

2023 HSC Economics Marking Guidelines

Section I

Multiple-choice Answer Key

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

Section II

Question 21 (a)

Criteria	Marks
• Sketches in general terms TWO roles of the World Trade Organization	2
• Provides some relevant information	1

Sample answer:

The role of the WTO is to promote free trade in the global economy and to resolve trade disputes between nations.

Question 21 (b)

Criteria	Marks
• Provides a clear explanation as to why countries trade	3
• Sketches in general terms why countries trade	2
• Provides some relevant information	1

Sample answer:

Countries who do not have access to certain resources must trade with other countries to obtain them. The trade for resources ultimately helps the country's economy grow and develop.

Question 21 (c)

Criteria	Marks
• Demonstrates a comprehensive understanding of the effects of a reduction in global trade protection on the global distribution of income	5
• Demonstrates a sound understanding of the effects of a reduction in global trade protection on the global distribution of income	4
• Demonstrates some understanding of the effect(s) of a reduction in global trade protection on the global distribution of income	3
• Describes some aspects of the effect of global trade protection on global income	2
• Provides some relevant information	1

Sample answer:

High income economies who remove tariffs and subsidies on products could enable low-income countries who rely on these products to gain access to their markets. This should increase the income for the low-income economy by redistributing income. The income derived from access to export markets across the globe for low-income economies should enable further investment and economic growth which should equalise the distribution of global income.

Question 22 (a)

Criteria	Marks
• Correctly calculates the value of net secondary income	1

Sample answer:

–10bn (negative 10 billion)

Question 22 (b)

Criteria	Marks
<ul style="list-style-type: none"> Provides a clear explanation of the relationship between the current account and the capital and financial account in this economy 	3
<ul style="list-style-type: none"> Demonstrates some understanding of the relationship between the current and capital financial account in this economy 	2
<ul style="list-style-type: none"> Provides some relevant information 	1

Sample answer:

In this economy there is a strong relationship between foreign direct investment inflows (credits) on the capital and financial account which will generate primary income outflows (debits) on the current account. This economy has a deficit on the capital and financial account which is offset by a surplus on the current amount.

Question 22 (c)

Criteria	Marks
<ul style="list-style-type: none"> Demonstrates a comprehensive understanding of the effects of a depreciation on the current account with a clear judgement of value 	6
<ul style="list-style-type: none"> Demonstrates a comprehensive understanding of the effects of a depreciation on the current account with some judgement of value OR <ul style="list-style-type: none"> Demonstrates a sound understanding of the effects of a depreciation on the current account with a clear judgement of value 	5
<ul style="list-style-type: none"> Demonstrates a sound understanding of the effects of a depreciation on the current account with some judgement OR <ul style="list-style-type: none"> Demonstrates a comprehensive understanding of the effects of a depreciation on the current account 	4
<ul style="list-style-type: none"> Demonstrates a sound understanding of the effects of a depreciation on the current account 	3
<ul style="list-style-type: none"> Outlines some effect(s) of a depreciation 	2
<ul style="list-style-type: none"> Provides some relevant information 	1

Sample answer:

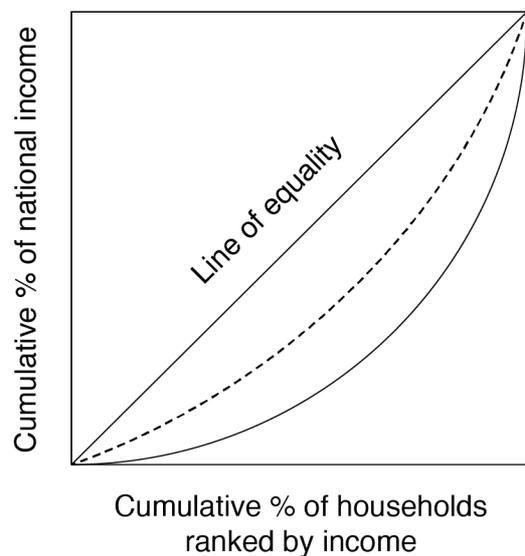
The depreciation of the currency will have short-term and long-term effects on this economy's current account. In the short term, the depreciation could increase the value of imports above \$10bn because locals would be paying more for imports. Hence, the current account will deteriorate in the short term. However, over the medium term, the demand for imports will decrease and demand for exports will increase as they have become more internationally competitive eg the value of exports could move above \$20bn and imports fall below \$10bn, improving the Balance on Goods and Services. In addition, a deterioration in net primary income may occur due to higher debt servicing costs. The overall impact in the medium to long term of a depreciation is likely to be positive for current account balance for this economy.

Question 23 (a)

Criteria	Marks
• Correctly sketches a new Lorenz Curve (closer to the line of equality)	1

Sample answer:

The Lorenz Curve is moving towards the line of perfect equality.



Question 23 (b)

Criteria	Marks
• Sketches in general terms one method a government could use to decrease income inequality	2
• Provides some relevant information	1

Sample answer:

Increasing the incomes of low income earners through higher transfer payments.

Answers could include:

- Increase in top MRT
- Lower indirect taxes
- More progressive income tax system.

Question 23 (c)

Criteria	Marks
<ul style="list-style-type: none"> • Demonstrates understanding of how family structure may influence income inequality 	2
<ul style="list-style-type: none"> • Provides relevant economic information 	1

Sample answer:

An increase in single parent families could lead to greater income inequality. On average single parent households earn less than couples, with or without children.

Question 23 (d)

Criteria	Marks
<ul style="list-style-type: none"> • Demonstrates a comprehensive understanding of the relationship between income inequality and economic and social costs 	5
<ul style="list-style-type: none"> • Demonstrates a sound understanding of the relationship between income inequality and economic and social costs 	4
<ul style="list-style-type: none"> • Demonstrates some understanding of the relationship between income inequality and economic and social costs <p>OR</p> <ul style="list-style-type: none"> • Demonstrates a sound understanding of the relationship between income inequality and EITHER economic or social costs 	3
<ul style="list-style-type: none"> • Sketches in general terms some costs of inequality 	2
<ul style="list-style-type: none"> • Provides some relevant economic information 	1

Sample answer:

Increasing income inequality occurs when a smaller number of households earn a greater proportion of an economy's income. Consequently, an economy will experience lower economic growth because low-income households have a higher marginal propensity to consume and, if they are earning less income there will be lower levels of consumption. Additionally, higher income earners have a higher propensity to save, making the decrease in economic growth. As income is less equally distributed in an economy it will also lead to social costs such as class divisions; a growing divide between high and low income earners. As a result these divisions may create social problems such as family breakdown, increased crime rates and a breakdown in social cohesion within society.

Question 24 (a)

Criteria	Marks
• Sketches in general terms ONE benefit of training and employment programs for the Australian economy	2
• Provides some relevant economic information	1

Sample answer:

Training and employment programs aim to increase the skills of the labour market in order to reduce the level of structural unemployment in the Australian economy.

Question 24 (b)

Criteria	Marks
• Explains how individualised methods of determining employment contracts may benefit BOTH employers and employees	3
• Explains how individualised methods of determining employment contracts may benefit employers or employees OR • Identifies how individualised methods of determining employment contracts may benefit BOTH employers and employees	2
• Provides some relevant economic information	1

Sample answer:

Individualised methods give employees greater incentive to improve skills and productivity because they may receive higher wages/salary. In addition, employers have greater flexibility to retain valued members of staff by offering different pay and conditions.

Question 24 (c)

Criteria	Marks
• Makes a comprehensive judgement regarding the effectiveness of microeconomic policies on unemployment	5
• Makes a sound judgement regarding the effectiveness of microeconomic policies on unemployment	4
• Make some judgement regarding the effectiveness of microeconomic policies on unemployment OR • Explains how/why microeconomic policies affect unemployment	3
• Provides characteristics and features of microeconomic policies and/or unemployment	2
• Provides some relevant economic information	1

Sample answer:

Microeconomic policies have been largely successful in reducing the level of unemployment. These reforms, such as deregulation, seek to reallocate resources to more efficient industries, increasing economic growth in the long term, lowering the level of structural unemployment and, therefore the NAIRU. As such, from 1992 the unemployment rate has steadily decreased from 11.7% to 3.5% in part due to these policies. However, in the short term as inefficient industries go out of business, this will increase structural unemployment and will require the government to increase spending on training and employment programs.

Section III

Question 25

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 theories • Demonstrates a clear and comprehensive understanding of the implications of changes to the value, composition and direction of Australia's trade on its economic performance 	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 theories • Demonstrates a sound understanding of the implications of changes to at least TWO of the value, composition and direction of Australia's trade on its economic performance 	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 or theories • Sketches in general terms the implications of changes to either the value and/or composition and/or direction of Australia's trade on its economic performance 	9–12
<ul style="list-style-type: none"> • Presents a generalised response • Uses some economic terms and concepts • Identifies some changes to either the value and/or composition and/or direction of Australia's trade and relevant aspects of economic performance 	5–8
<ul style="list-style-type: none"> • Presents a limited response • Uses some economic terms and concepts • Lists EITHER changes to trade OR aspects of relevant economic performance 	1–4

Answers could include:

- Improvements in Australia's term of trade
- Increase in trade with China and free trade agreements
- Reliance on resources for export income
- Persistent trade surpluses due to improvements in value
- Decrease in the need for foreign debt to fund deficits leading to a decrease in net foreign liabilities
- First current account surplus in 44 years
- Increased demand for the Australian dollar could lead to other export industries, such as services, becoming less competitive
- Services industry reliant on tourism and students
- Increased contribution to economic growth and gross national income through higher export income
- Redistribution of income to mining industries
- Continued structural change and increasing employment in mining and services

- Higher commodity prices have led to higher inflation for energy (gas and coal), higher cost-push inflation
- Greater reliance on Chinese economy for economic growth
- Reliance on intermediate and capital imports led to supply-chain issues
- Covid 19, war in Ukraine
- Increase in government revenue from resource royalties leading to an improvement in the budget outcome
- Reliance on resources for export income could delay transition to green energy and compromise environmental sustainability
- Comparative advantage in resources and services.

Question 26

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 theories • Demonstrates a clear and comprehensive understanding of the possible implications of pursuing the goal of environmental sustainability on the Australian economy 	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 theories • Demonstrates a sound understanding of the possible implications of pursuing the goal of environmental sustainability on the Australian economy 	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 or theories • Sketches in general terms the possible implications of the goal of environmental sustainability on the Australian economy 	9–12
<ul style="list-style-type: none"> • Presents a generalised response • Uses some economic terms and concepts • Identifies some aspects of environmental sustainability and relevant economic impacts 	5–8
<ul style="list-style-type: none"> • Presents a limited response • Uses some economic terms and concepts • Lists some aspects of EITHER relevant economic impacts OR environmental stability 	1–4

Answers could include:

- Domestic and international policies Australia is pursuing to achieve environmental sustainability
- Intergenerational equity
- Increase in investment in green/renewable energy
- Reallocation of resources to renewable energy
- Redistribution of income
- Environmental preservation
- Pollution reduction
- Increasing biodiversity
- Decrease in future coal and gas exports – trade deficit, current account deficit
- Need to diversify export industries, decline in terms of trade
- Microeconomic reform
- Structural unemployment in coal and gas communities if policy of environmental sustainability pursued
- Budgetary impacts
- Opportunity cost
- Short to medium term increase in energy prices during the transition from non-renewable to renewable energy
- Increase in cost-push inflation through greater environmental legislation
- Increasing need for recycling, higher costs of production

- Could lead to medium term decrease in GDP and GNI
- Decrease in external costs and increase in external benefits
- International agreements, eg Paris, Cop 26.

Section IV

Question 27

Criteria	Marks
<ul style="list-style-type: none"> Provides a sustained, logical and cohesive response that integrates relevant economic terms, concepts, relationships and theory Demonstrates a clear and comprehensive understanding of the impact of globalisation in achieving economic growth and development on an economy other than Australia Makes a well-informed judgement about the impact of globalisation in achieving economic growth and development on an economy other than Australia 	17–20
<ul style="list-style-type: none"> Provides a logical and cohesive response that applies relevant economic terms, concepts, relationships and theory Demonstrates a sound understanding of the impact of globalisation in achieving economic growth and development on an economy other than Australia Makes some judgement about the impact of globalisation in achieving economic growth and development on an economy other than Australia 	13–16
<ul style="list-style-type: none"> Provides a coherent response that uses economic terms, concepts, relationships and theory Demonstrates some understanding of the impact of globalisation in achieving economic growth and development on an economy other than Australia 	9–12
<ul style="list-style-type: none"> Provides a generalised response that uses some economic terms Demonstrates some understanding of globalisation in achieving economic growth and/or development on an economy other than Australia 	5–8
<ul style="list-style-type: none"> Provides a limited response that uses some economic terms Identifies some aspects of globalisation on an economy other than Australia 	1–4

Answers could include:

- Definition of globalisation/economic growth/development
- Specific reference to an economy other than Australia
- Use of relevant economic data/measures of economic growth/development
- Economic integration
- Drivers of globalisation
- Free trade agreements
 - reduction in protectionist policies
 - greater role of the WTO
 - economic forums
- International convergence of economic systems
- Risk of financial ‘contagion’, international business cycle
- Increased economic growth and development eg improvements in HDI
- Structural change issues for global economies
- Role of transnational corporations

- Increased level of foreign investment
- Emergence of resource industries
- Increased reliance on technology
- Impacts on global environmental sustainability
- Impacts on climate change and biodiversity
- Global immigration
- Economic reform strategies of developing and emerging economies
- Trends in the distribution of global income and wealth.

Question 28

Criteria	Marks
<ul style="list-style-type: none"> Provides a sustained, logical and cohesive response that integrates relevant economic terms, concepts, relationships and theory Demonstrates a clear and comprehensive understanding of the role of Australia's macroeconomic policies in achieving economic growth and price stability Makes a well-informed judgement about the effectiveness of Australia's macroeconomic policies in achieving economic growth and price stability 	17–20
<ul style="list-style-type: none"> Provides a logical and cohesive response that applies relevant economic terms, concepts, relationships and theory Demonstrates a sound understanding of the role of Australia's macroeconomic policies in achieving economic growth and price stability Makes some judgement about the effectiveness of Australia's macroeconomic policies in achieving economic growth and price stability 	13–16
<ul style="list-style-type: none"> Provides a coherent response that uses relevant economic terms, concepts, relationships and theory Demonstrates some understanding of the role of Australia's macroeconomic policy/policies in achieving economic growth and/or price stability 	9–12
<ul style="list-style-type: none"> Provides a generalised response that uses some economic terms Demonstrates some understanding of Australia's macroeconomic policy/policies OR economic growth and price stability 	5–8
<ul style="list-style-type: none"> Provides a limited response that uses some economic terms Identifies some aspects of macroeconomic policies, economic growth or price stability 	1–4

Answers could include:

- Clear definitions of the key macroeconomic policies used in Australia including fiscal and monetary policies
- Reference to economic data including but not limited to GDP, inflation, unemployment, external stability, interest rates and the distribution of income and wealth
- Definitions of the terms *economic growth* and *price stability*
- Economic impact of changing interest rate levels on economic growth and price stability
- Impact of macroeconomic policies on 'cost of living' pressures
- Assessment of the impact of federal government income and expenditure measures associated with but not limited to, the federal budget
- Shifts in aggregate demand and supply
- Macroeconomic policies in response to international events
- Redistribution of income affecting economic growth and price stability
- Conflicting economic objectives
- Limitations of economic policies
- NAIRU
- Philip's curve.

2023 HSC Economics Mapping Grid

Section I

Question	Marks	Content	Syllabus outcomes
1	1	Topic 1 — Role of OECD	H1
2	1	Topic 2 — Composition of Australia's trade	H1
3	1	Topic 3 — Participation rate	H1
4	1	Topic 4 — Aggregate demand and supply	H6
5	1	Topic 1 — Reasons for protection – tariffs	H4
6	1	Topic 2 — Australia's multi-trade agreements	H4
7	1	Topic 3 — Public goods	H1
8	1	Topic 4 — Fiscal stance	H6
9	1	Topic 1 — Impact of globalisation	H8
10	1	Topic 1 — Reasons for protection – quota	H6
11	1	Topic 2 — Exchange rates – floating	H8
12	1	Topic 4 — Monetary policy	H6
13	1	Topic 3 — External stability – NFL	H11
14	1	Topic 4 — Market based policies	H2, H6
15	1	Topic 2 — Terms of trade	H11
16	1	Topic 2 — Exchange rates – fixed	H5
17	1	Topic 3 — CPI	H11
18	1	Topic 3 — Multiplier	H11
19	1	Topic 1 — Methods of protection – subsidy	H4, H11
20	1	Topic 2 — Trade weighted index	H11

Section II

Question	Marks	Content	Syllabus outcomes
21 (a)	2	Topic 1 — Role of WTO	H1, H2,
21 (b)	3	Topic 1 — Basis of free trade	H1, H3, H6
21 (c)	5	Topic 1 — Global distribution of income	H5, H6
22 (a)	1	Topic 2 — Balance of payments structure	H11
22 (b)	3	Topic 2 — Links between balance of payments	H1, H8
22 (c)	6	Topic 2 — Exchange rate impacts	H4, H8
23 (a)	1	Topic 3 — Interpreting a Lorenz Curve	H1
23 (b)	2	Topic 3 — Policies to address income inequality	H2
23 (c)	2	Topic 3 — Dimensions and trends of inequality	H2, H7
23 (d)	5	Topic 3 — Economic and social costs of inequality	H1, H7
24 (a)	2	Topic 4 — Training and employment programs	H1
24 (b)	3	Topic 4 — Methods of determining employment contracts	H1, H6
24 (c)	5	Topic 4 — Impacts of policy responses	H5, H6, H7

Section III

Question	Marks	Content	Syllabus outcomes
25	20	Topic 2 — Value, composition and direction of Australia's trade	H1, H4, H7, H8, H10
26	20	Topic 3 — Environmental sustainability	H1, H2, H7, H8, H10

Section IV

Question	Marks	Content	Syllabus outcomes
27	20	Topic 1 — Impact of globalisation on an economy other than Australia	H1, H2, H3, H4, H7, H8, H10
28	20	Topic 4 — Effectiveness of macroeconomic policies	H1, H2, H5, H6, H7, H10