



CATHOLIC SECONDARY SCHOOLS ASSOCIATION OF NSW
2020 TRIAL HIGHER SCHOOL CERTIFICATE EXAMINATION
ECONOMICS – MARKING GUIDELINES

Section I

Part A

20 marks

Questions 1-20 (1 mark each)

Question	Answer	Outcomes Assessed	Targeted Performance Band
1	C	H2	2 - 3
2	B	H1 – H8	2 - 3
3	B	H1	2 - 3
4	C	H11	3 - 4
5	A	H3	3 - 4
6	D	H2 – H6	3 - 4
7	A (per errata)	H5 – H8	3 - 4
8	A	H3	3 - 4
9	D	H3	3 - 4
10	D	H5 – H6	4 - 5
11	A	H7	4 - 5
12	B	H11	4 - 5
13	C	H4 – H7	4 - 5
14	B	H4 – H11	4 - 5
15	D	H6	4 - 5
16	B	H5 – H6	4 - 5
17	C	H5 – H6	5 - 6
18	A	H7 – H8	5 - 6
19	D	H8 – H11	5 - 6
20	D	H8 – H11	5 - 6

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Section II

40 marks

Question 21 (10 marks)

(a) (2 marks)

Outcomes Assessed: H1

Targeted Performance Bands: 2 - 3

Criteria	Marks
• Correctly distinguishes between the capital and financial account	2
• Correctly defines either the capital OR financial account	1

Answers could include:

- Capital account: non-produced and non-financial assets credits and debits into and out of the economy
- Financial account: the credits and debits from forms of investment into and out of the economy.

(b) (3 marks)

Outcomes Assessed: H1, H8 – H9

Targeted Performance Bands: 4 - 5

Criteria	Marks
• Provides features and characteristics of one reason for the trend in Australia's net foreign liabilities between 2017-19 • Student refers to the stimulus provided	3
• Sketches in general terms one reason for the trend in Australia's net foreign liabilities between 2017-19 • Student may refer to the stimulus provided	2
• Identifies one appropriate reason for the trend in Australia's net foreign liabilities between 2017-19	1

Answers could include:

- Decreased budget deficit position requiring less foreign borrowing
- Greater volume of Australian investment overseas
- Reduced domestic demand for investment from the private sector.

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(c) (5 marks)

Outcomes Assessed: H3, H4, H6

Targeted Performance Bands: 5 - 6

Criteria	Marks
<ul style="list-style-type: none">• Demonstrates a comprehensive understanding of how structural change affects two components of the current account in the Australian economy• Student refers to the stimulus provided	5
<ul style="list-style-type: none">• Demonstrates a sound understanding of how structural change affects two components of the current account in the Australian economy• Student refers to stimulus provided	4
<ul style="list-style-type: none">• Sketches in general terms how structural change affects two components of the current account in the Australian economy• Student may refer to stimulus provided OR <ul style="list-style-type: none">• Demonstrates a comprehensive understanding of how structural change affects one component of current account in the Australian economy• Student may refer to the stimulus provided	3
<ul style="list-style-type: none">• Makes relevant statements about structural change and the current account• May refer to the stimulus provided	2
<ul style="list-style-type: none">• Makes a relevant statement about structural change OR the current account	1

Answers could include:

- Increased service export credits due to transitioning sources of growth in Australian economy
- Increased net primary income debits due to repayment on foreign borrowings to finance structural change
- Increased net primary income debits due to repayment of dividends as structural change increases economic growth, leading to foreign investment
- Changing composition of BOGS (exports or imports).

Question 22 (10 marks)

(a) (2 marks)

Outcomes Assessed: H1

Targeted Performance Bands: 2 - 3

Criteria	Marks
<ul style="list-style-type: none">• Correctly distinguishes between demand pull and cost push inflation	2
<ul style="list-style-type: none">• Correctly defines either demand pull or cost push inflation	1

Answers could include:

- Demand pull: consumers bid up prices of scarce resources due to greater levels of aggregate demand
- Cost push: increased cost of production due to changes in the price of factors of production, or inputs generally, leading to higher prices.

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(b) (3 marks)

Outcomes Assessed: H1, H7-H8

Targeted Performance Bands: 3 - 4

Criteria	Marks
• Demonstrates a clear understanding of the impact of inflationary expectations on the rate of unemployment	3
• Sketches in general terms an understanding of the impact of inflationary expectations on the rate of unemployment	2
• Makes a correct statement about inflationary expectations or unemployment	1

Answers could include:

- Increased inflationary expectations results in individuals bargaining for higher wages
- Impact of wage demands on cost push inflation
- Increased cost push inflation resulting in decreased demand for labour.

(c) (5 marks)

Outcomes Assessed: H2, H3, H7

Targeted Performance Bands: 5 - 6

Criteria	Marks
• Demonstrates a comprehensive understanding of the significance of inflation on the allocation of resources in an economy	5
• Demonstrates a sound understanding of the significance of inflation on the allocation of resources in an economy	4
• Sketches in general terms an understanding of the relationship between inflation and the allocation of resources in an economy	3
• Makes relevant statements about inflation and the allocation of resources in an economy	2
• Makes a relevant statement about inflation or the allocation of resources in an economy	1

Answers could include:

- Distorted price signal
- Disruption of rationing function
- Distortions of decision making
- Distortions to the consideration of opportunity cost.

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Question 23 (10 marks)**(a) (1 mark)****Outcomes Assessed: H11****Targeted Performance Bands: 2 - 3**

Criteria	Mark
• Correctly defines a quota	1

Answers could include:

- Quantitative restriction on the level of imports.

(b) (2 marks)**Outcomes Assessed: H6****Targeted Performance Bands: 2 - 3**

Criteria	Marks
• Sketches the relationship between decreased subsidy use and the government budget outcome	2
• Makes a relevant statement about subsidies and/or the government budget outcome	1

Answers could include:

- Budget surplus due to reduced level of spending on subsidies.
- Budget deficit owing to reduced taxation revenue collected as firms fail.

(c) (3 marks)**Outcomes Assessed: H2, H5****Targeted Performance Bands: 3 - 4**

Criteria	Marks
• Enquires into the role of the International Monetary Fund in the global economy	3
• Sketches the role of the International Monetary Fund in the global economy	2
• Makes a relevant statement about the International Monetary Fund in the global economy	1

Answers could include:

- Support for developed economies during a Balance of Payments crisis
- Monetary co-operation
- Special drawing rights (SDR's) use in the event of a global shock
- Facilitate the expansion of global trade
- Promote exchange rate stability.

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(d) (4 marks)

Outcomes Assessed: H1, H3

Targeted Performance Bands: 4 - 5

Criteria	Marks
• Demonstrates a comprehensive understanding of the positive and negative impacts of globalisation on developing economies	4
• Demonstrates a sound understanding of the positive and negative impacts of globalisation on developing economies OR • Demonstrates a comprehensive understanding of EITHER the positive OR negative impacts of globalisation on developing economies AND sketches the other	3
• Demonstrates a sound understanding of EITHER the positive OR negative impacts of globalisation on developing economies	2
• Makes a relevant statement about globalisation or developing economies	1

Answers could include:

- Increased rates of economic growth due to economic integration
- Foreign investment leading to economic growth
- Increased migration
- Increased rates of pollution
- Depletion of natural resources
- Income and wealth inequality.

Question 24 (10 marks)

(a) (2 marks)

Outcomes Assessed: H1

Targeted Performance Bands: 2 - 3

Criteria	Marks
• Sketches one limitation of microeconomic policy	2
• Makes a statement about microeconomic policy	1

Answers could include:

- Implementation lag
- Effectiveness lag
- Structural unemployment
- Political constraints.

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(b) (3 marks)

Outcomes Assessed: H6

Targeted Performance Bands: 3 - 4

Criteria	Marks
• Provides a comprehensive reason why minimum wage creates unemployment	3
• Sketches a reason why minimum wage creates unemployment	2
• Makes a relevant statement about minimum wage or unemployment	1

Answers could include:

- Minimum wage functions as a price floor distorting market equilibrium
- Supply will be greater than demand resulting in a surplus (unemployment)
- Cost push inflation leading to capital substitution.

(c) (5 marks)

Outcomes Assessed: H6-H7, H9

Targeted Performance Bands: 5 - 6

Criteria	Marks
• Demonstrates a comprehensive understanding of how a decentralised wage system has achieved international competitiveness	5
• Demonstrates a sound understanding of how a decentralised wage system has achieved international competitiveness	4
• Sketches an understanding of how a decentralised wage system has achieved international competitiveness	3
• Makes relevant statements about decentralised wage systems and international competitiveness	2
• Makes a relevant statement about decentralised wage systems or international competitiveness	1

Answers could include:

- Productivity offsets increase aggregate supply
- Lower prices increase international competitiveness
- Improved allocation of labour reducing wage pressure
- Productivity of labour increasing service exports.

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Section III

Question 25 (20 marks)

Outcomes Assessed: H4, H7-H10

Targeted Performance Bands: 2 - 6

Criteria	Marks
<ul style="list-style-type: none">• 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• Demonstrates a clear and comprehensive understanding of the positive and negative effects of how changes in the value of the Australian dollar impact the composition and direction of Australian trade	17-20
<ul style="list-style-type: none">• Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response• Applies relevant economic terms, concepts, relationships and theory• Demonstrates a sound understanding of the positive and negative effects of how changes in the value of the Australian dollar impact the composition and direction of Australian trade	13-16
<ul style="list-style-type: none">• Uses own knowledge and understanding with the information provided, to develop a coherent response• Uses relevant economic terms, concepts, relationships and theory• Sketches the effects of how changes in the value of the Australian dollar impact the composition and direction of Australian trade	9-12
<ul style="list-style-type: none">• Presents a generalised response• Uses some economic terms and concepts• Sketches some aspects of how changes in the value of the Australian dollar impact the composition and direction of Australian trade	5-8
<ul style="list-style-type: none">• Presents a limited response• Uses some economic terms and concepts• Lists some aspects of changes in the Australian dollar or composition and direction of trade	1-4

Answers could include:

- Definition of composition and direction of trade
- Trends in both the AUD and direction and composition of trade
- The impact on Balance of Payments
- External stability
- Changing sources of economic growth/activity
- Reallocation of resources
- Effect on distribution of income and wealth
- Changes to inflationary pressure
- Structural unemployment in manufacturing industry
- Emerging middle class in Asia
- Rates of economic growth in major trading partners.

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Question 26 (20 marks)**Outcomes Assessed: H3, H7 – H10****Targeted Performance Bands: 2 - 6**

Criteria	Marks
<ul style="list-style-type: none">• 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• Demonstrates a clear and comprehensive understanding of the positive and negative effects of world economic growth and development on the environment	17-20
<ul style="list-style-type: none">• Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response• Applies relevant economic terms, concepts, relationships and theory• Demonstrates a sound understanding of the positive and negative effects of world economic growth and development on the environment	13-16
<ul style="list-style-type: none">• Uses own knowledge and understanding with the information provided, to develop a coherent response• Uses relevant economic terms, concepts, relationships and theory• Sketches the effects of world economic growth and development on the environment	9-12
<ul style="list-style-type: none">• Presents a generalised response• Uses some economic terms and concepts• Sketches some aspects of world economic growth and development or the environment	5-8
<ul style="list-style-type: none">• Presents a limited response• Uses some economic terms and concepts• Lists some aspects of world economic growth and development or the environment	1-4

Answers could include:

- Definition of world economic growth and development
- Human development index
- Environmental impact of international economic integration
- Types of economies: developing, emerging and advanced
- Global environmental issues:
 - o Reciprocity of international agreements
 - o Free riders
 - o Trade-off between economic growth and development
 - o Negative externalities
 - o Depletion of natural resources
- Role of international organisations
- Paris Climate Agreement 2015
- Globalisation and technology transfers.

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Section IV

Question 27 (20 marks)

Outcomes Assessed: H1, H5-H6, H8, H10

Targeted Performance Bands: 2 - 6

Criteria	Marks
<ul style="list-style-type: none">• Develops a sophisticated judgement about the impact of monetary policy on price stability and full employment• Demonstrates a clear and comprehensive understanding of monetary policy in the Australian economy Provides a sustained, logical and cohesive response• Integrates relevant economic terms, concepts, relationships and theory• Provides a sustained, logical and cohesive response	17-20
<ul style="list-style-type: none">• Develops some judgement about the impact of monetary policy on price stability and/or full employment• Demonstrates a sound understanding of the use of monetary policy in the Australian economy• Applies relevant economic terms, concepts, relationships and theory• Provides a logical and cohesive response	13-16
<ul style="list-style-type: none">• Sketches a judgement about the impact of monetary policy on price stability and/or full employment• Demonstrates some understanding of the use of monetary policy in the Australian economy• Uses relevant economic terms, concepts, relationships and theory• Provides a coherent response	9-12
<ul style="list-style-type: none">• Sketches some aspects of the use of monetary policy in the Australian economy.• Uses some economic terms and concepts• Presents a generalised response	5-8
<ul style="list-style-type: none">• Provides a limited response• Uses some economic terms and concepts• Lists some aspects of monetary policy or economic objectives	1-4

Answers could include:

- Definition of monetary policy
- Implementation of monetary policy (corridor system and liquidity management)
- Transmission mechanism
- Types of unemployment
- Causes of inflation
- Trends in the cash rate
- Relationship between the cash rate and interest rates
- Targets relative to full employment and price stability
- Limitations of monetary policy (time lags/effectiveness lag).

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Question 28 (20 marks)**Outcomes Assessed: H1, H5-H6, H8, H10****Targeted Performance Bands: 2 - 6**

Criteria	Marks
<ul style="list-style-type: none">• Develops a sophisticated judgement about the impact of fiscal policy on the equitable distribution of income and full employment• Demonstrates a clear and comprehensive understanding of the use of fiscal policy in the Australian economy• Integrates relevant economic terms, concepts, relationships and theory• Provides a sustained, logical and cohesive response	17-20
<ul style="list-style-type: none">• Develops some judgement about the impact of fiscal policy on the equitable distribution of income and/or full employment• Demonstrates a sound understanding of the use of fiscal policy in the Australian economy• Applies relevant economic terms, concepts, relationships and theory• Provides a logical and cohesive response	13-16
<ul style="list-style-type: none">• Sketches a judgement about the impact of fiscal policy on the equitable distribution of income and/or full employment• Demonstrates some understanding of the use fiscal policy in the Australian economy• Uses relevant economic terms, concepts, relationships and theory• Provides a coherent response	9-12
<ul style="list-style-type: none">• Sketches some aspects of the use of fiscal policy in the Australian economy• Presents a generalised response• Uses some economic terms and concepts	5-8
<ul style="list-style-type: none">• Provides a limited response• Uses some economic terms and concepts• Lists some aspects of fiscal policy or economic objectives	1-4

Answers could include:

- Definition of fiscal policy
- Components of the budget (structural and cyclical)
- Automatic stabilisers
- Budget stance and outcomes
- Types of unemployment
- Causes of inequality in the distribution of income
- Trends in fiscal policy
- Relationship between fiscal policy and economic activity
- Targets relative to full employment and income distribution
- Limitations of fiscal policy (time lags/effectiveness lag).

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