



**Knox
Grammar
School**

2024 HIGHER SCHOOL CERTIFICATE TRIAL EXAMINATION

Economics

General Instructions

- Reading time – 5 minutes
- Working time – 180 minutes
- Write using black pen
- NESA approved calculators may be used

**Total marks:
100**

Section 1 – 20 marks

- Attempt questions 1-20
- Allow about 35 minutes for this section

Section II – 40 marks

- Attempt questions 21-24
- Allow about 75 minutes for this section

Section III – 20 marks

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

Section IV – 20 marks

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

Section I

20 marks

Attempt Questions 1–20

Allow about 35 minutes for this section

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

- 1 Which of the following is an example of a monetary union?
- A. European Union
 - B. G20
 - C. ASEAN
 - D. APEC
- 2 Which of the following best describes the international division of labour?
- A. An improvement in working conditions for the workforce
 - B. An increase in the mobility of the labour force in an economy
 - C. Emerging countries with a workforce of low skilled and low paid workers
 - D. Different nations that specialise in different types of production and labour
- 3 Which of the following policies have a short-term implementation time lag and a medium-term impact time lag?
- A. Fiscal Policy
 - B. Monetary Policy
 - C. Economic Policy
 - D. Microeconomic Policy

Use the following table to answer Questions 4 and 5.

Taxation	\$800m
Exports	\$600m
Government Expenditure	\$750m
Imports	\$500m
Savings	\$400m
Investment	?

4 What is the value of investment if this economy is experiencing equilibrium?

- A. \$350 million
- B. \$750 million
- C. \$1700 million
- D. \$2150 million

5 Which of the following best describes what is happening in this economy?

	<i>Trade balance</i>	<i>Budget Outcome</i>
A.	Surplus	Surplus
B.	Deficit	Surplus
C.	Surplus	Deficit
D.	Deficit	Deficit

- 6 An Australian invests in short-term equity overseas. How would this transaction be recorded in the Balance of Payments?
- A. A credit on the Capital Account
 - B. A credit on the Primary Income component of the Current Account
 - C. A debit on the Direct Investment component of the Financial account
 - D. A debit on the Portfolio Investment component of the Financial Account

- 7 The table shows economic information for a hypothetical economy.

<i>Real GDP(\$bn)</i>	<i>Net foreign liabilities(\$bn)</i>	<i>Net foreign equity (\$bn)</i>
\$2000	1800	760

What is the value of net foreign debt as a percentage of Real GDP?

- A. 38%
 - B. 42%
 - C. 52%
 - D. 128%
- 8 Which of the following statements best describes Australia's distribution of income and wealth?
- A. The Lorenz curve for wealth is the same as the line of equality.
 - B. The Lorenz curve for wealth is further from the line of equity than the Lorenz curve for income.
 - C. The Lorenz curve for income is further from the line of equity than the Lorenz curve for wealth.
 - D. The Lorenz curve for income is the same as the Lorenz curve for wealth.

- 9 All else equal, if hidden unemployment decreases, which of the following is likely to increase as a result?
- A. participation rate
 - B. cyclical unemployment
 - C. structural unemployment
 - D. the number of discouraged job seekers
- 10 If China experienced a significant depreciation of their currency, what would be the likely effect in Australia?
- A. An increase in demand for Australia's exports
 - B. The level of imported inflation would decrease
 - C. Australia's Trade Weighted Index would decrease
 - D. Australia's international competitiveness would improve

11 The table shows economic information for a hypothetical economy.

<i>Years</i>	<i>Export Price Index</i>	<i>Import Price Index</i>
1	95	105
2	95	100

What does the data indicate about this economy?

- A. The Current Account improved from Year 1 to Year 2.
- B. The terms of trade (ToT) worsened from Year 1 to Year 2.
- C. Import revenue exceeded export revenue in Year 1 and Year 2.
- D. Fewer exports were required to pay for the same volume of imports in Year 2.

- 12 The table shows economic information for a hypothetical economy.

<i>Year</i>	<i>Unemployment rate</i>	<i>Participation rate</i>
1	5%	59%
2	4%	62%

Which of the following combinations would explain the changes in the unemployment rate and participation rate from Year 1 to Year 2?

	<i>Unemployment Rate</i>	<i>Participation Rate</i>
A.	Structural change in the economy	Increased retirement age
B.	A global economic boom	Removal of childcare subsidies
C.	Increased skills in the workforce	Increased flexibility in the workplace
D.	Decreased job training packages for the unemployed	Compulsory superannuation

- 13 The government reduces the tax-free threshold from \$18,200 to \$10,000. Which of the following would most likely fall as a result of this tax change?

- A. Mobility of labour
- B. Government revenue
- C. Household consumption
- D. Risk-taking by entrepreneurs

- 14 An economy has a marginal propensity to save of 0.3 and its net exports have decreased by \$60 billion.

All other things being equal, what is the resulting change in the national income?

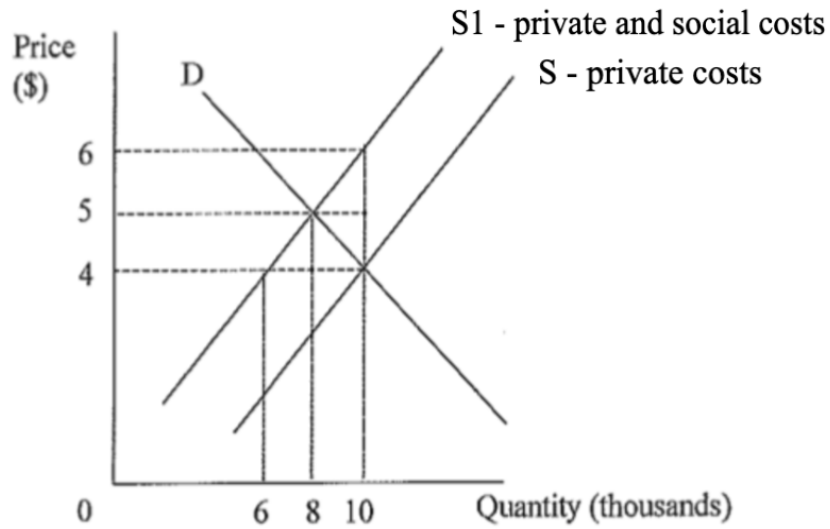
- A. An increase of \$86 billion
- B. A decrease of \$86 billion
- C. An increase of \$200 billion
- D. A decrease of \$200 billion

- 15 A central bank governor has stated the central bank will keep interest rates low until inflation returns to its target range.

What will be the most likely effect on inflation and asset prices?

	<i>Inflation</i>	<i>Asset Prices</i>
A.	Decrease	Decrease
B.	Decrease	Increase
C.	Increase	Decrease
D.	Increase	Increase

- 16 The following diagram shows the market for a product that produces negative externalities when consumed.



The government introduces an indirect tax on producers in order to 'internalise' these negative externalities. How much revenue will the government receive from this tax?

- A. \$20,000
- B. \$16,000
- C. \$10,000
- D. \$8,000

- 17 The table shows economic information for a hypothetical economy.

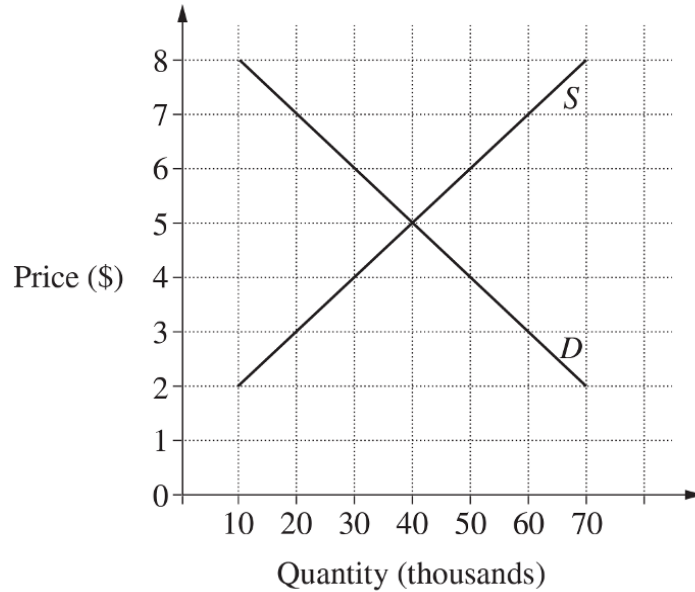
<i>Year</i>	<i>CPI</i>	<i>Nominal GDP</i>
1	102	1000
2	104	1050
3	110	1200

What is the increase in economic growth in real terms from Year 1 to Year 3?

- A. 11.3%
 - B. 8.0%
 - C. 3.1%
 - D. 0%
- 18 In Year 1, one US dollar buys 1.44 Australian dollars. In Year 2, one Australian dollar buys 0.65 US dollars.
- Which of the following statements is correct?
- A. Australia's exports are more expensive for the US in Year 2
 - B. It is more expensive for US investors to invest in Australia in Year 2
 - C. Goods and services imported from the US are more expensive in Year 2
 - D. The value of the foreign debt that Australia owes to the US decreases in Year 2

Use the information below to answer Questions 19 and 20.

The following diagram shows the demand and supply for a particular good within a hypothetical economy. The world price is \$2.



19 The government is considering imposing a tariff that would have the same impact on domestic production as an import quota of 40,000 items.

What is the total tariff revenue that will be generated?

- A. \$80,000
- B. \$40,000
- C. \$20,000
- D. \$0

20 The government is also considering a per unit subsidy to assist local producers. What per unit subsidy would result in the revenue for overseas producers reducing by \$80,000?

- A. \$1
- B. \$2
- C. \$3
- D. \$4

Section III

20 marks

Attempt either Question 25 or Question 26

Allow about 35 minutes for this section

Answer the question in the Sections III and IV Writing Booklet. Extra writing booklets are available.

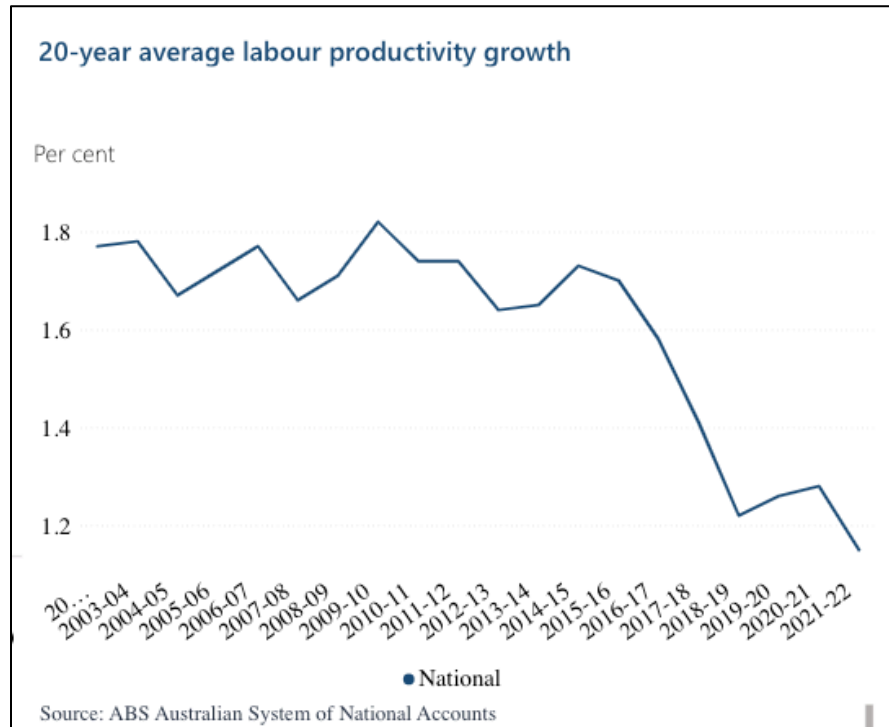
Your answer will be assessed on how well you:

- 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
-

Please turn over

Question 25 (20 marks)

To what extent has Labour Market Policy addressed Australia's economic objectives of economic growth, price stability and the distribution of income? In your answer, refer to the information provided.



The Government will seek to promote a labour market with jobs that are safe, secure, fairly paid and provide mutually beneficial flexibility to workers and employers. Wage growth in Australia has been subdued over the past decade, though it has picked up over the past year to be at its highest level in a decade.

Treasury.gov.au – September 2023

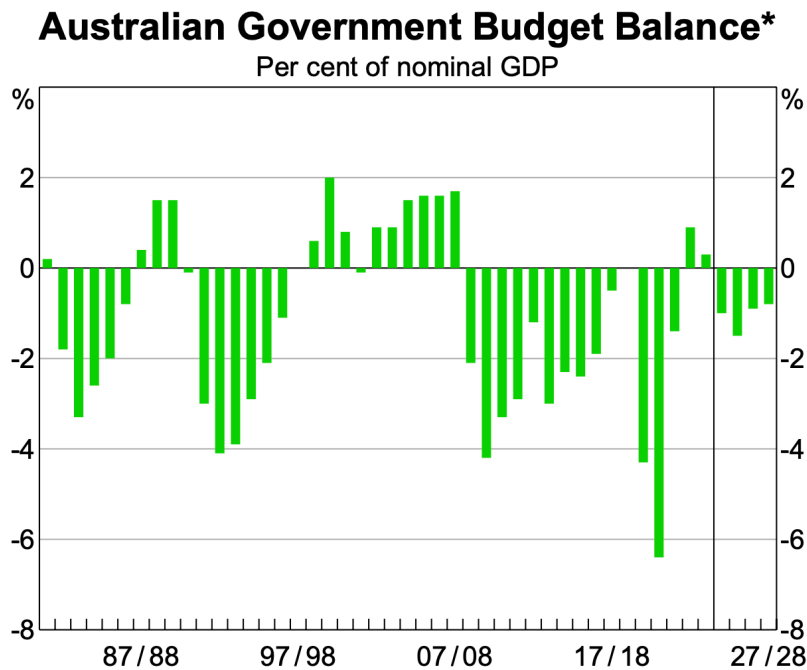
OR

Question 26 (20 marks)

To what extent does fiscal policy achieve Australia’s economic objectives of economic growth, price stability and the distribution of income? In your answer, refer to the information provided.

“While many Australians remain under pressure, Australia is better placed than most economies to manage these challenges and become the beneficiaries of change. This Budget strikes the right balance between keeping pressure off inflation, delivering cost-of-living relief, supporting sustainable economic growth and strengthening public finances.”

Source: Treasury, 2024-25 Budget Paper No. 1



* Underlying cash balance; 2024/25 mid-year economic and fiscal outlook.
Source: Australian Treasury.

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 Sections III and IV Writing Booklet. 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 terms, concepts, relationships and theory
 - present a sustained, logical and cohesive response
-

Question 27 (20 marks)

Analyse the impacts of Australia's free trade and protection policies on the Australian economy.

OR

Question 28 (20 marks)

Analyse the effects of globalisation on the global economy.

End of Paper



KNOX GRAMMAR SCHOOL

2024

HSC TRIAL
EXAMINATION

Economics: marking criteria

Section I

Multiple Choice (20 marks)

27/08/2024, 10:02

Graded by GradeCam

2024 12Eco AT4 Trial (20 pts)

Q #	Answer	Type	Points	Standards
1.	<input checked="" type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
2.	<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input checked="" type="radio"/> D	Multiple...	1	
3.	<input type="radio"/> A <input checked="" type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
4.	<input checked="" type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
5.	<input checked="" type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
6.	<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input checked="" type="radio"/> D	Multiple...	1	
7.	<input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D	Multiple...	1	
8.	<input type="radio"/> A <input checked="" type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
9.	<input checked="" type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
10.	<input type="radio"/> A <input checked="" type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
11.	<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input checked="" type="radio"/> D	Multiple...	1	
12.	<input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D	Multiple...	1	
13.	<input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D	Multiple...	1	
14.	<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input checked="" type="radio"/> D	Multiple...	1	
15.	<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input checked="" type="radio"/> D	Multiple...	1	
16.	<input type="radio"/> A <input checked="" type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
17.	<input checked="" type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
18.	<input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D	Multiple...	1	
19.	<input type="radio"/> A <input checked="" type="radio"/> B <input type="radio"/> C <input type="radio"/> D	Multiple...	1	
20.	<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input checked="" type="radio"/> D	Multiple...	1	

Section II - Suggested Answers & Criteria

Question 21

21a	Define the term 'workers remittance' and identify where this item would be recorded in the balance of payments.	
	Criteria	Marks
	<ul style="list-style-type: none"> Defines the term 'workers remittance' and correctly identifies where this item would be recorded in the balance of payments 	2
	<ul style="list-style-type: none"> Defines the term 'workers remittance' OR correctly identifies where this item would be recorded in the balance of payments 	1
<p>Sample answer: A workers remittance is a payment sent by a foreign worker to family in their home country. It is recorded in the secondary income component of the current account.</p> <p><i>Worker remittances are funds from an individual's income that is sent back to the country in which they migrated from, and is recorded in the Net Secondary Income account of the current account.</i></p>		

21b	Explain an effect of an increase in compulsory superannuation on Australia's external stability.	
	Criteria	Marks
	<ul style="list-style-type: none"> Provides a comprehensive explanation of the theoretical effect of an increase in compulsory superannuation on Australia's external stability. 	3
	Provides characteristics and features with some explanation of the theoretical effect of an increase in compulsory superannuation on Australia's external stability.	2
	Makes a relevant statement about compulsory superannuation and/or Australia's external stability.	1
<p>Sample answer: Compulsory superannuation is a forced saving in the Australian economy. Any increase in compulsory superannuation will likely lead to an increase in national savings in the Australian economy. This rise in savings should reduce the investment-savings gap thus lessening the need to borrow money from overseas, reducing the net foreign debt. As NFD is a key aspect of external stability, an improvement in NFD will improve Australia's external stability.</p> <p>OR</p>		

Students could identify that increased S leads potentially to more equity outflows. This increases debits in the financial account and as net foreign equity then subtracts from total liabilities, the total NFL as a % of GDP is improved. It can also improve credits in the current a/c which improves the CA as a % of gdp.

In ~~external~~ Australia has historically had a limited pool of domestic savings, meaning that in order to fulfill this structural savings and investment gap, we have had to borrow funds from overseas (MFC theory). This leads to accumulation of foreign debt and worsens external stability. However, an increase in compulsory superannuation will mean that the domestic pool of savings increases, and this reduces reliance on overseas funds (because our savings investment gap will decrease). Thus, NFD% and NFL as a % of GDP will fall, leading to improved external stability. ✓

Markers note:

Students had to demonstrate an understanding of the way that external stability was measure through NFD as % of GDP or NFE/NFL as % of GDP. Several students made assumptions in their answers and hence, the logical argument was not strong enough to be fully rewarded.

21c	<p><i>Australia's trade weighted index (TWI) moves from 72 to 60.</i></p> <p><i>Analyse potential implications of this change in TWI for Australia's current account.</i></p> <table border="1" data-bbox="284 331 1361 963"> <thead> <tr> <th data-bbox="284 331 1216 387">Criteria</th> <th data-bbox="1216 331 1361 387">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 387 1216 510"> <ul style="list-style-type: none"> Provides a comprehensive analysis, including strong economic terminology, of potential implications of a depreciation of the AUD and its impact on the current account </td> <td data-bbox="1216 387 1361 510">5</td> </tr> <tr> <td data-bbox="284 510 1216 633"> <ul style="list-style-type: none"> Provides a sound analysis with some economic terminology, of potential implications of a depreciation of the AUD and its impact on the current account </td> <td data-bbox="1216 510 1361 633">4</td> </tr> <tr> <td data-bbox="284 633 1216 790"> <ul style="list-style-type: none"> Provides some analysis of potential implications of a depreciation of the AUD and its impact on the current account OR provides characteristics and features of a depreciation and an impact on the current account </td> <td data-bbox="1216 633 1361 790">3</td> </tr> <tr> <td data-bbox="284 790 1216 880"> <ul style="list-style-type: none"> Outlines features of a depreciation and an impact on the current account </td> <td data-bbox="1216 790 1361 880">2</td> </tr> <tr> <td data-bbox="284 880 1216 963"> <ul style="list-style-type: none"> Provides some relevant information about depreciation and/or the current account </td> <td data-bbox="1216 880 1361 963">1</td> </tr> </tbody> </table>	Criteria	Marks	<ul style="list-style-type: none"> Provides a comprehensive analysis, including strong economic terminology, of potential implications of a depreciation of the AUD and its impact on the current account 	5	<ul style="list-style-type: none"> Provides a sound analysis with some economic terminology, of potential implications of a depreciation of the AUD and its impact on the current account 	4	<ul style="list-style-type: none"> Provides some analysis of potential implications of a depreciation of the AUD and its impact on the current account OR provides characteristics and features of a depreciation and an impact on the current account 	3	<ul style="list-style-type: none"> Outlines features of a depreciation and an impact on the current account 	2	<ul style="list-style-type: none"> Provides some relevant information about depreciation and/or the current account 	1
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	<p>Sample answer:</p> <p>If the AUD depreciates, the balance of goods and services (BOGS) and the net primary income account will be impacted. The BOGS may worsen in the short term as imports are more expensive (J curve affect) but in the long term, the international competitiveness of exports improves, increasing export revenue and improving the BOGS.</p> <p>The net primary income will likely worsen. This is due to the valuation effect whereby the value of repayments of foreign debt increase as the dollar has fallen and more AUD is required to repay loans denominated in foreign dollars. However, there may be some improvement if income earned overseas is returned to Australia and is effectively worth more Aus dollars when it returns to the Aus economy.</p> <p>OR</p> <p>- increased foreign investment as assets are cheaper = increased debits in NPI</p> <p>Markers note:</p> <p>For 5 marks students need to explain three implications clearly and logically. So, for example, if you explain the short term implications of the depreciation on the BOGS (J curve) and the long term implications as well as the valuation effects in the NPI and how this may worsen NPI and have a negative impact on CA, that would count as 3 things.</p> <p>You have to discuss the BOGS especially as the stimulus references the TWI (trade). If you do a great job on NPI only and also reference increased credits from a lower AUD your maximum is 3/5.</p>												

account.

Trade Weighted Index ^{(TWI) measures} ~~reflects~~ Aus AUD's movements against
 a wide basket of foreign currencies of Australia's
 trade partners as per weighted as per their importance.
 TWI decreasing from 72 to 60 means ~~the~~ AUD is depreciating
 against many currencies, which has potential implications on
 the Current Account = (BOGS + NPI)

① Balance of Goods & Services (BOGS): As AUD
 depreciates, and after existing business arrangements finish,
 the 'long-term volume effect' improves BOGS in CA
 since its ^{Aus} exports are cheaper and thus their
 international competitiveness improves as foreign demand
 for them rises, whilst imports become more
 expensive under a depreciated AUD that sees less
 imports demanded by domestic consumers. Overall,
 trade & thus BOGS balance improves through TX &
 & M.

② Net Primary Income (NPI): Theoretically, AUD depreciation
 cheapens Australia's assets that mature and
 foreign investment into Australia that increases Net
 Foreign Liability (NFL), which deteriorates NPI in
 CA as it has to service them through debt income
 outflow repayments (eg. dividends). However, ^{when assets} ~~under~~
 an outboard investment under upward revaluation ^{AUD}
 as they are denominated in foreign currencies,
 meaning increased credits in NPI that
 improve or balance current account if large

TWI is a measurement of AUD value based on a basket of foreign currencies weighted by importance to Australia's trade levels, and a decrease from 72 to 60 indicates an AUD depreciation. This improves international competitiveness of Australian exports due to relatively lower prices overseas which improves the Balance of Goods & Services in the long-term along the J-curve, assuming exports are elastic. Initially BOGS would decrease due to short-term 'price effect' increasing relative import ~~prices~~ ^{values} and lowering export ~~prices~~ ^{values}, whereas in the long-term the patterns of trade change. Although →

✓ Net BOGS should improve in the long-term, net primary income (NPI) may worsen due to valuation of net foreign debt requiring higher repayment debits due to lower ^{AUD} currency values. However, this is mitigated by 90% of Australian foreign financial transactions being hedged, thus not exposed to exchange rate fluctuations. Therefore, current account should improve due to improved BOGS.

Question 22

22(a)	<p>Outline ONE role of the World Trade Organisation that promotes globalisation.</p> <table border="1" data-bbox="284 331 1362 465"> <thead> <tr> <th data-bbox="284 331 1219 387">Criteria</th> <th data-bbox="1219 331 1362 387">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 387 1219 465"> <ul style="list-style-type: none"> • Sketches in general terms ONE role of the World Trade Organisation that promotes globalisation </td> <td data-bbox="1219 387 1362 465" style="text-align: center;">1</td> </tr> </tbody> </table>	Criteria	Marks	<ul style="list-style-type: none"> • Sketches in general terms ONE role of the World Trade Organisation that promotes globalisation 	1
Criteria	Marks				
<ul style="list-style-type: none"> • Sketches in general terms ONE role of the World Trade Organisation that promotes globalisation 	1				
<p>Answers could include:</p> <ul style="list-style-type: none"> • Promotes the elimination of tariffs and other protections of (164) member nations • Oversees multilateral non-preferential trade agreements / 'most favoured nation' principle • Resolves trade disputes • Facilitates trade negotiations (not bilateral FTAs) • Uruguay round – GATT, TRIPS, GATS 					
<p>Markers Comments:</p> <p>Most students were able to earn this mark. Resolving trade disputes and promoting free trade among by having its member nations (160+) agree to reduce trade protection to join.</p> <p>Simply saying the WTO encourages or promotes free trade, may not have been enough to attract a mark.</p>					
<p>Sample Answers:</p>					
<p>Question 22 (10 marks)</p> <p>(a) Outline ONE role of the World Trade Organisation that promotes globalisation. (1)</p> <p><i>One role of the World Trade Organisation is to promote free, smooth & predictable free trade, utilising their 'favored nation rule' in which countries should treat all countries as their most favoured nation promoting free trade globally & globalisation as a whole.</i></p>					
<p>Question 22 (10 marks)</p> <p>(a) Outline ONE role of the World Trade Organisation that promotes globalisation. (1)</p> <p><i>The World Trade Organisation promotes globalisation through its role in mediating disputes between economies that may undermine the basis of free trade.</i></p>					

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22(b)	Explain TWO global factors that account for the differences that exist between nations.	
	Criteria	Marks
	<ul style="list-style-type: none"> Clearly explains TWO global factors that account for differences between nations 	4
	<ul style="list-style-type: none"> Clearly explains ONE global factor that account for differences between nations, and outlines another 	3
	<ul style="list-style-type: none"> Clearly explains ONE global factor that account for differences between nations Or Outlines TWO global factors that account for differences between nations 	2
	<ul style="list-style-type: none"> Provides some relevant information 	1
<p>Answers could include:</p> <ul style="list-style-type: none"> Developing, emerging, advanced nations Global trade system / trade blocs / bilateral WTO / failure of Doha Cost of resolving disputes Agriculture protection / Comparative advantage of developing nations Global financial system FDI and TNCs / developing nations often considered too risky Over reliance on portfolio investment and potential capital flight Reliance on foreign debt / constraint on growth Reliance on foreign aid / failure of advance nations to meet foreign aid commitments International division of labour / brain drain on developing nations Sub-Saharan Africa / OECD nations <p>Markers Comments:</p> <p>Most responses that attracted full marks were able to explain how the global trade system and its FTAs and trading blocs often worked against developing nations’ comparative advantages. They also provided reasons why developing nations found it difficult to attract foreign investment and how that limited their development.</p> <p>Too many responses focused only on domestic factors (e.g. natural resource availability and weak institutions). This many have attracted some marks where these were provided as a reason why developing nations have difficulty attracting FDI (i.e. less safe than advance/emerging nations)</p>		

Sample Answer:

(b) Explain TWO global factors that account for the differences that exist between nations. (4)

① Global Financial Flows are generally ~~not~~ ^{not} received by developing nations, as these investments are riskier, which means that investors prefer to invest in 'safer' advanced and high income economies, creating differences between nations.

② Many advanced economies protect their agriculture industries, which makes it difficult for many low-income nations to exploit their comparative advantage in agriculture, as they often create differences between nations.
 farm tariffs, import quotas, and/or subsidized goods.
 Question 22 continues on next page
 Creating differences between nations ✓

22(c) Evaluate strategies used to promote trade and investment in an economy other than Australia.

Criteria	Marks
<ul style="list-style-type: none"> • Demonstrates a comprehensive understanding, and makes sound judgements, of strategies used to promote trade and investment in an economy other than Australia 	5
<ul style="list-style-type: none"> • Demonstrates an understanding, and makes a sound judgement, of strategies used to promote trade and investment in an economy other than Australia 	4
<ul style="list-style-type: none"> • Demonstrates some understanding of strategies used to promote trade and investment in an economy other than Australia 	3
<ul style="list-style-type: none"> • Outlines a strategy used to promote trade and/or investment in an economy other than Australia 	2
<ul style="list-style-type: none"> • Provides some relevant information 	1

Answers could include (for China):

- Special Economic Zones / Open door policy / tax concessions
- Joining the WTO 2001 / reducing tariffs
- One Belt, One Road
- Western Development Plan
- Increases in trade / trade to GDP ratio
- Access to FDI and role of TNCs
- Economic growth / Economic Development / HDI
- Income inequality / environmental issues

Markers Comments:

Most were able to identify China's major reform strategies and explain how each was able to promote investment and trade, supported with some statistical evidence. Some good responses highlighted the link between investment from global TNCs to increasing the productive capacity of its manufacturing export-base industry. Better responses also made an evaluation of how these policies may have contributed to this nation's economic growth and/or economic development. Some students decided to evaluate a nation other than China despite the large number of resources provided. These responses tended to lack specific strategies, evidence and depth in evaluation.

Sample Answer:

- (b) Explain TWO global factors that account for the differences that exist between nations. (4)

① One global factor is ^{regional partnerships} financial/investment flows, ^{international}
eg. by TNCs through FDI - investment flows often favour developed/advanced economies (lower risk, higher returns) instead of emerging/developing nations. This leads to inequalities in capital investment and productivity growth in economies, exacerbating differences between advanced and emerging/developing nations.

② Another factor is regional organisations such as trading blocs or monetary unions. ~~These are~~

which allow for joint ventures and reduced tax (33% → 15%). This has encouraged and successfully promoted investment in the form of FDI (>10% share), especially by TNCs establishing local subsidiaries (over 1/3 of investment) especially in manufacturing.

Question 23

23(a)	Outline the purpose of deregulation as a part of microeconomic reform	
	Criteria	Marks
	• Sketches in general term the purpose of deregulation as a part of microeconomic reform	2
	• Provides some relevant information	1
Answers could include:		
<ul style="list-style-type: none">• Removing laws / regulations• Less government intervention• Less 'red tape'• Reduce compliance costs• Increase competition		
Markers Comments:		
<p style="color: red;">Most students just defined the rationale for microeconomics or talked about what micro economic reform aims to do, rather than mentioning anything to do with less government intervention or removing government control.</p>		
Sample Answer:		
Deregulation is the removal of government controls over an industry that is intended to make business more responsive to market forces.		

23(b)	Discuss the costs and benefits of ONE product market microeconomic reform.	
	Criteria	Marks
	<ul style="list-style-type: none"> • Demonstrates a clear understanding of the costs AND benefits of one product market microeconomic reform 	4
	<ul style="list-style-type: none"> • Demonstrates a clear understanding of the costs OR benefits of one product market microeconomic reform, and some understanding of the other 	3
	<ul style="list-style-type: none"> • Demonstrates a clear understanding of the costs OR benefits of one product market microeconomic reform Or • Demonstrates some understanding of the costs AND benefits of one product market microeconomic reform 	2
<ul style="list-style-type: none"> • Provides some relevant information 	1	
<p>Answers could include:</p> <ul style="list-style-type: none"> • Trade policy • Competition policy • PMV / CTF / Telcos / Transport / Airlines • Efficiency / Productivity • Aggregate Supply • ST structural unemployment / employment 		
<p>Markers Comments:</p> <p>Most students wrote about a relevant product market reform. However, students needed to make the link between the micro reform and the cost/benefit much clearer. Some students just listed benefits/costs without any context or link to the actual micro reform. In more instances, just adding the term “increased competition” led to the thorough explanation of either the cost or benefit. Some students over wrote on the reform, which wasnt necessary. As such, a good answer was able to show the marker they knew what a cost and benefit was of a specific reform by linking to the key elements of the reform.</p>		
<p>Sample Answer:</p>		

Trade liberalization!

Benefits - Trade liberalisation, ~~has resulted~~ such as the 25% unilateral tariff cuts by the Whitlam government, ↑ foreign competition in the Australian market such as the PMV industry. As such, this forces these industries to increase innovation and efficiency in order to remain competitive. This results in a ↑ in K , promoting Y eco growth and a ↓ of inflationary pressures. * Additionally, this forces domestic firms ~~and~~ to ↑ allocative efficiency, reallocating resources of domestic firms ~~and~~ who couldn't compete, shifting them to industries

Question 23 continues on next page

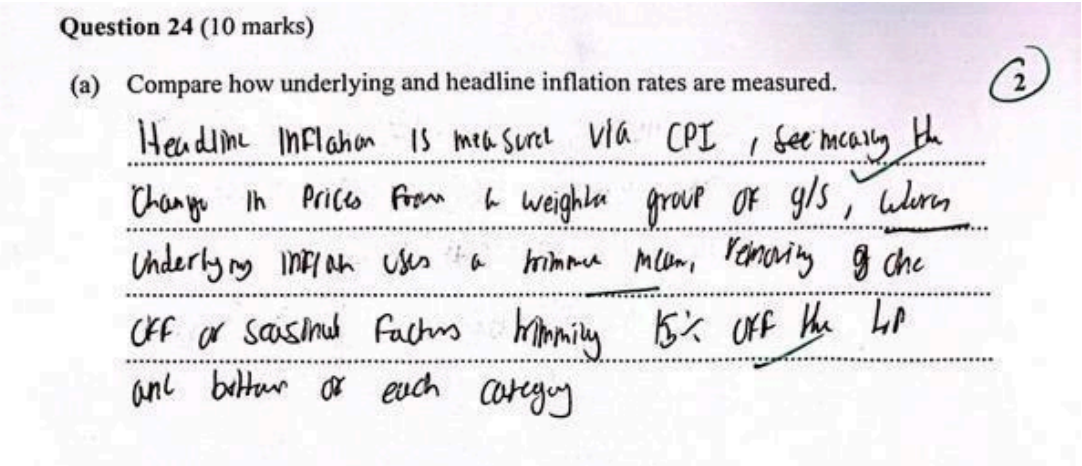
with a CA (such as mining and services). As a result, this has enabled for growth in the services sector, being our second biggest, exporter which accounts for 70% of GDP. * Costs in Extra

(Costs) However, this has also led to a ↑ in ST structural unemployment with industries such as the PMV seeing 90,000 workers become unemployed & upon the PMV industry closing down. This has forced the govt to increase welfare expenditure + expenditure on retraining programs with the govt spending \$155m for these PMV workers to be supported + retrain to find new jobs.

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23(c)	Discuss the potential impacts that market-based policies, attempting to address environmental sustainability, could have on economic growth.	
	Criteria	Marks
	<ul style="list-style-type: none"> ● Demonstrates a comprehensive understanding of the positive and negative impacts that market based policies could have on economic growth. 	4
	<ul style="list-style-type: none"> ● Demonstrates a clear understanding of the costs OR benefits of market-based policies, and some understanding of the other 	3
	<ul style="list-style-type: none"> ● Demonstrates a clear understanding of the costs OR benefits of market-based policies OR ● Demonstrates some understanding of the costs AND benefits of market-based policies 	2
	<ul style="list-style-type: none"> ● Provides some relevant information 	1
	Answers could include:	
	<ul style="list-style-type: none"> - Negative: tax will internalise the externality, increasing prices with the intent to lower production/consumption of the good. As such, production is lower, lowering economic growth. This could also lead to cost push inflation and therefore could reduce expenditure and AD and therefore less economic growth in ST. Furthermore, less quantity produced therefore reduction in AS in LT. - Positive: due to MBP increasing costs for firms in the long term, could encourage firms to produce more renewable resources therefore increasing production and AS in long term. Subsidies encourage the production of certain goods that have positive impacts on the environment and could increase production, investment/consumption of those goods leading to AD growth. Could also lead to increase in investment of renewable energy sources increasing LT economic growth. 	
	Markers Comments:	
	<p style="color: red;">Many students werent able to link what a MBP was to the impact on eco growth. It needed to be clear that students knew what a tax or subsidy did to either encourage or disincentive production/consumption. Then link to growth.</p> <p style="color: red;">Students who tried to link through injections/leakages didnt demonstrate knowledge of MBP and werent awarded marks. Other students focused too much on environmental sustainability.</p>	
	Sample Answer:	

Question 24

24(a)	Compare how underlying and headline inflation rates are measured.	
	Criteria	Marks
	<ul style="list-style-type: none"> • Demonstrates a clear understanding of how underlying and headline inflation rates are measured 	2
	<ul style="list-style-type: none"> • Provides some relevant information 	1
<p>Answers could include:</p>		
<ul style="list-style-type: none"> • Consumer Price Index • Trimmed mean • Weighted median • Removes one-off / volatile items • RBA's preferred measure • Headline includes all items 		
<p>Markers Comments:</p>		
<p>Most students were able to recognise that headline inflation was a measure of price changes in an economy over time. Better responses showed an understanding of CPI and its weighted basket of goods and services.</p>		
<p>Again, most were able to identify that underlying inflation had one-off or volatile items removed. Better responses linked this to the trimmed mean or weighted medium concepts and identified this 'core' measure as a better indicator of inflation used by the RBA when setting MP.</p>		
<p>Sample Answer:</p>		
 <p>Question 24 (10 marks)</p> <p>(a) Compare how underlying and headline inflation rates are measured. (2)</p> <p>Headline Inflation is measured via CPI, <u>measuring the</u> <u>change in prices from a weighted group of g/s, where</u> Underlying Inflation uses a <u>trimmed mean, removing the</u> <u>off or seasonal factors trimming 15% off the top</u> <u>and bottom of each category</u></p>		

24(b) Analyse the effect of high inflation on both the federal government AND the household sector.

Criteria	Marks
<ul style="list-style-type: none"> ● Provides comprehensive implications of the effect of high inflation on both the federal government and the household sector 	4
<ul style="list-style-type: none"> ● Provides comprehensive implications of the effect of high inflation on either the federal government or the household sector, and a basic effect of high inflation on the alternate sector 	3
<ul style="list-style-type: none"> ● Provides comprehensive implications of the effect of high inflation on either the federal government or the household sector 	2
<ul style="list-style-type: none"> ● Provides some relevant information on the effect of high inflation 	1

Answers could include:

Government:

- Increase in nominal taxation receipts due to increased personal tax (bracket creep) and corporate tax (budget implications)
- May need to provide cost of living relief (budget implications)
- May need to implement contractionary macroeconomic policy which can slow economic growth
- Decreases purchasing power of government
- Distorts government investment decisions
- Increased pressure for wage increases for federal government employees

Households:

- Decreased purchasing power, means less goods and services and potential lower quality of life
- Erosion of savings which impacts household wealth
- Seek pay rises (risk of wage price spiral)
- Impact of contractionary macro - eg. higher interest rates could reduce disposable income, cause decrease in economic growth (potential cyclical unemployment)

Markers Comments:

Overall done quite well. A few students tried to talk generally about the two sectors together. Don't do this. Split out, making it clear with two dot points or dashes. You do not need an introductory or concluding sentence.

We were looking for two clear implications for each sector. Some students just waffled on hoping to find relevant points. Be as concise as possible.

Some seem to just assume that high inflation means low economic growth and unemployment and referred to implications on this basis. If anything, the reverse can be presumed. You needed to explain the stepping stones to lower EG and Ue (eg. a contractionary macro response).

Sample Answer:

- (b) Analyse the effect of high inflation on both the federal government AND the household sectors.

4

Government - High inflation could see the government collect more taxation from Pktyls (due to bracket creep) and company tax. These could be offset by higher expenditure due to providing "cost of living" relief. Govt may also implement contractionary macro policy which could reduce economic growth and cause cyclical Ve.

4

Households - inflation will reduce the purchasing power of money and result in less volume of goods to be purchased which reduces living standards. Inflation can erode savings and also distort consumer purchasing decisions. Individuals will also seek increased pay rises which could lead to a wage price spiral.

Question 24 continues on next page

v.good.

24(c)	Explain how a policy used to address high inflation might conflict with another economic objective in the Australian economy.	
	Criteria	Marks
	<ul style="list-style-type: none"> ● Comprehensively explains how a policy used to address high inflation might conflict with another economic objective in the Australian economy 	4
	<ul style="list-style-type: none"> ● Provides a explains how a policy used to address high inflation might conflict with another economic objective in the Australian economy 	3
	<ul style="list-style-type: none"> ● Explains how a policy can address high inflation and identifies an another economic objective that could be conflicted 	2
<ul style="list-style-type: none"> ● Provides some relevant information about how achieving one objective (price stability) can conflict with achieving other objectives 	1	
Answers could include:		
There were many potential policies and conflicting objectives that could have been chosen:		
<ul style="list-style-type: none"> - Contractionary MP - conflicting with EG, full employment - Contractionary FP - conflicting with EG, full employment - Micro (eg. trade or competition) - conflicting with short term structural Ue 		
For example:		
<ul style="list-style-type: none"> - Contractionary MP, increasing the cash rate / market rates - Impacts consumption (cashflow channel, less disposable income for mortgage holders) - Impacts investment (savings/investment channel, less incentive for firms to invest) - C and I are important components of AD - Lower AD can limit of conflict with achieving the objective of sustainable economic growth 		
Markers Comments:		
Done quite well.		
Make sure you have a clear opening sentence which identifies both the policy to lower inflation and the other economic objective whose achievement might be conflicted.		
You needed to make your explanation very clear about why there is a conflict. This invariably required an explanation of how the chosen policy should reduce inflation. This then made it easier to explain the link to why achievement of the other objective is made more difficult.		
Lots of students chose to link MP to Ue. This is OK, but you need to link to AD/EG first, as labour is a derived demand. You should have just explained the conflict with sustainable economic growth.		
A number of students chose MP and the objective of distribution of income. This is OK, but it is more complex to explain and some student responses were hard to follow. It is a technical thing, but the distribution of income is not the same as disposable income. Changing interest rates does have a small redistributive impact on income, but a more significant impact on disposable income.		
Where a short answer allows a choice, choose the easiest and most obvious option.		

Sample Answer:

- (c) Explain how a policy used to address high inflation might conflict with another economic objective in the Australian economy. 4

The use of contractionary MP could conflict with objective of achieving sustainable economic growth. ✓ An increase in interest rates will result in reduced consumption due to the cashflow channel as mortgage holders will have less ✓ disposable income. Firms will be incentivised to invest less due to the ✓ savings/investment channel. Being important components of aggregate demand, reductions in both consumption and investment caused by contractionary MP ✓ will limit ability to achieve objective of sustainable economic growth. ✓

good

4

Section III - Question 25 (20 marks)

To what extent has Labour Market Policy achieved sustainable economic growth, income distribution and price stability in the Australian economy.

Criteria	Marks
<ul style="list-style-type: none"> • Demonstrates a clear and comprehensive understanding of the extent to which labour market policies have addressed sustainable economic growth, income distribution and price stability in the Australian economy • Synthesises own knowledge and understanding with the information provided, to develop a sustained, logical and cohesive response. • Integrates relevant economic terms, concepts, relationships and theory 	17–20
<ul style="list-style-type: none"> • Demonstrates sound understanding of the extent to which labour market policies have addressed sustainable economic growth, income distribution and price stability in the Australian economy • Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response. • Applies relevant economic terms, concepts, relationships and theory 	13–16
<ul style="list-style-type: none"> • Demonstrates some understanding of the effect of labour market policies in addressing sustainable economic growth, income distribution and price stability in the Australian economy. • Uses own knowledge and understanding with the information provided, to develop a cohesive response. • Uses relevant economic terms, concepts, relationships and theory 	9–12
<ul style="list-style-type: none"> • Sketches in general terms labour market policies utilised in the Australian economy and references economic growth, income distribution and price stability in the Australian economy • Develops a generalised response • Uses some economic terms and concepts 	5–8
<ul style="list-style-type: none"> • Lists some aspects of labour market policies and/or economic growth, income distribution and price stability • Presents a limited response • Uses some economic terms and concepts 	1–4

Answers may include:

Background/Intro:

- Factor market – microeconomic
- Aggregate supply curve
- De/centralisation, efficiency, productivity, flexibility
- Key labour market reforms (enterprise bargaining, NES, minimum wage etc..)

Sustainable growth

Key ideas: decentralisation, efficiency, productivity, AS, economic growth, lack of recent reform, covid policies

- focus on decentralisation and efficiency in the labour market to drive productivity

- For example: Decentralised Labour Market policies (enterprise bargaining principles/Workplace Relations Act) from the 1990's aimed to promote flexibility for employers and efficiency in the workplace. Was utilized to improve labour productivity linking wages to output. When linked to rising capital investment, it was successful and served as an incentive to increase employment – mining booms especially. Link to labour productivity growth and economic growth during this period of time
- could discuss lack of recent reform and the waning productivity growth. Then explain how low productivity growth has diminished sustainable growth. Reference stagnant growth during the transition period (2012-2019)
- could also reference labour market policies used during Covid, the impact they had on savings (over \$200b in Hh savings) and then enhancing C after covid leading to strong growth in late 2022-2023.

Income distribution

Key ideas; auto stabilisers, awards, min wage, NES, decentralisation, gini coefficient, collective bargaining, LM programs (Jobmaker, PATH, Job Active)

- Could mention the link to automatic stabilisers as part of the labour market framework
- Focus on minimum wage and NES and the equity promoted through these mechanisms to ensure more equitable outcomes for employees in the system, especially those at the lower end.
- Consider how Awards (&EA's) promote collective bargaining, thus strengthening power of employees (via Unions) and how this enhances Y distribution
- But: has decentralisation created greater inequality. Has gini worsened over the last 30-40 years – yes, but not considerably although the richest 1% have definitely benefitted more
- LM programs reduce U_e and increase wages as people come off welfare therefore enhancing Y_d
- decentralisation has accompanied underemployment, casualisation etc...worse income distribution as a result

Price Stability

Key ideas; awards, min wage, NES made worse but decentralisation, individual contract, link productivity to wages, labour productivity, skill & youth employment programs

- Focus on minimum wage (highest in world) and NES and suggest that these are centralised measures that create cost push inflationary pressures
- Focus on decentralisation, flexibility, link wages to output (not hours) = enhanced productivity, lower inflation etc..
- labour market policies that enhance skills can improve output/productivity and therefore lower inflation

Other

- Limitations such as: implementation/impact time lags & also political constraints

Markers Comments

Most students made a reasonable attempt with this essay. The majority used a similar structure, focusing on centralisation, decentralisation, labour market programs and dispute resolution methods. These areas were all relevant parts of labour market reform and many students were able to discuss relevant content that helped them answer the question and feed into objectives. The markers feeling was that this structure was pre-planned (which is ok) but didn't necessarily adapt. For example, it would probably have been better to introduce centralisation and explain this concepts and then make separate links (in different paragraphs) to each objective. It meant students ended with very long paragraphs where things were intertwined and less clear – this impacts cohesion and sustainability.

Section III - Question 25 (20 marks)

To what extent does fiscal policy achieve Australia's economic objectives of economic growth, price stability and the distribution of income? In your answer, refer to the information provided.

Criteria	Marks
<ul style="list-style-type: none"> • Demonstrates a clear and comprehensive understanding of the extent to which fiscal policy achieves Australia's economic objectives of economic growth, price stability and the distribution of income • Synthesises own knowledge and understanding with the information provided, to develop a sustained, logical and cohesive response. • Integrates relevant economic terms, concepts, relationships and theory 	17–20
<ul style="list-style-type: none"> • Demonstrates sound understanding of the extent to which fiscal policy achieves Australia's economic objectives of economic growth, price stability and the distribution of income • Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response. • Applies relevant economic terms, concepts, relationships and theory 	13–16
<ul style="list-style-type: none"> • Demonstrates some understanding of the extent to which fiscal policy achieves Australia's economic objectives of economic growth, price stability and the distribution of income • Uses own knowledge and understanding with the information provided, to develop a cohesive response. • Uses relevant economic terms, concepts, relationships and theory 	9–12
<ul style="list-style-type: none"> • Sketches in general terms fiscal policy and Australia's economic objectives of economic growth, price stability and the distribution of income • Develops a generalised response • Uses some economic terms and concepts 	5–8
<ul style="list-style-type: none"> • Lists some aspects of fiscal policy and/or economic objectives • Presents a limited response • Uses some economic terms and concepts 	1–4

Answers may include:

Background/Intro:

- Macroeconomic policy - fluctuations in the business cycle
- Budgetary changes
- Surplus, deficit, balanced
- Contractionary and expansionary
- Discretionary and non-discretionary expenditure
- Aggregate demand (graph)

Economic growth

- Explain impact of budget outcome and also the fiscal stance
- Examine the concept of sustainable growth (3-4% approx. in Aus)
- Consider the multiplier effect

- Recent effectiveness could include; during covid (Jk and Js) pumped money (\$300b plus) into the economy and avoided recession and led to strong eco growth afterwards as people used savings to consume
- Other examples could include: reduced corporate taxes and instant asset write off to boost I, recent stage 3 tax cuts to boost C, could add the infrastructure fund to increase employment and through multiplier boost AD and also AS as efficiencies are improved.
- However, could contrast to FP used during the transition period that was pro-cyclical and as they aimed for surplus, didn't contribute greatly to very stagnant levels of economic growth.

Income distribution

- Auto stabilisers (progressive tax and welfare)
- Stage 3 cuts less fair and worsen Yd (although better than originally planned) contrasted with increase of tax free threshold in 2012 to 18k.
- Social wage impacts (health, education expenditure)
- GST regressive tax and makes things less equal
- Impact of NES and minimum wages (highest in western world)
- On balance, without the non discretionary spending and progressive system, Yd would be a lot worse.
- Gini coefficient comparison

Inflation

- Surplus and contractionary stances will reduce pressure on inflation and vica versa – will impact mainly on demand pull although decisions about taxes etc can impact (excise tax, tariffs etc can affect input costs)
- Note that monetary has the main role to reduce inflation not fiscal and often FP is incidental
- Recent covid expenditure large contributor to the inflationary pressure felt post covid (wasn't the only reason but did contribute) recent surpluses reducing stress although cost of living packages (\$300 energy rebate) for example will increase C and DP inflationary pressure
- Had very little impact during transition – stagnant inflation and growth not helped by pro cyclical policy

Limitations

- Global – for example covid, GFC, supply constraints, trade wars and their impact on economy and impact of FP
- Political – senate, lack of majority etc..
- Time – implementation time lags...

Markers Comments

Most students were able to use contemporary data and information to include in their essays. Overall, this was a really pleasing aspect of essays and student drew on the covid & post-covid era, in particular. On balance, the essays were sound or better. However, it would be good to consider your judgments. Too often students presented a bland “moderate effect” after they presented a negative or good effect. Consider this, FP was very effective in promoting eco growth during covid which was demonstrated in the V shaped recovery. But, it has been less effective in the last 18 months with growth falling to 1.1% after the significant stimulus has been consumed and two contractionary budget outcomes. Also, the best essays full yintegrated theory through each objective linking FP – theory – and appropriate examples to demonstrated the ‘extent’ to which FP had been effective. This matters in your essays.

Question 27 (20 Marks)

Analyse the impacts of Australia's free trade and protection policies on the Australian economy.

Criteria	Marks
<ul style="list-style-type: none"> ● Provides a sustained, logical and cohesive response that integrates relevant economic terms, concepts, relationships and theory ● Demonstrates a clear and comprehensive understanding of the impacts of Australia's free trade and protection policies on its individuals, firms, and government ● Develops an informed analysis of reason for these impacts 	17-20
<ul style="list-style-type: none"> ● Provides a logical and cohesive response that applies relevant economic terms, concepts, relationships and theory ● Demonstrates a sound understanding of the impacts of Australia's free trade and protection policies on its individuals, firms, and government ● Develops some analysis of reason for these impacts 	13-16
<ul style="list-style-type: none"> ● Provides a coherent response that uses relevant economic terms, concepts, relationships and theory ● Demonstrates some understanding of the impact of Australia's free trade and protection policies on its individuals, firms, and government ● Demonstrates some understanding of reason for these impacts 	9-12
<ul style="list-style-type: none"> ● Provides a generalised response that uses some economic terms and/or concepts ● Demonstrates some understanding of Australia's free trade and protection policies 	5-8
<ul style="list-style-type: none"> ● Provides a limited response that uses some economic terms or concepts ● Identifies some aspects of Australia's free trade and protection policies 	1-4

Answers could include:

- Comparative advantage
- Specialisation
- Economies of scale
- MER
- Allocation of resources
- International competitiveness
- Unilateral trade policy
- Trade liberalisation
- Multilateral / bilateral
- WTO
- Doha Round
- Trade Tensions

- Reasons for protection
- Structural unemployment / employment
- Inflation / price stability
- Real incomes
- Economic Growth
- Import-competing firms
- Export-competing firms
- Taxation and fiscal implications
- External Stability / Balance of Payments

Marker Feedback:

Question 28 (20 Marks)

Analyse the effects of globalisation on the global economy.

Criteria	Marks
<ul style="list-style-type: none">● Provides a sustained, logical and cohesive response that integrates relevant economic terms, concepts, relationships and theory● Demonstrates a clear and comprehensive understanding of the effects of globalisation on the global economy● Develops an informed analysis of reason for these effects	17-20
<ul style="list-style-type: none">● Provides a logical and cohesive response that applies relevant economic terms, concepts, relationships and theory● Demonstrates a sound understanding of effects of globalisation on the global economy● Develops some analysis of reason for these effects	13-16
<ul style="list-style-type: none">● Provides a coherent response that uses relevant economic terms, concepts, relationships and theory● Demonstrates some understanding of effects of globalisation on the global economy● Demonstrates some understanding of reason for these effects	9-12
<ul style="list-style-type: none">● Provides a generalised response that uses some economic terms and/or concepts● Demonstrates some understanding of globalisation and/or the global economy	5-8
<ul style="list-style-type: none">● Provides a limited response that uses some economic terms or concepts● Identifies some aspects of globalisation and/or the global economy	1-4

Answers could include:

- Trade in goods and services
- Financial flows
- Investment and transnational corporations
- Technology, transport and communication
- International division of labour, migration
- International and regional business cycles
- Convergence / Contagion
- Comparative advantage
- Specialisation / Economies of scale
- Allocation of resources
- Trade liberalisation
- Recent increases in protection

- International competitiveness
- WTO
- International organisations and forums
- Multilateral / Bilateral
- Economic Growth / GWP
- Economic Development / HDI (3 elements)
- Reductions in poverty
- Income inequality
- Environment / Sustainability
- Advance / Emerging / Developing nations

Marker Feedback:

- Handwriting remains an issue for too many of you. It reaches a point where you being disrespectful to the markers who spend extra hours trying to decipher words. HSC markers, who get a couple of dollars for each script, will not do this.
- Some students are still making their introductions too long. Make them concise. Make sure the first sentence ATQ. Don't start with a Definition of globalisation, its boring.
- Don't use the acronym "LIFFT" - it's a Knox thing.
- Even though this is an *analyse* question and not an *evaluate* question, it is still recommended to have an overall high level 'thesis' regarding the impact of globalisation on the global economy. Your implications will support this thesis.
- This essay essentially covers the entirety of topic 1. Better responses did cover just about all aspects of the topic (admittedly at the expense of some depth
- You needed to cover both EG/GWP and ED, clearly making a link between the two.
- For EG/GWP, it was best to structure using the drivers of globalisation. At a minimum must cover trade and financial flows. Some students covered all drivers well.
- For trade flows, you needed to include the basis for free trade with reference to Ricardo, comparative advantage etc. Better responses also talked about the role of IO's (especially WTO) in this section. Every eco essay should have at least one diagram. A few students used a tariff diagram to explain what happens when protection is removed.
- Many students did a good job on labour (migration and division of labour.
- Most students did refer to EG/GWP helping to promote ED. The best responses then considered ED as follows:
 - HDI components
 - Inequality - between and within nations
 - Poverty reductions
 - Environmental Sustainability - covering both damage and the potential to improve (quite a few Kuxnets curve)
- Better responses made regular references to the different types of economies and referred to globalisation benefits not being evenly shared - good

- Some responses were too Australian centric. For example, if you are making the point about financial flows ‘unlocking productive capacity’, then just talk in general or ‘global’ terms and then use Australia as an example. Don’t be specific about Australia from the outset.
- By and large, there was a pretty good use of stats. But if referring to a % increase, always refer to the time period.