
| MPC | 0.4 | | | | | | | | | | | | |
| Inflation | 5% | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | \$ (million) | | | | | | | | | | | | |
| Consumption | 900 | | | | | | | | | | | | |
| Taxes | 600 | | | | | | | | | | | | |

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|------------|-----|--|--|
| Investment | 450 | | |
| Imports | 250 | | |
| Government | 450 | | |
| Exports | 300 | | |
| Savings | 350 | | |

d. Explain how the elements of aggregate demand are affecting economic growth in Australia.

C: v large element of AD, however growth slowing as a result of increased household saving

I: major element increasing economic growth as a result of mining construction boom

G: decreasing element as contractionary stance of budget reducing from stimulus levels

X: high TOT offset by increase in \$A on volumes

M: increase volume, decrease cost, as a result of \$A
(net of X and M is not changing significantly)

1 for each factor discussed

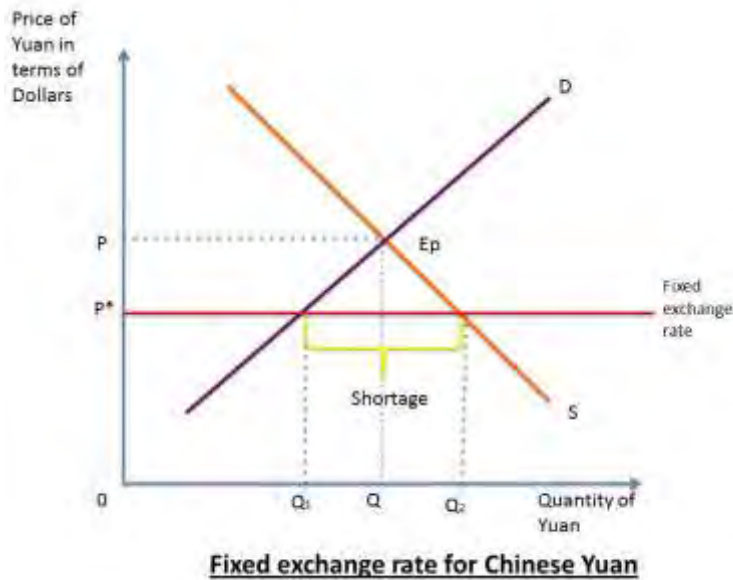
Max 3

Question 22

| Suggested Answer | Mark/Criteria |
|---|--|
| a. Target cash rate goes down, interest rates go down, \$A down as less attractive for the free carry trade. | 1 correct direction 2 outline |
| b. Direct effect via dirty float. | 1: identify dirty float 2-3 describe what the RBA does to increase/decrease the exchange rate |
| c. Since GFC, sustained, significant appreciation of the Australian dollar. Describe impact on consumers (purchasing power, outbound tourism, domestic employment in import competing businesses), business (exports, import competition, imported inputs), government (BOP elements, reduced company taxes, downwards pressure on inflation, potentially increased unemployment) | 1: identify direction of movement 2: impact on consumers or business or government 3: impact on 2 of consumers, business or government |

d. Students draw supply and demand, and then display a price below the equilibrium price. Explain govt purchase of foreign exchange with domestic currency.

See



explained with cause and effect

1: accurate and labeled diagram

2-3 text identifies government buys foreign currency and sells domestic currency in order – the amount of which is indicated on the diagram and referred to in the text

Question 23

| Suggested Answer | Mark/Criteria |
|---|---------------|
| (a) Monetary Policy refers Reserve Bank of Australia actions to achieve government economic policy, especially low inflation, high economic growth and low unemployment. | 1 |
| (b) Advantages include its demonstrated effectiveness over recent years to achieve low inflation, relatively short implementation time lag, undertaken by the RBA and so less open to political influence. Disadvantages include the long impact time lag and that MP is a ‘blunt instrument’, ie it is not able to be directed at particular aspects of the economy. | 2 |
| Incomplete outlining of both advantage and disadvantage. | 1 |
| (c) Explanation of the disadvantages of inflation, including uncertainty in the business sector, distortion of investment decisions, the effect on those on fixed incomes, effect on lenders and borrowers, impact on international competitiveness and hence imports and exports. High inflation also has an impact on economic growth and unemployment. | 2-3 |
| Less detailed explanation of the reasons for targeting the rate of inflation. | 1 |
| (d) Explain any TWO of the following aspects of the ‘transmission mechanism’, relating them to the way that high interest rates lead to lower levels on economic activity: ‘Interest rates affect economic activity via a number of mechanisms. They can affect savings and investment behaviour, the spending behaviour of households, the supply of credit, asset prices and the exchange rate, all of which affect the level of aggregate demand.’ (RBA website) | 3-4 |
| Explains ONE aspect of the above | 1-2 |

Question 24

| Suggested Answer | Mark/Criteria |
|--|--------------------------------|
| <p>(a) Outlines TWO of the following indicators of the globalization process: increased levels of trade in goods and services, increased financial flows between countries, international investment and the growth of transnational corporations, higher levels of trade in technology, transport and communication, international division of labour, migration and international and regional business cycles.</p> <p>Outlines ONE indicator only</p> | <p>2</p> <p>1</p> |
| <p>(b) Explains the relationship between globalisation and the growth of international financial flows. Increased trade in goods and services leads to greater international payments. Increased levels of international investment flows have lead to greater financial inflows into Australia and also by Australians to overseas. Repatriation of earnings has lead to increased primary income flows. Greater levels of trade in derivatives and speculation have also lead to greater international financial flows.</p> <p>Less complete explanation of this relationship</p> | <p>2-3</p> <p>1</p> |
| <p>(c) Clearly analyses the impact of foreign investment on the balance of payments. Considers the relationship between the CAD and the Balance on Capital and Financial Account. Also considers the impact on primary income of greater foreign investment inflows. Compares the features of portfolio and direct investment. Also analyses the impact of debt and equity financial inflows. Considers both overseas flows into Australia as well as investment by Australians to overseas.</p> <p>Describes in a general way the impact of foreign investment on the balance of payments.</p> <p>Outlines the impact of foreign investment on the balance of payments.</p> | <p>4-5</p> <p>2-3</p> <p>1</p> |

Section III - Question 25

| Criteria | Marks |
|--|-------|
| <ul style="list-style-type: none"> • Demonstrates factually precise and extensive knowledge of the factors that impact on Australia's Balance of Payments and possible government policies to address these • Draws out & relates the implications of government policies and their impact on Australia's Balance of Payments • Synthesises relevant economic data to support a comprehensive, contemporary and theoretical discussion in a sustained, logical and well-structured answer | 17–20 |
| <ul style="list-style-type: none"> • Sketches in general terms the factors that impact on Australia's Balance of Payments and possible government policies to address these • Describes government policies and their impact on Australia's Balance of Payments • Uses relevant data to develop a logical and well-structured response | 13–16 |
| <ul style="list-style-type: none"> • Sketches in general terms the factors that impact on Australia's Balance of Payments and possible government policies to address these • Describes government policies used to impact on Australia's Balance of Payments • Uses relevant data to develop a coherent response | 9–12 |
| <ul style="list-style-type: none"> • Lists the factors that impact on Australia's Balance of Payments and possible government policies to address these • May outline one government policy used to address Australia's Balance of Payments issues • Makes minimal use of data to develop a generalised response | 5–8 |
| <ul style="list-style-type: none"> • May list a factor that impacts on Australia's Balance of Payments and gives one possible government policy to address these • May identify one government policy used to address Australia's Balance of Payments issues • Basic use of some terminology in a limited response | 1–4 |

Answers may include:

- **Impacts on Australia's Balance of Payments:** International competitiveness of Australian produces, economic efficiencies in the Australian economy, relative interest rates between Australia and overseas, domestic and international growth rates (especially the effect of the GFC), relative inflation rates between Australia and overseas, levels of profitability of Australian companies, protection policy, the value of the Australian Dollar and the Trade Weighted Index.
- **Government Policies:** Monetary Policy, Fiscal Policy and Microeconomic Policies all may be employed to address aspects of the above. For example, Monetary Policy can influence interest rates, economic growth and inflation, and the RBA can have direct and indirect influence on the exchange rate. Similarly, Fiscal Policy addresses growth rates, inflation while Microeconomic Policy affects competitiveness, economic efficiency and profitability and protection policy.

Section III - Question 26

| Criteria | Marks |
|--|-------|
| <ul style="list-style-type: none"> • Demonstrates factually precise and extensive knowledge of fiscal policy and internal objectives such as economic growth, quality of life, inflation and unemployment • Draws out & relates the implications of recent fiscal policy on the achievement of Australia's internal economic objectives • Synthesises relevant economic data to support a comprehensive, contemporary and theoretical discussion in a sustained, logical and well-structured answer | 17–20 |
| <ul style="list-style-type: none"> • Provides features of fiscal policy and internal objectives such as economic growth, quality of life, inflation and unemployment • Describes some impacts of recent fiscal policy on the achievement of Australia's internal economic objectives • Uses relevant data to develop a logical and well-structured response | 13–16 |
| <ul style="list-style-type: none"> • Provides a brief overview of fiscal policy and internal objectives such as economic growth, quality of life, inflation and unemployment • Outlines aspects of fiscal policy and internal economic objectives • Uses relevant data to develop a coherent response | 9–12 |
| <ul style="list-style-type: none"> • Briefly identifies aspects of fiscal policy and internal objectives such as economic growth, quality of life, inflation and unemployment • Makes minimal use of data to develop a generalised response | 5–8 |
| <ul style="list-style-type: none"> • May list some aspect of fiscal policy and internal economic objectives • Basic use of some terminology in a limited response | 1–4 |

Answers may include:

- **Fiscal Policy:**
 - Definition of fiscal policy as part of macroeconomic policy
 - rationale for macro/fiscal policy aiming to achieve growth in agg demand; may include diagrams
 - summary of recent policy; budget surplus until GFC 2008 then strong use of stimulatory fiscal policy to stimulate aggregate demand
- **Internal Objectives:**
 - Economic growth & quality of life
 - Inflation
 - Full employment
 - Students should provide current statistics for each objective and discuss the recent trends & changes
- **Recent impact of fiscal policy on internal objectives:**
 - Very effective in assisting the achievement of these objectives, especially unemployment. Inflation not really an issue until late 2009. Largely responsible for avoidance of recession post gfc due to 56b & 49b deficits.
 - Other factors however also important such as monetary policy and strong global demand for commodities which helped drive economic growth.

Section IV - Question 27

| Criteria | Marks |
|---|--------------|
| <ul style="list-style-type: none">• Integrates extensive and relevant economic terms, concepts, relationships and theories• Provides comprehensive economic information in a sustained, logical and cohesive response• Sketches in general terms the drivers of globalisation.• Relates cause and effect between globalisation and economic growth and development in an economy other than Australia. | 17–20 |
| <ul style="list-style-type: none">• Integrates relevant economic terms, concepts, relationships and theories• Provides sound economic information in a logical and cohesive response• Sketches in general terms some of the drivers of globalisation.• May relate cause and effect between of globalisation and some aspects of economic growth and development in an economy other than Australia. | 13–16 |
| <ul style="list-style-type: none">• Applies economic terms, concepts and relationships• Develops a coherent response• Provides features and characteristics of some of the drivers of globalisation.• May provides characteristics and features of globalisation and some aspects of economic growth and development in an economy other than Australia. | 9–12 |
| <ul style="list-style-type: none">• Uses some economic terms, concepts and relationships• Develops a generalised response• Lists the drivers of globalisation.• Provides some features of the links between globalisation and economic growth and development in an economy other than Australia. | 5–8 |
| <ul style="list-style-type: none">• Uses some economic theory and concepts• Presents a limited response• May mention some drivers of globalisation.• An attempt at a link between globalisation and economic growth and development in an economy other than Australia. | 1–4 |

Section IV - Question 28

Evaluate the effectiveness of government intervention in relation to environmental management in Australia in a national and global context.

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

| Criteria | Marks |
|--|-------|
| <ul style="list-style-type: none"> • Demonstrates factually precise and extensive knowledge of government intervention strategies in a domestic and global context, establishing and applying criteria and making a judgment on effectiveness • Synthesises relevant economic data to support a comprehensive, contemporary and theoretical discussion in a sustained, logical and well-structured answer • Integrates economic terms, concepts, issues, relationships and theory | 17–20 |
| <ul style="list-style-type: none"> • Demonstrates a good knowledge of government intervention strategies in a domestic and global context, may establish and apply criteria and make a judgment on effectiveness • Uses relevant data to develop a logical and well-structured response • Applies appropriate economic terms, relevant concepts, relationships and theory | 13–16 |
| <ul style="list-style-type: none"> • Demonstrates a satisfactory knowledge of government intervention strategies in a domestic and global context, attempts to make a judgment on effectiveness • Uses relevant data to develop a coherent response • Applies appropriate economic terms, concepts and theory | 9–12 |
| <ul style="list-style-type: none"> • Sketches in general terms government intervention strategies in a domestic and global context without making a judgment on effectiveness • Makes minimal use of data to develop a generalised response • Uses some economic terms and concepts | 5–8 |
| <ul style="list-style-type: none"> • Demonstrates basic knowledge of government intervention strategies in a domestic and global context (may give an example) without making a judgment on effectiveness • Basic use of some terminology in a limited response | 1–4 |

Answers may include:

Criteria:

- Reduction in emissions/pollution/degradation/depletion
- Timeliness (how long it took to achieve the policy start)
- Efficiency (how expensive to achieve)
- Timeliness (how long it took to achieve the reduction)
- Achievement (extent to which the targets were achieved)

Domestic government intervention

General discussion of regulation and market mechanisms

- CFC
- Lead Petrol
- EPA
- Carbon Tax
- Light bulbs
- Targets

Global context

- Montreal (CFC)
- Kyoto (US non signatory)
- Copenhagen (failure to reach outcome)

Fishery Treaties (successful reduction) UN Fish Stocks Agreement