

# 2018 HSC Economics Marking Guidelines

## Section I

### Multiple-choice Answer Key

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

## Section II

### Question 21 (a)

Criteria	Marks
• Sketches in general terms why wage growth has recently been low in Australia	2
• Correctly identifies ONE reason for low wage growth	1

**Sample answer:**

After the GFC there were increased levels of cyclical unemployment in Australia. Increased competition amongst job seekers reduces wage growth.

**Answers could include:**

- Declining union membership
- Increased pressure from foreign competition impacting on wage costs
- Increased substitution of capital for labour
- Increased concerns about job losses
- Reduced bargaining power of workers
- Movement of workers from mining sector into lower paying jobs (post mining boom).

### Question 21 (b)

Criteria	Marks
• Demonstrates a clear understanding of how a low unemployment rate can co-exist with a high level of underemployment	4
• Defines the unemployment rate AND underemployment	3
• Defines unemployment OR underemployment	2
• Makes a relevant statement about unemployment OR underemployment	1

**Sample answer:**

The unemployment rate measures those who are out of work and actively seeking work whereas the underemployed are employed but would like to work more hours. So an underemployed worker is not counted as unemployed.

**Answers could include:**

- Definition of unemployment and/or the meaning of underemployment
- Labour force
- Desire to work more hours.

### Question 21 (c)

Criteria	Marks
• Demonstrates a clear understanding of the effects of low wage growth on the Australian economy	4
• Demonstrates an understanding of the effects of low wage growth on the Australian economy	3
• Sketches in general terms the effects of low wage growth on the Australian economy OR • Demonstrates a clear understanding of an effect of low wage growth on the Australian economy	2
• Makes a relevant statement about low wage growth in the Australian economy	1

**Sample answer:**

Low wage growth will reduce real household income which is likely to lead to lower consumption by households. This will reduce aggregate demand. Reduced household spending may also discourage production and investment by firms. This will reduce aggregate demand even further.

**Answers could include:**

- Low wage growth will lead to lower real household income leading to lower tax revenues for the government
- Low wage growth could lead to lower inflation which could mean lower cost of living for households and increased international competitiveness for exporting firms
- Lower FDI
- Changes in macroeconomic policy
- Impacts on employment
- Lower economic growth.

### Question 22 (a)

Criteria	Marks
• Correctly defines efficiency	1

**Sample answer:**

Efficiency is producing more output with a given level of inputs.

**Answers could include:**

- Technical efficiency
- Dynamic efficiency
- Allocative efficiency
- Aggregate supply.

### Question 22 (b)

Criteria	Marks
<ul style="list-style-type: none"> <li>• Sketches in general terms why reform of a single factor market is likely to have a larger impact on the economy than reform of a single product market</li> </ul>	2
<ul style="list-style-type: none"> <li>• Makes a relevant statement about factor and/or product markets</li> </ul>	1

**Sample answer:**

Reforms that improve efficiency in a single factor market should also improve efficiency in all product markets that use that factor of production. On the other hand, reforms in a single product market should typically only affect that market.

**Answers could include:**

- Land, labour, capital or enterprise
- Examples of factor markets and/or product markets.

### Question 22 (c)

Criteria	Marks
<ul style="list-style-type: none"> <li>• Demonstrates a clear understanding of why it might be difficult to implement microeconomic reform during a period of low economic growth</li> </ul>	3
<ul style="list-style-type: none"> <li>• Sketches in general terms why it might be difficult to implement microeconomic reform during a period of low economic growth</li> </ul>	2
<ul style="list-style-type: none"> <li>• Makes a relevant statement about microeconomic reform OR low economic growth</li> </ul>	1

**Sample answer:**

Microeconomic reform typically involves long-term benefits and short run costs (higher structural unemployment). During periods of low economic growth the newly unemployed will find it harder to find jobs. Governments may therefore be reluctant to undertake such reforms.

**Answers could include:**

- Political constraints
- Implementation costs (eg retraining) may deter government reforms due to impact on budgets during periods of low economic growth.

### Question 22 (d)

Criteria	Marks
<ul style="list-style-type: none"> <li>Demonstrates a clear understanding of how labour market reforms can help government achieve the objectives of full employment AND price stability in the long term</li> </ul>	4
<ul style="list-style-type: none"> <li>Demonstrates an understanding of how labour market reforms can help government achieve the objectives of full employment AND price stability in the long term</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>Demonstrates a clear understanding of how labour market reforms can help government achieve the objective of full employment OR price stability in the long term AND sketches in general terms the other</li> </ul>	3
<ul style="list-style-type: none"> <li>Sketches in general terms how labour market reforms can help government achieve the objectives of full employment AND price stability in the long term</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>Demonstrates a clear understanding of how labour market reforms can help government achieve the objective of full employment OR price stability</li> </ul>	2
<ul style="list-style-type: none"> <li>Makes a relevant statement about labour market reform AND/OR full employment and/or price stability</li> </ul>	1

**Sample answer:**

Reforms such as deregulation of the labour market should help achieve full employment by making workers more affordable to firms and more mobile, ensuring that they can easily be re-allocated from declining to growing industries. Deregulation of the labour market can also help price stability by reducing the bargaining power of workers in negotiating wages and conditions. This reduces the pressure on firms to raise product prices.

**Answers could include:**

- Improved training and education equips labour force with skills improving employment prospects
- Linking of wages more closely to productivity improves affordability of labour thus improving both full employment and price stability
- Reduction of employment compliance costs for firms
- NAIRU.

### Question 23 (a)

Criteria	Marks
• Demonstrates a clear understanding of a cost AND a benefit of globalisation	4
• Demonstrates an understanding of a cost OR a benefit of globalisation AND sketches in general terms the other	3
• Demonstrates an understanding of a cost OR a benefit of globalisation OR • Sketches in general terms a cost AND a benefit of globalisation	2
• Makes a relevant statement about globalisation	1

**Sample answer:**

One potential cost of globalisation is the increased exposure of the economy to the international business cycle. This means that governments have less control over achieving their economic objectives.

One potential benefit of globalisation is the greater choice of products and services that consumers have as a result of increased international trade.

**Answers could include:**

- Contagion
- Increased income inequality within countries as increasing levels of foreign direct investment tend to be concentrated in industries which require greater worker skills
- Widening income/wealth gap between countries
- Benefits of (free) trade
- Faster spread of technology
- Increased migration and financial flows
- Costs and benefits of transnational corporations
- Costs and benefits to the environment (eg greater investment in countries with more lax environmental standards vs greater global cooperation on environmental policy).

### Question 23 (b)

Criteria	Marks
• Demonstrates a comprehensive understanding of how Australia has contributed to the process of globalisation	6
• Demonstrates a sound understanding of how Australia has contributed to the process of globalisation	5
• Demonstrates some understanding of how Australia has contributed to the process of globalisation	4
• Sketches in general terms how Australia has contributed to the process of globalisation	3
• Makes a relevant statement about Australia and the process of globalisation	2
• Makes a relevant statement about globalisation	1

**Sample answer:**

Globalisation involves the increased integration of national economies into the global marketplace. Australia has contributed to this process by following a free trade agenda with other countries including unilaterally reducing its own import tariffs as well as establishing free trade agreements with countries such as China and the US. This has resulted in increased bilateral trade flows between Australia and its trading partners.

Australia has also contributed to increased financial flows around the world by deregulating financial markets and permitting foreign banks to operate in the domestic market.

**Answers could include:**

- Commitment to international organisations such as WTO, IMF, World Bank, OECD
- Encouraging TNCs to use Australia as a gateway to doing business in Asia
- Large migration program contributes to increased international mobility of labour
- Investment in communications infrastructure (eg NBN)
- Floating the exchange rate has linked Australia’s economy more closely to the international business cycle
- International environmental agreements.

**Question 24 (a)**

Criteria	Marks
• Correctly calculates the unemployment rate in 2016	2
• Provides some relevant working to calculate the unemployment rate	1

**Sample answer:**

$$\text{Unemployment rate in 2016} = \frac{\text{Number of unemployed in 2016}}{\text{Labour force in 2016}} \times 100 = 5\%$$

**Answers could include:**

$$\text{Total employed} = 8000 + 3400 = 11400$$

$$\text{Total unemployed} = 12\,000 - (8000 + 3400) = 600$$

$$\text{Unemployment rate in 2016} = \frac{600}{600 + 11400} \times 100$$

**Question 24 (b)**

Criteria	Marks
• Correctly calculates the rate of growth in real GDP from 2016 to 2017	2
• Provides some relevant working to calculate the rate of growth in real GDP from 2016 to 2017	1

**Sample answer:**

Rate of growth in real GDP from 2016 to 2017

$$\frac{\text{value of real GDP in 2017} - \text{value of real GDP in 2016}}{\text{value of real GDP in 2016}} \times 100 = 0\%$$

**Answers could include:**

$$\text{Value of real GDP in 2017} = \frac{1050}{1} \times \frac{100}{105} = 1000$$

$$\text{Value of real GDP in 2016} = 1000$$

$$\text{Rate of growth in real GDP from 2016 to 2017} = \frac{1000 - 1000}{1000} \times 100 = 0\%$$

### Question 24 (c)

Criteria	Marks
<ul style="list-style-type: none"> <li>Demonstrates a clear understanding of the relationship between <i>net foreign debt</i> and <i>net foreign liabilities</i></li> </ul>	2
<ul style="list-style-type: none"> <li>Makes a relevant statement about <i>net foreign debt</i> OR <i>net foreign liabilities</i></li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>Identifies the relationship between <i>net foreign debt</i> and <i>net foreign liabilities</i></li> </ul>	1

**Sample answer:**

Net foreign liabilities are the sum of net foreign debt and net foreign equity. Other things being equal, an increase in net foreign debt will increase net foreign liabilities.

**Answers could include:**

- Net foreign debt is the difference between the value of loans owed by Australians to foreigners and the value of loans owed to Australians by foreign borrowers
- Net foreign equity is the difference between the value of Australian assets owned by foreigners and the value of foreign assets owned by Australians
- Net foreign liabilities = net foreign debt + net foreign equity
- Net foreign debt = net foreign liabilities – net foreign equity
- Net foreign liabilities are the difference between Australia’s financial obligations to foreigners and foreigners’ financial obligations to Australia.

### Question 24 (d)

Criteria	Marks
<ul style="list-style-type: none"> <li>Provides an argument that strongly supports the claim that the hypothetical economy in the table is likely to have experienced a depreciation of its currency between 2016 and 2017</li> </ul>	4
<ul style="list-style-type: none"> <li>Provides an argument that supports the claim that the hypothetical economy in the table is likely to have experienced a depreciation of its currency between 2016 and 2017</li> </ul>	3
<ul style="list-style-type: none"> <li>Sketches in general terms why the hypothetical economy in the table is likely to have experienced a depreciation of its currency between 2016 and 2017</li> </ul>	2
<ul style="list-style-type: none"> <li>Makes a correct statement about the hypothetical economy's performance between 2016 and 2017</li> </ul>	1

**Sample answer:**

The increase in net foreign debt from 2016 to 2017 is likely to have depreciated the currency due to the increased servicing costs associated with this higher level of debt. Moreover, a depreciation of the hypothetical economy's currency will increase the value of this economy's debt in domestic currency terms.

**Answers could include:**

- Net foreign equity falls from 2016 to 2017 mean there is less incoming investment and/or more outgoing investment. Less incoming investment from foreigners means less demand for the currency of this hypothetical economy. The increase in outgoing investment would represent an increase in supply of the currency. Both these effects would lead to a depreciation of the currency.
- The hypothetical economy is likely to experience a depreciation between 2016 and 2017 for a number of reasons. The unemployment rate is increasing, real GDP growth is zero and inflation is increasing. These three changes are likely to have discouraged foreign investment and hence reduced demand for the economy's currency.

## Section III

### Question 25

Criteria	Marks
<ul style="list-style-type: none"> <li>• Synthesises own knowledge and understanding with the information provided, to develop a sustained, logical and cohesive response</li> <li>• Integrates relevant economic terms, concepts, relationships and theories</li> <li>• Demonstrates a clear and comprehensive understanding of the extent to which free trade restricts the Australian Government’s ability to achieve its economic objectives of full employment, distribution of income and external stability</li> </ul>	17–20
<ul style="list-style-type: none"> <li>• Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response</li> <li>• Applies relevant economic terms, concepts, relationships and theories</li> <li>• Demonstrates a comprehensive understanding of how free trade impacts the Australian Government’s ability to achieve its economic objectives of full employment, distribution of income and external stability</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Demonstrates a sound understanding of the extent to which free trade restricts the Australian Government’s ability to achieve its economic objectives of full employment, distribution of income and external stability</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Demonstrates a clear and comprehensive understanding of the extent to which free trade restricts the Australian Government’s ability to achieve ANY TWO of the economic objectives of full employment, distribution of income and external stability</li> </ul>	13–16
<ul style="list-style-type: none"> <li>• Uses own knowledge and understanding with the information provided, to develop a coherent response</li> <li>• Uses relevant economic terms, concepts, relationships and theories</li> <li>• Sketches in general terms how free trade impacts the Australian Government’s ability to achieve its economic objectives of full employment, distribution of income and external stability</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Demonstrates a sound understanding of how free trade impacts the Australian Government’s ability to achieve ANY TWO of the economic objectives of full employment, distribution of income and external stability</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Demonstrates a clear and comprehensive understanding of the extent to which free trade restricts the Australian Government’s ability to achieve ONE of the economic objectives of full employment, distribution of income and external stability</li> </ul>	9–12
<ul style="list-style-type: none"> <li>• Presents a generalised response</li> <li>• Uses some economic terms and concepts</li> <li>• Sketches in general terms some aspects of the impact of free trade on the Australian Government’s policy objectives of full employment AND/OR distribution of income AND/OR external stability</li> </ul>	5–8
<ul style="list-style-type: none"> <li>• Presents a limited response</li> <li>• Uses some economic terms and concepts</li> <li>• Lists some aspects of free trade OR government policy objectives</li> </ul>	1–4

**Answers could include:**

- ‘Assess the extent to which’ ... make a judgement as to the size and nature of the impact of free trade policies on Australia’s full employment, income distribution and external stability objectives.
- Can discuss free trade policies by Australian Government as well as free trade policies by Australia’s trading partners.
- The decline of Australian manufacturing (textile, clothing, footwear and motor vehicle industries) following reduction in tariff protection.
- Impact on structural unemployment due to greater import competition.
- Free trade may lead to increased income and wealth inequality; wages decline in uncompetitive industries while wages increase in internationally competitive industries. Extent of this impact depends on nature of government redistributive policies such as taxes, subsidies, social security payments etc.
- Reduced import restrictions make it easier to import – can lead to worsening of current account deficit.
- Free trade more closely integrates the Australian economy with the international business cycle. This may be positive if major trading partners are growing or negative if major trading partners are slowing.
- Microeconomic reform has helped cushion the effects of free trade:
  - eg allowing workers to move from declining (ie internationally uncompetitive) industries to growing industries with significant international demand (eg mining)
  - eg floating Australian dollar; appreciation and depreciation influence Australian inflation and international competitiveness of Australian industries.
- Benefits of free trade – concentrate resource use in industries with a comparative advantage.
- Implications for foreign investment: fewer import restrictions may encourage foreign investment or discourage it (exporting to Australia easier).
- Impact of free trade agreements on economic objectives.
- Deregulation of financial services sector has reduced cost of borrowing – implications for economic objectives such as greater economic growth (and hence employment), greater household debt and greater foreign debt. Also impact on distribution of income (different capacities of consumers to borrow) and price stability through asset prices.

## Question 26

Criteria	Marks
<ul style="list-style-type: none"> <li>• Synthesises own knowledge and understanding with the information provided, to develop a sustained, logical and cohesive response</li> <li>• Integrates relevant economic terms, concepts, relationships and theories</li> <li>• Demonstrates a clear and comprehensive understanding of the extent to which Australia's economic growth since the last recession can be attributed to macroeconomic policy decisions made by the Australian Government</li> </ul>	17–20
<ul style="list-style-type: none"> <li>• Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response</li> <li>• Applies relevant economic terms, concepts, relationships and theories</li> <li>• Demonstrates an understanding of the extent to which Australia's economic growth since the last recession can be attributed to macroeconomic policy decisions made by the Australian Government</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Demonstrates a sound understanding of how macroeconomic policy decisions made by the Australian Government have contributed to Australia's economic growth since the last recession</li> </ul>	13–16
<ul style="list-style-type: none"> <li>• Uses own knowledge and understanding with the information provided, to develop a coherent response</li> <li>• Uses relevant economic terms, concepts, relationships and theories</li> <li>• Sketches in general terms the extent to which Australia's economic growth since the last recession can be attributed to macroeconomic policy decisions by the Australian Government</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Demonstrates some understanding of how macroeconomic policy decisions made by the Australian Government have contributed to Australia's economic growth since the last recession</li> </ul>	9–12
<ul style="list-style-type: none"> <li>• Presents a generalised response</li> <li>• Uses some economic terms and concepts</li> <li>• Sketches in general terms some aspects of Australia's economic growth or economic policies since the last recession</li> </ul>	5–8
<ul style="list-style-type: none"> <li>• Presents a limited response</li> <li>• Uses some economic terms and concepts</li> <li>• Lists some aspects of Australia's economic growth OR economic policies</li> </ul>	1–4

### **Answers could include:**

- 'Assess the extent to which' ... make a judgement as to:
  - the degree to which Australian Government macroeconomic policy is responsible for Australia's continued economic growth since 1991 (as opposed to events out of the Australian Government's control such as the international business cycle or the macroeconomic policy decisions of foreign governments)
  - the degree to which Australian Government macroeconomic policy is responsible for Australia's continued economic growth since 1991 (as opposed to microeconomic reform, for example)
  - good luck vs good management?
- Real vs nominal vs per capita GDP growth.

- Sources of economic growth: C, I, G, X–M.
- External factors:
  - developing country growth, eg China
  - mining boom
  - global financial crisis
  - foreign policy responses to GFC including very loose monetary policy (and quantitative easing) by US, UK, Europe, China. Also expansionary fiscal policy by foreign governments, particularly fiscal stimulus by Chinese government.
- Australian Government macroeconomic policy responses: expansionary fiscal and monetary policy after global financial crisis.
- Microeconomic reform has supported growth:
  - floating of \$A cushioned economy from contractionary effects of GFC and has acted as a drag on growth during mining boom
  - financial market deregulation made borrowing easier and cheaper, facilitating investment and household spending and supporting growth
  - reduction in trade barriers and labour market reforms increased productivity and reduced inflation ensuring business-friendly conditions. Also ensured that during GFC unemployment didn't increase as much as might otherwise have been expected.
- Other policies that have supported growth:
  - increased immigration.
- Reduced inflationary expectations (since adoption of inflation targeting) provided more scope to reduce interest rates when GFC hit.

## Section IV

### Question 27

Criteria	Marks
<ul style="list-style-type: none"> <li>Provides a sustained, logical and cohesive response</li> <li>Integrates relevant economic terms, concepts, relationships and theories</li> <li>Demonstrates a clear and comprehensive understanding of government policies that are designed to achieve environmental sustainability in Australia</li> <li>Develops arguments to judge the success of government policies designed to achieve environmental sustainability in Australia</li> </ul>	17–20
<ul style="list-style-type: none"> <li>Provides a logical and cohesive response</li> <li>Applies relevant economic terms, concepts, relationships and theories</li> <li>Demonstrates a sound understanding of government policies that are designed to achieve environmental sustainability in Australia</li> <li>States arguments regarding the success of government policies designed to achieve environmental sustainability in Australia</li> </ul>	13–16
<ul style="list-style-type: none"> <li>Provides a coherent response</li> <li>Uses relevant economic terms, concepts, relationships and theories</li> <li>Demonstrates an understanding of government policies that are designed to achieve environmental sustainability in Australia</li> </ul>	9–12
<ul style="list-style-type: none"> <li>Provides a generalised response</li> <li>Uses some economic terms and concepts</li> <li>Sketches in general terms some aspects of environmental policy AND environmental sustainability in Australia</li> </ul>	5–8
<ul style="list-style-type: none"> <li>Provides a limited response</li> <li>Uses some economic terms and concepts</li> <li>Identifies some aspects of environmental policy OR environmental sustainability</li> </ul>	1–4

**Answers could include:**

- Definition of environmental sustainability:
  - market failure, externalities, free-riding
  - renewable and non-renewable resources
- Rationale for government intervention in environmental policy
- Federal, state and local government policies:
  - regulatory policies – eg clean air and water legislation, zoning, pollution laws, national parks
  - market based policies – eg tradable permits (eg water rights), taxes, recycling, subsidies and rebates
  - environmental targets
  - global environmental agreements
- Environmental issues:
  - climate change
  - depletion of natural resources
  - pollution
- Disagreement about extent of issues
- Criteria by which to evaluate success of policies:
  - too early to judge success

- extent to which policy has achieved stated goals
- political support and trade-offs required
- enforcement of regulations
- success of implementation.

## Question 28

Criteria	Marks
<ul style="list-style-type: none"> <li>Provides a sustained, logical and cohesive response</li> <li>Integrates relevant economic terms, concepts, relationships and theories</li> <li>Demonstrates a clear and comprehensive understanding of the factors that determine the size and composition of Australia's current account and a sound understanding of their relative importance</li> </ul>	17–20
<ul style="list-style-type: none"> <li>Provides a logical and cohesive response</li> <li>Applies relevant economic terms, concepts, relationships and theories</li> <li>Demonstrates a sound understanding of the factors that determine the size and composition of Australia's current account and some understanding of their relative importance</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>Demonstrates a clear and comprehensive understanding of the factors that determine the size and composition of Australia's current account</li> </ul>	13–16
<ul style="list-style-type: none"> <li>Provides a coherent response</li> <li>Uses relevant economic terms, concepts, relationships and theories</li> <li>Demonstrates some understanding of the factors that determine the size and composition of Australia's current account AND/OR sketches in general terms the importance of factors that determine the size and composition of Australia's current account</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>Demonstrates a clear understanding of factors that determine the size OR composition of Australia's current account</li> </ul>	9–12
<ul style="list-style-type: none"> <li>Provides a generalised response</li> <li>Uses some economic terms and concepts</li> <li>Sketches in general terms some aspects of the factors that determine the size OR composition of Australia's current account</li> </ul>	5–8
<ul style="list-style-type: none"> <li>Provides a limited response</li> <li>Uses some economic terms and concepts</li> <li>Identifies some aspects of Australia's current account</li> </ul>	1–4

### **Answers could include:**

- 'Assess the importance of ...' ... make a judgement as to the relative importance of different economic factors in:
  - determining the size of the overall current account and
  - determining the size of different components of the current account
- Structure of current account
- Size and composition of Australia's current account:
  - how this has changed over time
- Factors that influence the size and composition of Australia's current account:
  - international competitiveness of exporters
  - exchange rates
  - microeconomic reform – financial deregulation
  - seasonal conditions
  - interest rate differentials

- fiscal and monetary policy; other government policies (eg bans on live animal exports, gas export restrictions)
- domestic vs foreign economic growth
- changes in demand for exports (education, mining) and imports
- interest rates and debt servicing
- terms of trade
- foreign investment
- trade policies
- capacity constraints in production
- savings and investment gap
- narrow export base
- structural change.

# 2018 HSC Economics Mapping Grid

## Section I

Question	Marks	Content	Syllabus outcomes
1	1	Topic 4 — wage determination	H1
2	1	Topic 1 — international organisations	H2
3	1	Topic 1 — free trade agreements	H2
4	1	Topic 4 — fiscal policy	H1, H6
5	1	Topic 2 — exchange rates and central bank activity	H1, H5
6	1	Topic 3 — public goods	H1, H7
7	1	Topic 2 and Topic 4 — monetary policy/exchange rates	H4
8	1	Topic 3 — distribution of income	H1, H11
9	1	Topic 2 — balance of payments	H1, H8
10	1	Topic 4 — minimum employment standards	H2, H7
11	1	Topic 4 — fiscal policy	H6, H11
12	1	Topic 4 — labour market policy	H2, H6
13	1	Topic 4 — microeconomic reform	H2, H5, H6
14	1	Topic 3 — sources of household income	H1, H11
15	1	Topic 3 — MPC/multiplier	H1, H11
16	1	Topic 2 — terms of trade/trade weighted index	H1, H4, H11
17	1	Topic 3 — headline and underlying inflation	H1, H8, H11
18	1	Topic 3 — NAIRU/multiplier	H1, H6, H11
19	1	Topic 1 — monetary union	H1, H3, H6
20	1	Topic 1 — trade policies	H1, H6, H11

## Section II

Question	Marks	Content	Syllabus outcomes
21 (a)	2	Topic 3 and Topic 4 — wage growth cause	H1, H7
21 (b)	4	Topic 3 — unemployment	H1, H7,
21 (c)	4	Topic 3 and Topic 4 — wage growth impacts	H1, H6, H7
22 (a)	1	Topic 4 — efficiency	H1
22 (b)	2	Topic 4 — product and factor markets	H1, H6,
22 (c)	3	Topic 4 — microeconomic reform	H1, H5, H7
22 (d)	4	Topic 3 and Topic 4 — labour market reforms and economic objectives	H1, H2, H6
23 (a)	4	Topic 1 — globalisation costs and benefits	H1, H3, H4
23 (b)	6	Topic 1, Topic 2 and Topic 4 — globalisation, free trade, microeconomic reform	H2, H10
24 (a)	2	Topic 3 — unemployment	H1, H9, H11
24 (b)	2	Topic 3 — economic growth (real GDP)	H1, H9, H11

Question	Marks	Content	Syllabus outcomes
24 (c)	2	Topic 3 — external stability	H1
24 (d)	4	Topic 2 — exchange rates	H4, H7, H11

**Section III**

Question	Marks	Content	Syllabus outcomes
25	20	Topic 2 and Topic 4 — trade policy and economic objectives	H1, H2, H4, H7, H8, H9, H10
26	20	Topic 1, Topic 3 and Topic 4 — sources of economic growth and economic policy	H1, H2, H4, H5, H9, H10

**Section IV**

Question	Marks	Content	Syllabus outcomes
27	20	Topic 3 and Topic 4 — environmental policy	H1, H2, H5, H7, H9, H10
28	20	Topic 1 and Topic 2 — globalisation, international business cycles, balance of payments	H1, H4, H7, H10, H11