



CATHOLIC SECONDARY SCHOOLS ASSOCIATION
2001 TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION
ECONOMICS MARKING GUIDELINES

Questions 1-20

1 Mark Each

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

Question 21 (10 marks)

Marks

This table gives selected economic data for Australia

Refer to the table on page 8 of the Paper

Using the table and your own knowledge:

(a) What is meant by real GDP?

1

Outcomes assessed: H1

Criteria	Marks
• Correctly identifies the relationship between money GDP and inflation	1

(b) Using the table above, calculate the percentage change in real GDP from 1995 to 1997.
Show working

2

Outcomes assessed: H11

Criteria	Marks
• Correct answer ie 8% and shows working	2
• Correct answer ie 8% no working or correct working but incomplete answer eg. 40/500 or 0.08 or correct working but incorrect answer	1

(c) Outline one possible cause of Australia's economic growth

2

Outcomes assessed: H2, H6

Criteria	Marks
• Identifies and outlines one possible cause of Australia's economic growth	2
• States one possible cause of Australia's economic growth	1

Answers could include:

- Changes in the components of aggregate demand, government policies

1401-2

- (d) Analyse one benefit and one cost of economic growth for Australia

Marks
5

Outcomes assessed: H1, H7

Criteria	Marks
• Clearly identifies and analyses a benefit and a cost of economic growth in the Australian economy	4-5
• Identifies and includes basic description of a benefit and/or cost of economic growth in the Australian economy	2-3
• Identifies a benefit and/or cost of economic growth	1

Question 22 (10 marks)

Marks

The table gives selected areas of microeconomic reform in the Australian economy

Refer to the table on page 10 of the Paper

Using the table and your knowledge:

- (a) Define the term microeconomic reform

1

Outcomes assessed: H1

Criteria	Marks
• Relates the process of microeconomic reform to either economic efficiency, freer operation of markets or increased aggregate supply	1

- (b) Explain one positive effect and one adverse effect of microeconomic reform on individuals

i) positive

2

Outcomes assessed: H1, H6, H7

Criteria	Marks
• Identifies and explains one positive effect on individuals	2
• States one positive effect on individuals	1

ii) adverse

2

Outcomes assessed: H1, H6, H7

Criteria	Marks
• Identifies and explains one adverse effect on individuals	2
• States one adverse effect on individuals	1

Marks

- (c) Explain the contribution microeconomic reform can make towards economic growth and external stability

5

Outcomes assessed: H6, H7, H8

Criteria	Marks
• Provides clear examples illustrating the effect of microeconomic reform on economic growth and external stability	4-5
• Describes the effect of microeconomic reform on economic growth and external stability	3
• Acknowledges that microeconomic reform can influence economic growth and external stability	1

Question 23 (10 marks)

Marks

The diagram, table and quote give information about the Australian economy

Refer to the material on page 12 of the Paper.

Using the table and your own knowledge:

- (a) Calculate the percentage share of Australian household income earned by the poorest 40% of income earners

1

Outcome assessed: H11

Criteria	Marks
• 12.8%	1

- (b) What happens to the Gini coefficient if the Lorenz curve shifts to the right?

1

Outcomes assessed: H1, H11

Criteria	Marks
• The Gini coefficient increases in size	1

- (c) Explain ONE possible cause of inequality in the distribution of income in Australia

2

Outcomes assessed: H1

Criteria	Marks
• Identifies a cause and clearly shows the relationship between the cause and the income inequality	2
• Identifies a cause of income inequality	1

Answers could include:

- Occupation, gender, age, ethnic background, family structure and education levels

Marks
2

- (d) Explain why growing inequality is a problem for all Australians

Outcomes assessed: H1, H11

Criteria	Marks
• Clearly demonstrates the relationship between income inequality and the related costs to society	2
• Demonstrates a limited understanding of income inequality and the related costs to society	1

- (e) Analyse government policies to reduce income inequality in Australia

4

Outcomes assessed: H1, H2, H5, H6

Criteria	Marks
• Identifies relevant government policies, provides a clear explanation of these policies using precise economic vocabulary, critically analyses the effectiveness of these policies	3-4
• Identifies relevant government policies, clearly explains policies	2
• Identifies government policies to reduce income inequality	1

Question 24 (10-marks)

Marks

The table and quote give information about the Australian economy.

Refer to the material on page 14 of the paper

Using the table and quote and your own knowledge:

- (a) Explain what is meant by the Award Safety Net

2

Outcomes assessed: H1, H2

Criteria	Marks
• Clearly identifies the characteristics of the Award Safety Net	2
• Clearly identifies the role of the AIRC in Safety Net's determination	
• Demonstrates an understanding of the award safety net	1

- (b) Compare and contrast Certified Agreements and Australian Workplace Agreements

4

Outcomes assessed: H1, H2, H5

Criteria	Marks
• Identifies that both CA's and AWA's are enterprise agreements (comparison)	
• Recognises that CA's are collective agreements and AWA's are individual contracts (contrast)	3-4
• Identifies the role of the Employment Advocate, AIRC and unions	
• Provides a basic description of CA's and AWA's	1-2

(c) Explain TWO benefits of Enterprise Bargaining

Marks
4

Outcomes assessed: H1, H2, H5, H6

Criteria	Marks
Demonstrates a clear understanding of two benefits of enterprise bargaining	3-4
Provides a limited understanding of enterprise bargaining	1-2

Question 25 (20 marks)

Explain why a macroeconomic AND microeconomic response is necessary to address the problems of current account deficit and inflation.

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

- use your knowledge and the economic information provided
- apply economic terms, concepts, relationships and theory
- present a sustained, logical and well-structured answer to the question

Outcomes assessed: H1, H5, H6, H7, H9, H10

Criteria	Marks
<ul style="list-style-type: none"> • Demonstrates factually precise and extensive knowledge to develop a logically sequenced answer that highlights a clear understanding of government macroeconomic and microeconomic responses to Australia's current account deficit and inflation • Uses relevant data to support a contemporary and comprehensive discussion that is specific to government responses affecting Australia's CAD and level of inflation • Integrates economic terms, concepts, issues, relationships and theory 	17 - 20
<ul style="list-style-type: none"> • Good use of appropriate knowledge to develop an answer that highlights an understanding of government macroeconomic and microeconomic responses to Australia's current account deficit and inflation • Uses relevant data to support a discussion of government macroeconomic and microeconomic responses to Australia's current account deficit and inflation • Good use of economic terms and applies economic concepts and relationships 	13 - 16
<ul style="list-style-type: none"> • Uses correct and usually relevant information to demonstrate some knowledge and understanding of government policy responses to Australia's current account deficit and inflation • Uses relevant data to provide a description of policy responses to Australia's current account deficit and inflation • Uses economic terms and economic concepts and relationships 	9 - 12
<ul style="list-style-type: none"> • Demonstrates generalised knowledge describing government responses to CAD or inflation • Makes minimal use of data to support discussion of government policy responses to CAD or inflation • Limited use of economic terms, concepts and relationships 	5 - 8
<ul style="list-style-type: none"> • Demonstrates some knowledge about government responses to CAD or inflation • Basic use of some appropriate terminology to communicate economic ideas 	1 - 4

Answers could include:

- Consideration of long term and short policy responses
- The role of monetary policy in demand management
- The role of fiscal consolidation in addressing the savings/investment imbalance
- Failure of traditional macroeconomic policy to address Australia's CAD
- Role of microeconomic policy in promoting structural change

Question 26 (20 marks)

Explain why the Australian government is restricted in simultaneously achieving its economic objectives.

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

- use your knowledge and the economic information provided
- apply economic terms, concepts, relationships and theory
- present a sustained, logical and well-structured answer to the question

Outcomes assessed: H1, H2, H6, H7, H9 H10

Criteria	Marks
<ul style="list-style-type: none">• Demonstrates factually precise and extensive knowledge to develop a logically sequenced answer that highlights a clear understanding of government economic policy objectives and their possible conflicts in the short term and long term• Uses relevant data to support a contemporary and comprehensive discussion that is specific to government economic policy objectives and their possible conflicts in the short term and long term• Integrates economic terms, concepts, issues, relationships and theory	17 - 20
<ul style="list-style-type: none">• Good use of appropriate knowledge to develop an answer that highlights an understanding of government economic policy objectives and their possible conflicts in the short term and long term• Uses relevant data to support a discussion of government economic policy objectives and their possible conflicts in the short term and long term• Good use of economic terms and applies economic concepts and relationships	13 - 16
<ul style="list-style-type: none">• Uses correct and usually relevant information to demonstrate some knowledge and understanding of government economic policy objectives and their possible conflicts• Uses relevant data to provide a description of government economic policy objectives and their possible conflicts• Uses economic terms and economic concepts and relationships	9 - 12
<ul style="list-style-type: none">• Demonstrates generalised knowledge describing government economic policy objectives• Makes minimal use of data to support discussion of government economic policy objectives• Limited use of economic terms, concepts and relationships	5 - 8
<ul style="list-style-type: none">• Demonstrates some knowledge about government economic objectives• Basic use of some appropriate terminology to communicate economic ideas	1 - 4

Answers could include:

- Identification of economic growth, full employment, price stability, external stability, environment and the distribution of income as economic objectives
- Phillips curve analysis
- Economic growth versus the environment, CAD, inflation
- Structural change, unemployment and distribution of income

Question 27 (20 marks)

Outline the indicators of globalisation and explain how globalisation has affected an economy other than Australia.

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

- use economic data
- apply economic terms, concepts, relationships and theory
- present a sustained, logical and well-structured answer to the question

Outcomes assessed: H3, H4, H5, H6, H8, H10

Criteria	Marks
<ul style="list-style-type: none">• Demonstrates factually precise and extensive knowledge to develop a logically sequenced answer that highlights a clear understanding of the indicators of globalisation and its effects on an economy other than Australia• Uses relevant data to support a contemporary and comprehensive discussion that is specific to the indicators of globalisation and its effects on an economy other than Australia• Integrates economic terms, concepts, issues, relationships and theory	17 - 20
<ul style="list-style-type: none">• Good use of appropriate knowledge to develop an answer that highlights an understanding of the indicators of globalisation and its effects on an economy other than Australia• Uses relevant data to support a discussion of the indicators of globalisation and its effects on an economy other than Australia• Good use of economic terms and applies economic concepts and relationships	13 - 16
<ul style="list-style-type: none">• Uses correct and usually relevant information to demonstrate some knowledge and understanding of the indicators of globalisation and its effects on an economy other than Australia• Uses relevant data to provide a description of the indicators of globalisation and its effects on an economy other than Australia• Uses economic terms and economic concepts and relationships	9 - 12
<ul style="list-style-type: none">• Demonstrates generalised knowledge of globalisation• Makes minimal use of data to support discussion of the indicators of globalisation• Limited use of economic terms, concepts and relationships	5 - 8
<ul style="list-style-type: none">• Demonstrates some knowledge of globalisation• Basic use of some appropriate terminology to communicate economic ideas	1 - 4

Answers could include:

- Reference to trade and financial flows, investment and technology, finance and labour
- Gross World Product and the international business cycle
- Trading blocs and international organisations
- Reference to a case study with consideration of some of the following: distribution and wealth, environmental consequences, economic growth and development, transnational corporations and government policy responses

Question 28 (20 marks)

Explain why the Australian exchange rate fluctuates and discuss the effect of these fluctuations on the Australian economy.

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

- use economic data
- apply economic terms, concepts, relationships and theory
- present a sustained, logical and well-structured answer to the question

Outcomes assessed: H4, H5, H7, H8, H10

Criteria	Marks
<ul style="list-style-type: none"> • Demonstrates factually precise and extensive knowledge to develop a logically sequenced answer that highlights a clear understanding of the reasons for fluctuations in Australia's exchange rate and the effects of these fluctuations on the Australian economy • Uses relevant data to support a contemporary and comprehensive discussion of the reasons for fluctuations in Australia's exchange rate and the effects of these fluctuations on the Australian economy • Integrates economic terms, concepts, issues, relationships and theory 	17 - 20
<ul style="list-style-type: none"> • Good use of appropriate knowledge to develop an answer that highlights an understanding of the reasons for fluctuations in Australia's exchange rate and the effects of these fluctuations on the Australian economy • Uses relevant data to support a discussion of the reasons for fluctuations in Australia's exchange rate and the effects of these fluctuations on the Australian economy • Good use of economic terms and applies economic concepts and relationships 	13 - 16
<ul style="list-style-type: none"> • Uses correct and usually relevant information to demonstrate some knowledge and understanding of the reasons for fluctuations in Australia's exchange rate and the effects of these fluctuations on the Australian economy • Uses relevant data to provide a description of fluctuations in exchange rates • Uses economic terms and economic concepts and relationships 	9 - 12
<ul style="list-style-type: none"> • Demonstrates generalised knowledge of exchange rates • Makes minimal use of data to support a discussion of exchange rates • Limited use of economic terms, concepts and relationships 	5 - 8
<ul style="list-style-type: none"> • Demonstrates some knowledge of exchange rates • Basic use of some appropriate terminology to communicate economic ideas 	1 - 4

Answers could include:

- Demand and supply factors that determine exchange rates
- Supply and demand diagrams to illustrate floating exchange rates
- Appreciation / depreciation of exchange rates
- The role of the RBA and the impact of government economic policy
- Effects of exchange rate fluctuations eg CAD, inflation, foreign debt, business confidence, economic activity, government economic policy