

STUDENT NAME: \_\_\_\_\_ TEACHER: \_\_\_\_\_

# SAINT IGNATIUS' COLLEGE RIVERVIEW



## TRIAL H.S.C. EXAMINATION 2012 ECONOMICS

### General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Board approved calculators may be used
- Write using black pen

#### Section I

**20 marks**

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

#### Section II

**40 marks**

- Attempt questions 21 – 24
- Allow about 1 hour & 15 minutes for this section
- Answer in the spaces provided on the question paper

#### Section III

**20 marks**

- Attempt either Question 25 or 26
- Allow about 35 minutes for this section
- Answer in a separate booklet or on a new sheet of paper

#### Section IV

**20 marks**

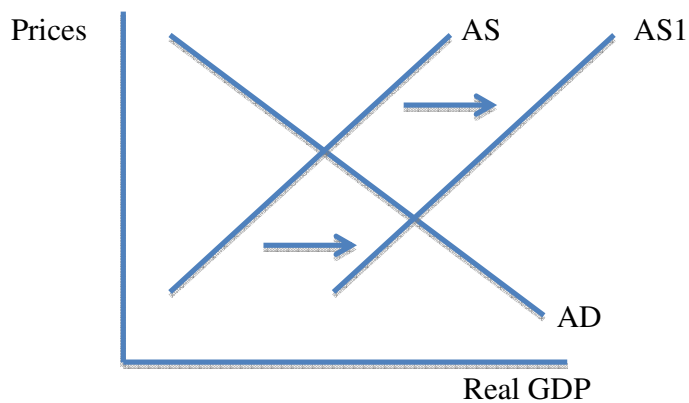
- Attempt either Question 27 or 28
- Allow about 35 minutes for this section
- Answer in a separate booklet or on a new sheet of paper

**Section I**  
**20 Marks**

- Answer all questions on the separate multiple choice answer sheet provided
  - Allow about 35 minutes for this section
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- 1 Which of the following statements about financial flows between Australia and the rest of the world is correct?
- A Financial inflows to Australia are mostly debt flows
  - B Financial flows have decreased since deregulation of financial markets
  - C Financial outflows from Australia are greater than financial inflows to Australia
  - D Financial flows are largely the result of trade between Australia and the rest of the world
- 2 Which statement about methods used to finance a deficit is correct?
- A The Australian government uses monetary financing on a regular basis
  - B The Australian government relies on the sale of assets to fund expenditure
  - C The Australian government may crowd out borrowers by borrowing from the private sector
  - D The Australian government has increased foreign debt obligations due to its reliance on overseas borrowing

Examine the diagram below to answer question 3



- 3 The graph above can be used to help illustrate:
- A increased costs of inputs.
  - B increased consumption in the economy.
  - C the rationale for microeconomic policy.
  - D the rationale for macroeconomic policy.
- 4 Efficient allocation of resources, reduced inflationary pressure and increased global world product are all:
- A advantages of free trade.
  - B advantages of protection.
  - C advantages of macroeconomic reform.
  - D advantages of financial market regulation.
- 5 Which of the following policies will improve the external stability of an economy?
- A Deregulating financial markets
  - B Providing incentives for foreign investment
  - C Using monetary policy to increase the exchange rate
  - D Using a budget surplus to repay a government's foreign debt

6 The table shows information relating to the annual budgets for an economy.

Budget items	Year 1 (\$bn)	Year 2 (\$bn)
<i>Revenue</i>		
Income taxes	400	400
Goods and services tax	200	200
Excise duty	50	50
<i>Expenditure</i>		
Defence	350	350
Health	200	225
Social security/welfare	50	50

Which of the following statements about the fiscal outcome and stance in Year 2 is correct?

- A The fiscal outcome is a surplus and the stance is contractionary
- B The fiscal outcome is a surplus and the stance is expansionary.
- C The fiscal outcome is a deficit and the stance is contractionary
- D The fiscal outcome is a deficit and the stance is expansionary.

7 Which of the following is correct in relation to the Balance of Payments?

- A An increase in the Current Account deficit drives an equal increase in the deficit on the Capital and Financial Account
- B A decrease in the Current Account deficit drives an equal decrease in the deficit on the Capital and Financial Account
- C An increase in a surplus in the Financial Account will drive a future period increase in Net Secondary Income in the Current Account
- D An increase in a surplus in the Financial Account will drive a future period increase in Net Primary Income in the Current Account

- 8 Which of the following are factors that affect the supply of Australian dollars.
- A An increase in exports
  - B An increase in imports
  - C An increase in the target cash rate
  - D An increase in dividends on shares in foreign companies owned by Australians
- 9 The Marginal Propensity to save (MPC) for an economy is 0.9. If investment increases by \$40m, what is the increase in aggregate demand (all other things being equal)?
- A \$40m
  - B \$44.4m
  - C \$80m
  - D \$400m
- 10 Which of the following are factors that affect the demand for Australian dollars resulting in a depreciation of the Australian dollar?
- A An increase in the target cash rate
  - B A reduction in tourism to Australia
  - C An increase in foreign investment in Australia
  - D An increase in mineral exports from Australia
- 11 Which of the following represents an example of governments using market-based policies to address an environmental issue?
- A Government placing a tax on environmentally damaging pollutants
  - B Government enforcing minimum environmental standards on fuel quality
  - C Government enforcing a ban on certain types of leaded petrol in the market
  - D Government ensuring an environmental impact statement is produced by developers

- 12 Which of the following is a consequence of continuing to stimulate the economy when the unemployment rate is below the natural rate of unemployment?
- A An increase in a budget deficit
  - B An increase in the level of inflation
  - C A reduction in cyclical unemployment
  - D Higher interest repayments for government
- 13 Which of the following represents an advantage of bi-lateral trade agreements?
- A They have lead to an increase in the trade diversion effect
  - B They are more easily negotiated and implemented than multi-lateral agreements
  - C They allow countries to produce goods for which they are at a competitive disadvantage
  - D They increase the level of trade between signatory countries eliminating tariffs on all goods
- 14 Select the category of economic development which is characterised by weak political and economic institutions and a dependence on agricultural production for income.
- A Advanced nations
  - B Emerging nations
  - C Developing nations
  - D Newly-industrialised nations
- 15 Which of the following statements regarding microeconomic policy is correct?
- A National Competition Policy has had an important impact on labour reforms
  - B Factor market reforms focus on increasing aggregate demand in an economy
  - C Product market reforms include deregulation of financial and labour markets
  - D Certain types of microeconomic reform represent both product and factor market reform

16 The Australian government is considering removing a quota that requires commercial television stations to broadcast 55% of local content.

What would be the effect of the removal of the quota on the Australian television industry?

- A Less efficiency and innovation
- B Less work for Australian actors
- C Australian networks would lose profits
- D More work for Australian actors as industry would become more competitive

17 The body set up in 1995 that now monitors the Australian Consumer Law is:

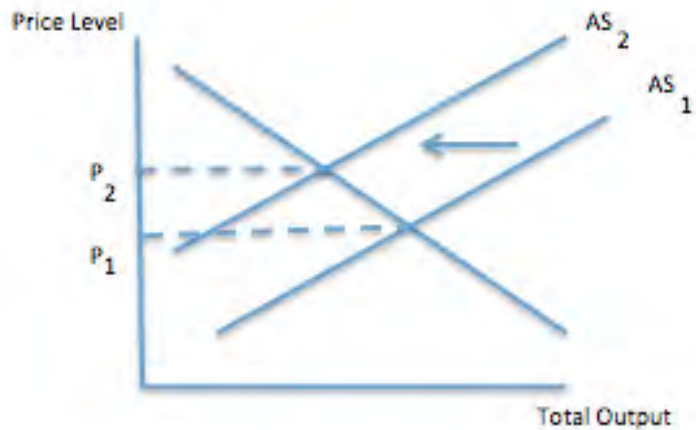
- A ASIC
- B RBA
- C ACCC
- D ASEAN

18 A government moves from a budget deficit of \$40b to a deficit of \$20b.

What is the overall effect of this change on economic activity.

- A The budget will not effect economic activity
- B The budget will increase economic activity
- C The budget will decrease economic activity
- D The budget will have a balanced effect on economic activity

The graph below relates to question 19.



- 19 What is the cause of inflation in the graph?
- A Cost Push Inflation
  - B Headline Inflation
  - C Underlying Inflation
  - D Demand Pull Inflation
- 20 Which international organisation focuses on 'economic development'?
- A NAFTA
  - B IMF
  - C WTO
  - D World Bank



### Section III Stimulus Essay

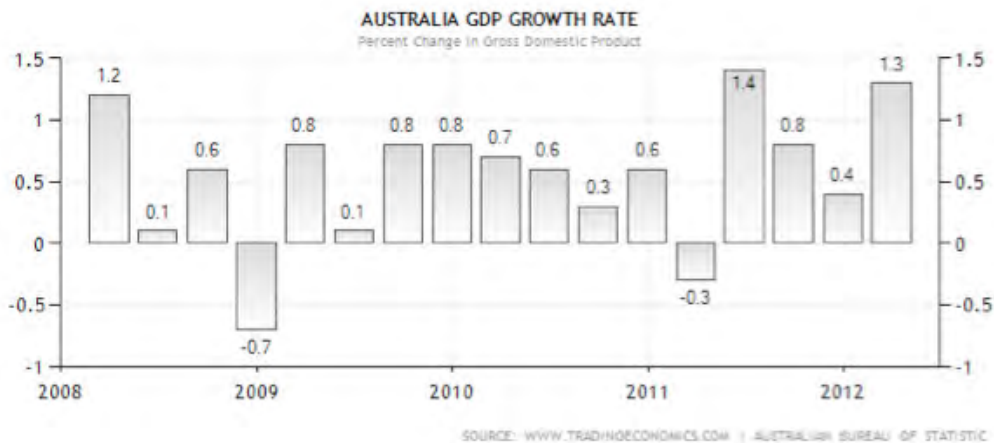
- Allow about 35 minutes for this section
  - Answer the question in the writing booklet provided
  - Answer Question 25 OR 26
- 

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

Analyse the impact of macroeconomic policy on economic growth in Australia since 2008. In your response you should refer to the economic information provided.



It was always easy to predict that fiscal policy would come back into fashion just as soon as the economy dipped into recession. The politician who could resist the temptation to use the budget to stimulate the economy during recession has yet to be born.

But there were two other, more economic arguments favouring greater reliance on fiscal policy which arose from the particular nature of the global financial crisis. First, the synchronized nature of the global recession - because all developed economies were hit at the same time by the same developments in global capital markets - gave fiscal policy a comparative advantage.

*Ross Gittins, University of Sydney, March 18, 2010.*

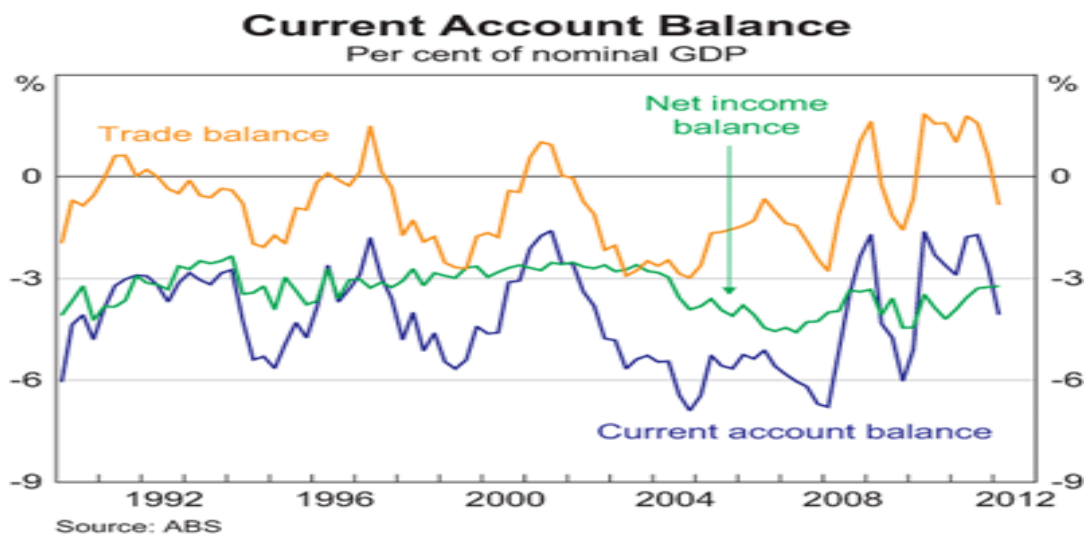
## Question 26

Analyse the effects of changes in the Australian and global economies on Australia's Balance of Payments.

“The International Monetary Fund has cut its forecast for global growth to the lowest level in three years, saying the world's economic recovery remains at risk.

In its World Economic Outlook update, the IMF says it expects the world economy to grow 3.5 per cent this year - that is 0.1 per cent lower than its forecast three months ago. It is forecasting global growth of 3.9 per cent next year, down from a previous 4.1 per cent prediction. However, the fund has also warned that a sharper downturn is possible if Europe and the United States fail to act.

*ABC Online, 17 July 2012*



**Section IV**  
**Extended Response**  
**Total Marks (20)**  
**Attempt either question 27 OR 28**  
**Allow about 35 minutes for this section**

Answer the question in the separate writing booklet provided.

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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
- 

**EITHER**

**Question 27**

Evaluate the strategies used by the Australian government to promote environmental sustainability in a national and global context.

**OR**

**Question 28**

For an economy other than Australia, evaluate the strategies used to promote economic development.



## Part A – Multiple Choice Answer Sheet 2012 Economics Trial HSC

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

CANDIDATE NUMBER: .....

**Section II**

**40 marks**

**Attempt Questions 21-24**

- Answer each question in the spaces provided
- Allow about 75 minutes for this section

**Question 21 (10 marks)**

21 The table below shows labour force data for a given economy.

**Marks**

Item	2010	2011
Employed	12,000,000	12,415,000
Unemployed	500,000	585,000
Working Age Population	20,000,000	21,000,000
Total Population	30,000,000	32,000,000

a) Identify the trend in unemployment in this economy. (use calculations and data to demonstrate the trend in your answer)

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b) Identify the trend in the participation rate in this economy. (use calculations and data to demonstrate the trend in your answer)

**2**

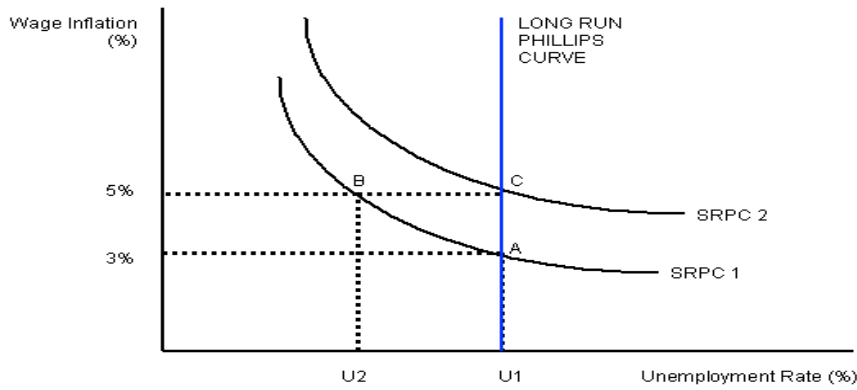
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The graph below showing the non accelerating rate of inflation refers to question 21 c



- c) Explain how governments can shift the Non Accelerating rate of Inflation (ie: the long run Phillips curve) curve from U1 to U2. 3

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- d) Identify a group adversely affected by unemployment and outline TWO impacts of unemployment on government. 3

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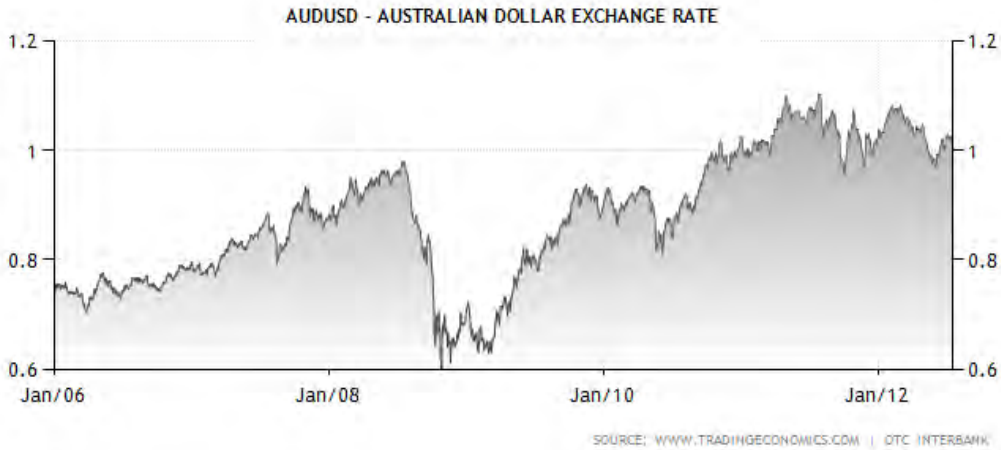
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**Question 22 (10 marks)**

22 The graph below shows the AUD USD exchange rate. **Marks**



a) Define the Trade Weighted Index for the Australian dollar. **2**

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b) Outline the impact of the trend in the Australian dollar between January 2006 and January 2008 on Australian imports and exports **2**

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c) How can actions of the Reserve Bank of Australia decrease the value of the \$A. **6**



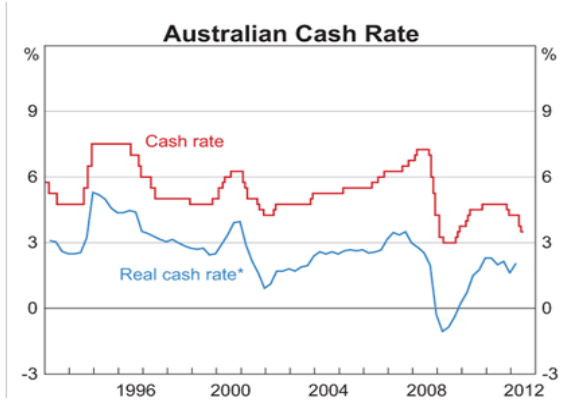
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**Question 23 (10 marks)**

23 The following diagram shows movements in the cash rate in Australia for the past 20 years. **Marks**



a) Define the term *cash rate*. **2**

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b) Explain how the RBA manipulated the cash rate in response to the global financial crisis in 2007-2008. **4**

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c) Explain how a loosening of monetary policy may impact upon both demand-pull and cost-push inflation.

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TEACHER'S INITIALS.....

**Question 24 (10 marks)**

24

**Marks**

a) Outline TWO reasons why governments protect domestic industries.

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### Marking Criteria – 2012 TRIAL EXAM - ECONOMICS

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

#### Question 21

Q	Suggested Answer & Criteria
21a	<p><b>Answer:</b>  <math display="block">\text{Unemployed} = \frac{U_e}{\text{labour force}} \times 100</math> <math display="block">2010 = \frac{500,000}{12,500,000}</math> <math display="block">= 4\%</math> <math display="block">2011 = 4.5\%</math>                     Trend is increasing</p> <p><b>Criteria:</b>                      2 marks: Correct working and answer</p>
21b	<p>1 mark: Correct working only.</p> <p><b>Answer:</b>  <math display="block">\text{Participation Rate} = \frac{\text{Labour Force}}{\text{Working age population}} \times 100</math> <math display="block">2010 = \frac{12,500,000}{20,000,000} \times 100</math> <math display="block">= 62.5\%</math> <math display="block">2011 = 61.9\%</math>                     Participation rate is falling.</p>
21c	<p><b>Criteria:</b>                      2 marks: Correct working and answer                      1 mark: Correct working only.</p> <p><b>Answer:</b> The NAIRU is the point at which the natural rate of unemployment is. Any further attempt to push the unemployment rate lower will result in inflation. However, to move the NAIRU lower, governments need to eliminate structural or frictional unemployment which can be done through reskilling programs. Typically using education and training in the new skills required in the economy will reduce structural unemployment and hence the NAIRU will shift to the left.</p> <p><b>Criteria</b>                      3 marks: Student recognizes the cause of NAIRU and the effects of government</p>

21d	<p>policy on reducing the NAIRU (shifting to the left)  2 marks: Student provides characteristics and features of the NAIRU  1 mark: Student sketches briefly an aspect of the NAIRU</p> <p><b>Answer:</b> Groups affected include: indigenous, youth, regions and newly arrived migrants. The economic effects of unemployment on government are increased welfare payments and reduced income tax, possibly increased expenditure on training programs.</p> <p><b>Criteria</b>  3 marks: Student names the group and sketches in general terms TWO economic effects on government  2 marks: Student names the group and sketches in general terms ONE economic effect on government  1 mark: Student either names the group or sketches in general terms ONE economic effect on government</p>
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### Question 22

Q	Suggested Answer & Criteria
22a	<p>Define the Trade Weighted Index for the Australian dollar.</p> <p><b>Answer:</b></p> <p>An index that measures the value of the Australian dollar against a basket of 23 currencies of Australia's main trading partners, with weightings based on the direction of both imports and exports.</p> <p><b>Criteria:</b>  2 marks: student provides accurate definition identifying value of both imports and exports as part of TWI weighting  1 mark: student provides definition with only imports or exports identified as part of weighting</p>
22b	<p>Outline the impact of the trend in the Australian dollar between January 2006 and January 2008 on Australian imports and exports</p> <p><b>Answer:</b>  The trend in the value of the Australian dollar was an appreciation. The impact of this appreciation is to increase exports as a result of lower prices, and to decrease exports as a result of a reduction in international competitiveness.</p> <p><b>Criteria:</b>  2 marks: student identifies trend and accurately outlines impact on imports and exports  1 mark: student identifies trend - appreciation</p>
22c	<p>How can actions of the Reserve Bank of Australia decrease the value of the \$A.</p>



	<p>Answer:          Directly by intervening in the fx market, dirtying the float, and supplying \$A to the market. This is usually only done to address volatility concerns.          Indirectly by decreasing the target cash rate, which has the impact of lowering the value of the \$A, however the RBA does not undertake monetary policy with the exchange rate impact as the dominant reason – more related to inflation targets.</p> <p>Criteria:          2 x 3 marks for direct and indirect          For each,          - 1 mark for identifying the approach          - 1-2 marks for explaining the appropriate direction (ie sell/buy, raise/lower), the use of terminology and the quality of the explanation.</p>
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**Question 23**

<b>Q</b>	<b>Suggested Answer &amp; Criteria</b>
23a	<p>Answer: The cash rate is the interest rate paid to lenders on the STTM. It is the interest rate used by the RBA to conduct DMO and influence all other interest rates in the economy.</p> <p>Criteria:          2 marks: full definition          1 marks: some aspects correct</p>
b)	<p>Answer:          Loosening of MP which means that cash rate falls. This means that the RBA is buying CGS and paying for them into the ESA of banks. Banks move these funds onto the STTM because it earns a better rate. As a result there is an increase in supply of funds on the STTM which lowers the cash rate.</p> <p>Criteria          4 marks: fully articulated cause and effect on the various stages of DMO.          3 marks: some steps of the process showing cause and effect          2 marks: May sketch in general terms some aspects of DMO          1 marks: May identify a loosening of MP.</p>
c)	<p>Answer:  <u>Loose MP on demand pull inflation:</u> lower interest rates lead to higher levels of</p>

consumption by households and investment by firms. For individuals, lowering interest rates mean that their disposable income rises as they are paying less on homeloans, car loans and credit cards which means that they can consume more goods and services. For businesses this increased consumption leads to greater demand for their output and as a result there is a need to increase investment. These two factors increase the total demand in the economy and lead to demand pull inflation.

Loose MP on cost push inflation:

- 1) Lower interest rates reduce business costs and therefore a business can reduce the retail price of their goods without sacrificing profit margin. Therefore less pressure on cost-push inflation.
- 2) Lower interest rates lead to Aussie investors taking their savings to foreign countries to take advantages of favorable interest rate differentials which increases the supply of AUD on FOREX markets and depreciates the AUD. As a result we experience imported inflation which is a sub-type of cost-push inflation and therefore there may be some increased pressure on cost-push inflation

Criteria:

2 marks for a correct cause and effect for EACH type of inflation as a result of loosening of MP

1 mark for sketching in general terms the effect of loosening MP on each type of inflation

**Question 24**

Outline TWO reasons why governments protect domestic industries.

Q	Suggested Answer & Criteria
24a	<p>Answer: Infant industry, domestic employment, dumping, defence</p> <p>Criteria: <b>4 marks:</b> Comprehensively sketches in general terms 2 reasons why governments protect domestic industries  <b>3 marks:</b> Sketches in general terms 1 reason why governments and protects and identifies another  <b>2 marks:</b> Sketches 1 reason or identifies 2  <b>1 mark:</b> Identifies 2 or attempts to sketch 1 poorly</p>
	<p>The US government recently imposed a tariff of 50% on Chinese solar panels as China is flooding the US market with government subsidised products.</p> <p>Explain TWO impacts of the tariff on both the US and the Chinese economies.</p>
	<p>Answer: Impact on US: Higher prices for consumers, less domestic efficiency, increased govt revenue, protection of domestic employment  Impact on China: Loss of jobs as decrease in demand for goods. Loss of National Y, decreased trade</p> <p>Criteria  <b>6 marks:</b> Relates comprehensively the impact of TWO impacts of the tariff on US and Chinese economies  <b>5 Marks:</b> Relates the impact of TWO impacts of the tariff on US and Chinese economies  <b>4 marks:</b> Provides characteristics and features of TWO impacts of the tariff on US and Chinese economies  <b>3 marks:</b> Explains ONE impact and describes one impact of the tariff on US and Chinese economies  <b>2 marks:</b> Sketches in general terms TWO impacts of the tariff on US and Chinese economies or describes ONE impact only  <b>1 mark:</b> Identifies 2 impacts</p>

### Section III - Question 25

Criteria	Marks
<ul style="list-style-type: none"> <li>• Demonstrates factually precise and extensive knowledge of macroeconomic policy and economic growth</li> <li>• Draws out &amp; relates the implications of government macroeconomic policies and their impact on economic growth in Australia</li> <li>• Synthesises relevant economic data to support a comprehensive, contemporary and theoretical discussion in a sustained, logical and well-structured answer</li> </ul>	17–20
<ul style="list-style-type: none"> <li>• Sketches in general terms the macroeconomic policies that impact on economic growth</li> <li>• Describes macroeconomic policies and their impact on economic growth</li> <li>• Uses relevant data to develop a logical and well-structured response</li> </ul>	13–16
<ul style="list-style-type: none"> <li>• Sketches in general terms the factors that impact on economic growth</li> <li>• Describes macroeconomic policies used to impact on economic growth</li> <li>• Uses relevant data to develop a coherent response</li> </ul>	9–12
<ul style="list-style-type: none"> <li>• Lists macroeconomic policies and or economic growth</li> <li>• May outline macroeconomic policies and economic growth</li> <li>• Makes minimal use of data to develop a generalised response</li> </ul>	5–8
<ul style="list-style-type: none"> <li>• May list a macroeconomic policy</li> <li>• May identify or define economic growth</li> <li>• Basic use of some terminology in a limited response</li> </ul>	1–4

#### *Answers may include:*

- **Macroeconomic Policies:**
  - Good definitions of fiscal policy, monetary policy
  - Fiscal: discretionary and non discretionary budget allocations to affect the income/growth in the economy, counter-cyclical
  - Monetary: use of DMO to affect the cash rate and interest rates via the transmission effect which impacts on economic growth
  - Relationship of Macroeconomic policy to aggregate demand
  - Limitations of macroeconomic policy & effect on economic growth
- **Economic growth:**
  - clear definitions of economic growth,
  - real v nominal
  - trends and statistics (contemporary knowledge)
- **Analysis**
  - relates implications of FP & MP to economic growth during GFC.
  - Looks at recovery post 09 and the role of MP in particular in returning cash rate to historical averages and reducing inflation
  - Current role of MP in loosening in response to weak global conditions especially in Europe & bad signs starting to emerge in China
  - FP returning to surplus (medium term balance) although 2011-12 ended up being expansionary with heavy spending shifted to last financial year
  - Other issues affecting economic growth such as role of China, terms of trade – an acknowledgement that Macro settings were effective but there were also other factors at play.

### Section III - Question 26

Analyse the effects of changes in the Australian and global economies on Australia's Balance of Payments.

Criteria	Marks
<ul style="list-style-type: none"> <li>• Demonstrates factually precise and extensive knowledge of changes in the Australian and global economies</li> <li>• Draws out &amp; relates the implications of recent changes in the Australian and global economies on Australia's balance of payments</li> <li>• Synthesises relevant economic data to support a comprehensive, contemporary and theoretical discussion in a sustained, logical and well-structured answer</li> </ul>	17–20
<ul style="list-style-type: none"> <li>• Provides features of changes in the Australian and global economies</li> <li>• Describes some impacts of recent changes in the Australian and global economies on Australia's balance of payments</li> <li>• Uses relevant data to develop a logical and well-structured response</li> </ul>	13–16
<ul style="list-style-type: none"> <li>• Provides a brief overview of changes in the Australian and global economies</li> <li>• Outlines aspects of impacts on Australia's balance of payments</li> <li>• Uses relevant data to develop a coherent response</li> </ul>	9–12
<ul style="list-style-type: none"> <li>• Briefly identifies aspects of changes in the Australian and global economies and aspects of the balance of payments</li> <li>• Makes minimal use of data to develop a generalised response</li> </ul>	5–8
<ul style="list-style-type: none"> <li>• May list some aspects of changes in the Australian and global economies and aspects of the balance of payments</li> <li>• Basic use of some terminology in a limited response</li> </ul>	1–4

*Answers may include:*

Demonstration of theoretical understanding of balance of payments and components

- **Changes in the Australian and global economies:**
  - Australia: financial deregulation, tariff reduction, micro reform, mining investment boom Mark I and II, shift in household savings rates, floods, GFC stimulus, fiscal consolidation
  - Global economies: GFC, WTO (and failure of DOHA), industrialisation of China, energy demands of Korea, globalisation, pre GFC liquidity levels, Eurozone softness, level of global growth, increase in supply of minerals (ie will soften TOT)
- **Impact on balance of payments:**
  - Net capital importer driving high financial account and subsequent NPI balances
  - Tariff reductions increasing imports in BOGS
  - Exports in BOGS driven by minerals demand iron ore and coal, high TOT, increasing exports

- Floods having a significant negative impact on the level of exports and adverse BOGS impact
- Imports increase during mining investment boom for mining construction inputs
- GFC and subsequent downturn increasing AUD and decreasing tourism and education as significant exports, and softening demand for mineral exports
- Increased supply of minerals in global markets driven by high commodity prices sees reduction in TOT, and decrease in X in BOGS
- Net primary income impacted by increased dividend payments to largely foreign owned, highly profitable mining companies, increased debt servicing for increased borrowings, and worsened by lower level of returns from overseas investments including driven by poorer trading conditions and adverse movement of the AUD for foreign income. Offset by valuation effect in relation to debt servicing costs on foreign denominated debt.
- Students should demonstrate an awareness of relative impact of BOGS/NPI as drivers of the CAD outcome, and acknowledge the other elements of the balance of payments. Students may approach domestic changes through a structural and cyclical factor framework.

Section IV - Question 27

**Section IV - Question 27**

Evaluate the strategies used by the Australian government to promote environmental sustainability in a national and global context.

Criteria	Marks
<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>• Provides an comprehensive analysis of specific Australian Government domestic and international strategies/policies</li> <li>• Evaluates these strategies using explicit criteria from which logical judgements are then made about each specific strategy/policy</li> </ul>	17–20
<ul style="list-style-type: none"> <li>• Integrates relevant economic terms, concepts, relationships and theories</li> <li>• Provides economic information in a sustained, logical and cohesive response</li> <li>• Provides an analysis of specific Australian Government domestic and international strategies/policies</li> <li>• Evaluates these strategies and makes judgements about each specific strategy/policy</li> </ul>	13–16
<ul style="list-style-type: none"> <li>• Integrates some relevant economic terms, concepts, relationships and theories</li> <li>• Provides some evidence of economic information in a sustained, logical and cohesive response</li> <li>• Provides a description of specific Australian Government domestic and international strategies/policies</li> <li>• Makes a judgment about each specific strategy/policy.</li> </ul>	9–12
<ul style="list-style-type: none"> <li>• May use some economic terms, concepts, relationships and theories</li> <li>• Provides some economic information in a structured manner</li> <li>• Sketches in general terms some of the Australian government’s policies</li> <li>• May make a judgement</li> </ul>	5–8
<ul style="list-style-type: none"> <li>• Displays elementary use of economic terminology</li> <li>• Information may not be provided in any form of logical order</li> <li>• May identify an aspect of an environmental policy</li> <li>• Does not make a judgement</li> </ul>	1–4

Key Introductory concepts to be explored.

- Definition of environmental sustainability
- Economic arguments for why governments have a role in managing the environment (market failure, negative externalities, future growth constraints)
- **National and global context for environmental management**
- **Regulations**
- **Market based policies (including taxes and subsidies)**
- **Targets**
- **International Agreements**

The student must EVALUTE by setting up criteria for which they make judgments about success or otherwise of these policies in achieving their intended aims.

**Section IV - Question 28**

For an economy other than Australia, evaluate the strategies used to promote economic development

- 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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Criteria	Marks
<ul style="list-style-type: none"> <li>• Demonstrates factually precise and extensive knowledge of strategies used to promote economic development in a country other than Australia, establishing and applying criteria and making a judgment on effectiveness</li> <li>• Synthesises relevant economic data to support a comprehensive, contemporary and theoretical discussion in a sustained, logical and well-structured answer</li> <li>• Integrates economic terms, concepts, issues, relationships and theory</li> </ul>	17–20
<ul style="list-style-type: none"> <li>• Demonstrates a good knowledge of strategies used to promote economic development in a country other than Australia,, may establish and apply criteria and make a judgment on effectiveness</li> <li>• Uses relevant data to develop a logical and well-structured response</li> <li>• Applies appropriate economic terms, relevant concepts, relationships and theory</li> </ul>	13–16
<ul style="list-style-type: none"> <li>• Demonstrates a satisfactory knowledge of strategies used to promote economic development in a country other than Australia,, attempts to make a judgment on effectiveness</li> </ul>	9–12



<ul style="list-style-type: none"> <li>• Uses relevant data to develop a coherent response</li> <li>• Applies appropriate economic terms, concepts and theory</li> </ul>	
<ul style="list-style-type: none"> <li>• Sketches in general terms strategies used to promote economic development in a country other than Australia, without making a judgment on effectiveness</li> <li>• Makes minimal use of data to develop a generalised response</li> <li>• Uses some economic terms and concepts</li> </ul>	5–8
<ul style="list-style-type: none"> <li>• Demonstrates basic knowledge of strategies used to promote economic development in a country other than Australia, (may give an example) without making a judgment on effectiveness</li> <li>• Basic use of some terminology in a limited response</li> </ul>	1–4

***Answers may include:***

***Criteria:***

- Distribution of income and wealth
- Income and quality of life indicators
- Developing economies, emerging economies, advanced economies
- Reasons for differences between nations
- Effects of globalisation
- Trade, investment and transnational corporations
- Environmental sustainability
- The international business cycle

***Brazil specifics could include***

- HDI improving from 0.68 in 1980 to 0.699 in 2010, reflecting improvements in health, education and income levels
- 81<sup>st</sup> in life expectancy, improved from 63 years in 1980 to 73.5 years in 2012
- 71<sup>st</sup> for adult literacy, 90% having basic literacy up from 82% in 1990
- Infant mortality fallen from 67/000 in 1980 to 20/000 in 2010
- High inequality however improving. Gini coefficient fell from 52.3 to 47.7 from 2000 to 2008
- World leader in sustainable biofuels (ethanol)
- Committed to reduction in deforestation by 80% by 2020
- Deregulation has led to foreign investment and increase of TNC's
- Reduction of protection – now linked to competitors

**Specific Policies**

- Raising minimum wage
- Inflation targeting
- Program de Aceleracao do Crescimento (PAC and PAC 2)
- Bolsa Familia
- Fome Zero

In general for both Brazil and Ireland

- Some students obviously expected an Economic Growth and Development question, not just a development question.
- Better answers if they went down the path of Economic Growth were able to relate how growth can be linked to development.
- Best answers were able to not only speak about economic development policies but also linked growth to development.
- Students who tried to focus solely on development lacked a depth of understanding.
- When writing about development best answers linked back to indicators as the question was evaluate. Eg: HDI, Gini
- Weaker answers tacked the figure on at end but did not make a link evident between policy and improvements
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