

2001 HSC Notes from
the Examination Centre
Economics

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2001 HSC NOTES FROM THE EXAMINATION CENTRE ECONOMICS

Introduction

This document has been produced for the teachers and candidates of the Economics course. It provides comments with regard to responses to the 2001 Higher School Certificate Examination, indicating the quality of candidate responses, and highlighting the relative strengths and weaknesses of the candidature in each section and each question.

It is essential for this document to be read in conjunction with the relevant syllabus, the 2001 Higher School Certificate Examination, the marking guidelines, and other support documents, which have been developed by the Board of Studies to assist in the teaching and learning of Economics.

In 2001 the number of candidates for the new Economics 2 unit course was 5986.

The overall standard of the candidate's responses was excellent, especially in the extended responses. Those candidates who were familiar with the 'key words' of the examination questions were able to access the full mark range. Those candidates who did not know the difference between the words 'analyse' and 'discuss' were disadvantaged.

Section I – Multiple Choice

Question	Correct Response
1	A
2	A
3	D
4	C
5	D
6	C
7	B
8	C
9	B
10	B

Question	Correct Response
11	A
12	B
13	C
14	A
15	D
16	A
17	B
18	B
19	B
20	C

Section II – Short Answer Questions

General Comments

The majority of candidates demonstrated a good understanding of economic concepts. However, there was a need for candidates to be better prepared in their definitions of key economic terms. Thorough definitions were needed in order to access the higher marks.

Outstanding candidates were able to obtain full marks using the space provided in the answer booklets. This provided candidates with more time to construct very detailed extended response answers.

Question 21

The majority of candidates responded well to this question. Stronger candidates had a clear understanding of the key words that were used in each question, and were able to briefly discuss, describe or analyse as required.

Question 22

Better candidates referred to the diagram when giving their reasons for their choice of Lorenz curve providing a more equitable distribution of income. Some candidates needed to differentiate more clearly between the economic costs and social costs of the inequality of income distribution.

Question 23

The definitions of ‘ecologically sustainable development’ were generally poor. Candidates gave general descriptions without a time concept included. This question contained weaker responses compared to other parts of the paper. There was an indication that some candidates had not developed their understanding of this section.

Better candidates were able to clearly dissect each segment of the questions asked, and could distinguish between renewable and non-renewable resources, and supply solid examples of each. Again, the stronger candidates understood their economic benefits and costs and were able to link them to achieving ecologically sustainable development. Weaker candidates misinterpreted the question because they had prepared an answer on the economic benefits and economic costs associated with environmental degradation.

Question 24

A significant proportion of candidates did not demonstrate a clear understanding of the concept of microeconomic reform. Better candidates understood structural change, and how a range of microeconomic policy initiatives can, or have, brought it about.

Well prepared candidates were able to clearly explain two problems associated with microeconomic reform.

Section III

General Comments

Both extended response sections were well answered by the majority of candidates. The length of the responses and the detail included indicated that many candidates allocated considerably more time to these sections than was indicated on the examination paper. Candidates were able to follow the requirements of the rubrics. Better candidates were able to carefully select the most suitable elements of the information provided for incorporation into their responses.

Question 25

Most candidates understood the concept of external stability fairly well. They were familiar with the concepts of the Balance of Payments and the Current Account Deficit. Better candidates were aware of the Australian Government policy options in relation to fiscal consolidation. Better responses integrated their own statistics into their response. Weaker candidates responded with long discussions about monetary policy using some of the information provided.

Question 26

Better candidates understood the requirements of ‘discuss’ as a key word, and were able to look at the positive and negative features of a variety of macroeconomic and microeconomic policies that the government has used, or could use, to promote economic growth. These candidates included a reflection on the variety of options, and the viability of them in promoting or maintaining economic growth.

Section IV

Question 27

There were some excellent responses to this question. The better responses showed a clear understanding of the key word ‘analyse’, and were able to reflect on the impact of globalisation on Australia’s economic performance in relation to variations in economic growth rates, balance of payments figures, changes in the direction, and pattern of trade over time. A significant number of candidates incorporated a long-term perspective in their analysis so that they could reflect on major variations that have taken place over time.

Question 28

Those candidates who undertook this question were very well prepared. There was considerable variety in the case studies presented, with the major emphasis being on those included in the available textbooks. Some candidates who presented more obscure case studies had more difficulty in analysing the impact that globalisation has had on economic development strategies. These examples often contained descriptions of the economic development strategies used within the country, but did not link them to the positive and negative ways that globalisation has impacted on those strategies.

Some candidates found this to be an opportunity to include a large amount of information that they had obtained in undertaking this case study. Candidates who were able to show the linkages between their substantial amount of information and the question, were able to access top marks. Some candidates still wanted to list all of the information they knew without relating it to the question, and this did not benefit them at all. Candidates are reminded of the necessity to answer the question set.

Economics

2001 HSC Examination Mapping Grid

Question	Marks	Content	Syllabus outcomes
1	1	Economic Issues	H1
2	1	Economic Issues	H1, H11
3	1	Economic Policies and Management	H1, H2
4	1	Australia's Place in the Global Economy	H1, H8, H11
5	1	Economic Issues	H1, H8
6	1	Australia's Place in the Global economy	H1, H8
7	1	Economic Issues	H1, H7, H11
8	1	Economic Issues	H1, H11
9	1	Global Economy	H1, H4, H11
10	1	Economic Policies and Management	H1, H7, H11
11	1	Australia's Place in the Global Economy	H1, H8, H11
12	1	Economic Issues	H1, H7
13	1	Economic Policies & Management	H1, H2, H7
14	1	Australia's Place in the Global Economy	H1, H4, H7
15	1	Global Economy	H1, H4, H5
16	1	Australia's Place in the Global Economy	H1
17	1	Economic Policies and Management	H1, H7, H11
18	1	Economic Policies and Management	H1, H2, H5, H6, H7
19	1	Economic Policies and Management	H1, H7, H11
20	1	Economic Issues	H1
21(a)	1	The Global Economy – free trade and protection	H1
21(b)	2	The Global Economy – free trade and protection	H3, H4
21(c)	2	The Global Economy – free trade and protection	H2, H3, H4
21(d)	5	Australia's place in the global economy – free trade and protection	H3, H4, H7
22(a)	1	Economic Issues – distribution of income and wealth	H1
22(b)	1	Economic Issues – distribution of income and wealth	H2
22(c)	2	Economic Issues – distribution of income and wealth	H1, H2
22(d)	2	Economic Issues – distribution of income and wealth	H2, H7
22(e)	4	Economic Issues – distribution of income and wealth	H7
23(a)	1	Economic Issues – in the Australian Environment	H1
23(b)	2	Economic Issues – environmental management	H2, H7

Question	Marks	Content	Syllabus outcomes
23(c)	3	Economic Issues – environmental management	H1
23(d)	4	Economic Issues – environmental management	H7
24(a)	1	Economic Policies & Management – main policies available for economic management (microeconomic policies)	H1, H5, H6
24(b)	1	Economic Policies & Management – main policies available for economic management (microeconomic policies)	H2
24(c)	4	Economic Policies & Management – main policies available for economic management (microeconomic policies)	H5, H6
24(d)	4	Economic Policies & Management – main policies available for economic management (microeconomic policies)	H6, H7
25	20	Economic Issues – external stability, Economic Policies & Management – External stability – Policies for Economic Management	H1, H5, H6, H7, H9, H10, H11
26	20	Economic Issues – Economic Growth, Economic Policies & Management – Economic Growth, Policies for Economic Growth	H1, H5, H6, H7, H9, H10, H11
27	20	The Global Economy – globalisation	H1, H2, H4, H5, H7, H8, H9, H10
28	20	The Global Economy – Impact of Globalisation	H1, H2, H4, H5, H7, H8, H9, H10

2001 HSC Economics Marking Guidelines

Question 21 (a) (1 mark)

Outcomes assessed: H1

MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> Correctly indicates one method used to protect domestic industries 	1

Question 21 (b) (2 marks)

Outcomes assessed: H3, H4

MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> Clearly identifies TWO reasons why nations might protect their domestic industries and provide some points for and/or against 	2
<ul style="list-style-type: none"> Identifies ONE reason why nations might protect their domestic industries and provides points for and/or against 	1
<p>OR</p> <ul style="list-style-type: none"> Simply identifies TWO reasons why nations might protect their domestic industries 	

Question 21 (c) (2 marks)*Outcomes assessed: H2, H3, H4***MARKING GUIDELINES**

Criteria	Marks
<ul style="list-style-type: none">Provides characteristics of TWO economic effects that the protection of domestic industries has on GLOBAL trade	2
<ul style="list-style-type: none">Provides characteristics of ONE economic effect that the protection of domestic industries has on GLOBAL trade	1

Question 21 (d) (5 marks)*Outcomes assessed: H3, H4, H7***MARKING GUIDELINES**

Criteria	Marks
<ul style="list-style-type: none">Identifies a range of economic benefits and costs associated with free tradeExplains the relationship between economic costs and benefits associated with increased free trade	4–5
<ul style="list-style-type: none">Identifies at least ONE economic benefit AND one economic cost associated with free tradeAcknowledges the relationship between economic costs and benefits associated with free trade	2–3
<ul style="list-style-type: none">States ONE economic benefit OR one economic cost associated with free trade	1

Question 22 (a) (1 mark)*Outcomes assessed: H1***MARKING GUIDELINES**

Criteria	Marks
<ul style="list-style-type: none">Correctly defines Lorenz curve	1

Question 22 (b) (1 mark)*Outcomes assessed: H2***MARKING GUIDELINES**

Criteria	Marks
<ul style="list-style-type: none">Identifies LC_2 as having the greater Gini co-efficient	1

Question 22 (c) (2 marks)
Outcomes assessed: H1, H2
MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> Identifies LC_1 as having a more equitable distribution of income Gives a correct reason to support this answer eg. that LC_1 is closer to the line of perfectly equitable income distribution than LC_2 	2
<ul style="list-style-type: none"> Identifies LC_1 as having a more equitable distribution of income, but gives no reason or states an incorrect reason 	1

Question 22 (d) (2 marks)
Outcomes assessed: H2, H7
MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> Correctly indicates TWO reasons explaining the inequality of income within a nation 	2
<ul style="list-style-type: none"> Correctly indicates ONE reason explaining the inequality of income within a nation 	1

Question 22 (e) (4 marks)
Outcomes assessed: H7
MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> Clearly identifies the economic and social costs arising from the inequality of income distribution Explains the relationship between the costs and the inequality 	4
<ul style="list-style-type: none"> Identifies economic and social costs drawing some implications of the relationship between costs and the inequality of income 	3
<ul style="list-style-type: none"> Identifies some social AND economic costs related to inequality of income 	2
<ul style="list-style-type: none"> Identifies an economic OR social cost related to inequality of income 	1

Question 23 (a) (1 mark)
Outcomes assessed: H1
MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> Correctly defines ecologically sustainable development 	1

Question 23 (b) (2 marks)*Outcomes assessed: H2, H7***MARKING GUIDELINES**

Criteria	Marks
• Provides characteristics/features of how economic activity can have a negative impact on the environment	2
• Provides limited characteristics/features of how economic activity can have a negative impact on the environment	1

Question 23 (c) (3 marks)*Outcomes assessed: H1***MARKING GUIDELINES**

Criteria	Marks
• Clearly indicates the distinction between renewable and non-renewable resources and provides a correct example of each	3
• Clearly indicates the difference between renewable and non-renewable resources	2
• States an example of a renewable AND a non-renewable resource	1

Question 23 (d) (4 marks)*Outcomes assessed: H7***MARKING GUIDELINES**

Criteria	Marks
• Provides a detailed explanation of one economic benefit and one economic cost which clearly demonstrates the relationship between these and the achievement of ecologically sustainable development	4
• Provides an explanation of one economic benefit and one economic cost which demonstrates a relationship between these and ecologically sustainable development	3
• Provides an explanation of either one economic benefit or one economic cost with a clear reference to the achievement of ecologically sustainable development	2
OR	
• Provides an explanation of one economic benefit and one economic cost with limited reference to the achievement of ecologically sustainable development	
• Provides a general description of ecologically sustainable development	1

Question 24 (a) (1 mark)*Outcomes assessed: H1, H5, H6***MARKING GUIDELINES**

Criteria	Marks
<ul style="list-style-type: none">Gives one example of a policy that the government has used to promote micro-economic reform in Australia	1

Question 24 (b) (1 mark)*Outcomes assessed: H2***MARKING GUIDELINES**

Criteria	Marks
<ul style="list-style-type: none">Clearly states one correct reason for governments implementing policies leading to microeconomic reform	1

Question 24 (c) (4 marks)*Outcomes assessed: H5, H6***MARKING GUIDELINES**

Criteria	Marks
<ul style="list-style-type: none">Clearly relates the cause and effect between micro-economic policy and structural change in the Australian economy	3–4
<ul style="list-style-type: none">Discusses micro-economic policy OR structural change, but does not relate the two	1–2

Question 24 (d) (4 marks)*Outcomes assessed: H6, H7***MARKING GUIDELINES**

Criteria	Marks
<ul style="list-style-type: none">• Correctly identifies two problems associated with microeconomic reform in Australia and relates appropriate issues of cause and effect associated with these two problems	4
<ul style="list-style-type: none">• Correctly identifies two problems associated with microeconomic reform in Australia and attempts to relate some issues of cause and effect associated with these two problems <p>OR</p> <ul style="list-style-type: none">• Correctly identifies one problem associated with micro economic reform in Australia and relates appropriate issues of cause and effect associated with this problem and identifies a second problem showing limited cause and effect	3
<ul style="list-style-type: none">• Correctly identifies one problem associated with micro economic reform in Australia and relates appropriate issues of cause and effect associated with this problem	2
<ul style="list-style-type: none">• Provides a general discussion of microeconomic reform in Australia which may attempt to identify at least one problem	1

Question 25 (20 marks)

Outcomes assessed: H1, H5, H6, H7, H9, H10, H11
MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> • Integrates appropriate economic terms, concepts, relationships and theory • Synthesises own knowledge with the information provided to develop a logical and well structured answer that provides points for and/or against policy options available to assist the Australian government to achieve external stability • Demonstrates factually precise and extensive knowledge of government economic policy options to achieve external stability • Appropriately uses information provided with other relevant data to support contemporary and comprehensive analysis of the policy options available to assist Australia to achieve external stability 	17–20
<ul style="list-style-type: none"> • Consistently uses appropriate economic terms, concepts, relationships and theory • Integrates own knowledge with the information provided to develop a logically-sequenced answer that demonstrates an understanding of policy options available to assist the Australian government to achieve external stability • Demonstrates factually correct and appropriate knowledge of government economic policy options to achieve external stability • Uses information provided as well as other relevant data to support a well developed argument concerning policy options available to assist Australia to achieve external stability 	13–16
<ul style="list-style-type: none"> • Uses economic terms, concepts and relationships • Uses own knowledge and information provided to develop an answer concerning the policy options available to assist the Australian government to achieve external stability • Demonstrates correct and usually relevant knowledge of policy options of the Australian government to achieve external stability • Uses information provided as well as other relevant data to provide descriptive rather than analytical reasoning concerning the policy options available to assist the Australian government to achieve external stability 	9–12
<ul style="list-style-type: none"> • Uses some economic terms, concepts and relationships • Uses generalised knowledge to develop an answer which refers to policy options available to assist the Australian government to achieve external stability • Makes minimal use of information provided as well as other data concerning policy options available to assist the Australian government to achieve external stability 	5–8
<ul style="list-style-type: none"> • Uses some appropriate terminology to communicate economic ideas • Refers to economic policy options • Demonstrates a limited knowledge about external stability • Does not utilise information provided 	1–4

Question 26 (20 marks)

Outcomes assessed: H1, H5, H6, H7, H9, H10, H11
MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> • Integrates appropriate economic terms, concepts, issues, relationships and theory • Synthesises own knowledge with information provided to develop a logical and well-structured answer that provides points for and/or against policy options available for promoting and maintaining economic growth in Australia • Demonstrates factually precise and extensive knowledge of government economic policy options available for promoting and maintaining economic growth in Australia • Appropriately uses information provided with other relevant data to support contemporary and comprehensive analysis of the policy options available for promoting and maintaining economic growth in Australia 	17–20
<ul style="list-style-type: none"> • Consistently uses appropriate economic terms, concepts, relationships and theory • Integrates own knowledge with the information provided to develop a logically-sequenced answer that demonstrates an understanding of the policy options available for promoting and maintaining economic growth in Australia • Demonstrates factually correct and appropriate knowledge of government economic policy options available to promote and maintain economic growth in Australia • Uses information provided as well as other relevant data to support a well developed argument concerning the policy options available for promoting and maintaining economic growth in Australia 	13–16
<ul style="list-style-type: none"> • Uses economic terms, concepts and relationships • Uses own knowledge and information provided to develop an answer concerning the policy options available for promoting and maintaining economic growth in Australia • Demonstrates correct and usually relevant knowledge of the policy options available for promoting and maintaining economic growth in Australia • Uses information provided as well as other relevant data to provide descriptive rather than analytical reasoning concerning the policy options available for promoting and maintaining economic growth in Australia 	9–12
<ul style="list-style-type: none"> • Uses some economic terms, concepts and relationships • Uses generalised knowledge to develop an answer concerning the policy options available for promoting and maintaining economic growth in Australia • Makes minimal use of information provided as well as other relevant data concerning the policy options available for promoting and maintaining economic growth in Australia 	5–8
<ul style="list-style-type: none"> • Uses some appropriate terminology to communicate economic ideas • Refers to economic policy options • Demonstrates limited knowledge about economic growth in Australia • Does not utilise information provided 	1–4

Question 27 (20 marks)

Outcomes assessed: H1, H2, H4, H5, H7, H8, H9, H10
MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> • Integrates appropriate economic terms, concepts, issues, relationships and theory • Develops a sustained logical and well-structured answer that demonstrates the relationship between globalisation and the nature of economic performance of the Australian economy • Demonstrates precise and extensive knowledge to draw out and relate the implications of how globalisation has impacted on Australia's economic performance • Uses relevant economic data to support a contemporary and comprehensive discussion of the impact of globalisation on the economic performance of the Australian economy 	17–20
<ul style="list-style-type: none"> • Consistently uses appropriate economic terms, concepts, relationships and theory • Develops a logical and well-structured answer that relates globalisation and the nature of economic performance to the Australian economy • Demonstrates correct and appropriate knowledge to relate the implications of how globalisation has impacted on Australia's economic performance • Uses relevant economic data to support a logically developed discussion of the impact of globalisation on the economic performance of the Australian economy 	13–16
<ul style="list-style-type: none"> • Uses economic terms, concepts and relationships • Develops an answer, linking globalisation and the nature of economic performance of the Australian economy • Demonstrates correct, and relevant knowledge of how globalisation has impacted on Australia's economic performance • Uses economic data to provide a description of the impact of globalisation on the economic performance of the Australian economy 	9–12
<ul style="list-style-type: none"> • Uses some economic terms, concepts and relationships • Develops an answer which refers to globalisation and the nature of economic performance of the Australian economy • Demonstrates some knowledge of the way globalisation has impacted on Australia's economic performance • Makes minimal use of economic data concerning the impact of globalisation on the economic performance of the Australian economy 	5–8
<ul style="list-style-type: none"> • Applies some appropriate terminology to communicate economic ideas • Demonstrates limited knowledge of Australia's economic performance • Presents a limited understanding of economic issues involved with globalisation • Provides little if any economic data to support their answer 	1–4

Question 28 (20 marks)

Outcomes assessed: H1, H2, H4, H5, H7, H8, H9, H10
MARKING GUIDELINES

Criteria	Marks
<ul style="list-style-type: none"> • Integrates appropriate economic terms, concepts, issues, relationships and theory • Develops a sustained and logical well-structured answer that demonstrates the relationship between globalisation and the nature of economic development in an economy other than Australia • Demonstrates precise and extensive knowledge to draw out and relate the implications of how globalisation has impacted on strategies used to promote economic development in an economy other than Australia • Uses relevant economic data to support a contemporary and comprehensive discussion of the impact of globalisation on strategies used by an economy other than Australia to promote its economic development 	17–20
<ul style="list-style-type: none"> • Consistently uses appropriate economic terms, concepts, relationships and theory • Develops a logical and well structured answer that relates globalisation, and the nature of economic development to an economy other than Australia • Demonstrates correct and appropriate knowledge to relate the implications of how globalisation has impacted on strategies used to promote economic development in an economy other than Australia • Uses relevant economic data to support a logically developed discussion of the impact of globalisation on the strategies used by an economy other than Australia to promote its economic development 	13–16
<ul style="list-style-type: none"> • Uses economic terms, concepts and relationships • Develops an answer linking globalisation and the nature of economic development, in an economy other than Australia • Demonstrates correct, and relevant knowledge of how globalisation has impacted on strategies used to promote economic development in an economy other than Australia • Uses economic data to provide a description of the impact of globalisation on the strategies used by an economy other than Australia to promote its economic development 	9–12
<ul style="list-style-type: none"> • Uses some economic terms, concepts and relationships • Develops an answer which refers to globalisation and the nature of economic development in an economy other than Australia • Demonstrates some knowledge of the way globalisation has impacted on strategies used to promote economic development in an economy other than Australia • Makes minimal use of economic data concerning the impact of globalisation on the strategies used by an economy other than Australia to promote its economic development 	5–8
<ul style="list-style-type: none"> • Applies some appropriate terminology to communicate economic ideas • Demonstrates a limited knowledge of an economy other than Australia • Presents a limited understanding of economic development issues involved with globalisation • Provides little if any economic data to support their answer 	1–4