

EBE TRIAL ECONOMICS EXAMINATION 2005

Marking Criteria

Section 1 Multiple Choice 20 marks

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

Section 11 40 marks

Question 21 10 Marks

Question	Marking Criteria	Marks
a	Correctly calculates the terms of trade ie: $115/108=106.48$	1
b	Describes two characteristics of the pattern eg: improved terms of trade in year 2 and 3, then a deterioration in terms of trade in year 4	2
c	Clearly distinguishes between an improvement in the terms of trade eg: when export prices rise faster than import prices, with a deterioration in the terms of trade eg: when import prices have risen faster than export prices.	2
d	Indicates two features that could improve the country's terms of trade eg: exports prices are relatively higher and stable; diversification of exports, decreases in the prices of imports and a stable price	2
e	Identifies two impacts of a deterioration in the terms of trade on the current account eg: it means that a country has to finance its expenditure on imports with a greater volume of exports. This can lead to an increase in the goods and services component of the current account. This may also lead to a depreciation of the \$AUD. Briefly identifies only one impact	2-3 1

Question 22 10 Marks

Question	Marking Criteria	Marks
a	Correctly states the formula and calculates calculates the inflation rate ie: $\frac{6}{120} \times 100$, which equal 5%. Correctly states the formula	2 1
b	Correctly identifies that it is year 2 Calculation as for part a. Correctly identifies year 2	2 1
c	Describes the trend in the level of economic activity using % change in real output and refers to the accelerated rate of decline for years 2 and 3	2
d	States and briefly elaborates on two causes to the increase in unemployment between years 3 and 5, eg, recession (downturn in trade cycle) in Yr 3 , increased imports and fall in GDP output resulting in unemployment, structural unemployment due to changing technology States and briefly elaborates on one cause only	3-4 1-2

Question 23 10 marks

Question	Marking Criteria	Marks
a	Tourists: current account, services Sale of products: current account; goods Borrowing: Capital and financial account	3
b	Accurately identifies two changes eg the level of exports and imports have increased; services debit ie money leaving Australia has increased by a significant amount Identifies only one change	2 1
c	Explains two possible implications of these changes for the economy eg an increasing CAD Explains only one implication	2 1
d	Clearly identifies and discusses two policies in addressing these changes, eg contractionary fiscal policy to reduce the level of demand which will impact on the demand for imports Identifies only one policy area	2-3 1

Question 24 10 Marks

Question	Marking Criteria	Marks
a	Correctly states the inequality of Income distribution is measured by the gini-coefficient	1
b	Correctly identifies the 3 rd quintile	1
c	Correctly states wages and salaries (& supplements)	1
d	Outlines one social cost eg: poverty and one social benefit eg: incentives Outline only one of the above	2 1
e	Discusses the effectiveness, and identifies at least three government policies eg social welfare payment, Progressive income tax system, Work for Dole and Changes in the labour market Discusses the effectiveness and identifies at least two government policies Discusses the effectiveness and identifies one government policy	4-5 2-3 1

Section 3 40 Marks

Question 25

Criteria	Marks
<ul style="list-style-type: none">• Demonstrates a clear and concise understanding of the issues relating to the effectiveness of monetary policy and how it achieves the goals of economic management• Integrates appropriate economic terms, relevant concepts, relationships and theory• Synthesises own information with the information provided to develop a sustained, logical and well-structured response	17-20
<ul style="list-style-type: none">• Demonstrates an understanding of the effectiveness of monetary policy and how it achieves the goals of economic management• Consistently uses appropriate economic terms, relevant concepts, relationships and theory• Uses own information and the information provided to develop a logical and well-structured response	13-16
<ul style="list-style-type: none">• Describes monetary policy and provides some relevant information on its effectiveness• Uses appropriate economic terms, concepts and relationships• Uses own information and the information provided to develop a coherent response	9-12
<ul style="list-style-type: none">• Outlines monetary policy and its effectiveness• Uses some appropriate economic terms, concepts and relationships• Uses information to develop a generalised response	5-8
<ul style="list-style-type: none">• Briefly describes some aspects of monetary policy• Presents a limited response	1-4

Answers could include:

The goal of internal stability, especially price stability

Role of RBA and the cash rate in inflation targeting

Trends in the CPI over time

Impact of inflationary expectations

Question 26

Criteria	Marks
<ul style="list-style-type: none">• Demonstrates a clear and concise understanding of the effectiveness of government policies in achieving price stability and low unemployment• Integrates appropriate economic terms, relevant concepts, relationships and theory• Synthesises own information with the information provided to develop a sustained, logical and well-structured response	17-20
<ul style="list-style-type: none">• Demonstrates an understanding of the issues relating to the effectiveness of government policies in achieving price stability and low unemployment• Consistently uses appropriate economic terms, relevant concepts, relationships and theory• Uses own information and the information provided to develop a logical and well-structured response	13-16
<ul style="list-style-type: none">• Describes the role of the government in its achievement of low inflation and low unemployment• Uses appropriate economic terms, concepts and relationships• Uses own information and the information provided to develop a coherent response	9-12
<ul style="list-style-type: none">• Provides limited information on policies used by governments to manage price stability and unemployment• Uses some appropriate economic terms, concepts and relationships• Uses information to develop a generalised response	5-8
<ul style="list-style-type: none">• Provides little if any information on policies used by governments to manage price stability and unemployment• Presents a limited response	1-4

Answers could include:

Role of both fiscal and monetary policies in the achievement of internal stability

Phillips curve explanation

Conflict between objectives

Trends relating to inflation, unemployment rate and the participation rate in relation to economic growth

NAIRU

Question 27

Criteria	Marks
<ul style="list-style-type: none">• Demonstrates a clear and concise understanding of the effects of globalisation on the strategies used in a case study other than Australia• Integrates appropriate economic terms, relevant concepts, relationships and theory• Synthesises own information with the information provided to develop a sustained, logical and well-structured response	17-20
<ul style="list-style-type: none">• Demonstrates an understanding of the effects of globalisation on the strategies used in a case study other than Australia• Consistently uses appropriate economic terms, relevant concepts, relationships and theory• Uses own information and the information provided to develop a logical and well-structured response	13-16
<ul style="list-style-type: none">• Describes the the effects of globalisation on the strategies used in a case study other than Australia• Uses appropriate economic terms, concepts and relationships• Uses own information and the information provided to develop a coherent response	9-12
<ul style="list-style-type: none">• Provides limited information on the effects of globalisation on the strategies used in a case study other than Australia<ul style="list-style-type: none">• Uses some appropriate economic terms, concepts and relationships• Uses information to develop a generalised response	5-8
<ul style="list-style-type: none">• Provides little if any information on the effects or the policies of a case study• Presents a limited response	1-4

Answers could include:

The effects of:

- TNCs
- Technology
- International labour movements
- Financial
- Trade agreements and organizations

Strategies to include:

- Reform of agriculture and industry
- Education and training of the labour force
- Export promotion and foreign investment
- Development of IT industry
- Improvements to the quality of life such as housing, health, education, water supply. Infrastructure etc

Question 28

Criteria	Marks
<ul style="list-style-type: none">• Demonstrates a clear and concise understanding of the relationship between international competitiveness and structural change in the Australian economy• Integrates appropriate economic terms, relevant concepts, relationships and theory• Synthesises own information with the information provided to develop a sustained, logical and well-structured response	17-20
<ul style="list-style-type: none">• Demonstrates an understanding of the relationship between international competitiveness and structural change in the Australian economy• Consistently uses appropriate economic terms, relevant concepts, relationships and theory• Uses own information and the information provided to develop a logical and well-structured response	13-16
<ul style="list-style-type: none">• Describes the relationship between international competitiveness and structural change in the Australian economy• Uses appropriate economic terms, concepts and relationships• Uses own information and the information provided to develop a coherent response	9-12
<ul style="list-style-type: none">• Provides limited information on the relationship between international competitiveness and structural change in the Australian economy<ul style="list-style-type: none">• Uses some appropriate economic terms, concepts and relationships• Uses information to develop a generalised response	5-8
<ul style="list-style-type: none">• Provides little if any information on the relationship between international competitiveness and structural change in the Australian economy• Presents a limited response	1-4

Answers could include:

- A discussion of structural change in the economy caused by changes in the pattern of demand and technology.
- Areas of structural change as identified through micro reform policies eg labour market, protection, competition policy, deregulation
- The impact of these on our competitiveness ie our export industry as structural change focuses on supply in the economy
- Examination of the three efficiencies: technical, dynamic and allocative