

EBE Economics Trial HSC Exam 2009

Marking Guidelines

Section I Multiple Choice

Suggested answers

1. D

2. B

3. D

4. A

5. C

6. A

7. D

8. A

9. A

10. B

11. C

12. B

13. A

14. A

15. C

16. A

17. B

18. B

19. D

20. B

Section II Short Answers

Question 21

a.

Criteria	Marks
<ul style="list-style-type: none"> • Correctly defines economic growth 	2
<ul style="list-style-type: none"> • Sketches the meaning of economic growth in general terms 	1

b.

Criteria	Marks
<ul style="list-style-type: none"> • Provides a sketch of at least TWO reasons for the recent trends in economic growth 	2
<ul style="list-style-type: none"> • Refers to at least ONE reason for the recent trends in economic growth <p>OR</p> <ul style="list-style-type: none"> • Lists TWO reasons 	1

c.

Criteria	Marks
<ul style="list-style-type: none"> • Provides relevant, clear and concise explanation of TWO effects of slowing economic growth that could impact on the distribution of income in Australia 	4
<ul style="list-style-type: none"> • Provides an explanation of TWO relevant effects of slowing economic growth that could impact on the distribution of income in Australia 	3
<ul style="list-style-type: none"> • Provides a clear and concise explanation of ONE effect of slowing economic growth that could impact on the distribution of income in Australia <p>OR</p> <ul style="list-style-type: none"> • Sketches in general terms TWO effects of slowing economic growth that could impact on the distribution of income in Australia. 	2
<ul style="list-style-type: none"> • Sketches in general terms ONE effect of slowing economic growth that could impact on the distribution of income in Australia <p>OR</p> <ul style="list-style-type: none"> • Identifies TWO effects of slowing economic growth that could impact on the distribution of income in Australia 	1

Question 22

a.

Criteria	Marks
<ul style="list-style-type: none"> Correctly defines inflation 	1

b.

Criteria	Marks
<ul style="list-style-type: none"> Correctly sketches how inflation is measured 	2
<ul style="list-style-type: none"> Sketches the measurement of inflation in general terms 	1

c.

Criteria	Marks
<ul style="list-style-type: none"> Provides a clear and concise sketch of ONE reason for the current trend in the level of inflation in the Australian economy 	3
<ul style="list-style-type: none"> Provides a sketch of ONE reason for the current trend in the level of inflation in the Australian economy 	2
<ul style="list-style-type: none"> Refers to at least ONE reason for the current trend in the level of inflation in the Australian economy 	1

d.

Criteria	Marks
<ul style="list-style-type: none"> Provides relevant, clear and concise explanation of TWO effects of sustained high levels of inflation in the Australian economy 	4
<ul style="list-style-type: none"> Provides an explanation of TWO relevant effects of sustained high levels of inflation in the Australian economy 	3
<ul style="list-style-type: none"> Provides a clear and concise explanation of ONE effect of sustained high levels of inflation in the Australian economy OR Sketches in general terms TWO effects of sustained high levels of inflation in the Australian economy 	2
<ul style="list-style-type: none"> Sketches in general terms ONE effect of sustained high levels of inflation in the Australian economy OR Identifies TWO effects of sustained high levels of inflation in the Australian economy 	1

Question 23

a.

Criteria	Marks
<ul style="list-style-type: none">• Correctly defines fiscal policy	2
<ul style="list-style-type: none">• Sketches the meaning of fiscal policy in general terms	1

b.

Criteria	Marks
<ul style="list-style-type: none">• Correctly notes the difference between fiscal balance and the fiscal stance	2
<ul style="list-style-type: none">• Notes some difference between fiscal balance and the fiscal stance	1
OR	
<ul style="list-style-type: none">• Correctly defines either fiscal balance or fiscal stance	

c.

Criteria	Marks
<ul style="list-style-type: none">• Demonstrates a clear and concise understanding of the impact of the federal government financing a budget deficit through domestic borrowing.	5
<ul style="list-style-type: none">• Demonstrates an understanding of the impact of the federal government financing a budget deficit through domestic borrowing.	4
<ul style="list-style-type: none">• Demonstrates some understanding of the impact of the federal government financing a budget deficit through domestic borrowing.	3
<ul style="list-style-type: none">• Sketches in general terms the federal government financing a budget deficit through domestic borrowing.	2
<ul style="list-style-type: none">• Lists aspects of the federal government financing a budget deficit through domestic borrowing.	1

Question 24

a.

Criteria	Marks
<ul style="list-style-type: none">• Correctly defines cash rate	2
<ul style="list-style-type: none">• Sketches the meaning of cash rate in general terms	1

b.

Criteria	Marks
<ul style="list-style-type: none">• Provides a clear and concise sketch of how the Reserve Bank would decrease the cash rate	3
<ul style="list-style-type: none">• Provides a sketch of how the Reserve Bank would decrease the cash rate	2
<ul style="list-style-type: none">• Refers to how the Reserve Bank would decrease the cash rate	1

d.

Criteria	Marks
<ul style="list-style-type: none"> • Demonstrates a clear and concise understanding of the implications of the relationship between the cash rate and the level of economic activity. 	5
<ul style="list-style-type: none"> • Demonstrates an understanding of the implications of the relationship between the cash rate and the level of economic activity. 	4
<ul style="list-style-type: none"> • Demonstrates some understanding of the relationship between the cash rate and the level of economic activity. 	3
<ul style="list-style-type: none"> • Sketches in general terms the relationship between the cash rate and the level of economic activity.. 	2
<ul style="list-style-type: none"> • Lists aspects of the cash rate and the level of economic activity. 	1

Section III

Question 25

<ul style="list-style-type: none"> • Demonstrates a clear and concise understanding of the causes and effects of recent trends in Australia's external stability • Integrates appropriate economic terms, relevant concepts, relationships and theory. • Synthesises economic data and other information to develop a sustained, logical and well-structured response. 	17-20
<ul style="list-style-type: none"> • Demonstrates a clear understanding of the causes and effects of recent trends in Australia's external stability • Consistently uses economic terms, relevant concepts, relationships and theory. • Uses economic data and other information to develop a sustained, logical and well-structured response. 	13-16
<ul style="list-style-type: none"> • Describes the effects of the recent trends in Australia's external stability • Uses appropriate economic terms, concepts and relationships. • Uses some economic data and other information to develop a coherent response. 	9-12
<ul style="list-style-type: none"> • Outlines some effects of the recent trends in Australia's external stability • Uses some appropriate economic terms, concepts and relationships. • Uses some economic information to develop a generalised response. 	5-8
<ul style="list-style-type: none"> • Mentions aspects of Australia's external stability • Uses some economic terms and/or concepts. • Presents a limited response. 	1-4

Answers could include:

- Defines external stability
- Outline of recent trends in the Balance of payments (including the BOGS, the CAD, net income and the Financial Account), AUD, including current value, with data
- Causes of trends in the indicators of external stability, including the CAD and its components, the Net foreign debt and the exchange rate
 - Terms of trade
 - Savings-investment gap
 - Reduced protection
 - Changes in the value of the AUD
 - Increases in net foreign liabilities...both debt and equity
 - Government borrowing, past and present
 - Domestic inflation levels
 - Impact of the drought
 - Impact of the global resources boom and global financial crisis
- Effects of trends in the indicators of external stability, including the CAD and its components, the Net foreign debt and the exchange rate
 - Servicing of the net foreign liabilities
 - Exposure to external shocks, including global financial crisis
 - Exchange rate fluctuations and their consequences for the economy
 - Downgrading of credit rating and higher interest rates on loans
 - Increased interest rates to slow economic growth to a sustainable level
 - Fiscal consolidation required to reduce govt debt
 - Microeconomic policies focused on improved international competitiveness

Question 26

<ul style="list-style-type: none"> • Demonstrates a clear and concise understanding of the causes and effects of recent movements in the value of the Australian dollar • Integrates appropriate economic terms, relevant concepts, relationships and theory. • Synthesises economic data and other information to develop a sustained, logical and well-structured response. 	17-20
<ul style="list-style-type: none"> • Demonstrates a clear understanding of the causes and effects of recent movements in the value of the Australian dollar • Consistently uses economic terms, relevant concepts, relationships and theory. • Uses economic data and other information to develop a sustained, logical and well-structured response. 	13-16
<ul style="list-style-type: none"> • Describes the impacts of recent movements in the value of the Australian dollar • Uses appropriate economic terms, concepts and relationships. • Uses some economic data and other information to develop a coherent response. 	9-12
<ul style="list-style-type: none"> • Outlines recent movements in the value of the Australian dollar • Uses some appropriate economic terms, concepts and relationships. • Uses some economic information to develop a generalised response. 	5-8
<ul style="list-style-type: none"> • Mentions aspects of Australia's exchange rate • Uses some economic terms and/or concepts. • Presents a limited response. 	1-4

Answers could include:

- Definition of an exchange rate
- Outline of recent trends in the AUD, including current value, with data
- Determination of Australia's exchange rate
- Diagrams to illustrate movements in the exchange rate, including increases and decreases in demand for and supply of the Australian dollar
- Causes of the appreciation on the AUD associated with the global resources boom
- Causes of the depreciation of the AUD associated with the global financial crisis
- Effects of an appreciation and a depreciation on economic growth, inflation, unemployment the distribution of income and wealth and environmental outcomes
- Effects of an appreciation and a depreciation on external stability, with specific reference to the BOGS, the CAD, the Financial Account and the terms of trade

Section IV

Question 27

Criteria	Mark Range
<ul style="list-style-type: none"> • Demonstrates clear and concise understanding of the impact of globalisation on economic growth, development and quality of life in an economy other than Australia • Integrates an extensive and appropriate range of economic terms, relevant concepts, relationships and theory • Synthesises economic data and other information to develop a sustained, logical and well-structured response 	17-20
<ul style="list-style-type: none"> • Demonstrates an understanding of the impact of globalisation on economic growth, development and quality of life in an economy other than Australia • Consistently uses economic terms with relevant concepts, relationships and theory • Uses economic data and other information to develop a logical and well-structured response 	13-16
<ul style="list-style-type: none"> • Describes the impact of globalisation on economic growth, development and quality of life in an economy other than Australia • Applies appropriate economic terms with relevant concepts and relationships • Uses some economic data and other information to develop a coherent response 	9-12
<ul style="list-style-type: none"> • Outlines the impact of globalisation on economic growth, development and quality of life in an economy other than Australia • Uses some appropriate economic terms, concepts and relationships • Uses some economic data to develop a generalised response 	5-8
<ul style="list-style-type: none"> • Mentions aspects of globalisation on economic growth, development and quality of life in an economy other than 	

<p>Australia</p> <ul style="list-style-type: none"> • Uses some economic terms and/or concepts • Presents a limited response 	<p>1-4</p>
--	------------

Answers could include:

- The meaning of globalisation and the global economy, with possible reference to the international business cycle
- Trends and current measurement of economic growth, development and quality of life in the country other than Australia
- Impacts of globalisation on economic growth, development and quality of life in an economy other than Australia
- Causes of the impact of globalisation on economic growth, development and quality of life in an economy other than Australia, including the role of international organisations
- The country's response to the impact of globalisation on economic growth, development and quality of life and a judgement of the effectiveness of the response
- Future prospects for the country – making a judgement

Question 28

Criteria	Mark Range
<ul style="list-style-type: none"> • Demonstrates clear and concise understanding of the impact of the international business cycle on the global economy • Integrates an extensive and appropriate range of economic terms, relevant concepts, relationships and theory • Synthesises economic data and other information to develop a sustained, logical and well-structured response 	<p>17-20</p>
<ul style="list-style-type: none"> • Demonstrates an understanding of the impact of the international business cycle on the global economy • Consistently uses economic terms with relevant concepts, relationships and theory • Uses economic data and other information to develop a logical and well-structured response 	<p>13-16</p>
<ul style="list-style-type: none"> • Describes the impact of the international business cycle on the global economy • Applies appropriate economic terms with relevant concepts and relationships • Uses some economic data and other information to develop a coherent response 	<p>9-12</p>
<ul style="list-style-type: none"> • Outlines the impact of the international business cycle on the global economy • Uses some appropriate economic terms, concepts and relationships • Uses some economic data to develop a generalised response 	<p>5-8</p>

<ul style="list-style-type: none">• Mentions aspects of the international business cycle on the global economy• Uses some economic terms and/or concepts• Presents a limited response	1-4
---	-----

Answers could include:

- Definition of international business cycle
- Outline recent trends in the international business cycle with diagram and explanation
- Causes of the fluctuations in the international business cycle and the relationship between economic growth performance and world events
- Reasons for greater integration between economies
- Impact of the international business cycle on trade, quality of life, economic growth, employment, investment for developed and developing nations.
- Make a judgement as to how various economies can influence the international business cycle and the role of international organisations.