



Student number .....

# Higher School Certificate

## 2018

### Trial Examination

### Economics

#### General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Board approved calculators may be used
- Write using black or blue pen (black pen is preferred)

#### Section I

Total marks (20)

Attempt questions 1-20

Allow about 35 minutes for this section

#### Section II

Total marks (40)

Attempt questions 21-24

Allow about 1 hour 15 minutes for this section

#### Section III

Total marks (20)

Attempt EITHER Question 25 or 26

Allow about 35 minutes for this section

#### Section IV

Total marks (20)

Attempt EITHER Question 27 or 28

Allow about 35 minutes for this section

Total /100

**SECTION I**

**Total marks (20)**

**Attempt Questions 1 –20**

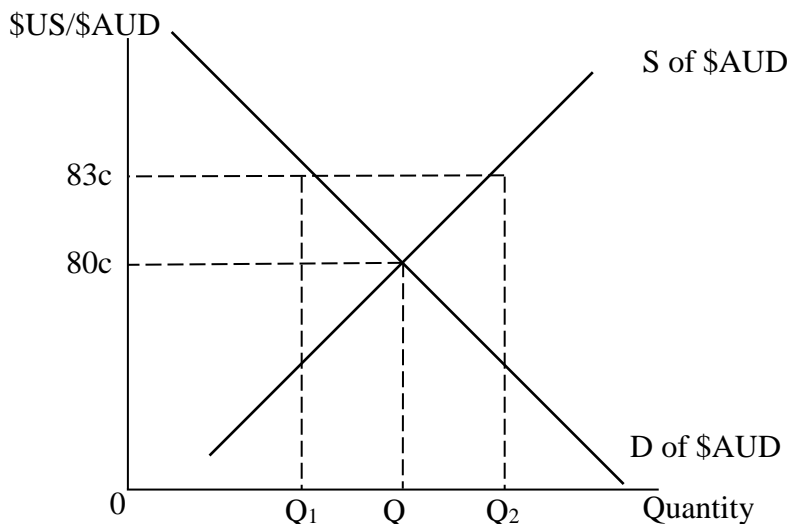
**Allow about 35 minutes for this section**

Answer the questions on the multiple choice answer sheet provided

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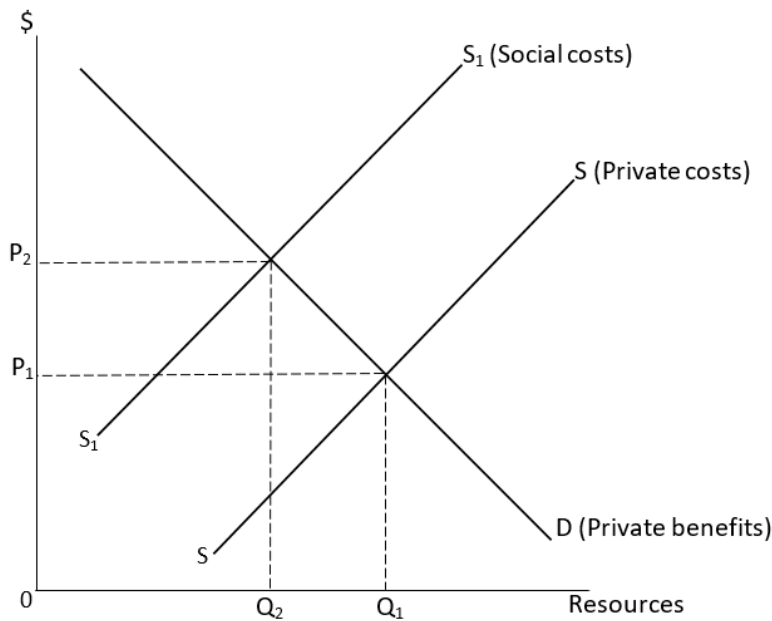
- 1 Which of the following is the likely effect of higher interest rates in Australia relative to overseas interest rates?
- A. An increase in supply of Australian dollars and an increase in capital inflow
  - B. An increase in supply of Australian dollars and an decrease in capital outflow
  - C. An increase in demand for Australian dollars and an increase in capital inflow
  - D. An increase in demand for Australian dollars and an increase in capital outflow

Refer to the graph below to answer Question 2



- 2 Under a managed exchange rate system, what action would the Reserve Bank of Australia take to keep the \$AUD at 83c?
- A. It would buy the equivalent of  $Q_2 - Q_1$  Australian dollars
  - B. It would sell the equivalent of  $Q_2 - Q_1$  Australian dollars
  - C. It would buy the equivalent of  $Q_2 - Q$  Australian dollars
  - D. It would sell the equivalent of  $Q_2 - Q$  Australian dollars

The diagram below shows the demand and supply curve of a firm. Refer to this diagram to answer Question 3.



3 What implications are there to the environment, consumers and producers when the supply curve moves from SS to S<sub>1</sub>S<sub>1</sub>?

	<i>Environment</i>	<i>Consumer</i>	<i>Producer</i>
A.	Decreased negative externalities	Higher prices	Higher costs of production
B.	Decreased negative externalities	Lower prices	Lower costs of production
C.	Increased negative externalities	Higher prices	Reduced profits
D.	Increased negative externalities	Lower prices	Increased profits

Use the information below to answer Question 4.

<i>Year</i>	<i>Consumer Price Index (CPI)</i>	<i>Total Population ('000)</i>	<i>Number Unemployed ('000)</i>	<i>Labour Force ('000)</i>
X	100	1750	35	550
Y	109	1850	30	600
Z	121	2000	25	650

4 From Year Y to Year Z, which statement is correct for this economy?

	<i>Inflation Rate %</i>	<i>Unemployment Rate</i>
A.	11	Decreased
B.	12	Decreased
C.	11	Increased
D.	12	Increased

5 What are the impacts of a reduction in protection on the Australian economy?

A.	Integration of financial markets	Increases in environmental costs	Reduction in the costs of production
B.	Inefficient industries benefit	Efficient allocation of resources	Infant industries suffer
C.	Efficient allocation of resources	Lower prices for consumers	Improved international competitiveness
D.	Increases in environmental costs	Lower prices for consumers	Efficient allocation of resources

6 The Federal Government is planning a budget deficit for a particular year. In which way could this deficit be financed?

- A. By increasing tariff levels
- B. By reducing interest rates
- C. By using domestic savings
- D. By implementing structural change

7 Which combination of actions by the Reserve Bank of Australia is most likely to cause a decrease in the value of the Australian dollar?

	<i>Australian Dollars</i>	<i>Cash Rate</i>
A.	Sell	Increased
B.	Sell	Decreased
C.	Buy	Decreased
D.	Buy	Increased

The table below shows selected data for a hypothetical economy and relates to Question 8.

Year	Nominal GDP \$B	CPI
1	750	100
2	800	108
3	935	117

8 What is the Inflation rate and Real GDP in year 3?

	Inflation	Real GDP \$B
A	8.3 %.	799
B	17%.	750
C	17%	776
D	8.3 %.	863

The following table shows Balance of Payments data for an economy with a floating exchange rate. Use the information below to answer Question 9.

<i>Balance of Payments Item</i>	<i>\$ Billions</i>
Balance of Goods and Services	-16
Net Primary Income	-56
Net Secondary Income	4
Capital Account	2
Financial Account	?

- 9 What is the value of the Financial Account for this economy?
- A. -\$56 billion
  - B. -\$70 billion
  - C. \$36 billion
  - D. \$66 billion
- 10 Which of the following statements best describes the implementation and impact of economic policies?
- (A) Macroeconomic policy is quickly implemented through the annual budget.
  - (B) Macroeconomic policy shifts the aggregate supply curve to improve productivity.
  - (C) Monetary policy is quicker to implement than fiscal policy but takes longer to affect economic activity.
  - (D) Monetary policy is slower to implement than fiscal policy and is quicker to affect economic activity.

11 The following table shows data for income and consumption in a closed economy.

<i>Disposable income</i> \$m	<i>Consumption</i> \$m
50	50
100	80
150	110
200	140
250	170

What is the value of the marginal propensity to consume (MPC) and the simple multiplier?

- (A) The MPC is 0.4 and the multiplier is 2.5.
- (B) The MPC is 0.8 and the multiplier is 5.
- (C) The MPC is 0.6 and the multiplier is 2.5.
- (D) The MPC is 0.9 and the multiplier is 10.

12 The table shows data for a hypothetical economy.

<i>Year</i>	<i>Employed Persons</i>	<i>Total Labour Force</i>	<i>Gini co-efficient</i>
1	11 750 000	12 500 000	0.315
2	11 800 000	12 700 000	0.335

What is the effect of the changes from Year 1 to Year 2 on the unemployment rate and income inequality?

	<i>Unemployment rate</i>	<i>Income inequality</i>
(A)	Increased	Decreased
(B)	Increased	Increased
(C)	Decreased	Decreased
(D)	Decreased	Increased

**13** An emerging country is experiencing balance of payment difficulties and instability in its exchange rate.

Which of the following international organisations could provide the country with financial assistance?

- (A) The World Trade Organisation
- (B) The World Bank
- (C) The International Monetary Fund
- (D) The Organisation for Economic Co-operation and Development

**14** A government wants to protect its industries from import competition.

Which combination of trade policies would be most appropriate to achieve this?

	<i>Tariffs on imported goods</i>	<i>Quotas on imported goods</i>
(A)	Increase	Increase
(B)	Increase	Decrease
(C)	Decrease	Decrease
(D)	Decrease	Increase

**15** How would profits earned by Australian enterprises operating overseas be recorded in Australia's balance of payments?

- (A) As a debit on the financial account
- (B) As a credit on the financial account
- (C) As a credit item on Net primary income in the current account
- (D) As a debit item on Net primary income in the current account

**16** Which of the following combinations is most likely to reduce Australia's volume of exports?

	<i>Australian dollar</i>	<i>Global economy</i>
(A)	Appreciation	Slowing growth rate
(B)	Depreciation	Slowing growth rate
(C)	Appreciation	Increasing growth rate
(D)	Depreciation	Increasing growth rate

**17** The government decides to reduce the subsidy provided to car manufacturers in Australia.

Which of the following is a likely short-term consequence of this action?

- (A) Australian car manufacturers would improve their international competitiveness.
- (B) Input costs for Australian car manufacturers are reduced making cars less expensive.
- (C) There will be a redistribution of income away from the government towards local producers.
- (D) The Australian car manufacturing industry is likely to restructure causing an increase in unemployment.

**18** What changes will occur to automatic stabilisers during a sustained decrease in the level of economic activity?

- (A) Welfare payments will increase and taxation revenue will decrease.
- (B) Welfare payments will decrease and taxation revenue will decrease.
- (C) Welfare payments will decrease and taxation revenue will increase.
- (D) Welfare payments will increase and taxation revenue will increase.

**19** Which of the following factors can restrict economic growth and development in developing economies?

- (A) High population growth rates, low per capita incomes and low levels of capital accumulation
- (B) Low population growth rates, high levels of foreign debt and high levels of capital accumulation
- (C) High levels of domestic savings, low levels of technology and high levels of foreign direct investment
- (D) Low levels of domestic savings, low per capita incomes and high levels of exports

**20** Which of the following policy options may reduce the Non Accelerating Inflation Rate of Unemployment (NAIRU)?

- (A) Reduce the retirement age
- (B) Encouraging those who receive unemployment benefits to re-enter the workforce
- (C) Decreased interest rates
- (D) Decreasing government expenditure on TAFE

**End of SECTION 1**

**SECTION II**

**Total marks (40)**

**Attempt Questions 21 – 24**

**Allow about 1 hour and 15 minutes for this section**

Answer the questions in the spaces provided.

These spaces provide guidance for the expected length of response.

**Question 21 (10 marks)**

Use the following information to answer parts (a).

	(millions)
Population over 15	36
Full time workers	21
Part time workers	4
Unemployed workers	2
Students	1

- (a) Calculate the following: 2

Participation rate: .....

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Unemployment rate: .....

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- (b) Explain what the consequences are when the unemployment rate drops below the non-accelerating inflation rate of unemployment. 2

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**Question 21 continues on page 12**

(c) What are TWO main problems associated with the calculation of the official unemployment rate? 2

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(d) Evaluate the impacts of an increased participation rate on the Australian economy. 4

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**End of Question 21**

**Question 22** (10 marks)

A hypothetical economy has a simple multiplier of 2.5.

- (a) Calculate the change in national income that would result from an increase in investment of \$200 million. **1**

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- (b) Outline how economic growth in a major trading partner might influence economic growth in Australia. **2**

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- (c) Explain how an increase in Australia's marginal propensity to save (MPS) affects Australia's economic growth? **3**

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**Question 22 continues on page 14**







**Question 24** (10 marks)

- (a) Define the term *globalisation*. **1**

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- (b) How has globalisation contributed to changes in the international business cycle? **2**

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- (c) Describe TWO economic consequences of an unequal distribution of global income and wealth. **2**

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**Question 24 continues on page 18**

(d) Discuss the factors that cause global inequalities.

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**End of SECTION II**

### SECTION III

Total marks (20)

Attempt Question 25 or Question 26

Allow about 35 minutes for this section.

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

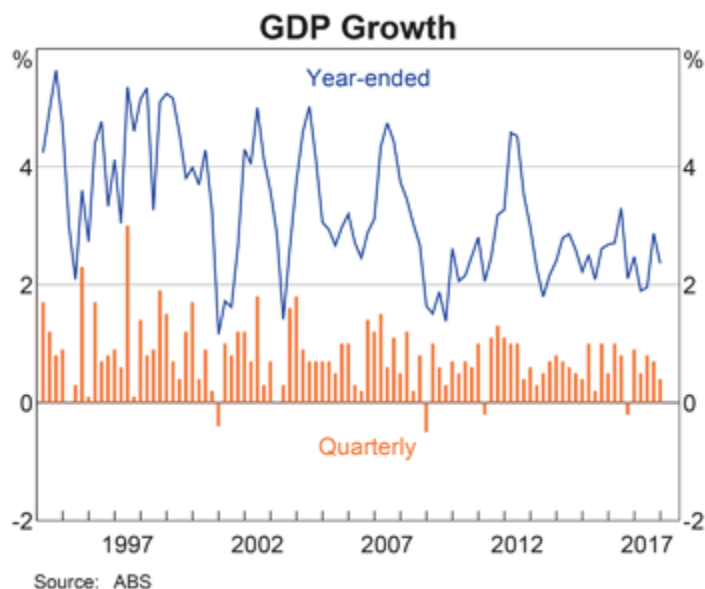
- demonstrate knowledge and understanding relevant to the question
- use the information provided
- apply relevant economic terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

#### Question 25 (20 marks)

Explain the role that the Australian government's macroeconomic policies play in achieving sustainable economic growth and price stability. In your response, you should refer to the economic information provided.

At its meeting today, the Board decided to leave the cash rate unchanged at 1.50 per cent. The recent data on the Australian economy have been consistent with the Bank's central forecast for GDP growth to pick up, to average a bit above 3 per cent in 2018 and 2019. Business conditions are positive and non-mining business investment is increasing. Higher levels of public infrastructure investment are also supporting the economy. Stronger growth in exports is expected. One continuing source of uncertainty is the outlook for household consumption. Household income has been growing slowly and debt levels are high.

*Source: Statement by Phillip Lowe, Governor, Reserve Bank of Australia, Monetary Policy Decision 5 June 2018*



OR

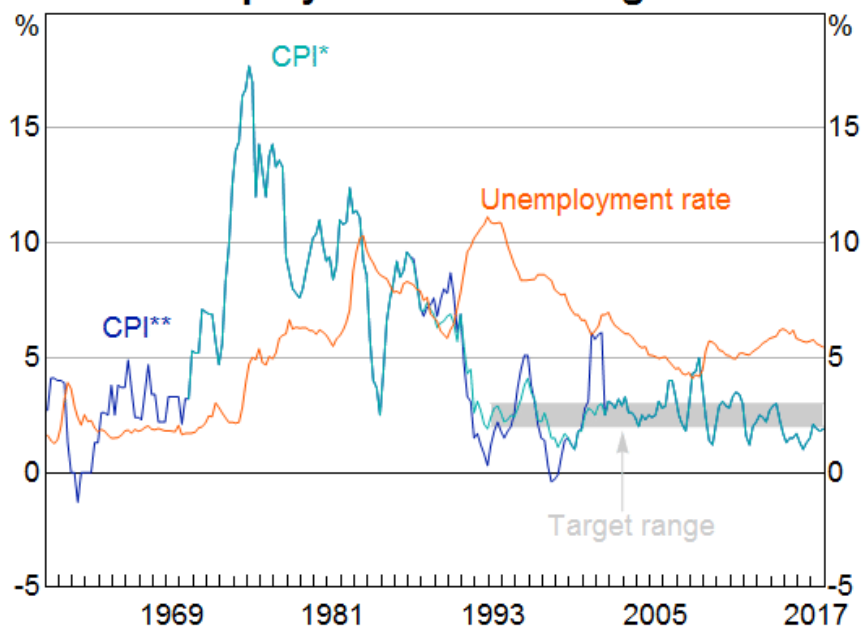
**Question 26** (20 marks)

Explain how the Australian government uses macroeconomic policies to achieve its economic objectives. In your response, you should refer to the economic information provided.

The Government is sticking to its plan for building a stronger economy for Australia. Through disciplined fiscal management and improved receipts from stronger economic growth, the budget position is improving. The Government is continuing to back Australian businesses to invest and create more jobs, remain internationally competitive and encourage innovative thinking for the future. The economic potential in regional Australia is continuing to be unlocked. The Government is backing our farmers and securing the future of one of our international icons and great natural wonders — the Great Barrier Reef.

*Source: 2018/19 Budget*

### Australian Inflation and Unemployment in the Long Run



\* Year-ended; excludes interest charges prior to the September quarter 1998; adjusted for the tax changes of 1999-2000

\*\* Year-ended

Sources: ABS; RBA

**SECTION IV**

**Total marks (20)**

**Attempt either**

**Question 27 or Question 28**

**Allow about 35 minutes for this section**

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

- demonstrate knowledge and understanding relevant to the question
  - apply relevant economic information, terms, concepts, relationships and theory
  - present a sustained, logical and cohesive response
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**Question 27 (20 marks)**

Discuss the causes of Australia's persistent Current Account Deficit and its effects on the Australian economy.

**OR**

**Question 28 (20 marks)**

Discuss the impact of fluctuations in Australia's exchange rate on the economic performance of the Australian economy.



Student Number: \_\_\_\_\_

***Economics Trial Examination: Section I Answer Sheet***

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Complete your answers to **Questions 1-20** in the table provided below.

Select your answer by placing an **X** over the correct option.

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



## Trial Economics Exam 2018 Marking Criteria

### Section 1 Multiple Choice

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

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**Section 11 Short Answers (40 marks)**

**Question 21: 10 marks**

**Question 21 (10 marks)**

a. Calculate the participation rate and the unemployment rate: 2

Criteria	Marks
• Calculates both the participation and unemployment rate	2
• Calculates either the participation or unemployment rate	1

**Answers could include:**

$$\text{Participation rate} = \frac{\text{Labour Force}}{\text{Working Age Population}} \times 100 = \frac{\text{Full time} + \text{Part time} + \text{Unemployed (21+4+2)}}{\text{Pop over 15 (36)}} \times 100 = 75\%$$

$$\text{Unemployment rate} = \frac{\text{Number of unemployed}}{\text{Total labour force}} \times 100 = \frac{2 \text{ million}}{27 \text{ million}} \times 100 = 7.4\%$$

b. Explain what the consequences are when the unemployment rate drops below the non-accelerating inflation rate of unemployment. 2

Criteria	Marks
• Clearly explains the consequences if unemployment drops below the NAIRU	2
• Simple explanation if unemployment drops below the NAIRU	1

**Answers could include:**

Relationship between unemployment and inflation (generally an inverse relationship)  
 Increase in economic growth through an increase in aggregate demand leading to inflation

c. What are TWO main problems associated with the calculation of the official unemployment rate 2

Criteria	Marks
• Clearly explains TWO problems	2
• Identifies or provides a simple explanation of ONE problem	1

**Answers could include:**

Underemployment  
 Hidden unemployed

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d. Evaluate the impacts of an increased participation rate on the Australian economy. 4

Criteria	Marks
• Evaluates the impacts of an increased participation rate	3-4
• Explains impacts of increased participation rate	1-2

*Answers could include:*

Positive and negative impacts on and including:

Short term increase in unemployment

Increased casualisation and part time work

Reduced unemployment in the long term

Reduced average working hours/ Underemployment

Reduced dependence on social welfare

Increased inflation

Distribution of income

Economic growth

Increase in the circular flow

Greater efficiency in resource allocation

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**Question 22 (10 marks)**

- a. Calculate the change in national income that would result from an increase in investment of \$200 million. **1**

Criteria	Marks
• Correctly calculates the change in national income	1

*Answers could include:*

$$2.5 \times \$200 \text{ million} = \$500 \text{ million}$$

- b. Outline how economic growth in a major trading partner might influence economic growth in Australia. **2**

Criteria	Marks
• Correctly outlines economic growth in a major trading partner and its influence on economic growth in Australia	2
• Simple outline of economic growth in a major trading partner and its influence on economic growth in Australia	1

*Answers could include:*

Growth in a major trading partner may lead to increased exports, resulting in increased AD due to higher levels of employment and economic growth associated with increased production.

- c. Explain how an increase in Australia's marginal propensity to save (MPS) affects Australia's economic growth? **3**

Criteria	Marks
• Clearly explains how the MPS affects economic growth	3
• Outlines how the MPS affects economic growth	2
• Shows basic understanding of MPS and some link to economic growth	1

*Answers could include:*

Higher MPS leads to a reduction in the multiplier (ie saving rather than spending). This will reduce AD and therefore growth.

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- d. Explain the effects of an increased rate of economic growth on the Australian government budget 4

Criteria	Marks
• Correctly explains the effects of an increased rate of economic growth on the Australian government budget	3-4
• Provides basic points relating to how an increased rate of economic growth relates to the Australian government budget	1-2

**Answers could include:**

Increased economic growth may lead to increase gov revenue (due to increased income and company tax)

Reduced government expenditure may be possible (including welfare payment reductions)

Strong answers should incorporate the automatic stabilisers concept

Easier to run a contractionary budgetary stance

Easier to run a surplus based on revenue and expenditure decisions

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**Question 23 (10 marks)**

- a. Define the term ecologically sustainable development. 1

Criteria	Marks
• Correctly defines ecologically sustainable development.	1

**Answers could include:**

Conserving and enhancing the community's resources so that ecological processes are maintained for now and future generations

- b. Distinguish between *private goods* and *public goods*. 2

Criteria	Marks
• Clearly distinguishes between private goods and public goods	2
• Makes some distinction between private goods and public goods or explains either private goods or public goods	1

**Answers could include:**

Private goods are goods that are excludable and rival in that consumption by one individual reduces the amount that remains. Private goods must be purchased to be consumed.

Public goods are goods that are non-excludable and non-rival, where consumption by one individual does not reduce the amount available to others.

- c. Discuss TWO causes of market failure that can arise in the allocation of environmental resources. 3

Criteria	Marks
• Clearly discusses TWO causes of market failure	3
• A brief outline of TWO causes of market failure Or • Clearly discusses ONE causes of market failure	1-2

**Answers could include:**

Market failure occurs when: the price mechanism has failed to take into account the social costs involved in the production of goods and service, public goods are not priced correctly, private companies are driven more by the profit motive than caring for the environment, consumers are more driven by lower prices than caring for the environment.

Stronger answers should include concepts including negative externalities

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d. Assess TWO government policies aimed at improving ecologically sustainable development in Australia.

4

Criteria	Marks
• Clearly assesses TWO government policies aimed at improving ecologically sustainable development	3-4
• Outlines TWO government policies aimed at improving ecologically sustainable development or • Clearly assesses ONE government policy aimed at improving ecologically sustainable development	1-2

**Answers could include:** Government policies could include - bans, taxes, subsidies, investment incentives, quotas, emission trading schemes, legislation etc.

Stronger answers should have examples from recent government policy in Australia, such as banning of leaded petrol, CFC's, carbon tax, subsidising solar energy.

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**Question 24 (10 marks )**

**(a) Outcomes assessed: H1**

<b>Criteria</b>	<b>Marks</b>
• States the correct meaning of the term <i>globalisation</i>	<b>1</b>

*Answers could include:* Globalisation refers to the greater level of economic integration between different countries and regions of the world. The growth in free trade, flows of foreign investment, improvements in technology and more efficient transport have all contributed to the rate of growth of globalisation.

**Question (b) Outcomes assessed: H1**

<b>Criteria</b>	<b>Marks</b>
• Demonstrates a clear understanding of how globalisation has contributed to changes in the international business cycle	<b>2</b>
• Demonstrates an understanding of how globalisation has contributed to changes in the international business cycle	<b>1</b>

*Answers could include:*

Due to the increase in globalisation and the greater level of economic integration, the changes in economic performance of countries and regions of the world are now more interrelated. This interrelationship through trade, financial and investment flows means that changes in economic growth in some of the major economies of the world are more harmonised. This was evident during the Global Financial Crisis when a downturn in the business cycle in the United States spread to other countries and regions in the global economy, including the Euro economies, China and Japan. This was referred to as the transmission of financial contagion from a disturbance in global financial markets.

In contrast, during the global resources boom between 2003 and 2007 when the global demand for resources increased (particularly from China and other large emerging countries), world growth increased to 4% to 5% per annum. This resulted in increased trade and investment flows between developed and emerging countries and helped to increase the rate of world economic development.

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**Question (c)** *Outcomes assessed: H1, H11*

<b>Criteria</b>	<b>Marks</b>
• Demonstrates a clear understanding of TWO consequences of an unequal distribution of global income and wealth	<b>2</b>
• Demonstrates an understanding of ONE consequence of an unequal distribution of global income and wealth	<b>1</b>

*Answers could include:* Global inequality of income and wealth is viewed as an unequal distribution of income (the flow of money or income from the factors of production) and wealth (the stock of net assets) amongst the countries of the world. Together both measures (i.e. income and wealth) assist in helping to monitor the disparity between the rich (advanced) and the poor (developing) nations of the world. The consequences of this disparity are measured by a range of indicators. Based on World Bank data in 2011, income varies across the world with low income economies (36 in total) recording a GNI per capita of US\$1,035 or less, whilst high income economies (76 in total) had a GNI per capita of US\$12,616. Consequently a low income economy like Madagascar has 81.3% of its population living in poverty on less than \$1.25 per day.

A range of social indicators can also be used to assess the consequences of global inequality including life expectancy, adult literacy rates and daily calorie supply per capita. People living in high income economies live longer, have higher literacy rates and consume a higher calorie intake per day than people living in low income economies. The distribution of global wealth is more uneven than the distribution of global income, with significant inequality between regions of the world which are ‘well off’ compared to those regions which are not. This inequality further compounds the economic gap between rich and poor nations in terms of differences in per capita income.

Regional shares of global wealth according to the World Institute for Development Economics Research revealed that in 2016, North America (34%) and Europe (30%) had 64% of global wealth and the Asia Pacific (including Japan, Korea, Taiwan, Hong Kong and Singapore) had 24% of the world total. These figures contrast with poorer regions such as Latin America and the Caribbean (4%), the Middle East (3%), India (1%) and Africa (1%) which had much lower shares of world wealth.

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**Question (d)** *Outcomes assessed: H1, H5, H8*

<b>Criteria</b>	<b>Marks</b>
• Demonstrates a clear and concise discussion of the factors that cause global inequalities.	<b>5</b>
• Demonstrates a sound discussion the factors that cause global inequalities.	<b>4</b>
• Demonstrates some understanding of the factors that cause global inequalities.	<b>3</b>
• Sketches in general terms the factors that cause global inequalities.	<b>2</b>
• Lists a factor that causes global inequalities.	<b>1</b>

*Answers could include:*

- Global factors – global trade system, global financial architecture, global aid and assistance, global technology flows
- Domestic factors-  
**Economic resources**-natural resources, labour supply and quality, access to capital, entrepreneurial culture  
**Institutional factors**-political and economic institutions, economic policies

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### Question 25

Criteria	Marks
<ul style="list-style-type: none"><li>• Synthesises own knowledge and understanding with the information provided to develop a sustained, logical and cohesive response</li><li>• Extensive integration of relevant economic terms, concepts, relationships and theory</li><li>• Demonstrates a clear and comprehensive explanation of the role of macroeconomic policies in achieving economic growth and price stability.</li></ul>	<b>17–20</b>
<ul style="list-style-type: none"><li>• Synthesises own knowledge and understanding with the information provided to develop a logical and cohesive response</li><li>• Integrates relevant economic terms, concepts, relationships and theory</li><li>• Demonstrates a sound explanation of the role of macroeconomic policies in achieving economic growth and price stability.</li></ul>	<b>13–16</b>
<ul style="list-style-type: none"><li>• Uses own knowledge and understanding with the information provided to develop a coherent response</li><li>• Applies economic terms, concepts and relationships</li><li>• Sketches in general terms an explanation of the role of macroeconomic policies in achieving economic growth and price stability.</li></ul>	<b>9–12</b>
<ul style="list-style-type: none"><li>• Uses information to develop a generalised response</li><li>• Uses some economic terms, concepts and relationships</li><li>• States some aspects of the role of macroeconomic policies in achieving economic growth and price stability.</li></ul>	<b>5–8</b>
<ul style="list-style-type: none"><li>• Presents a limited response</li><li>• Uses some economic terms and/or concepts</li><li>• Lists a role of macroeconomic policies in achieving economic growth and price stability.</li></ul>	<b>1–4</b>

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### Question 26

Criteria	Marks
<ul style="list-style-type: none"><li>• Synthesises own knowledge and understanding with the information provided to develop a sustained, logical and cohesive response</li><li>• Extensive integration of relevant economic terms, concepts, relationships and theory</li><li>• Demonstrates a clear and comprehensive explanation of the government's objectives</li><li>• Demonstrates a clear and comprehensive explanation how macroeconomic policies are used to achieve the economic objectives</li></ul>	<b>17–20</b>
<ul style="list-style-type: none"><li>• Synthesises own knowledge and understanding with the information provided to develop a logical and cohesive response</li><li>• Integrates relevant economic terms, concepts, relationships and theory</li><li>• Demonstrates a sound explanation of the government's objectives</li><li>• Demonstrates a sound explanation how macroeconomic policies are used to achieve the economic objectives</li></ul>	<b>13–16</b>
<ul style="list-style-type: none"><li>• Uses own knowledge and understanding with information provided to develop a coherent response</li><li>• Applies economic terms, concepts and relationships</li><li>• Sketches in general terms the government's objectives</li><li>• Sketches in general terms how macroeconomic policies are to achieve the economic objectives</li></ul>	<b>9–12</b>
<ul style="list-style-type: none"><li>• Uses information to develop a generalised response</li><li>• Uses some economic terms, concepts and relationships</li><li>• States some aspects of the government's objectives</li><li>• States some aspects of how macroeconomic policies are used to achieve the economic objectives</li></ul>	<b>5–8</b>
<ul style="list-style-type: none"><li>• Presents a limited response</li><li>• Uses some economic terms and/or concepts</li><li>• Lists the government's objectives</li><li>• Lists how macroeconomic policies are used to achieve the economic objectives</li></ul>	<b>1–4</b>

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**Question 27**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"><li>• Integrates extensive and relevant economic terms, concepts, relationships and theories</li><li>• Provides comprehensive economic information in a sustained, logical and cohesive response</li><li>• Demonstrates a clear and comprehensive understanding of the causes and the effects of Australia's Current account deficit on the economy</li></ul>	<b>17–20</b>
<ul style="list-style-type: none"><li>• Integrates relevant economic terms, concepts, relationships and theories</li><li>• Provides sound economic information in a logical and cohesive response</li><li>• Demonstrates a sound understanding the causes and the effects of Australia's current account deficit on the economy</li></ul>	<b>13–16</b>
<ul style="list-style-type: none"><li>• Applies economic terms, concepts and relationships</li><li>• Develops a coherent response</li><li>• Sketches in general terms the causes and the effects of Australia's current account deficit on the economy</li></ul>	<b>9–12</b>
<ul style="list-style-type: none"><li>• Uses some economic terms, concepts and relationships</li><li>• Develops a generalised response</li><li>• States some aspects of the causes and the effects of Australia's current account deficit on the economy</li></ul>	<b>5–8</b>
<ul style="list-style-type: none"><li>• Uses some economic terms and/or concepts</li><li>• Presents a limited response</li><li>• List some causes and/or effects Australia's current account deficit</li></ul>	<b>1–4</b>

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### Question 28

Criteria	Marks
<ul style="list-style-type: none"><li>• Synthesises own knowledge and understanding with the information provided to develop a sustained, logical and cohesive response</li><li>• Extensive integration of relevant economic terms, concepts, relationships and theory</li><li>• Demonstrates a clear and comprehensive understanding of the impact of changes in the value of the Australian dollar on the Australian economy</li></ul>	<b>17–20</b>
<ul style="list-style-type: none"><li>• Synthesises own knowledge and understanding with the information provided to develop a logical and cohesive response</li><li>• Integrates relevant economic terms, concepts, relationships and theory</li><li>• Demonstrates a sound understanding of the impact of changes in the value of the Australian dollar on the Australian economy</li></ul>	<b>13–16</b>
<ul style="list-style-type: none"><li>• Uses own knowledge and understanding with the information provided to develop a coherent response</li><li>• Applies economic terms, concepts and relationships</li><li>• Sketches in general terms the impact of changes in the value of the Australian dollar on the Australian economy</li></ul>	<b>9–12</b>
<ul style="list-style-type: none"><li>• Uses the information provided to develop a generalised response</li><li>• Uses some economic terms, concepts and relationships</li><li>• States some aspects of the impact of changes in the value of the Australian dollar on the Australian economy</li></ul>	<b>5–8</b>
<ul style="list-style-type: none"><li>• Presents a limited response</li><li>• Uses some economic terms and/or concepts</li><li>• Lists some information on how a change in the value of the Australian dollar may have an impact on the Australian economy</li></ul>	<b>1–4</b>