



Student NESAs Number.....

2020
Higher School Certificate
SBHS Trial Examination

Economics

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black pen
- NESAs approved calculators may be used
- Write your student number and/or name at the top of every page

Total marks – 100

Section I – Pages 2–10

20 marks

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

Section II – Pages 11–18

40 marks

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

Section III – Pages 19–20

20 marks

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

Section IV – Page 21

20 marks

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

This paper MUST NOT be removed from the examination room

Section I

Economics

Section I Answer Sheet – Multiple Choice

20 marks

Questions 1–20

Use the multiple-choice answer sheet below for Questions 1–20.

Instructions for answering multiple-choice questions

- 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 change your mind and have crossed out what you consider to be the correct answer, then indicate the correct answer by writing the word correct and drawing an arrow as follows.

A B C D
 ↑ *correct*

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

1 What is meant by underemployment?

- A. People made unemployed because of structural change
- B. People moving between jobs
- C. People employed who want to work more hours
- D. People who lack skills and training to get a job

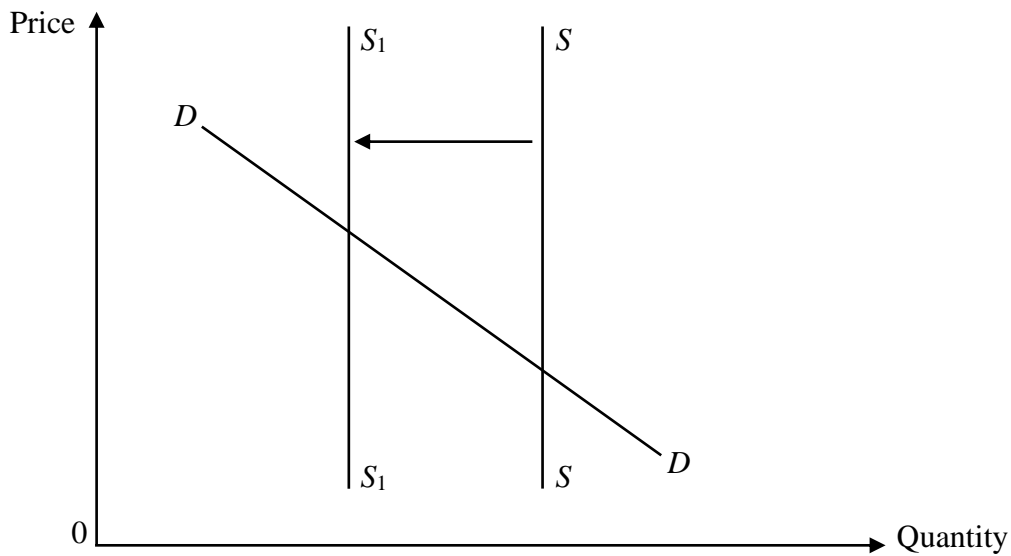
2 If there is a significant decrease in official interest rates in Australia, all other things being equal (*ceteris paribus*), which of the following would be true?

	<i>Value of Australian dollar in terms of \$US</i>	<i>Impact on Australian exports</i>
A.	Appreciates	Increased demand
B.	Depreciates	Increased demand
C.	Appreciates	Decreased demand
D.	Depreciates	Decreased demand

3 Which of the following is an example of a microeconomic reform in a factor market?

- A. National competition policy
- B. Trade and industry policy
- C. Taxation reform
- D. Labour market reform

- 4 The following diagram shows the effect of a change in the import quota on demand and supply for pharmaceutical products.



Which of the following statements is most likely to explain the impact of the change in the import quota on the domestic economy?

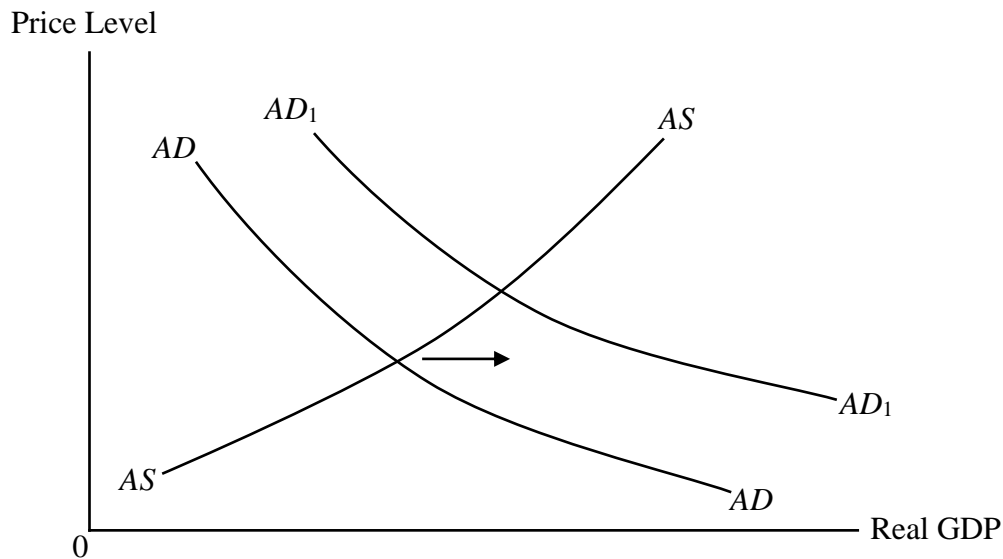
- A. Domestic producers' market share will increase and government revenue will fall.
 - B. Domestic producers' market share will decrease and government revenue will decrease.
 - C. Domestic producers' market share will increase and the price of domestic products may rise.
 - D. Domestic producers' market share will decrease and the price of domestic products may fall.
- 5 The following table shows data on the labour market of a nation.

<i>Year</i>	<i>Nations Population</i>	<i>Employed persons</i>	<i>Unemployed persons</i>	<i>Population aged 15+ years</i>
1	26,500,000	12,300,000	750,000	20,000,000
2	29,000,000	12,500,000	710,000	25,000,000

What is the labour force participation rate in Year 2?

- A. 43.1%
- B. 50.0%
- C. 52.8%
- D. 45.5.%

- 6 The following diagram shows a movement in the aggregate demand curve from AD to AD_1 in a hypothetical economy.



All other things being equal, which combination of government policies would have most likely caused the shift in the aggregate demand curve from AD to AD_1 ?

- A. An expansionary stance of fiscal policy and a contractionary stance of monetary policy
 - B. An expansionary stance of monetary policy and a contractionary stance of fiscal policy
 - C. Contractionary stances of both fiscal policy and monetary policy
 - D. Expansionary stances of both fiscal policy and monetary policy
- 7 If Australia reduces tariffs on the local passenger motor vehicle industry (PMV), how would this impact the Australian economy?
- A. Protect infant industries and depreciate the AUD
 - B. Increase structural unemployment and reduce dumping
 - C. Decrease structural unemployment and promote dumping
 - D. Increase structural unemployment and depreciate the AUD

- 8 The table shows data for a hypothetical economy's terms of trade.

<i>Year</i>	<i>Export price index</i>	<i>Import price index</i>
1	110	100
2	105	105

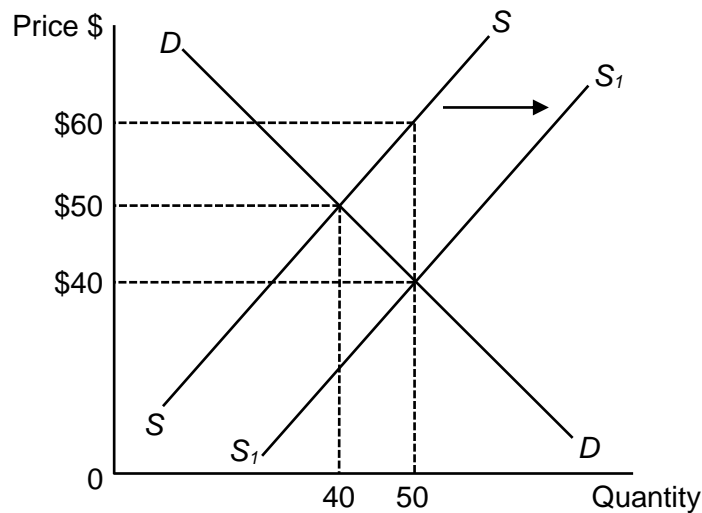
Which of the following statements accurately describes the movement and impact of the terms of trade between Year 1 and Year 2?

- A. The terms of trade have improved and the economy can increase the volume of imports with the same volume of exports.
 - B. The terms of trade have deteriorated and the economy can import less with the same volume of exports.
 - C. The terms of trade have remained unchanged and the economy can maintain the same volume of imports with the same volume of exports.
 - D. The terms of trade have deteriorated and the economy can increase the volume of imports with the same volume of exports.
- 9 If a country's Lorenz Curve shifted to the right, what is likely to happen to the value of its Gini co-efficient and level of income equality?
- A. The Gini co-efficient will rise and there will be more income inequality.
 - B. The Gini co-efficient will fall and there will be less income inequality.
 - C. The Gini co-efficient and income equality will both rise.
 - D. The Gini co-efficient will fall and there will be more income inequality.
- 10 If an economy is in a recession which government policy could assist in increasing aggregate demand?
- A. A reduction in a budget deficit and a decrease in interest rates
 - B. An increase in the official interest rate and lower tax rates
 - C. An increase in a budget surplus and an increase in tariff rates
 - D. A reduction in tax rates and expansionary monetary policy

11 Which of the following combinations characterise a developing economy?

	<i>Economic growth</i>	<i>Structure of the economy</i>	<i>Income levels</i>
A.	Moderate growth	Heavily reliant on agriculture	Income levels are low
B.	Moderate growth	Heavily reliant on service industry	Income levels are high
C.	Fast growth	Heavily reliant on manufacturing industry	Income levels are low
D.	Fast growth	Heavily reliant on foreign aid	Income levels vary

12 The following diagram shows the impact of a subsidy on a domestic industry.



What is the size of the total value of the subsidy payable by the government?

- A. \$20
- B. \$50
- C. \$1000
- D. \$2000

13 Which of the following organisations could assist a country experiencing a balance of payments and exchange rate crisis due to a world recession?

- A. The World Trade Organisation
- B. The European Union
- C. The International Monetary Fund
- D. The World Bank

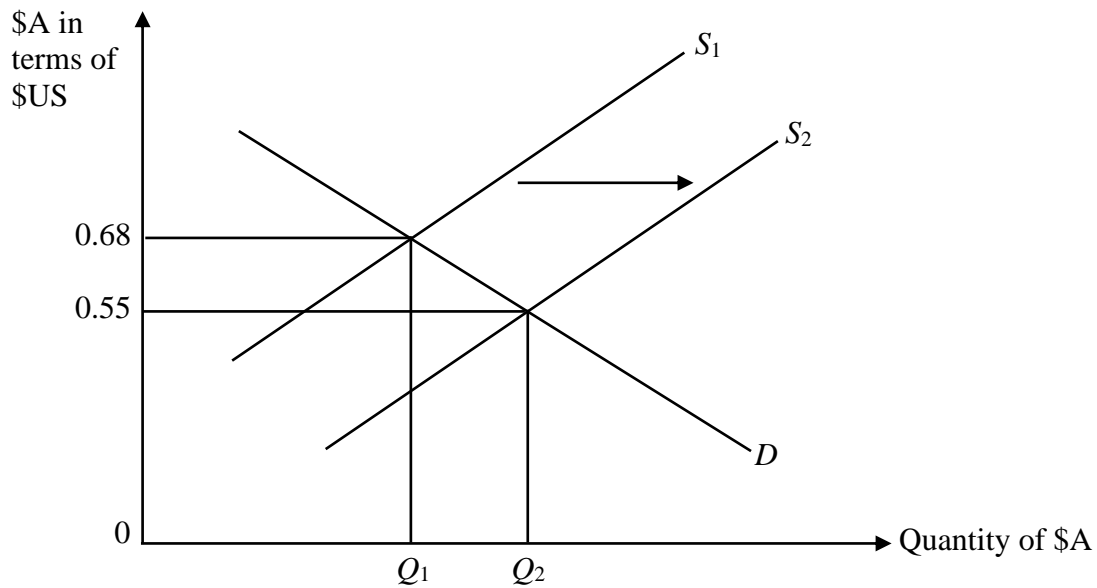
14 The table shows selected data for a country.

<i>Initial level of national income (billions)</i>	<i>Increase in investment (billions)</i>	<i>Marginal propensity to save (MPS)</i>
\$300b	\$10b	0.2

According to the table, what are the values of the multiplier and the new equilibrium level of national income?

- A. 1.25 and \$302 billion
- B. 1.25 and \$312.5 billion
- C. 5 and \$310 billion
- D. 5 and \$350 billion

15 The following diagram shows the demand for and supply of Australian dollars.



Which of the following are the most likely impacts of the change in the supply of Australian dollars from S_1 to S_2 on the servicing cost of foreign debt denominated in foreign currency and the level of domestic inflation in Australia?

	<i>Impact on the servicing cost of foreign debt denominated in foreign currency</i>	<i>Impact on the level of domestic inflation</i>
A.	Increase	Decrease
B.	Increase	Increase
C.	Decrease	Increase
D.	Decrease	Decrease

- 16 The table shows selected data for an economy which experienced an increase in the Consumer Price Index of 5% from Year 1 to Year 2.

	<i>Year 1</i>	<i>Year 2</i>
Real gross domestic product	\$420b	
Nominal gross domestic product		\$425b
Consumer Price Index	100	105

What is the rate of growth in Real Gross Domestic Product from Year 1 to Year 2?

- A. 3.63%
- B. 1.19%
- C. -1.19%
- D. -3.63%
- 17 Which of the following is likely to be an appropriate policy mix to stimulate economic growth both in the short term and the long term?
- A. An expansionary fiscal policy and an expansionary monetary policy
- B. An expansionary monetary policy and an increase in subsidies
- C. An expansionary monetary policy and a reduction in tariff rates
- D. An expansionary fiscal policy and an increase in tariff rates
- 18 The table shows components of the Balance of Payments for a hypothetical economy.

<i>Components of the balance of payments</i>	<i>Billions (\$)</i>
Balance of goods	18
Balance of services	3
Net primary income	-11
Net secondary income	-1
Balance on capital account	-1
Balance on financial account	-12

What is the value of net errors and omissions on the balance of payments?

- A. \$9 billion
- B. \$4 billion
- C. -\$4 billion
- D. -\$9 billion

- 19 Which economic objectives are often in conflict?
- A. Economic growth and price stability
 - B. Economic growth and full employment
 - C. Price stability and international competitiveness
 - D. Low unemployment and sustainable economic growth

- 20 Which of the following are likely long-term implications of government policy to reduce protection levels for Australian firms and individuals?

	<i>Firms</i>	<i>Individuals</i>
A.	Increased exposure to global markets	Increased job opportunities
B.	Reduced productivity growth	A reduction in the cost of imported goods and services
C.	Increased exposure to global markets	Less access to global goods and services
D.	Lower input costs	Increase in structural unemployment

Section II

40 marks

Attempt Questions 21–24

Allow about 1 hour and 15 minutes for this section

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

Question 21 (10 marks)

Marks

(a) Define the term *microeconomic reform*.

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(b) How does the use of microeconomic policies complement macroeconomic policies?

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Question 21 continues on the next page

- (c) How have microeconomic policies contributed to structural change in the Australian economy? 3

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- (d) Discuss the benefits to Australia’s economic performance resulting from microeconomic reform policies. 4

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End of Question 21

Question 22 (10 marks)

Marks

The table shows hypothetical data on Australia’s balance of payments. Assume a floating exchange rate.

Exports of goods	\$100 billion
Imports of goods	\$65 billion
Net services	–\$10 billion
Direct investment	\$60 billion
Portfolio investment	–\$26 billion
Net primary income	–\$70 billion
Net secondary income	–\$1 billion
Other investment	\$9 billion
Reserve assets	\$2 billion
Capital account	\$1 billion

- (a) Calculate the current account balance from the data in the table. **1**

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- (b) Explain the link between a current account deficit and a capital and financial account surplus with a floating exchange rate. **4**

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Question 22 continues on the next page

- (d) Explain a policy that can be used by the Australian government to reduce the current account deficit. 5

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End of Question 22

Question 23 (10 marks)

Marks

- (a) Define the term economic development.

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- (b) Outline ONE domestic influence contributing to the differences in development between nations due to the process of globalisation.

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- (c) Analyse how trade flows and financial flows have promoted global growth.

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End of Question 23

Question 24 (10 marks)

Marks

- (a) Define “Trade Weighted Index”. **2**

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- (b) Distinguish between a floating exchange rate and a fixed exchange rate. **2**

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- (c) Outline two factors that affecting the supply of Australian Dollars. **2**

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- (d) Discuss the impacts of a depreciating dollar on the Australian economy. **4**

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End of Question 24

Section III

20 marks

Attempt either Question 25 or Question 26

Allow about 35 minutes for this section

Answer the question on your own paper or in a writing booklet, if provided. Start the question on a new page.

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 (20 marks)

Discuss the effectiveness of expansionary monetary policy in achieving Australia's economic objectives of economic growth and full employment. In your response, refer to economic information provided.

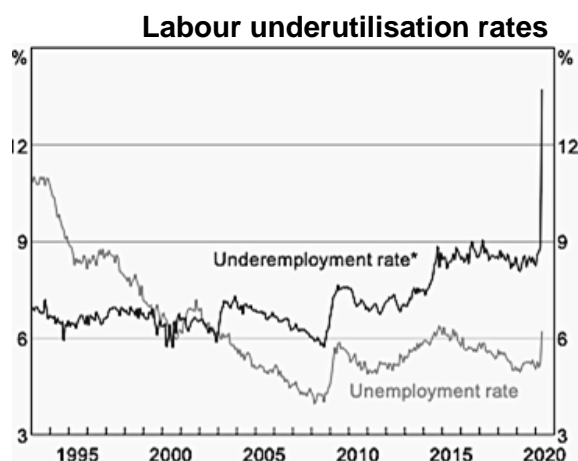
There has been a substantial, co-ordinated and unprecedented fiscal and monetary response in Australia to the coronavirus ... supporting people's incomes, maintaining the important connections between businesses and their employees, underpinning the supply of credit to businesses and households, and keeping borrowing costs low.

*Statement by Philip Lowe, Governor, Reserve Bank of Australia: Monetary Policy Decision
Date: 5th May 2020*

The Reserve Bank has eased monetary policy by lowering the cash rate and introducing a target for the 3-year Australian Government bond yield, which has lowered borrowing costs in the economy. The Bank has also introduced the Term Funding Facility (TFF), which provides an incentive to banks to lend to small and medium-sized firms.

The Board will not increase the cash rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band.

Reserve Bank of Australia, *Statement on Monetary Policy – May 2020*



Source: Australian Bureau of Statistics

OR

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 26 (20 marks)

Discuss the effects of expansionary fiscal policy on Australian economic activity and external stability. In your response, refer to the economic information provided.

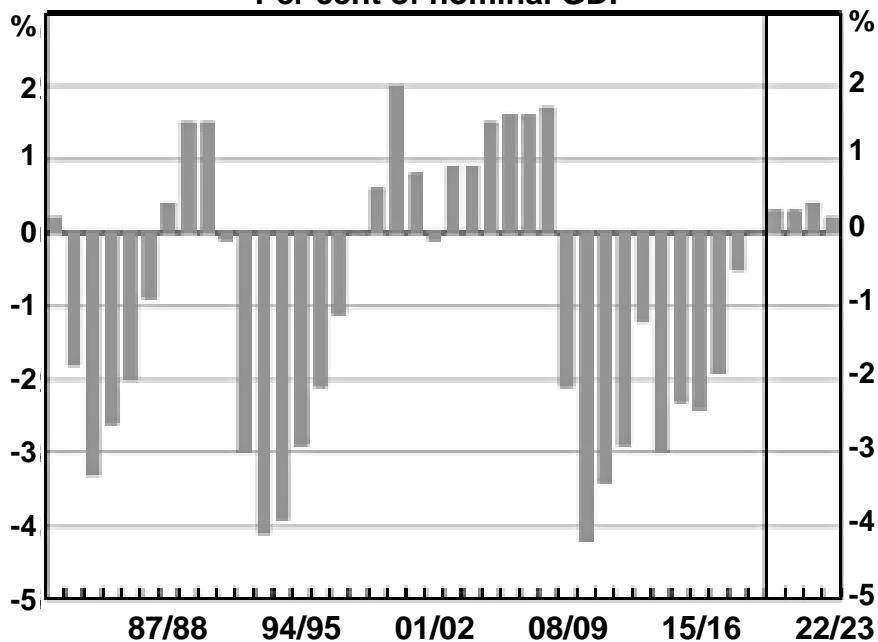
Economic Response to the Coronavirus – Last updated: 25th May 2020

The Government is providing \$259 billion in fiscal and balance sheet support, which is equivalent to around 13.3 per cent of annual GDP. Direct fiscal measures are equivalent to around 6.9 per cent of GDP. The measures provide timely support to workers, households and businesses through a difficult time and position the Australian economy to recover strongly once the health challenge has been overcome.

The Government’s economic response supports households and businesses. It is designed to support businesses in managing short-term cash flow challenges, provide support to individuals, severely affected communities and regions, and to ensure the continued flow of credit in the Australian economy.

Source: Australian Government, www.treasury.gov.au

**Australian Government Budget Balance*
Per cent of nominal GDP**



• Underlying cash balance; 2019/20 Mid-year economic and fiscal outlook

Source: Australian Treasury

Section IV

20 marks

Attempt either Question 27 or Question 28

Allow about 35 minutes for this section

Answer the question on your own paper or in a writing booklet, if provided. Start the question on a new page.

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
-

Question 27 (20 marks)

Evaluate the impacts of globalisation on the growth and development of an economy other than Australia.

OR

Question 28 (20 marks)

Evaluate the effect of recent trends in unemployment on the Australian economy.

End of paper

**SBHS TRIAL EXAMS - 2020 ECONOMICS
TRIAL HSC EXAMINATION MARKING
GUIDELINES**

Section I

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

Section II

Question 21 (a)

Criteria	Marks
• Correctly states the meaning of microeconomic reform	1

Answers could include:

- Efficiency
- Productivity
- Aggregate Supply
- Long term growth

Question 21(b)

Criteria	Marks
• Demonstrates a clear understanding of how microeconomic policies complement macroeconomic policies	2
• Makes a correct statement about how microeconomic policies complement macroeconomic policies	1

Answers could include:

- *Macroeconomic policy stabilises economy*
- *Long-term consistency for growth*
- *Reduces inflationary pressure allowing demand-side policies*

Question 21(c)

Criteria	Marks
• Demonstrates a clear understanding of how microeconomic policies have contributed to structural change in the Australian economy	3
• Sketches in general terms how microeconomic policies have contributed to structural change in the Australian economy	2
• Makes a correct statement about microeconomic policies OR structural change	1

Answers could include:

- *ST vs LT*
- *Allocative Efficiency leads to technical efficiency*
- *Structural unemployment*
- *Costs in ST*

Question 21(d)

Criteria	Marks
• Demonstrates a clear understanding of the benefits to Australia's economic performance resulting from microeconomic reform policies	4
• Demonstrates an understanding of the benefits to Australia's economic performance resulting from microeconomic reform policies	3
• Sketches in general terms some benefits to Australia's economic performance resulting from microeconomic reform policies	2
• Makes a relevant statement about microeconomic reform OR refers to a microeconomic reform policy OR Australia's economic performance	1

Answers could include:

- *Uninterrupted growth*
- *Managed inflation*
- *NAIRU*
- *Productivity and efficiency growth*

N.B. reference to specific reforms could be used

Question 22(a)

Criteria	Marks
• Correctly calculates the current account balance from the data in the table as a deficit of -\$46b	1

Question 22(b)

Criteria	Marks
• Demonstrates a comprehensive understanding of the link between a current account deficit and a capital and financial account surplus with a floating exchange rate	4
• Demonstrates a sound understanding of the link between a current account deficit and a capital and financial account surplus with a floating exchange rate	3
• Demonstrates some understanding of the link between a current account deficit and a capital and financial account surplus	2
• Makes reference to some aspects of current account deficit links to the capital and financial account surplus	1

Answers could include:

- *Supply and demand of AUD*
- *Financing of CAD*
- *Debits and credits*
- *Debt servicing costs*
- *Returns on investment*

Question 22(c)

Criteria	Marks
• Demonstrates a comprehensive understanding a policy that can be used by the Australian government to reduce the current account deficit	5
• Demonstrates a sound understanding of a policy that can be used by the Australian government to reduce the current account deficit	4
• Demonstrates some understanding of a policy that can be used by the Australian government to reduce the current account deficit and net foreign debt	3
• Sketches in general terms a policy that can be used by the Australian government to reduce the current account deficit	2
• Makes a relevant statement(s) about a policy that can be used by the Australian government to reduce the current account deficit	1

Answers could include:

- Budget surplus
- Crowding out effect
- Microeconomic reform
- Cash rate and exchange rate
- superannuation

Question 23(a)

Criteria	Mark
• Clearly states the meaning of the term <i>economic development</i>	2
• Identifies factors relating to <i>economic development</i>	1

Answers could include:

- Quality of life & HDI
- GDP per capita

N.B examples were often used to gain the second mark

Question 23(b)

Criteria	Mark
• Sketches in general tems ONE domestic influence contributing to the differences between nations due to the process of globalisation	2
• Identifies ONE influence contributing to the differences between nations due to the process of globalisation	1

Answers could include:

- Natural resources
- Entrepreneurial culture
- Access to technology
- Labour laws and skills
- Education levels

Question 23(c)

Criteria	Mark
<ul style="list-style-type: none"> Clearly shows the implications of how trade flows and financial flows have promoted global growth 	5-6
<ul style="list-style-type: none"> Clearly shows how trade flows OR financial flows have promoted global growth OR Sketches in general terms how trade flows and financial flows have promoted global growth 	3-4
<ul style="list-style-type: none"> Identifies how trade flows OR financial flows have promoted global growth 	1-2

Answers could include:

- Technology
- Capital transfer
- Trade diversion
- Free trade agreements
- Financial deregulation
- TNCs

Question 24(a)

Criteria	Mark
<ul style="list-style-type: none"> Clearly states the meaning of the term <i>trade weighted index</i> 	2
<ul style="list-style-type: none"> Identifies factors influencing the TWI 	1

Answers could include:

- Weighted average
- Major trading partners

Question 24(b)

Criteria	Mark
<ul style="list-style-type: none"> Clearly provides the main differences between a floating and fixed exchange rate 	2
<ul style="list-style-type: none"> Sketches in general terms some difference between a floating and fixed exchange rate. 	1

Answers could include:

- Equilibrium of demand and supply
- Government intervention

Question 24(c)

Criteria	Mark
<ul style="list-style-type: none"> Sketches in general terms TWO factors affecting the supply of Australian dollars 	2
<ul style="list-style-type: none"> States ONE factor affecting the supply of Australian dollars 	1

Answers could include:

- A change to imports
- Australians investing o/s
- Australians travel overseas
- Cash rate
- Debtors on BOP

N.B. The supply of Australian dollars is affected by the people selling AUD

Question 24(d)

Criteria	Mark
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<ul style="list-style-type: none"> Clearly provides positive and negative effects of a depreciation of the Australian dollar on the Australian economy 	4
<ul style="list-style-type: none"> Clearly provides effects of a depreciation of the Australian dollar on the Australian economy 	3
<ul style="list-style-type: none"> Sketches in general terms positive and negative effects of a depreciation of the Australian dollar on the Australian economy 	2
<ul style="list-style-type: none"> Identifies positive OR negative effects of a depreciation of the Australian dollar on the Australian economy 	1

Answers could include:

- *international competitiveness*
- *Value of foreign debt in AUD terms*
- *Financial inflows*
- *Inflation*
- *Cost of imported inputs*

Section III

Question 25

Discuss the effectiveness of expansionary monetary policy in achieving Australia's economic objectives of economic growth and full employment. In your response, refer to economic information provided.

Criteria	Marks
<ul style="list-style-type: none"> • Synthesizes own knowledge and understanding with the information provided, to develop a sustained, logical and cohesive response • Integrates relevant economic terms, concepts, relationships and theory • Demonstrates a clear and comprehensive understanding of the effectiveness of expansionary monetary policy in achieving Australia's economic objectives of economic growth and full employment 	17-20
<ul style="list-style-type: none"> • Synthesizes own knowledge and understanding with the information provided, to develop a logical and cohesive response • Applies relevant economic terms, concepts, relationships and theory • Demonstrates a sound understanding of the effectiveness of expansionary monetary policy in achieving Australia's economic objectives of economic growth and full employment 	13-16
<ul style="list-style-type: none"> • Uses own knowledge and understanding with the information provided, to develop a coherent response • Uses relevant economic terms, concepts, relationships and theory • Sketches in general terms the effectiveness of expansionary monetary policy in achieving Australia's economic objectives of economic growth and full employment <p>OR</p> <ul style="list-style-type: none"> • Demonstrates a sound understanding of the effectiveness of expansionary monetary policy in achieving Australia's economic objectives of economic growth OR full employment 	9-12
<ul style="list-style-type: none"> • Presents a generalized response • Uses some economic terms and concepts • Identifies some aspects of the effectiveness of expansionary monetary policy in achieving Australia's economic objectives of economic growth and full employment 	5-8
<ul style="list-style-type: none"> • Presents a limited response • Uses some economic terms and concepts • Lists some aspects of EITHER monetary policy OR economic growth OR full employment 	1-4

Answers could include:

- | | |
|--|---|
| <ul style="list-style-type: none"> - DMOs/ESAs - Transmission mechanism - Limitations of monetary policy - Blunt instrument - Time lags | <ul style="list-style-type: none"> - Other influences e.g. fiscal, global - Multiplier from injections - Unemployment - Underemployment |
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Feedback

N.B. There isn't a need to reference an economist

Must use stimulus regularly

No diagram needed to get an A range but AS/AD diagram effective

Evidence from the last 10 years is needed – Covid as per the stimulus

Question 26

Discuss the effects of expansionary fiscal policy on Australian economic activity and external stability. In your response, refer to the economic information provided.

Criteria	Marks
<ul style="list-style-type: none">• Synthesizes own knowledge and understanding with the information provided, to develop a logical and cohesive response• Integrates relevant economic terms, concepts, relationships and theory• Demonstrates a clear and comprehensive understanding of the effects of expansionary fiscal policy on Australian economic activity and external stability	17-20
<ul style="list-style-type: none">• Synthesizes own knowledge and understanding with the information provided, to develop a logical and coherent response• Applies relevant economic terms, concepts, relationships and theory• Demonstrates a sound understanding of the effects of expansionary fiscal policy on Australian economic activity and external stability	13- 16
<ul style="list-style-type: none">• Uses own knowledge and understanding with the information provided, to develop a coherent response• Uses relevant economic terms, concepts, relationships and theory• Sketches in general terms some of the effects of expansionary fiscal policy on Australian economic activity and external stability	9-12
<ul style="list-style-type: none">• Presents a generalized response• Uses some economic terms and conceptsIdentifies some aspects of the effects of expansionary fiscal policy on Australian economic activity and external stability	5-8
<ul style="list-style-type: none">• Presents a limited response• Uses some economic terms and concepts• Lists some aspects of expansionary fiscal policy on Australian economic activity OR External stability	1-4

Answers could include:

- *Jobkeeper/JobSeeker*
- *Predicted budget vs actual budget*
- *Net foreign debt*
- *Surplus/deficit*
- *Crowding out effect*
- *Time lags*
- *Global influences*
- *Multiplier effect*

N.B. There isn't a need to reference an economist

Must use stimulus regularly

No diagram needed to get an A range but AS/AD diagram effective

Evidence from the last 10 years is needed – Covid as per the stimulus

Section IV

Question 27 (20 marks)

Evaluate the impacts of globalisation on the growth and development of an economy other than Australia.

Criteria	Marks
<ul style="list-style-type: none">● Extensive integration of relevant terms, concepts, relationships and theories● Provides comprehensive economic information in a sustained, logical and cohesive response● Makes a clear judgement using supporting evidence of the impacts of globalisation on the growth and development of an economy other than Australia	17-20
<ul style="list-style-type: none">● Integrates relevant terms, concepts, relationships and theories● Provides sound economic information in a sustained, logical and cohesive response● Demonstrates a clear understanding of the effects of globalisation on the growth and development of an economy other than Australia	13-16
<ul style="list-style-type: none">● Applies relevant terms, concepts, relationships and theories● Develops a coherent response● Demonstrates some understanding of effects of globalisation on the growth and development of an economy other than Australia	9-12
<ul style="list-style-type: none">● Uses some appropriate economic terms, concepts and relationships● Develops a generalised response● States some aspects of effects of the effects of globalisation on the growth and development of an economy other than Australia	5-8
<ul style="list-style-type: none">● Uses few economic terms, concepts and relationships● Presents a limited response● Uses some economic terms and/or concepts that relate to the economic growth and development	1-4

Answers could include:

- *globalisation*
- *economic growth and development*
- *GDP and HDI indicators*
- *Stats on growth and development*
- *Policies/strategies promoting economic growth of an economy other than Australia*
- *Policies/ strategies promote development of an economy other than Australia*
- *Effectiveness and measure change*

Question 28 (20 marks)

Evaluate the effect of recent trends in unemployment on the Australian economy.

Criteria	Marks
<ul style="list-style-type: none">• Provides a sustained, logical and cohesive response• Integrates relevant economic terms, concepts, relationships and theory.• Makes a clear judgment using supporting evidence on the effect of recent trends in unemployment on the Australian economy.	17-20
<ul style="list-style-type: none">• Provides a logical and cohesive response• Applies relevant economic terms, concepts, relationships and theory• Demonstrates a clear understanding of the effect of recent trends in unemployment on the Australian economy.	13-16
<ul style="list-style-type: none">• Provides a coherent response• Uses relevant economic terms, concepts, relationships and theory• Sketches in general terms the recent trends in unemployment and some impacts on the economy.	9-12
<ul style="list-style-type: none">• Provides a generalized response• Uses some economic terms and concepts• Sketches in general terms some aspects of recent trends in unemployment	5-8
<ul style="list-style-type: none">• Provides a limited response• Uses some economic terms and concepts• Lists some aspects of unemployment	1-4

Answers could include:

- Underemployment
- Cyclical unemployment
- Structural unemployment
- Long-term unemployment
- Effects on monetary and fiscal policy
- Inflation
- Distribution of income
- Opportunity cost
- PPF

N.B. There isn't a need to reference an economist

No diagram needed to get an A range but AS/AD diagram or Phillips curve effective

Evidence from the last 10 years is needed – Covid