



BOARD OF STUDIES
NEW SOUTH WALES

HIGHER SCHOOL CERTIFICATE EXAMINATION

1998

ECONOMICS

3 UNIT (ADDITIONAL)

*Time allowed—One hour and a half
(Plus 5 minutes reading time)*

DIRECTIONS TO CANDIDATES

- Attempt TWO questions, each from a different option.
- All questions are of equal value.
- Answer each question in a SEPARATE Writing Booklet.
- You may ask for extra Writing Booklets if you need them.
- Board-approved calculators may be used.

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All questions are of equal value.

Answer each question in a SEPARATE Writing Booklet.

ENVIRONMENTAL ECONOMICS

EITHER

1. Outline how development and technological change can fail to protect the environment. Explain and evaluate policies that could be used to improve resource management. Refer to recent Australian environmental issues in your answer.

OR

2. Why do markets often function inefficiently in relation to environmental issues? Evaluate how both pricing and taxation policies can be used to achieve efficiency when externalities occur.

INCOME AND EXPENDITURE ANALYSIS

EITHER

3. What is the multiplier effect? Discuss the factors that influence the size of the multiplier. Explain, using diagrams, the part played by the multiplier in reducing inflationary and deflationary gaps.

OR

4. What is meant by the paradox of thrift? Outline the role of saving in the multiplier process. Discuss whether increased saving is required in order to increase output and employment.

COMPARATIVE ECONOMIC SYSTEMS

EITHER

5. How do the processes of resource allocation, production, distribution, and exchange operate in different economic systems? Explain these processes in relation to a particular economic system that you have studied.

OR

6. Evaluate the role of governments and markets in market economies. Compare this role with the role of governments and markets in socialist or former socialist economies. Use case studies to support your answer.

EVOLUTION OF ECONOMIC IDEAS

EITHER

7. Evaluate Karl Marx's critique of capitalism. How does this critique differ from Keynes' ideas about the economic problems faced by capitalist economies?

OR

8. Discuss recent developments in economic thought since Keynes. How have these developments adapted or rejected the ideas of previous economists?

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