
Student Number

Barker College

Economics

2022 TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION

ANSWER SHEET

Staff Involved:

TBC

- AJW *
- AJD
- NLM

XX copies

Section I - Multiple Choice (20 marks)

Choose the best response and fill in the response oval completely

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Start Here →

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

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Economics

Staff Involved: **TBC**

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General Instructions:

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black pen
- Draw diagrams using pencil
- NESA approved calculators may be used
- Refer to the stimulus when answering questions

Total marks:
100

Section I – 20 marks (pages 3 - 11)

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

Section II – 40 marks (pages 12 - 20)

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

Section III – 20 marks (page 23 -24)

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

Section IV – 20 marks (page 25)

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

Section I – Multiple Choice (20 marks)

Attempt Questions 1 – 20

Allow 20 minutes for this section

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

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

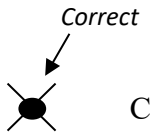
Sample 2 + 4 = A 2 B 6 C 8 D 9

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 this by writing the word *correct* and drawing an arrow as follows.



A ● B ⊗ C ○ D ○

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1. Which of the following international organisations would support a developing country to build educational facilities?

A. WTO

B. World Bank

C. OECD

D. G20

Use the table below to answer Question 2

Year	*Nominal GDP*	*CPI*
1	1500	100
2	2000	110

2. Which of the following shows the rate of economic growth in Year 2?

A. 10%

B. 16%

C. 21%

D. 33%

3. Which statement is true regarding policy lags?

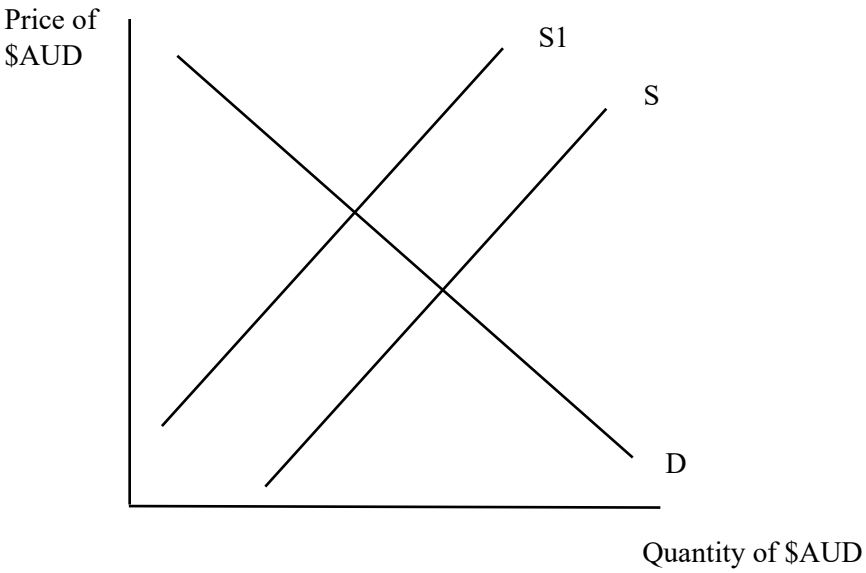
A. Fiscal policy has the longest effectiveness lag.

B. Monetary policy has the longest implementation lag.

C. Microeconomic policy has the shortest effectiveness lag.

D. Microeconomic policy has the longest effectiveness lag.

Use the following diagram to answer Question 4.



4. Which of the following is most likely to cause the shift in the supply of Australian dollars from S to S1?

A. Increased foreign investment in Australia

B. Increased demand for Australia's exports

C. Decreased foreign investment by Australians

D. Contractionary fiscal stance by the Australian government

5. What situation would indicate a country undergoing economic development?

A. Reliance on agricultural production.

B. Increasing levels of income inequality.

C. Decreased levels of foreign investment.

D. Greater levels of rural to urban migration.

Use the following table to answer Question 6.

Year	*Cash Rate*
March	0.50
April	0.75
May	1.25

6. Given the change in the cash rate and all other things being equal, which of the following would be the most likely impact on the value of the Australian dollar (AUD)?

A. The AUD would appreciate due to increased rates of return.

B. The AUD would depreciate due to increased rates of return.

C. The AUD would appreciate due to decreased rates of return.

D. The AUD would depreciate due to decreased rates of return.

7. Which of the following correctly identifies the implications of microeconomic reform in the Australian economy?

	Short Term Implication	*Long Term Implication*
A.	Reduced economic growth	Misallocation of resources
B.	Structural unemployment	Improved allocation of resources
C.	Increased import volumes	Misallocation of resources
D.	Improved allocation of resources	Decreased export volumes

Use the following table to answer Question 8.

Year	*Working Age Population (millions)*	*Employed (millions)*	*Unemployed (millions)*
1	20	9	1
2	22	11	1
3	24	15	1

8. What has happened to the participation rate and the unemployment rate between Year 1 and Year 3?

A. The participation rate and the unemployment rate is unchanged.

B. The participation rate and the unemployment rate have both increased.

C. The participation rate has increased and the unemployment rate is unchanged.

D. The participation rate has increased and the unemployment rate has decreased.

Use the following table to answer Question 9.

Year	*Australia's Trade Weighted Index (TWI)*
1	80
2	75
3	60

9. Based on the information above, which of the following would account for the change in the Australian trade weighted index between Year 1 and Year 3?

A. Increased global commodity prices.
B. Increased global demand for agriculture.
C. Decreased rates of global economic growth.
D. Decreased foreign investment by Australians.

Use the table below to answer Question 10.

Year	*Government Revenue ($bn)*	*Government Expenditure ($bn)*
1	250	225
2	275	270

10. Which of the following best describes the fiscal outcome and fiscal stance for this economy between Year 1 and Year 2.

A. The deficit has increased and the stance is contractionary.
B. The deficit has decreased and the fiscal stance is expansionary.
C. The surplus has decreased and the fiscal stance is expansionary.
D. The surplus has decreased and the fiscal stance is contractionary.

11. A hypothetical economy's full employment level of income is $5000 and the current income level is $3000.

Calculate the change in aggregate demand required to reach full employment assuming the marginal propensity to consume is 0.75.

A. $500
B. $1000
C. $1500
D. $2000

12. A hypothetical economy maintains a fixed exchange rate of $0.65 USD. Due to an increase in demand for the countries exports the currency has appreciated above this level.

How should the central bank intervene to return the currency to the desired value?

A. Buy foreign currency and sell domestic currency.
B. Sell foreign currency and buy domestic currency.
C. Buy foreign currency and buy domestic currency.
D. Sell foreign currency and sell domestic currency.

Use the following table to answer Question 13.

Country	*Mean Years of Schooling*	*GDP ($ millions)*	*Population (millions)*
A	12	500,000,000	20,000,000
B	10	750,000,000	35,000,000

13. Which of the following statements is true regarding Countries A and B?

A. Country B has a higher HDI and Country A has a higher GDP Per Capita.
B. Country A has a higher HDI and Country B has a lower GDP Per Capita.
C. Country A has a lower HDI and Country B has a lower GDP Per Capita.
D. Country B has a lower HDI and Country A has a lower GDP Per Capita.

Use the following table of exchange rate movements for Australia and the United States to answer Question 14.

Year	*Australia dollar (AUD)*	*US dollar (USD)*
1	1	0.9
2	0.9	1

14. All other things being equal, which of the following best accounts for the fluctuation of the exchange rate between Year 1 and Year 2?

A. There has been a depreciation of the AUD caused by an upturn in the international business cycle.
B. There has been a depreciation of the AUD caused by a downturn in domestic economic activity.
C. There has been a depreciation of the USD caused by an increase in Australia's cash rate relative to the US cash rate.
D. There has been a depreciation of the USD caused by a decrease in the amount of foreign debt repayments made by the US government.

15. Which of the following correctly shows the impact on equilibrium price and quantity of imports if the government increases the level of protection provided by quotas.

	Equilibrium Quantity	*Equilibrium Price*
A	Increases	Decreases
B	Increases	Increases
C	Decreases	Decreases
D	Decreases	Increases

16. Which of the following would be the most appropriate policy mix in response to both inflation and unemployment increasing?

A. Increasing the cash rate and decreasing the spending on childcare subsidy.
B. Increased product market reform and increased spending on reskilling programs.
C. Decreasing the cash rate and increasing the spending on infrastructure programs.
D. Decreasing the size of the budget surplus and decreasing the level of protectionism.

Use the following table to answer Question 17.

Country	*Coffee*	*Apples*
A	500	1000
B	750	1200

17. Which of the following is true regarding the comparative and absolute advantage of production of coffee and apples?

	Country A	*Country B*
A	Has the comparative advantage in apples	Has the absolute advantage in apples
B	Has the absolute advantage coffee	Has the comparative advantage in apples
C	Has the comparative advantage in coffee	Has the absolute advantage in coffee
D	Has the absolute advantage in apples	Has the comparative advantage in coffee

Use the following table to answer Question 18.

Year	*Real GDP growth rate*	*Unemployment rate*
1	2.10%	5.20%
2	2.90%	5.20%

18. Assume the economy is operating at the non-accelerating inflation rate of unemployment (NAIRU).

Which of the following describes the most likely relationship between the changes in the economy's real GDP growth rate and level of unemployment?

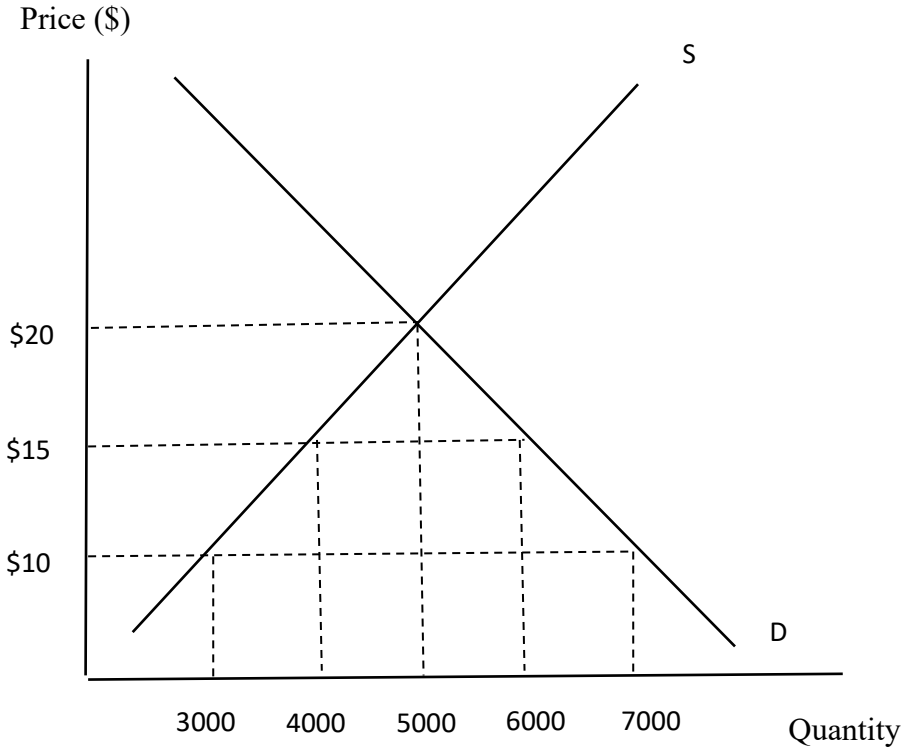
A. Lower aggregate supply and a decrease in technical efficiencies
B. Lower aggregate supply leading to a reduction in dynamic efficiencies
C. Higher aggregate demand and a decrease in the rate of underemployment.
D. Higher aggregate demand leading to a reduction in structural unemployment.

19. Interest rates in the economy are rising despite no change in the official cash rate.

Which of the following would most likely account for this?

A. Fiscal deficit financed through domestic borrowings.
B. Decreased demand for housing loans from consumers.
C. An appreciation of the currency of a major trading partner.
D. A decrease in the marginal propensity to save for the economy.

Use the following tariff diagram to answer Question 20.



20. Assume the world price is $10 and the government introduces a tariff of $5.

Which of the following correctly shows the change in government revenue, change in foreign producer revenue and the value of the subsidy which would have the same effect on the market as the tariff.

	Government Revenue	*Foreign Producer Revenue*	*Subsidy Value*
A	$30,000	$40,000	$5 per unit
B	$20,000	$30,000	$10 per unit
C	$10,000	$20,000	$10 per unit
D	$10,000	$20,000	$5 per unit

End of Section I

Barker College

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Economics

Section II Answer Booklet

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

Instructions

- Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.
- Extra writing space is provided at the back of this booklet. If you are using this space, clearly indicate which question you are answering.

Student Number

Question 21 (10 marks)

(a) Outline one contribution of the International Monetary Fund (IMF) to the global economy. **2**

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(b) Explain how comparative advantage influences the global allocation of resources. **3**

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Question 21 continues on page 14

Question 21 (continued)

(c) With reference to an economy other than Australia, analyse the relationship between economic growth and economic development. **5**

Other economy:

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End of Question 21

Student Number

Question 22 (10 marks)

(a) Define allocative efficiency. **1**

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(b) Describe the purpose of international agreements in the management of the environment. **2**

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(c) Explain how labour market policy can be used to reduce the NAIRU. **3**

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Question 22 continues on page 16

Question 22 (continued)

Use the following stimulus to answer Question 22 (d).

The table shows hypothetical data for the Australian economy.

Year	*Economic Growth*	*Inflation*	*Productivity Index (100 = base year)*
2020	3.5%	3%	102
2021	2%	5%	95

(d) Justify an appropriate policy mix based on the information above. **4**

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End of Question 22

Student Number

Question 23 (10 marks)

Use the following stimulus to answer question 23 (a) – (c).

Measurement	*2019*	*2020*
CPI	100	103
Full time employed persons	750,000	800,000
Part time employed persons (seeking more hours)	100,000	200,000
Labour force	1,000,000	1,500,000

(a) Calculate the inflation rate for this economy in 2020. **1**

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(b) Calculate the change in the unemployment rate between 2019 – 2020. **1**

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(c) Describe the impact of the change in the unemployment rate between 2019 and 2020 on the government budget. **3**

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Question 23 continues on page 18.

Question 23 (continued)

(e) With reference to the Australian economy, explain how imported inflation may prevent the achievement of price stability. **5**

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End of Question 23

Student Number

Question 24 (10 marks)

(a) Distinguish between *local content rules* and a *quota*. **2**

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(b) Describe how Australia has contributed to globalisation. **3**

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Question 24 continues on page 20

Question 24 (continued)

Use the following stimulus to answer question 24 (c).

(c) The government of one of Australia's major trading partners has increased tariff rates by 10%. 5

Discuss the economic impact of this on BOTH Australia and the trade partner.

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End of Section II

Student Number

Section II Extra writing space

If you use this space, clearly indicate which question you are answering.

Section II Extra writing space

If you use this space, clearly indicate which question you are answering.

Section III (20 marks)

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

Answer the question in the Section III Writing Booklet. Extra writing booklets are available.

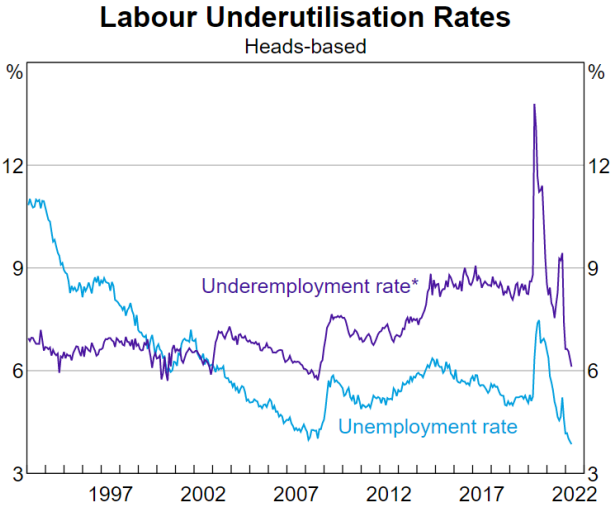
Your answer will be assessed on how well you:

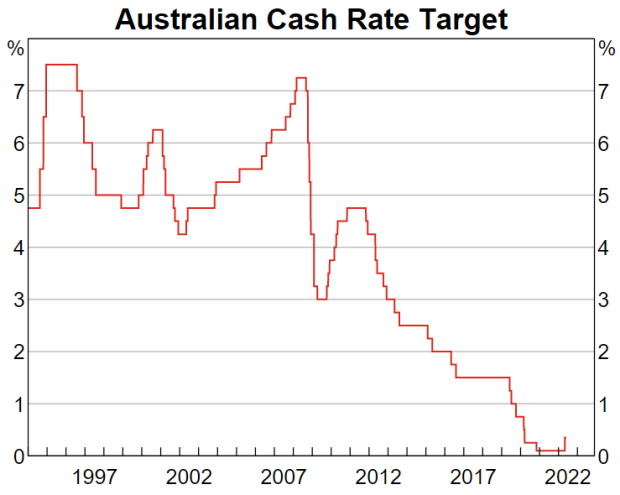
- demonstrate knowledge and understanding relevant to the question
- use the information provided
- apply relevant economic terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

Question 25 (20 marks)

Evaluate the use of monetary policy to achieve economic growth, full employment and price stability in the Australian economy.

> "… continues a trend of successful management of inflation in the Australian economy by the central bank. A long run average of 2.4% has been achieved, but not without challenges. Conflicting fiscal policy stances lead to a period of stagnation in the domestic economy during which growth and inflation targets were illusive. ….Monetary tightening which we are entering comes with other challenges given the global supply side factors which are driving inflation. We expect inflation to rise to 7% by the end of 2022 but falling back within the target of 2-3% in 2023"
>
> - RBA Governor, Dr Phillip Lowe.





OR

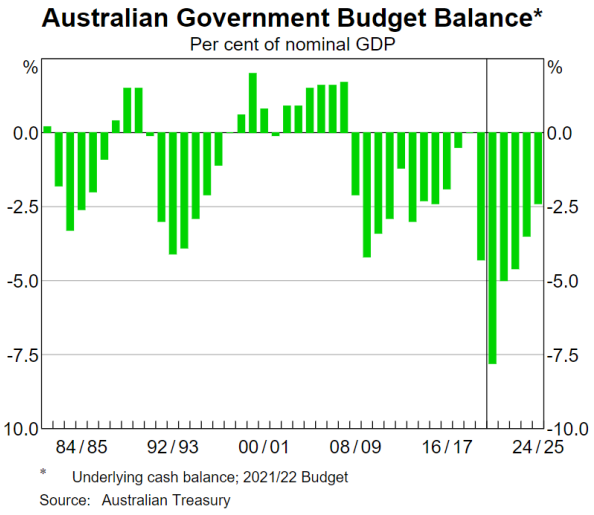
Your answer will be assessed on how well you:

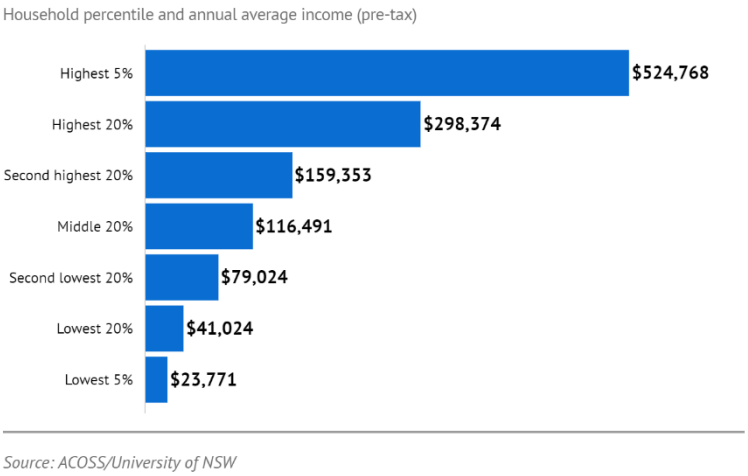
- demonstrate knowledge and understanding relevant to the question
- use the information provided
- apply relevant economic terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

Question 26 (20 marks)

Evaluate the use of fiscal policy to achieve economic growth, equitable distribution of income and price stability in the Australian economy.

> The JobKeeper package was never going to be perfect but it achieved what it set out to. The unemployment rate was projected to reach as high as 12%, JobKeeper prevented that happening. The stimulus package created a large pool of savings which households could use once lockdowns were lifted, this is why growth is back on track at 4.1%. We have a strong economy and JobKeeper made it possible. There were bound to be some lagging inflationary effects which we are seeing now but the cost of inaction was greater.
>
> - *Josh Frydenberg (Former Treasurer)*





End of Section III

Section IV (20 marks)

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

Answer the question in the Section IV Writing Booklet provided. Extra writing booklets are available.

Your answer 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)

Discuss the impact of fluctuations in the value of the Australian dollar on domestic economic performance.

OR

Question 28 (20 Marks)

Discuss the impact of global and domestic trade policies on Australia's economic performance.

End of Paper

Section I: MCQ

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

Section II: Short Answers

Question 21 (a) (2 marks)

Outline one contribution of the International Monetary Fund (IMF) to the global economy.

Marking Criteria

Criteria	Marks
• Sketches in general terms ONE specific contribution of the IMF to the global economy.	**2**
• Identifies a role of the IMF OR one general contribution to the global economy.	**1**

Response could include:

- *Aid for an economy experiencing a balance of payments crisis*
- *Promoting monetary co-operation*
- *Facilitating the expansion of trade between member nations*
- *Promote exchange rate stability*

Question 21 (b) (3 marks)

Explain how comparative advantage influences the global allocation of resources.

Marking Criteria

Criteria	Marks
• Student relates cause and effect between the operation of comparative advantage and the global allocation of resources.	**3**
• Sketches in general terms the role of comparative advantage in impating the global allocation of resources.	**2**
• Provides some relevant information about the global allocation of resources OR comparative advantage	**1**

Response should include:

- *Comparative advantage leading to specialization*
- *Specialisation leads to economies of scale or greater productivity*
- *Increased productivity will see resource reallocated to these economies in the world which improves global allocation of resources due to greater output.*

Question 21 (c) (5 marks)

With reference to an economy other than Australia, analyse the relationship between economic growth and economic development.

Marking Criteria

Criteria	Marks
• Identifies components of the relationship between economic growth and economic development; and draws out implications with reference to both the short run and the long run. • Student integrates contemporary information to support their response.	**5**
• Identifies components of the relationship between economic growth and economic development; and draws out implications with reference to both the short run OR the long run. • Student may integrate contemporary information to support their response.	**4**
• Relates cause and effect between economic growth and economic development. • Student may integrate contemporary information to support their response.	**3**
• Provides features and characteristics of economic growth and economic development. • Student may integrate contemporary information to support their response.	**2**
• Provides some relevant information regarding unemployment and inflation. • Provides no reference to contemporary information.	**1**

Responses should include:

- *Economic growth serves as the means to establish domestic capital to break poverty cycles and improve economic development.*
- *Economic growth can occur though without commensurate economic development should growth prioritise increases in GDP alone.*
- *Economic development serves to facilitate structural change upon which long term economic growth is predicated.*
- *Integration of contemporary examples from the case study*

Question 22 (a) (1 Mark)

Define allocative efficiency.

Marking Criteria

Criteria	Marks
• Correctly defines allocative efficiency as the allocation of resources based on patterns of demand.	**1**

Response should include:

- *Resources are allocated based on patterns of demand in the economy.*

Question 22 (b) (2 Marks)

Describe the purpose of international agreements in the management of the environment.

Marking Criteria

Criteria	Marks
• Provides features and characteristics of the purpose of international agreements in the management of the environment.	**2**
• Provides some information relevant to the purpose of international agreements.	**1**

Responses should include:

- *International agreements establish targets which guide the creation of domestic policies to achieve environmentally sustainable development.*
- *The forum nature facilitates technology diffusion (sharing of technology) to spread best practice.*
- *The forum nature enables pressure to be applied to nations to ensure compliance with the targets agreed to.*

Question 22 (c) (3 Marks)

Explain how labour market policy can be used to reduce the NAIRU.

Marking Criteria

Criteria	Marks
• Relates cause and effect between one relevant labour market policy and the level of structural unemployment.	**3**
• Sketches in general terms the impact of one labour market policy and the level of structural unemployment.	**2**
• Provides some information regarding a relevant labour market policy or how the NAIRU can be reduced without linking to a specific labour market policy.	**1**

Responses should include:

- *The NAIRU represents the level of structural unemployment*
- *Policies which incentivize reskilling will therefore decrease the NAIRU*
- *Use of an actual policy.*

Question 22 (d) (4 Marks)

Justify an appropriate policy mix based on the information above.

Criteria	Marks
• Provides a reasoned recommendation of an appropriate policy mix which includes BOTH macro and micro policy. • Integrates the stimulus to support their response.	**4**
• Provides a reasoned recommendation of an appropriate policy mix which includes ONLY macro policy. OR • Provides a reasoned recommendation of an appropriate policy mix which address either macro/micro and sketches the other. • Integrates the stimulus to support their response.	**3**
• Provides features and characteristics of an appropriate policy mix. • Student may integrate the stimulus to support their response.	**2**
• Provides some relevant information regarding an appropriate policy mix. • Provides no reference to the stimulus.	**1**

Responses should include:

- *Clear use of macroeconomic policy and reasoning*
- *Clear use of microeconomic policy and reasoning*
- *Stimulus use*

Question 23 (a) (1 Mark)

Calculate the inflation rate for this economy in 2020.

Criteria	Marks
• Correctly calculates the inflation rate.	**1**

Question 23 (b) (1 Mark)

Calculate the change in the unemployment rate between 2019 - 2020.

Criteria	Marks
• Correctly calculates the change in the unemployment rate.	**1**

Question 23 (c) (3 Marks)

Describe the impact of the change in the unemployment rate between 2019 and 2020 on the government budget.

Criteria	Marks
• Provides features and characteristics of the impact of increased unemployment on both revenue and expenditure in the government budget. • Integrates the stimulus to support their response.	**3**
• Sketches in general terms the impact of increased unemployment on EITHER revenue or expenditure in the government budget. • May integrate the stimulus to support their response.	**2**
• Identifies the impact of increased unemployment on the government budget.	**1**

Responses should include:

- *Decreased income taxation revenue*
- *Increased spending on transfer payments or counter cyclical spending*
- *Budget deficit position*
- *Link to the stimulus provided*

Question 23 (d) (5 Marks)

With reference to the Australian economy, explain how imported inflation may prevent the achievement of price stability.

Criteria	Marks
• Relates cause and effect between imported inflation and the price stability target. • Integrates contemporary information to support their response.	**4**
• Relates cause and effect between imported inflation and the price stability target. • Does not integrate contemporary information to support their response.	**3**
• Provides features and characteristics of the impact imported inflation has on price stability. • Student may integrate contemporary information to support their response.	**2**
• Provides some relevant information regarding the impact imported inflation has on price stability. • Provides no reference to contemporary information.	**1**

Responses should include:

- *Import reliance*
- *Large scale importation of manufactured goods*
- *Imported inflation costs are passed on to the consumer*
- *Increases domestic inflation therefore preventing the achievement of price stability of 2-3%*
- *Australia currently exceeding price stability partly due to imported inflation pushing inflation to 6.1%*

Question 24 (a) (2 Marks)

Distinguish between local content rules and a quota.

Marking Criteria

Criteria	Marks
• Correctly defines both terms and uses a term of distinction.	**2**
• Defines one of the two terms correctly AND/OR does not use a term of distinction.	**1**

Response should include:

- *Quota refers to a quantitative restriction on the volume of imports*
- *Whereas, however or on the other hand*
- *Local content rules refer to a minimum percentage of a finished good being sourced from domestic inputs*

Question 24 (b) (3 Marks)

Describe how Australia has contributed to globalisation.

Marking Criteria

Criteria	Marks
• Provides features and characteristics of Australia's contribution to globalisation.	**3**
• Sketches in general terms Australia's contribution to globalisation.	**2**
• Identifies one of Australia's contributions to globalisation.	**1**

Responses should include:

- *Membership of international organizations*
- *Contribution to economic integration*
- *Support for developing economies economic convergence*

Question 24 (c) (5 Marks)

Discuss the economic impact of this on BOTH Australia and the trade partner.

Marking Criteria

Criteria	Marks
• Provides clear points BOTH for and against the impact of tariff rates being increased on Australia AND the trade partner. • Makes reference to the Australian economy	**5**
• Provides points for and/or against the impact of tariff rates being increased on Australia AND the trade partner. • Does not make reference to the Australian economy	**4**
• Provides points for and/or against the impact of tariff rates being increased on Australia OR the trade partner. • May make reference to the Australian economy.	**3**
• Provides features and characteristics of the impact of tariff rates being increased on Australia AND/OR the trade partner. • May make reference to the Australian economy.	**2**
• Sketches in general terms the impact of increasing tariff rates. • May make reference to the Australian economy.	**1**

Responses should include:

Positive Australia:

- *Increased demand for exports from new trade partners.*
- *Increased prices of inelastic exports leading to higher growth*
- *Trade creation/diversion*

Positive Trade Partner:

- *Protect domestic employment*
- *Improved trade balance leading to higher growth*

Negative Australia:

- *Loss of international competitiveness in that market due to increased export prices in major trading partner*
- *Loss of domestic employment due to reduced demand in the short term*

Negative Trade Partner:

- *Misallocation of resources constrains output in the long run*
- *Potential retaliatory tariffs from other nations (possibly Australia)*
- *Increased unemployment in industries not being protected*

Question 25 – Evaluate the use of monetary policy to achieve economic growth, full employment and price stability.

Criteria	Mark
• Demonstrates clear and comprehensive understanding of monetary policy. • Makes a reasoned judgement on the impact monetary policy have had on economic growth, full employment and price stability. • Statements are well supported by economic data and the stimulus provided • Integrates extensive and relevant economic theory, terms, concepts and relationships • Presents a sustained, logical and cohesive response	17-20
• Demonstrates a clear understanding of monetary policy. • Makes a judgement on the impact monetary policy has had on economic growth, full employment and price stability. • Statements are supported by some economic data and the stimulus provided. • Integrates relevant economic theory, terms, concepts and relationships • Presents a logical and cohesive response	13-16
• Demonstrates some understanding of monetary policy • Makes statements regarding the impact of monetary policy on economic growth, full employment and price stability. • Refers to economic data • Uses economic terms, concepts and relationships • Presents a logical response	9-12
• Makes general statements on monetary policy. • Refers to some economic data • Uses some economic terms, concepts and relationships • Presents a generalised response	5-8
• Identifies some aspects of monetary policy. • Limited use of economic terms and concepts • Presents a limited response	1-4

Responses could include:

- Transmission mechanism
- Policy interest rate corridor
- Economic objectives
- Unconventional monetary policy
- Monetary policy stances
- Time lags
- Effectiveness lags
- Global influences
- Demand side shocks
- NAIRU/Full employment
- Headline/underlying inflation

Question 26 – Evaluate the use of fiscal policy to achieve economic growth, equitable distribution of income and price stability.

Criteria	Mark
• Demonstrates clear and comprehensive understanding of fiscal policy. • Makes a reasoned judgement on the impact fiscal policy has had on economic growth, income distribution and price stability. • Statements are well supported by economic data and the stimulus provided • Integrates extensive and relevant economic theory, terms, concepts and relationships • Presents a sustained, logical and cohesive response	17-20
• Demonstrates a clear understanding of fiscal policy. • Makes a judgement on the impact fiscal policy has had on economic growth, income distribution and price stability. • Statements are supported by some economic data and the stimulus provided. • Integrates relevant economic theory, terms, concepts and relationships • Presents a logical and cohesive response	13-16
• Demonstrates some understanding of fiscal policy • Makes statements regarding the impact of fiscal policy on economic growth, income distribution and price stability. • Refers to economic data • Uses economic terms, concepts and relationships • Presents a logical response	9-12
• Makes general statements on fiscal policy. • Refers to some economic data • Uses some economic terms, concepts and relationships • Presents a generalised response	5-8
• Identifies some aspects of fiscal policy. • Limited use of economic terms and concepts • Presents a limited response	1-4

Responses could include:

- Definition of economic objectives
- Transfer payments
- Structural changes to taxation
- Criteria to examine effectiveness
- Structural fiscal deficit
- Stance/Outcome
- JobKeeper
- JobSeeker
- Fiscal consolidation
- Underlying cash balance
- Gini coefficient
- Aggregate Demand and Aggregate Supply
- Types of inflation

Question 27 – Discuss the impact of fluctuations in the value of the Australian dollar on domestic economic performance.

Criteria	Mark
• Demonstrates clear and comprehensive understanding of fluctuations in the AUD. • Provides clear points for and against the impact changes in the AUD has on domestic economic performance. • Statements are well supported by economic data. • Integrates extensive and relevant economic theory, terms, concepts and relationships. • Presents a sustained, logical and cohesive response	17-20
• Demonstrates a clear understanding of fluctuations in the AUD. • Provides points for and/or against the impact changes in the AUD has on domestic economic performance. • Statements are supported by some economic data. • Integrates relevant economic theory, terms, concepts and relationships • Presents a logical and cohesive response	13-16
• Demonstrates some understanding of fluctuations in the AUD. • Attempts to provide points for and/or against the impact changes in the AUD has on domestic economic performance. • Refers to economic data • Uses economic terms, concepts and relationships. • Presents a logical response	9-12
• Makes general statements on exchange rates. • Refers to some economic data. • Uses some economic terms, concepts and relationships • Presents a generalised response	5-8
• Identifies some aspects of exchange rates. • Limited use of economic terms and concepts • Presents a limited response	1-4

Responses could include:

- Exchange rate systems
- Trends in the value of the AUD
- Valuation effect
- Influence on NFL
- International competitiveness
- Terms of Trade
- BOGS
- BoP
- Financial account
- Imported inflation
- Metrics of economic performance including; EG, Price stability, unemployment, external stability

Question 28 – Discuss the impact of global and domestic trade policies on Australia's economic performance.

Criteria	Mark
• Demonstrates clear and comprehensive understanding of global and domestic trade policies. • Provides clear points for and against the impact trade policies have on domestic economic performance. • Statements are well supported by economic data. • Integrates extensive and relevant economic theory, terms, concepts and relationships. • Presents a sustained, logical and cohesive response	17-20
• Demonstrates a clear understanding of global and domestic trade policies. • Provides points for and/or against the impact trade policies have on domestic economic performance. • Statements are supported by some economic data. • Integrates relevant economic theory, terms, concepts and relationships • Presents a logical and cohesive response	13-16
• Demonstrates some understanding of global and domestic trade policies. • Attempts to provide points for and/or against the impact trade policies have on domestic economic performance. • Refers to economic data • Uses economic terms, concepts and relationships. • Presents a logical response	9-12
• Makes general statements on global and/or domestic trade policies. • Refers to some economic data. • Uses some economic terms, concepts and relationships • Presents a generalised response	5-8
• Identifies some aspects of trade. • Limited use of economic terms and concepts • Presents a limited response	1-4

Responses could include:

- Increased protectionism
- Trade liberalisation
- Trade flows
- BOGS
- Current Account
- Economic growth
- Comparative advantage
- Reasons for/against protection
- Structural change and reallocation of resources