

EBE Economics Trial HSC Exam 2008

Marking Guidelines

Section I Multiple Choice

1. a

2. a

3. d

4. d

5. b

6. a

7. a

8. b

9. c

10. d

11. d

12. b

13. b

14. d

15. c

16. c

17. a

18. b

19. b

20. c

Section II Short Answers

Question 21

- a. Identify the largest source of household income in Australia (1 mark)

Criteria	Marks
<ul style="list-style-type: none">• Correctly identifies wages and salaries	1

- b. Distinguish between income and wealth (2 marks)

Criteria	Marks
<ul style="list-style-type: none">• Correctly identifies income as a flow and wealth as a stock AND/OR <ul style="list-style-type: none">• Correctly defines income and wealth	2
<ul style="list-style-type: none">• Correctly defines income or wealth	1

- c. Outline three economic benefits of inequality in income distribution (3 marks)

Criteria	Marks
<ul style="list-style-type: none">• Provides a clear and concise sketch of a range of economic benefits of inequality	3
<ul style="list-style-type: none">• Provides a sketch of a range of economic benefits of inequality	2
<ul style="list-style-type: none">• Refers to at least one economic benefit of inequality	1

Answers could include:

- Incentives to improve education and skills
- Longer and harder work
- Increased labour force mobility
- Greater risks by entrepreneurs
- Potential for higher savings and capital formation

- d. Explain how two microeconomic policies could impact on the distribution of income in Australia (4 marks)

Criteria	Marks
<ul style="list-style-type: none"> Provides a clear and concise explanation of TWO microeconomic policies that could impact on the distribution of income and wealth in Australia 	4
<ul style="list-style-type: none"> Provides a clear and concise explanation of ONE microeconomic policy that could impact on the distribution of income and wealth in Australia <p>AND</p> <ul style="list-style-type: none"> Provides a description of ONE microeconomic policy that could impact on the distribution of income and wealth in Australia 	3
<ul style="list-style-type: none"> Provides a clear and concise explanation of ONE microeconomic policy that could impact on the distribution of income and wealth in Australia <p>OR</p> <ul style="list-style-type: none"> Provides a description of TWO microeconomic policies that could impact on the distribution of income and wealth in Australia 	2
<ul style="list-style-type: none"> Provides a description of ONE microeconomic policy that could impact on the distribution of income and wealth in Australia Provides a limited response 	1

Answers could include:

- Labour market reforms
- Tax reform

Question 22

a. Define the term ecologically sustainable development (2 marks)

Criteria	Marks
• Correctly defines ESD	2
• Provides a limited definition	1

b. Describe two impacts on the environment of an increased level of economic activity (4 marks)

Criteria	Marks
• Clearly and concisely explains TWO impacts on the environment of an increased level of economic activity	4
• Clearly and concisely explains ONE impact on the environment of an increased level of economic activity AND • Demonstrates an understanding of ONE impact on the environment of an increased level of economic activity	3
• Clearly and concisely explains ONE impact on the environment of an increased level of economic activity OR • Demonstrates an understanding of TWO impacts on the environment of an increased level of economic activity	2
• Provides a description of ONE impact on the environment of an increased level of economic activity • Provides a limited response	1

Answers could include:

- Increased negative externalities
- Increased pollution
- Depletion of non-renewable resources
- Climate change
- Decreased sustainability

- c. Explain how two government policies could reduce the impact of negative externalities on environmental resources (4 marks)

Criteria	Marks
<ul style="list-style-type: none"> Clearly and concisely explains TWO government policies that could reduce the impact of negative externalities on environmental resources 	4
<ul style="list-style-type: none"> Clearly and concisely explains ONE government policy that could reduce the impact of negative externalities on environmental resources <p>And</p> <ul style="list-style-type: none"> Demonstrates an understanding of ONE government policy that could reduce the impact of negative externalities on environmental resources 	3
<ul style="list-style-type: none"> Clearly and concisely explains ONE government policy that could reduce the impact of negative externalities on environmental resources <p>OR</p> <ul style="list-style-type: none"> Demonstrates an understanding of TWO government policies that could reduce the impact of negative externalities on environmental resources 	2
<ul style="list-style-type: none"> Demonstrates an understanding of ONE government policy that could reduce the impact of negative externalities on environmental resources Provides a limited response 	1

Answers could include:

- Tax policies
- Carbon permits
- Licensing of scarce resources such as water access
- Market based policies
- Pricing strategies

Question 23

a. Calculate the current account balance for this economy (1 mark)

Criteria	Marks
<ul style="list-style-type: none">• Correctly calculates the answer as -\$1000m	1

b. Explain one cyclical factor that could contribute to an increase in a current account deficit (2 marks)

Criteria	Marks
<ul style="list-style-type: none">• Clearly and concisely explains one cyclical factor that contributes to an increase in a CAD	2
<ul style="list-style-type: none">• Describes one cyclical factor that contributes to an increase in a CAD	1

Answers could include:

- Falling exports relative to imports
- Increasing imports relative to exports

c. Explain the impact of an increase in the net foreign debt on the balance on current account (3 marks)

Criteria	Marks
<ul style="list-style-type: none">• Clearly and concisely explains the impact of an increase in the NFD on the balance on current account	3
<ul style="list-style-type: none">• Describes the impact of an increase in the NFD on the balance on current account	2
<ul style="list-style-type: none">• Provides a limited response	1

Answers could include:

- Increased interest payments from Australia to the rest of the world
- Increased income deficit
- Increased current account deficit

- d. Discuss how two government policies could be used to improve external stability (4 marks)

Criteria	Marks
<ul style="list-style-type: none"> • Clearly and concisely discusses TWO government policies that could improve external stability • Includes points for and/or against each policy 	4
<ul style="list-style-type: none"> • Clearly and concisely discusses ONE government policy that could improve external stability • Includes points for and/or against the policy <p>And</p> <ul style="list-style-type: none"> • Demonstrates an understanding of ONE government policy that could improve external stability 	3
<ul style="list-style-type: none"> • Clearly and concisely discusses ONE government policies that could that could improve external stability • Includes points for and/or against the policy <p>OR</p> <ul style="list-style-type: none"> • Demonstrates an understanding of TWO government policies that could that could improve external stability 	2
<ul style="list-style-type: none"> • Demonstrates an understanding of ONE government policies that could that could improve external stability • Provides a limited response 	1

Answers could include:

- Fiscal surpluses
- Interest rate settings
- Policies to sustain low inflation
- Labour market reform
- Policies to improve international competitiveness
- Trade and industry policies

Question 24

a. Define the term tariff (1 mark)

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

b. Referring to the above diagram, describe the impacts of the removal of the tariff (2 marks)

Criteria	Marks
<ul style="list-style-type: none"> Makes explicit reference to the diagram Clearly and concisely describes a range of impacts of the removal of a tariff 	2
<ul style="list-style-type: none"> Clearly and concisely describes a range of impacts of the removal of a tariff OR Makes explicit reference to the diagram and provides a limited description of the impacts of the removal of a tariff 	1

c. Outline one global attempt to reduce protection (2 marks)

Criteria	Marks
<ul style="list-style-type: none"> Clearly and concisely sketches a global attempt to reduce protection 	2
<ul style="list-style-type: none"> Makes general reference to reducing protection levels 	1

d. Discuss the rationale for the reduction of protection in the global economy (5 marks)

Criteria	Marks
<ul style="list-style-type: none"> Provides a range of points for and against reduced protection in the global economy Provides a clear and concise response 	5
<ul style="list-style-type: none"> Provides a range of points for and against reduced protection in the global economy 	4
<ul style="list-style-type: none"> Provides points for and/or against reduced protection in the global economy 	3
<ul style="list-style-type: none"> Provides points for and/or against reduced protection 	2
<ul style="list-style-type: none"> Refers to reduced protection Provides a limited response 	1

Answers could include:

- Points for reduced levels of protection such as increased GWP, reduced poverty in developing nations, increased global equity, reduced prices, increased efficiency
- Points against reduced protection such as increased exploitation, dumping

Section III

Question 25

Examine the role of monetary policy in achieving inflation and employment objectives in Australia

Mark Range	Criteria
17-20	<ul style="list-style-type: none">• Develops a sustained, logical and well-structured answer that examines, in detail, the role of monetary policy in Australia• Provides a comprehensive explanation of the impacts of monetary policy on growth, inflation and unemployment• Integrates appropriate economic terms, concepts, and theory• Synthesises economic data to develop an effective response
13-16	<ul style="list-style-type: none">• Develops a logical and well-structured answer that explains the role of monetary policy in Australia• Describes of the impacts of monetary policy on growth, inflation and unemployment• Incorporates some appropriate economic terms, concepts, and theory• Incorporates economic data to develop an effective response
9-12	<ul style="list-style-type: none">• Develops a structured answer that describes characteristics of monetary policy in Australia• Outlines, in general terms, the impacts of monetary policy on growth, inflation and unemployment• Uses some appropriate economic terms, concepts, and theory• Includes some economic data to develop an effective response
5-8	<ul style="list-style-type: none">• Develops an answer that outlines the nature of monetary policy in brief or incomplete terms• Refers to some possible impacts on more than one area of the economy in brief or incomplete terms• Uses limited appropriate economic terms, concepts, and theory• May include some economic data in the response
1-4	<ul style="list-style-type: none">• Develops an answer that refers to the nature of monetary policy• Shows little understanding about impacts of monetary policy• Makes little use of appropriate economic terms, concepts, and theory• Makes little use of economic data in the response

Answers could include:

- Meaning and operation of monetary policy in Australia
- Current interest rate settings and reasons for those settings
- Impact of interest rates on economic growth and hence inflation and employment
- Relationship between interest rates and the level of inflation
- Relationship between interest rates and the level of unemployment

Question 26

Examine the sources and effects of economic growth in the Australian economy

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

Answers could include:

- The meaning of economic growth
- Demand side sources of economic growth, including consumption, investment, government spending and net exports
- Supply side sources of economic growth, including increased efficiency and productivity
- Aggregate demand and aggregate supply diagrams to illustrate the impact of increased economic growth
- Includes both positive and negative effects of growth on households, firms, governments and the economy

Section IV

Question 27

Analyse the impact of globalisation on trade and the standard of living in the global economy

Mark Range	Criteria
17-20	<ul style="list-style-type: none">• Develops a sustained, logical and well-structured answer that examines, in detail, the nature of globalisation• Provides a comprehensive explanation of the impacts of globalisation on trade and living standards• Integrates appropriate economic terms, concepts, and theory• Synthesises economic data to develop an effective response
13-16	<ul style="list-style-type: none">• Develops a logical and well-structured answer that explains the characteristics of globalisation• Demonstrates a clear understanding of the impacts of globalisation on trade and living standards• Incorporates some appropriate economic terms, concepts, and theory• Incorporates economic data to develop an effective response
9-12	<ul style="list-style-type: none">• Develops a structured answer that describes characteristics of globalisation• Outlines, in general terms, some impacts of globalisation on trade and living standards• Uses some appropriate economic terms, concepts, and theory• Includes some economic data to develop an effective response
5-8	<ul style="list-style-type: none">• Develops an answer that outlines the nature of globalisation• Refers to some possible impacts of globalisation on trade and living standards in brief or incomplete terms• Uses limited appropriate economic terms, concepts, and theory• May include some economic data in the response
1-4	<ul style="list-style-type: none">• Develops an answer that refers to globalisation• Shows little understanding of the impacts of globalisation• Makes little use of appropriate economic terms, concepts, and theory• Makes little use of economic data in the response.

Answers could include:

- The meaning of globalisation and the global economy
- Impacts of globalisation on trade, including the size, pattern and direction of trade
- Contemporary trading agreements and trade blocs
- Impacts of globalisation on standard of living in the global economy, including developed, developing, newly industrialised and transition economies
- Impact on income and quality of life indicators across a range of economies in the global economy

Question 28

Analyse the impact of a long-term appreciation of the Australian Dollar on inflation, employment and external balance

Mark Range	Criteria
17-20	<ul style="list-style-type: none">• Develops a sustained, logical and well-structured answer• Provides a comprehensive explanation of the impacts of a long term appreciation of the Australian dollar on inflation, employment and external stability in Australia• Integrates appropriate economic terms, concepts, and theory• Synthesises economic data to develop an effective response
13-16	<ul style="list-style-type: none">• Develops a logical and well-structured answer• Demonstrates a clear understanding of the impacts of an appreciation of the Australian dollar on inflation, employment and external stability in Australia• Incorporates some appropriate economic terms, concepts, and theory• Incorporates economic data to develop an effective response
9-12	<ul style="list-style-type: none">• Describes some impacts of an appreciation of the Australian dollar on some features of Australia's economic performance• Uses some appropriate economic terms, concepts, and theory• Includes some economic data to develop an effective response
5-8	<ul style="list-style-type: none">• Outlines some possible impacts of an appreciation of the Australian dollar features of Australia's economic performance in brief or incomplete terms• Uses limited appropriate economic terms, concepts, and theory• May include some economic data in the response
1-4	<ul style="list-style-type: none">• May refer to the Australian dollar and/or internal or external balance• Makes little use of appropriate economic terms, concepts, and theory• Makes little use of economic data in the response

Answers could include:

- Definitions of exchange rates, inflation, employment and external stability
- Diagrammatical analysis of an appreciation
- Impact of an appreciation on the prices of domestically produced goods and services and imports
- Impact of an appreciation on employment and unemployment
 - Economic growth and cyclical employment
 - Microeconomic implications and structural employment
- Impact of an appreciation on the sustainability of the current account deficit and net foreign liabilities