Student Number _____

ABBOTSLEIGH

2021

TRIAL HIGHER SCHOOL CERTIFICATE

Economics

I, _____,

verify that the work uploaded for this task is all my own work and has been done in accordance with the 2021 Trial HSC protocols and agreement.

Signed:_____

Date:_____

TOTAL MARKS – 100
WEIGHTING - 30%
TIME ALLOWED - 3 hours and 5 minutes reading time

General Instructions

- Write your Student Number at the top of this page.
- Write using black or blue pen. Black pen is preferred
- Board approved calculators can be used.

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

SECTION III - 20 marks
- Attempt Question 25 **or** 26
- Allow about 35 minutes for this section

SECTION IV - 20 marks
- Attempt Question 27 **or** 28
- Allow about 35 minutes for this section

Section I

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

Use the Multiple Choice Answer Sheet provided.

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

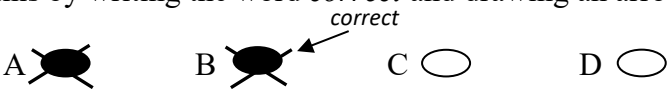
Sample 2 + 4 = (A) 2 (B) 6 (C) 8 (D) 9

A ○ B ● C ○ D ○

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

A ● B ⊗ C ○ D ○

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



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1. Which of the following cyclical changes to taxation revenue and transfer payments is most likely to occur if the economy enters a downswing?

Taxation revenue	***Transfer payments***
a) Increases	Increase
b) Increases	Decrease
c) Decreases	Increase
d) Decreases	Decrease

2. Which of the following might be an *impact* on Australia if global interest rates start to rise, while in Australia interest rates remain unchanged?

   a) Australia's debt servicing ratio would start to rise
   b) The Australian dollar would start to appreciate
   c) Foreign investors will start to buy less Australian assets
   d) There could be an unfavourable movement in Australia's Terms of Trade

3. The following table shows selected data for an economy.

Real GDP ($b)	*Net foreign liabilities ($b)*	*Net foreign debt ($b)*
1800	800	500

What is the value of the net foreign equity as a percentage of real GDP?

a) 16.7%
b) 72.2%
c) 62.5%
d) 44.4%

4. The table shows selected economic data for 2 countries, A and B

Country	*Nominal GDP ($US)*	*Consumer Price Index (CPI)*	*Human Development Index*
Country A	$390 billion	114	0.97
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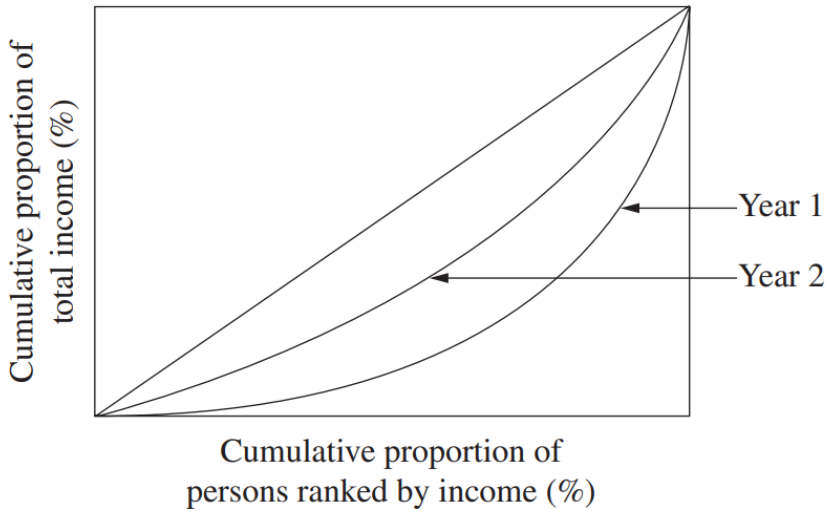
According to the data in the table, which statement correctly describes the value of real GDP and the level of economic development between Country A and Country B?

a) Country A has a higher real GDP but lower economic development level than Country B
b) Country A has a higher real GDP and higher level of economic development than country B
c) Country A has a higher level of economic development but lower real GDP than Country B
d) Country A has a lower real GDP and lower level of economic development than country B

5. Australian shareholders receive dividends from their international shares held in their superannuation funds. How would these transactions be recorded in the Balance of Payments?

a) A credit in the Secondary Income account of the Current Account
b) A credit in the Capital Account
c) A credit in the Financial Account
d) A credit in the Primary Income account of the Current Account

6. The following diagram shows the level of income in an economy over two years.



What combination of changes could have caused the shift in the Lorenz curve from Year 1 to Year 2?

	Change in Taxation	***Labour Market***
a)	An increase in the tax-free threshold	A reduction in spending on training
b)	Reduced company tax	An increase in underemployment
c)	A reduction in the number of steps in the progressive tax system	An increase in award wages
d)	A reduction in excise duty	An increase in unemployment benefits

7. Which of the following are negative impacts of transnational corporations in the global economy?

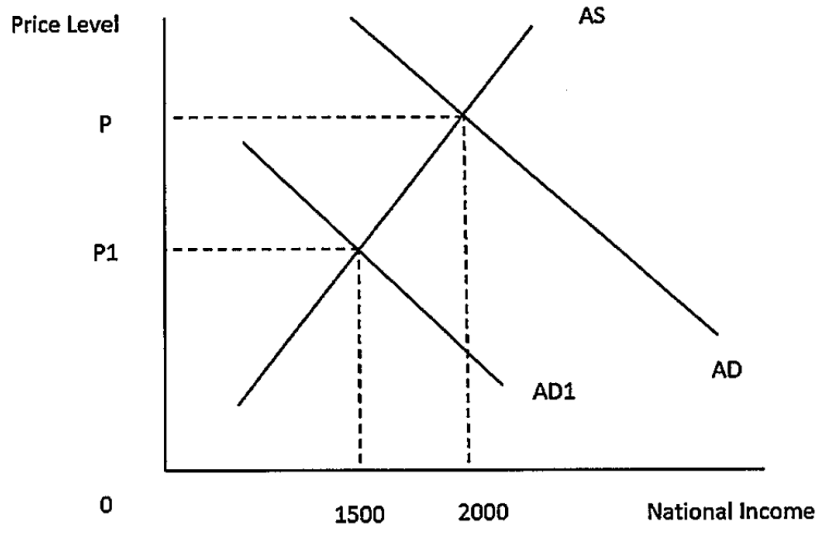
a) Reduced labour mobility and less access to funds in the global economy

b) Increased tax minimisation strategies and increased environmental degradation

c) Greater trade protection and less sharing of technology

d) Increased global financial volatility and higher costs of production

8. The following diagram shows an increase in aggregate demand.



Assuming the economy has a marginal propensity to consume of 0.6, what change of AD would have caused the change in national income above?

a) 200
b) 500
c) 300
d) 125

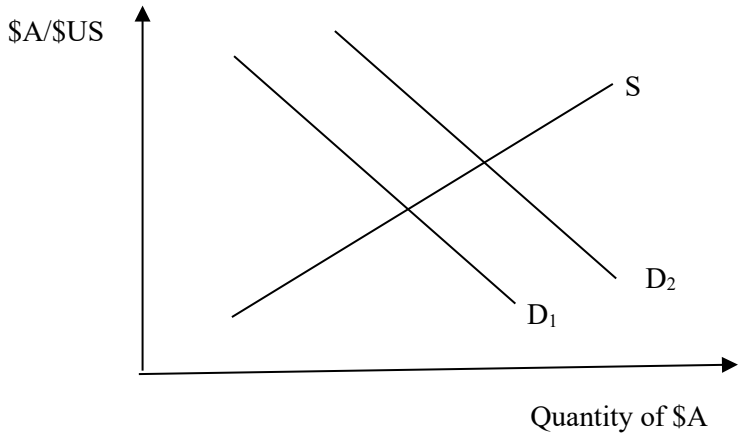
9. The table shows population and employment data for two countries, A and B.

Country	Population (m)	Working age population (m)	Full-time employed (m)	Part-time employed (m)	Unemployed (m)
A	25	17	12	3	1
B	300	250	150	50	9

Which of the following statements is correct?

a) Country A has both a higher participation rate and higher unemployment rate than Country B.
b) Country A has a higher participation rate but a lower unemployment rate than Country B.
c) Country A has a lower participation rate but a higher unemployment rate than Country B.
d) Country B has both a higher participation rate and higher unemployment rate than Country A.

10. The graph below shows the demand and supply of the $A. Which of the following is most likely to be the cause of the shift in the demand for the $A from D_1 to D_2?



a) An increase in Australians buying imports

b) An increase in Australian interest rates

c) A decrease in Australian economic growth

d) An increase in Australia's net primary income deficit

11. The table below shows selected data for the Australian economy.

Year	***Exchange rate $A/$US***	***Export Price Index***	***Import Price Index***
Year 1	0.78	160	105
Year 2	0.72	168	108

According to the data, which statement is correct in relation to the changes from Year 1 to Year 2?

a) International competitiveness has improved, and the terms of trade has deteriorated

b) International competitiveness has deteriorated, and the terms of trade has improved

c) Both international competitiveness and the terms of trade has improved

d) Both international competitiveness and the terms of trade has deteriorated

12. Which of the following is an example of foreign direct investment?

a) An Australian investor buys a small parcel of shares on the Japanese stock market

b) A domestic trader purchasing foreign currency on the foreign exchange market

c) A transnational company establishes a subsidiary in another country

d) A state government borrowing funds from overseas to build road infrastructure

13. The Chinese government puts a tariff on all of their imports from Australia. All other things being equal which of the following would most likely occur?

Impact on Australian economy	***Value of the $A***
a) Decreased demand for Australian exports	Appreciation
b) A deterioration in Australia's Current Account	Depreciation
c) An improvement in Australia's Terms of Trade	Depreciation
d) A deterioration in the Net Primary Income Account	Appreciation

14. The information in the table below refers to a hypothetical economy.

Year	***Income ($billion)***	***Consumption ($billion)***
1	500	400
2	700	550
3	900	700

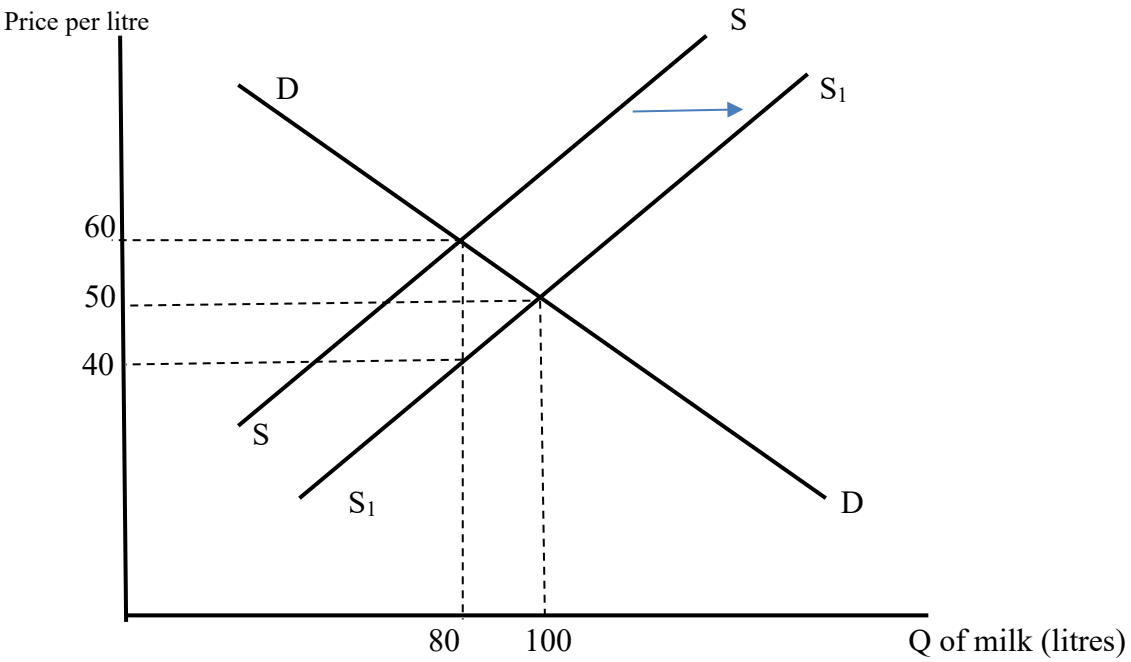
Assuming that the marginal propensity to consume (MPC) remains constant, what will be the level of income in Year 4 if investment increases by $100 billion?

a) $1000 billion
b) $975 billion
c) $1300 billion
d) $750 billion

15. An economy's NAIRU is 4.5%. The current rate of unemployment has recently fallen from 5.2% to 4.9%. Which of the following is most consistent with this change?

	Inflation Rate	***Wage Expectations***	***Economic Activity***
a)	Decrease	Increase	Increase
b)	Increase	Increase	Increase
c)	Decrease	Decrease	Decrease
d)	Increase	Decrease	Decrease

16. Examine the following graph which illustrates the effects of introducing a subsidy to dairy farmers producing milk in a hypothetical closed economy.

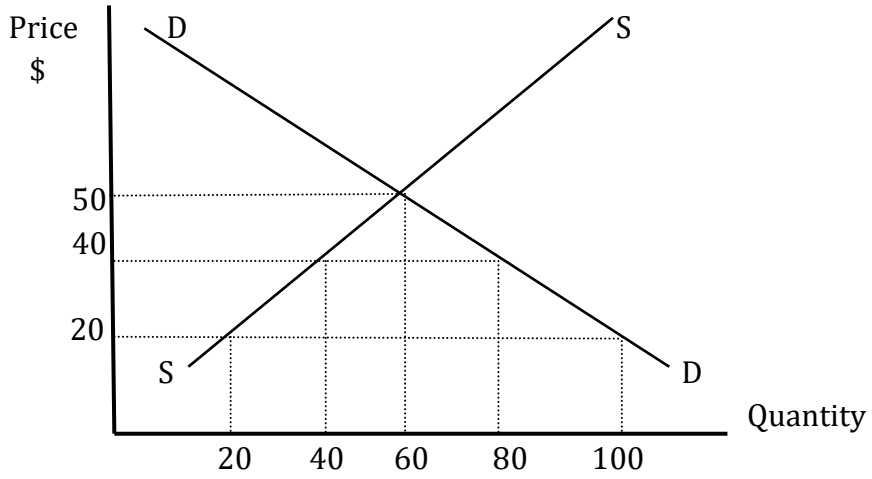


Which of the following statements is CORRECT in relation to introducing the subsidy?

a) Government spending increases by $1600 and these farmers are less competitive on the global market
b) Government spending increases by $2000 and the price of milk falls by $20 a litre
c) Government spending increases by $1600 and the price of milk falls by $10 a litre
d) Government spending increases by $2000 and the price of milk falls by $10 a litre

17. Which of the following best describes dumping in international trade?
    a) When foreign firms sell their products in another country at a lower price than the selling price in the country of origin.
    b) When foreign firms sell more goods in another country than local producers sell in that country.
    c) When foreign firms sell their products in another country, at a cheaper price than local producers in that country.
    d) When a foreign country signs a free trade agreement with another country and trade is diverted there.

18. The graph below shows information about a tariff where the world price is $20 and the price with the tariff is $40.



Which of the following statements is CORRECT in relation to this tariff being implemented?

    a) Domestic producers' revenue will increase by $2600 and the government will receive $400 in taxation
    b) Domestic producers' revenue will increase by $1600 and the government will receive $1600 in taxation
    c) Domestic producers' revenue will increase by $1200 and the government will receive $800 in taxation
    d) Domestic producers' revenue will increase by $1600 and the government will receive $800 in taxation

19. The following shows balance of payments data for an economy with a floating exchange rate.

Item	***Value $b***
Exports	1000
Imports	1050
Net Primary Income	?
Net Secondary Income	60
Capital Account	200
Financial Account	400

What is the value of the Net Primary Income?

a) -$1510b
b) - $660b
c) - $610b
d) - $1900b

20. Which of the following is an example of a multilateral trade agreement that Australia is NOT part of?

a) The Comprehensive & Progressive Agreement for Trans-Pacific Partnership (CPTPP)
b) APEC
c) ASEAN
d) ANZCERTA

END OF SECTION I

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.
- Extra writing space is available at the end of the booklet. If you use this space, clearly indicate what question you are answering.

Question 21 (10 marks)

a) Define the term *Trade Weighted Index.* (1 mark)

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b) Explain the *advantages* and *disadvantages* of having a *floating exchange rate.* (4 marks)

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c) Explain how the Reserve Bank's intervention in the foreign exchange market and the domestic money market, could influence the value of the Australian dollar. (5 marks)

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Question 22 (10 marks)

a) Outline the link between *public goods* and *free riders*. (2 marks)

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b) Explain an example of *market failure* and the associated *negative externalities* that could arise in relation to ONE environmental issue. (3 marks)

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c) Explain how *market-based policies* and *targets* could be used by the Australian government to help reduce climate change. (5 marks)

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Question 23 (10 marks)

a) Define the terms *net foreign liabilities* and *debt servicing ratio*. (2 marks)

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b) Explain how continued *budget deficits* could impact Australia's *external stability.* (3 marks)

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c) Analyse the reasons why Australia has achieved a *current account surplus* in the last few years. (5 marks)

Question 24 (10 marks)

a) Distinguish between a *trade bloc* and a *monetary union*. (2 marks)

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b) Outline the role of the *International Monetary Fund* during an international business cycle downswing. Provide a specific example. (3 mark)

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> Governments often face significant conflicts in seeking to achieve their policy objectives. In attempting to achieve one goal, the government may limit its ability in achieving another.
>
> *Australia in the Global Economy*, Dixon p284

c) Discuss ONE recent policy conflict in Australia and ONE recent policy conflict in a country other than Australia. (5 marks)

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END OF SECTION II

Section II Extra writing space

If you use this space, clearly indicate what question you are answering

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Section II Extra writing space

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Section III

20 marks
Attempt EITHER Question 25 OR Question 26
Allow about 35 minutes for this section

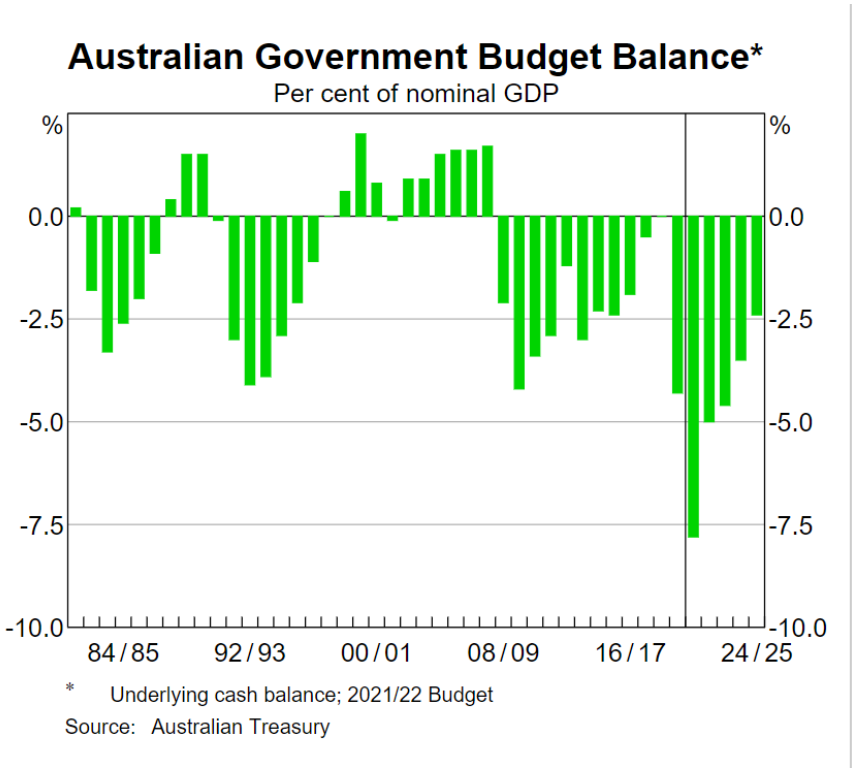
Answer the question in a SEPARATE writing booklet. Extra writing booklets are available.

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

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

Question 25 (20 marks)

Analyse the impact and effectiveness of current fiscal policy in achieving the Australian government's recent economic objectives.



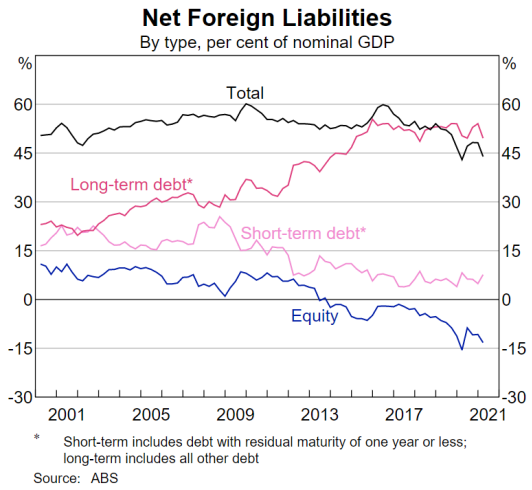
"Australia is currently experiencing the impact of the largest ever fiscal policy intervention in the economy, where the goal is to reduce the severity and duration of the COVID-19 downturn. Key cyclical influences, automatic stabilisers, and discretionary government policy decisions should help growth and help reduce the size of the budget deficit and debt over time."

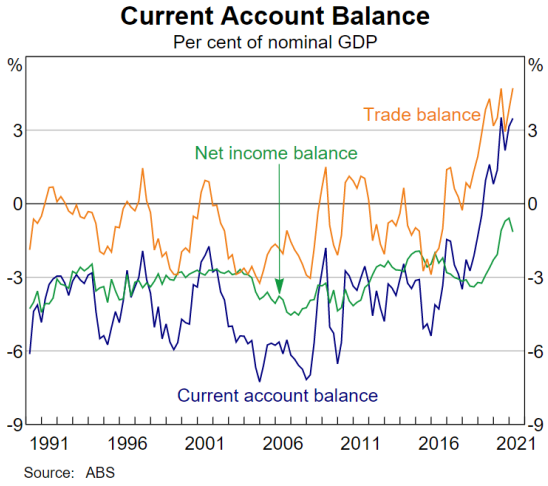
Adapted from Dixon text.

OR

Question 26 (20 marks)

Analyse the global and domestic factors that have caused changes in Australia's external stability. Discuss some of the impacts of these fluctuations.





"Australia's balance of payments and external accounts have undergone a significant transformation in the last few decades.

On the capital account, the mirror image of the current account, there has been a significant change in both the composition of the capital flows and, as a result, the stock of foreign liabilities and assets. Government debt now comprises a much larger share of debt liabilities. On the asset side, the large increase in Australian offshore equity investment, mostly through the superannuation sector, means the country as a whole has a net asset position in equities. The external accounts do not constitute a source of vulnerability and have become increasingly resilient over the past 30 years."

*Adapted from the **Address to the Economic Society of Australia***
Guy Debelle Deputy Governor RBA
27 August 2019

Section IV

20 marks
Attempt EITHER Question 27 OR Question 28
Allow about 35 minutes for this section

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

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- demonstrate knowledge and understanding relevant to the question
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- present a sustained, logical, and cohesive response

Question 27 (20 marks)

Analyse the reasons for and the potential effects of rising global protectionist trade policies on both the global economy and the Australian economy.

OR

Question 28 (20 marks)

Compare the impact of globalisation on economic growth, environmental sustainability, and inequality in Australia and ONE other economy.

END OF EXAMINATION

Student Number _____

ABBOTSLEIGH

2021

TRIAL HIGHER SCHOOL CERTIFICATE

Economics

Marking Guidelines

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

Section I
20 marks

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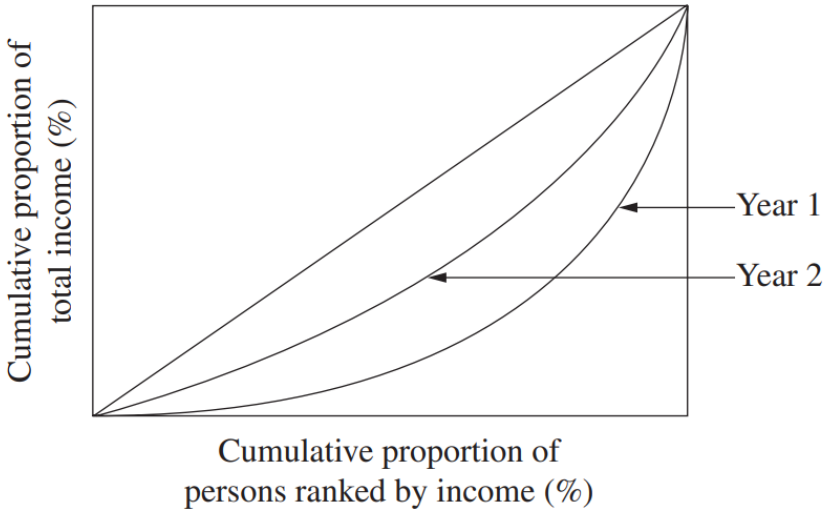
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What combination of changes could have caused the shift in the Lorenz curve from Year 1 to Year 2?

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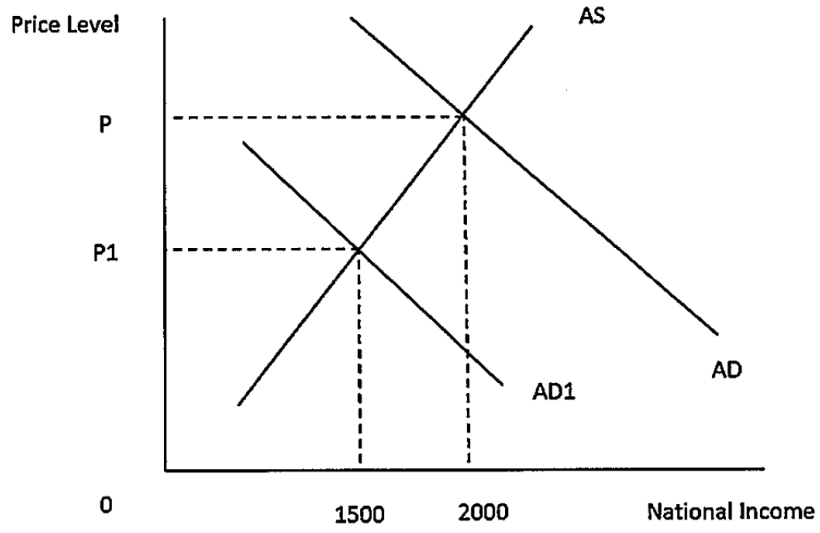
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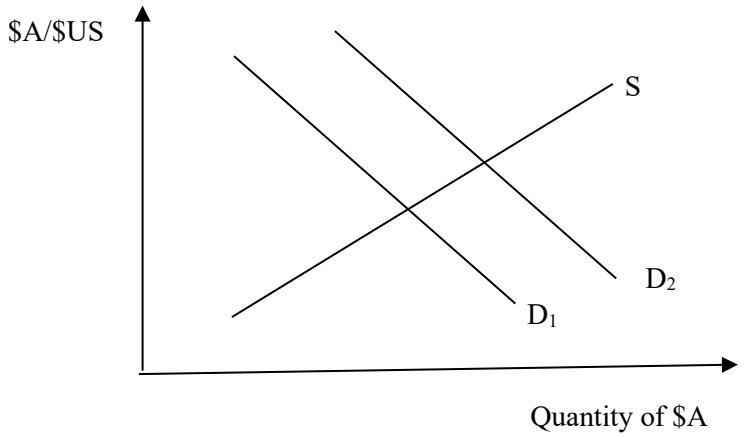
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3	900	700

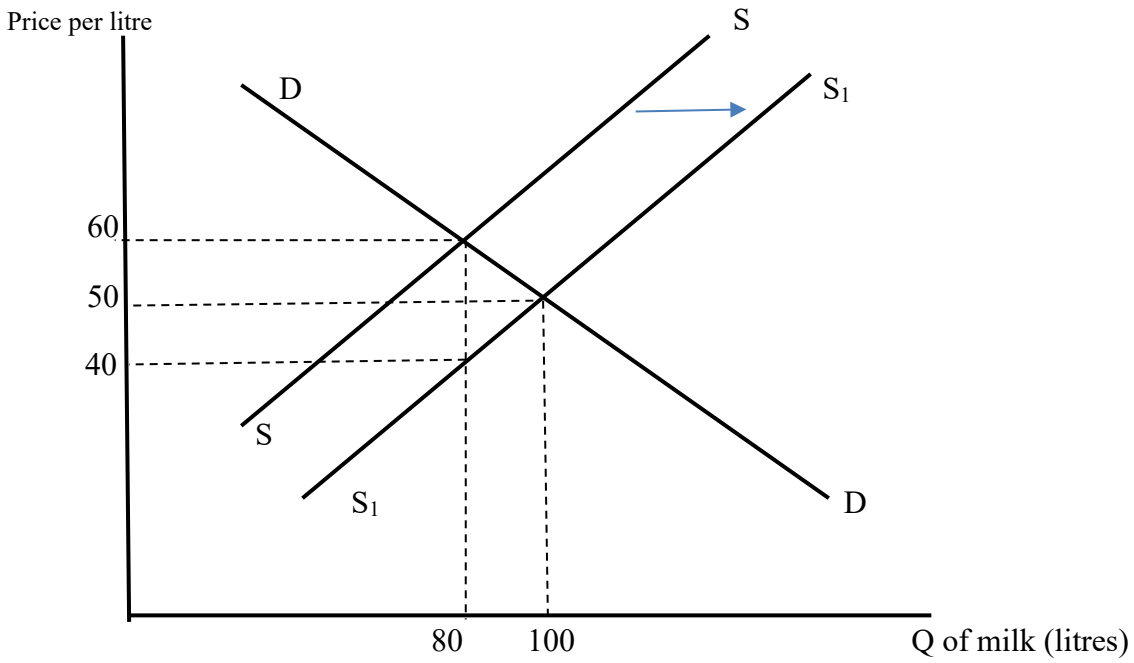
Assuming that the marginal propensity to consume (MPC) remains constant, what will be the level of income in Year 4 if investment increases by $100 billion?

a) $1000 billion
b) $975 billion
c) $1300 billion
d) $750 billion

15. An economy's NAIRU is 4.5%. The current rate of unemployment has recently fallen from 5.2% to 4.9%. Which of the following is most consistent with this change?

	Inflation Rate	***Wage Expectations***	***Economic Activity***
a)	Decrease	Increase	Increase
b)	Increase	Increase	Increase
c)	Decrease	Decrease	Decrease
d)	Increase	Decrease	Decrease

16. Examine the following graph which illustrates the effects of introducing a subsidy to dairy farmers producing milk in a hypothetical closed economy.

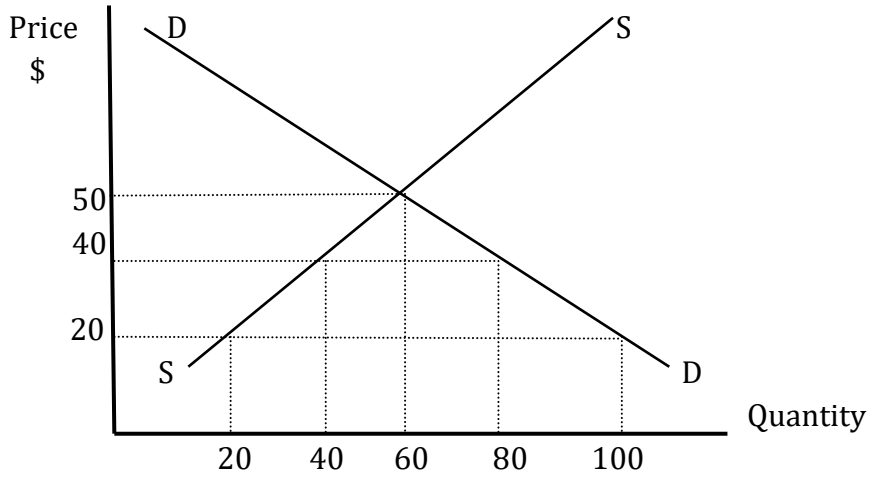


Which of the following statements is CORRECT in relation to introducing the subsidy?

a) Government spending increases by $1600 and these farmers are less competitive on the global market
b) Government spending increases by $2000 and the price of milk falls by $20 a litre
c) Government spending increases by $1600 and the price of milk falls by $10 a litre
d) Government spending increases by $2000 and the price of milk falls by $10 a litre

17. Which of the following best describes dumping in international trade?
    a) When foreign firms sell their products in another country at a lower price than the selling price in the country of origin.
    b) When foreign firms sell more goods in another country than local producers sell in that country.
    c) When foreign firms sell their products in another country, at a cheaper price than local producers in that country.
    d) When a foreign country signs a free trade agreement with another country and trade is diverted there.

18. The graph below shows information about a tariff where the world price is $20 and the price with the tariff is $40.



Which of the following statements is CORRECT in relation to this tariff being implemented?

    a) Domestic producers' revenue will increase by $2600 and the government will receive $400 in taxation
    b) Domestic producers' revenue will increase by $1600 and the government will receive $1600 in taxation
    c) Domestic producers' revenue will increase by $1200 and the government will receive $800 in taxation
    d) Domestic producers' revenue will increase by $1600 and the government will receive $800 in taxation

19. The following shows balance of payments data for an economy with a floating exchange rate.

Item	***Value $b***
Exports	1000
Imports	1050
Net Primary Income	?
Net Secondary Income	60
Capital Account	200
Financial Account	400

What is the value of the Net Primary Income?

a) -$1510b
b) - $660b
c) - $610b
d) - $1900b

20. Which of the following is an example of a multilateral trade agreement that Australia is NOT part of?

a) The Comprehensive & Progressive Agreement for Trans-Pacific Partnership (CPTPP)
b) APEC
c) ASEAN
d) ANZCERTA

END OF SECTION I

Section II
40 marks

Question 21 (10 marks)

a) **Define the term *Trade Weighted Index.*** (1 mark)

Criteria	Marks
Clearly defines *Trade Weighted Index*	1

Possible answers:

- A measure of the value of the Australian dollar against a basket of currencies of trading partners. These currencies are weighted according to their significance to Australia's trade flows.

b) Explain the *advantages* and *disadvantages* of having a *floating exchange rate.*
(4 marks)

Criteria	Marks
Comprehensive explanation of advantages and disadvantages of having a floating exchange rate	4
Sound explanation of advantages and disadvantages of having a floating exchange rate	3
Outlines the advantages and disadvantages of having a floating exchange rate	2
Identifies a relevant point in relation to an advantage or disadvantage of having a floating exchange rate	1

Possible answers:

Advantages:

- The $A floating acts like an automatic stabiliser. It floats up in a boom which helps slower X sales and dampen AD. It floats down in a slowdown which helps boost X demand and helps raise AD
- Monetary policy becomes more independent and more effective because there is no change in the money supply
- Market forces determine the value of the currency
- Greater integration into global capital markets if a country has a floating $

Disadvanatges:

- The dollar becomes much more volatile
- More volatility makes for more uncertainty for exporters and importers

c) **Explain how the Reserve Bank's intervention in the foreign exchange market and the domestic money market, could influence the value of the Australian dollar.** (5 marks)

Criteria	Marks
• Comprehensive explanation of how the Reserve Bank's intervention in the foreign exchange market and the domestic money market, could influence the value of the Australian dollar.	5
• Sound explanation of how the Reserve Bank's intervention in the foreign exchange market and the domestic money market, could influence the value of the Australian dollar.	3-4
• Outlines how the Reserve Bank's intervention in the foreign exchange market and the domestic money market, could influence the value of the Australian dollar.	2
• Identifies a point in relation to how the Reserve Bank's intervention in the foreign exchange market and the domestic money market, could influence the value of the Australian dollar.	1

Possible answers:

- The RBA can intervene **directly in the FOREX market** by buying and selling foreign currency ie. a "dirty float" eg. During the GFC, the $A depreciated 30% so the RBA purchased $3.3b to increase the demand and help stabilise the currency.

- They can intervene **indirectly in the domestic money market** by changing the level of the cash rate (thus other interest rates)
  Higher interest rates could encourage more capital inflow to Australia, thus causing more demand for the $A and an appreciation. Lower interest rates could discourage capital inflow to Australia, (thus causing less demand for the $A) and encourage capital outflow (more supply of $A) which both cause a depreciation.

- **Jawboning**
  When the RBA governor gives talks to businesses and others, they can give signals which **influence speculator activity**. Eg. if there is a hint that the cash rate will drop, the speculators may start to sell the $A in anticipation of a future depreciation, thus actually causing it. So, the RBA can actually talk the $ down or up to help influence its direction.

Question 22 (10 marks)

a) **Outline the link between *public goods* and *free riders*.** (2 marks)

Criteria	Marks
Correctly outlines the link between free riders and government provision of public goods	2
May outline what free riders are but no link to government provision of services	1

Suggested responses could include:

Free riders refer to groups or individuals who benefit from a good or service without contributing to the cost of supplying the good or service.

The potential for free rider behaviour means private markets either don't provide or they underprovide certain goods and services because they are not profitable. They are not reflected in the price mechanism and setting a price doesn't limit consumption. Therefore, the government tends to provide these goods. Eg cost of cleaning up the environment, libraries, streetlights

b) **Explain an example of *market failure* and the associated *negative externalities* that could arise in relation to ONE environmental issue.** (3 marks)

Criteria	Marks
One mark for explaining an example of market failure	1
Two marks for explaining more than one externality associated with that market failure Only one mark if there is only one externality explained	1-2

Possible answers

- **Climate Change** is an example of market failure where the price mechanism fails to take into account the negative externalities associated with a rise in CO2 levels.
- Some of the negative externalities could include:
  - Rising sea levels
  - Stronger storms/ floods/ intense weather patterns
  - Longer droughts and more intense bushfires
  - More species becoming endangererd/ loss of habitat
  - Environmental refugees

c) **Explain how *market-based policies* and *targets* could be used by the Australian government to help reduce climate change.** (5 marks)

Provides a **detailed analysis** of how *market-based policies* and *targets* could be used by the Australian government to help reduce climate change	5
Provides a **general analysis** of how *market-based policies* and *targets* could be used by the Australian government to help reduce climate change	3-4
Provides a **limited analysis** of how *market-based policies* and *targets* could be used by the Australian government to help reduce climate change	1-2
Non attempt	0

Possible Answers could include discussion of:

- Carbon tax
- Emissions Trading Scheme
- Emissions Reduction Fund (Direct Action)
- Renewable Energy Targets
- Paris Agreement emissions target
- Short/medium/long term emissions targets

Question 23 (10 marks)

a) Define the terms *net foreign liabilities* and *debt servicing ratio*. (2 marks)

Criteria	Marks
Clearly defines both NFL and debt servicing ratio	2
Clearly defines either NFL or debt servicing ratio	1

Possible Answer

Net Foreign Liabilities are Australia's obligations to the rest of the world (foreign debt plus foreign equity) minus the rest of the world's financial obligations to Australia.

Debt Servicing Ratio is the proportion of export revenue used to make repayments on foreign debt. It is a common measure used to assess sustainability of our foreign debt.

b) Explain how continued *budget deficits* could impact Australia's *external stability.*

(3 marks)

Provides a **detailed explanation** of how continued *budget deficits* could impact Australia's *external stability.*	3
Provides a **general explanation** of how continued *budget deficits* could impact Australia's *external stability.*	2
Provides a **limited explanation** of how continued *budget deficits* could impact Australia's *external stability*	1
Non attempt	0

Possible answer could include:

- Discussion of how continued budget deficits add to our foreign debt because deficits are financed partly by selling bonds to foreigners
- Servicing cost of the yield payments on the bonds sold to foreigners, so impact on the current account and NPY
- Australia's AAA credit rating could be impacted which would add to the cost of servicing foreign loans
- Discussion of "twin deficit" hypothesis
- Continued budget deficits mean that the S-I gap is more difficult to reduce if there is continued borrowing by government, private sector may need to borrow offshore
- Crowding out impact could impact the exchange rate (if the private sector needs to borrow more offshore

c) Analyse the reasons why Australia has achieved a *current account surplus* in the last few years.

(5 marks)

Provides a **detailed analysis** of why Australia has achieved a current account surplus in the last few years	5
Provides a **general analysis** of why Australia has achieved a current account surplus in the last few years	3-4
Provides a **limited analysis** of why Australia has achieved a current account surplus in the last few years	1-2
Non attempt	0

Possible responses:

- Slowing economy has meant less dividends and profits flowing out of the NPY account as debits.
- Australian have a lot of money in superannuation which is often invested overseas. This means profits, dividends and interest is flowing into Australia as NPY credits
- High iron ore prices recently due to Brazilian mining problems (collapsed dam walls & COVID) affected global supply
- Higher quantity of iron-ore to China as they stimulate their economy creates bigger BOGS surplus and bigger CAS
- Slowing imports due to disrupted supply chains and less demand for imported goods during lockdowns etc
- Demand for agricultural products is still strong despite global slowdown
- Rural exports have increased since the drought improved

Question 24 (10 marks)

a) **Distinguish between a *trade bloc* and a *monetary union*.** (2 marks)

Criteria	Marks
Clearly distinguished between a trade bloc and monetary union	2
Defines either trade bloc or monetary union	1

Possible Answer

Trade Bloc occurs when a number of countries join together in a formal preferential trading agreement to the exclusion of other countries (eg the EU)

Monetary Union is where 2 or more countries share a common currency (eg the euro is used by several countries in Europe)

b) **Outline the role of the *International Monetary Fund* during an international business cycle downswing. Provide a specific example.** (3 mark)

Criteria	Marks
Student outlines the roles of the IMF and provides a specific example	3
Student outlines a role of the IMF and provides a specific example	2
Student outlines one role of the IMF but no example, or example but no role	1

Possible answers:

The IMF's main goal is to ensure the stability of the international monetary and financial system. It helps resolve crises and works with its member countries to promote growth and alleviate poverty.

Any example of a country that has received a bailout or other assistance would be OK. Eg. Greece received 3 bailouts during the EU debt crisis

c) **Discuss ONE recent policy conflict in Australia and ONE recent policy conflict in a country other than Australia.** (5 marks)

Provides a **detailed analysis** of ONE recent policy conflict in Australia and ONE recent policy conflict in a country other than Australia.	**5**
Provides a **general analysis** of ONE recent policy conflict in Australia and ONE recent policy conflict in a country other than Australia.	**3-4**
Provides a **limited analysis** of ONE recent policy conflict in Australia and ONE recent policy conflict in a country other than Australia.	**1-2**
Non attempt	**0**

Possible answers could include discussion of:

Australia:

- reducing inflation v increasing unemployment
- economic growth v less sustainable external stability
- economic growth v rising inequality
- expansionary fiscal policy v external stability (via increased foreign debt)

China:

- economic growth v environmental sustainability
- economic growth v inequality

Section III 20 marks

Question 25 (20 marks)

Analyse the impact and effectiveness of current fiscal policy in achieving the Australian government's recent economic objectives.

Criteria	Mark
• Integrates relevant economic terms, concepts, relationships and theories • Integrates both the data and quote from the stimulus into response • Provides a sustained, logical and cohesive response • Demonstrates a clear and comprehensive understanding of the impact of current fiscal policy in achieving the Australian government's recent economic objectives. • Demonstrates a clear and comprehensive understanding of the effectiveness of current fiscal policy in achieving the Australian government's recent economic objectives.	17-20
• Applies relevant economic terms, concepts, relationships and theories • Includes either the data or quote from the stimulus into response • Provides a logical and cohesive response • Demonstrates a sound understanding of the impact of current fiscal policy in achieving the Australian government's recent economic objectives. • Demonstrates a sound understanding of the effectiveness of current fiscal policy in achieving the Australian government's recent economic objectives.	13-16
• Uses economic terms and concepts, and shows some relationships • May not include stimulus • Develops a coherent response • Outlines of the impact of current fiscal policy in achieving the Australian government's recent economic objectives. • Outlines some aspects of the effectiveness of current fiscal policy in achieving the Australian government's recent economic objectives.	9-12
• Develops a generalised response • Uses some economic terms or concepts • Sketches the impact of current fiscal policy in achieving the Australian government's recent economic objectives. • Sketches some aspects of the effectiveness of current fiscal policy in achieving the Australian government's recent economic objectives.	5-8
• Presents a limited response • May attempt to use some economic terms • Attempts to address the impact and/or effectiveness of current fiscal policy	1-4

Question 26 (20 marks)

Analyse the global and domestic factors that have caused changes in Australia's external stability. Discuss some of the impacts of these fluctuations.

Criteria	Mark
• Integrates relevant economic terms, concepts, relationships and theories • Integrates both the data and quote from the stimulus into response • Provides a sustained, logical and cohesive response • Demonstrates a clear and comprehensive understanding of the global and domestic factors that have caused changes in Australia's external stability. • Demonstrates a clear and comprehensive understanding of the impacts of these fluctuations.	17-20
• Applies relevant economic terms, concepts, relationships and theories • Includes either the data or quote from the stimulus into response • Provides a logical and cohesive response • Demonstrates a sound understanding of the global and domestic factors that have caused changes in Australia's external stability. • Demonstrates a sound understanding of the impacts of these fluctuations.	13-16
• Uses economic terms and concepts, and shows some relationships • Does not include stimulus • Develops a coherent response • Outlines some of the global and domestic factors that have caused changes in Australia's external stability. • Outlines some aspects of the impacts of these fluctuations.	9-12
• Develops a generalised response • Uses some economic terms or concepts • Sketches the global and domestic factors that have caused changes in Australia's external stability. • Sketches the impacts of these fluctuations.	5-8
• Presents a limited response • May attempt to use some economic terms • Attempts to address the global and domestic factors that have caused changes in Australia's external stability and the impacts of these fluctuations.	1-4

Section IV **20 marks**

Question 27 (20 marks)

Analyse the reasons for and the potential effects of rising global protectionist trade policies on both the global economy and the Australian economy.

Criteria	Mark
• Integrates relevant economic terms, concepts, relationships and theories • Provides a sustained, logical and cohesive response • Demonstrates a clear and comprehensive understanding of the reasons for rising global protectionist trade policies on both the global economy and the Australian economy. • Demonstrates a clear and comprehensive understanding of the potential effects of rising global protectionist trade policies on both the global economy and the Australian economy.	17-20
• Applies relevant economic terms, concepts, relationships and theories • Provides a logical and cohesive response • Demonstrates a sound understanding of the reasons for rising global protectionist trade policies on both the global economy and the Australian economy. • Demonstrates a sound understanding of the potential effects of rising global protectionist trade policies on both the global economy and the Australian economy.	13-16
• Uses economic terms and concepts, and shows some relationships • Develops a coherent response • Outlines some reasons for rising global protectionist trade policies on both the global economy and the Australian economy. • Outlines the reasons for rising global protectionist trade policies on both the global economy and the Australian economy.	9-12
• Develops a generalised response • Uses some economic terms or concepts • Sketches reasons for rising global protectionist trade policies on both the global economy and the Australian economy. • Sketches the potential effects of rising global protectionist trade policies on both the global economy & the Australian economy.	5-8
• Presents a limited response • May attempt to use some economic terms • Attempts to address the reasons for and effects of rising global protectionist trade policies on both the global economy and the Australian economy.	1-4

Question 28 (20 marks)

Compare the impact of globalisation on economic growth, environmental sustainability, and inequality in Australia and ONE other economy.

Criteria	Mark
• Integrates relevant economic terms, concepts, relationships and theories • Provides a sustained, logical and cohesive response • Demonstrates a clear and comprehensive understanding of the impact of globalisation on economic growth, environmental sustainability, and inequality in Australia and ONE other economy.	17-20
• Applies relevant economic terms, concepts, relationships and theories • Provides a logical and cohesive response • Demonstrates a sound understanding of the impact of globalisation on economic growth, environmental sustainability, and inequality in Australia and ONE other economy.	13-16
• Uses economic terms and concepts, and shows some relationships • Develops a coherent response • Outlines the impact of globalisation on economic growth, environmental sustainability, and inequality in Australia and ONE other economy.	9-12
• Develops a generalised response • Uses some economic terms or concepts • Sketches the impact of globalisation on economic growth, environmental sustainability, and inequality in Australia and ONE other economy.	5-8
• Presents a limited response • May attempt to use some economic terms • Attempts to address the impact of globalisation on economic growth, environmental sustainability, and inequality in Australia and/or ONE other economy.	1-4