

Economics marking guide

External assessment

Combination response (62 marks)

Assessment objectives

This assessment instrument is used to determine student achievement in the following objectives:

1. comprehend economic concepts, principles and models of economic management
3. analyse an economic issue that involves economic management
4. evaluate an economic outcome relevant to economic management.

Note: Objectives 2 and 5 are not assessed in this instrument.

Purpose

This document is an External assessment marking guide (EAMG).

The EAMG:

- Provides a tool for calibrating external assessment markers to ensure reliability of results
- Indicates the correlation, for each question, between mark allocation and qualities at each level of the mark range
- Informs schools and students about how marks are matched to qualities in student responses.

Mark allocation

Where a response does not meet any of the descriptors for a question or a criterion, a mark of '0' will be recorded. Where no response to a question has been made, a mark of 'N' will be recorded.

Glossary of notations

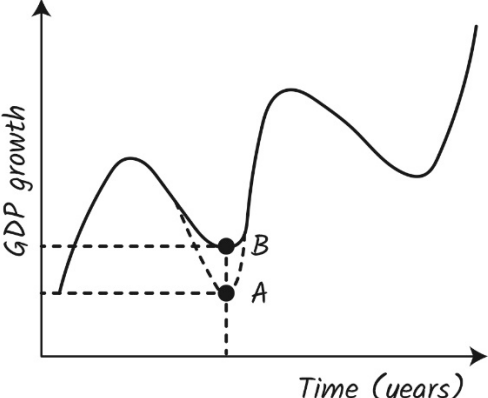
Notation	Meaning
↑	Increase or higher
↓	Decrease or lower
G	Government
HH	Household

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Multiple choice

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

Short response (24 marks)

Q	Sample response	The response:	M	The response:	M
11	<p style="text-align: center;"><i>Economic cycle in Australia</i></p>  <p>As transfer payments that redistribute income, JobSeeker payments are automatic stabilisers; that is, government expenditure increases inevitably when the economy's growth rate is falling and the number of unemployed people rises. These payments allow unemployed people to spend more than they would otherwise. Without these increases in spending, the economy would be heading for a larger downturn (point A) than otherwise. With the stimulatory effect of spending that automatically increases because of the higher unemployment, the trough will be at a higher point (point B).</p> <p>This direct relationship between unemployment payments and unemployment also works at peaks of the economic cycle to automatically reduce government expenditure.</p>	<ul style="list-style-type: none"> accurately represents the economic cycle includes a title and axis labels includes 2 points showing change in a trough position 	2	<ul style="list-style-type: none"> explains how automatic stabilisers work to smooth out peaks <i>and</i> troughs in the economic cycle describes how an increase (↑) in JobSeeker would smooth out troughs in the diagram drawn links to diagram 	4
		<ul style="list-style-type: none"> draws the economic cycle 	1	<ul style="list-style-type: none"> describes how automatic stabilisers work to smooth out peaks <i>or</i> troughs in the economic cycle describes how an ↑ in JobSeeker would smooth out the diagram drawn refers to diagram 	3
		<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> describes how automatic stabilisers work to smooth out peaks <i>or</i> troughs in the economic cycle <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> describes how an ↑ in JobSeeker would smooth out an economic cycle 	2
				<ul style="list-style-type: none"> identifies how transfer payments or JobSeeker automatically stabilise an economic cycle 	1
				<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0

Q	Sample response	The response, for confidence:	M	The response, for new vehicle sales:	M	The response:	M
12	<p>The data shows businesses are more confident of the future than consumers, as business confidence has risen, and consumer confidence has fallen over the past year. This implies that while businesses expect their profits to rise, consumers do not have the same confidence about their income, which would be negatively influencing their spending decisions.</p> <p>Australian new vehicle sales have decreased by approximately 26% within one year. This trend is consistent with a sudden and significant decrease in consumer confidence.</p> <p>A 75 basis point decrease in the cash rate to 2.75% is a significant intervention that should impact new vehicle sales. Households could be expected to increase their demand for new vehicles. The reasons are firstly that households would experience an increase in their disposable income, as lower interest rates are passed through the economy. Second, their confidence should improve by the RBA acting to stimulate the economy.</p>	<ul style="list-style-type: none"> identifies decreasing (↓) consumer confidence yet increasing (↑) business confidence over the year makes a valid inference about consumer confidence 	3	<ul style="list-style-type: none"> calculates new vehicle sales have decreased by 26% makes a valid inference about the new vehicle sales 	2	<ul style="list-style-type: none"> identifies the decrease (↓) in the cash rate to 2.75% is significant explains the impact on household (HH) sector using 2 reasons 	4
		<ul style="list-style-type: none"> identifies ↓ consumer confidence yet ↑ business confidence over the year <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> makes a valid inference about ↓ consumer confidence 	2	<ul style="list-style-type: none"> makes a valid statement about new vehicle sales 	1	<ul style="list-style-type: none"> quantifies the ↓ in the cash rate explains the impact on HH sector using 1 reason 	3
		<ul style="list-style-type: none"> makes a valid statement about consumer confidence 	1	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> quantifies the ↓ in the cash rate identifies a valid impact on the HH sector 	2
		<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0			<ul style="list-style-type: none"> identifies an impact of the cash rate on the HH sector 	1
						<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0

Q	Sample response	The response:	M	The response:	M	The response:	M
13	<p>The CPI data shows there are no inflation pressures from consumer prices or wages, indicating the economy has not experienced demand pressures for three years.</p> <p>The export data demonstrates that Australia has some external stability pressures, because the export value of coal has fallen by \$70 billion.</p> <p>These two datasets, in the absence of further information, indicate that economic activity is weakening. They also provide evidence of negative forces acting within Australia's economy that require stimulatory policies.</p> <p>Proposals to achieve a federal budget surplus as expected cannot be justified at this time, because it would mean contracting the economy, which could result in inflation and wages falling further. The fall in wages would be expected to cause households to defer spending and save, causing a flow-on effect on business investment. This would result in several negative forces acting on aggregate demand and reducing economic growth. Consequently, the productive capacity of the economy should be increased.</p>	<ul style="list-style-type: none"> explains a relationship to <ul style="list-style-type: none"> domestic aggregate demand pressures (inflation) external stability pressures (exports) 	2	<ul style="list-style-type: none"> deduces that economic activity is weak based on the 2 datasets identifies ceteris paribus 	3	<ul style="list-style-type: none"> draws a conclusion that stimulus is required so there is no merit in a budget surplus provides detailed reasoning using an economic criterion 	4
		<ul style="list-style-type: none"> identifies a relationship linked to either the inflation data or the export data 	1	<ul style="list-style-type: none"> deduces that economic activity is weak based on the 2 datasets <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> deduces that economic activity is weak based on 1 dataset identifies ceteris paribus 	2	<ul style="list-style-type: none"> draws a conclusion that stimulus is required so there is no merit in a budget surplus provides reasoning using an economic criterion <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> draws a conclusion that stimulus is required provides detailed reasoning referring to the sources 	3
		<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> identifies that economic activity is weak 	1	<ul style="list-style-type: none"> draws a conclusion that stimulus is required identifies a reason using an economic criterion 	2
				<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> identifies that contracting the economy is not warranted 	1
						<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0

Extended response — Question 14 (28 marks)

The response, for house prices:	M	The response, for low-income households:	M	The response:	M
<ul style="list-style-type: none"> quantifies the trend of house prices increasing (↑) over time (s1) explains an economic relationship arising from the trend correctly calculates a number to make meaning 	4	<ul style="list-style-type: none"> quantifies the pattern of household (HH) financial stress in low-income households (s2) explains an economic relationship linked to the pattern 	3	<ul style="list-style-type: none"> provides a rationale for government (G) intervention to relieve house price pressures 	2
<ul style="list-style-type: none"> quantifies the trend of house prices ↑ explains an economic relationship arising from the trend <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> quantifies the trend of house prices ↑ correctly calculates a number to make meaning 	3	<ul style="list-style-type: none"> quantifies the pattern of HH financial stress in low-income households <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> explains an economic relationship to low-income households 	2	<ul style="list-style-type: none"> identifies a rationale for G intervention to relieve house price pressures 	1
<ul style="list-style-type: none"> quantifies the trend of house prices ↑ <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> identifies the trend of house prices ↑ describes an economic relationship to house prices 	2	<ul style="list-style-type: none"> identifies that HH financial stress is linked to low-income households 	1	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0
<ul style="list-style-type: none"> identifies that house prices are ↑ 	1	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0		
<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0				

The response, for housing supply:	M	The response, for supply conclusion:	M	The response, for housing demand:	M	The response, for demand conclusion:	M	The response:	M
<ul style="list-style-type: none"> provides a detailed explanation of housing supply pressures uses data in the explanation 	4	<ul style="list-style-type: none"> identifies that government (G) intervention in housing supply would be effective provides a detailed explanation of how G intervention can improve housing supply links to an economic idea 	4	<ul style="list-style-type: none"> provides a detailed explanation of housing demand pressures uses data in the explanation 	4	<ul style="list-style-type: none"> identifies that government (G) intervention in housing demand would be effective provides a detailed explanation of how a G intervention can shift housing demand links to an economic idea 	4	<ul style="list-style-type: none"> draws a valid conclusion of benefits of government (G) intervention based on living standards provides reasoning for the decision, synthesising HH demand and supply ideas uses economic terms effectively 	3
<ul style="list-style-type: none"> provides a detailed explanation of housing supply pressures <p>OR</p> <ul style="list-style-type: none"> explains housing supply pressures uses data in the explanation 	3	<ul style="list-style-type: none"> identifies that G intervention in housing supply would be effective explains how G intervention can improve housing supply links to an economic idea 	3	<ul style="list-style-type: none"> provides a detailed explanation of housing demand pressures <p>OR</p> <ul style="list-style-type: none"> explains housing demand pressures uses data in the explanation 	3	<ul style="list-style-type: none"> identifies that G intervention in housing demand would be effective explains how a G intervention can shift housing demand links to an economic idea 	3	<ul style="list-style-type: none"> draws a valid conclusion based on living standards provides reasoning to support the decision 	2
<ul style="list-style-type: none"> describes a housing supply pressure <p>OR</p> <ul style="list-style-type: none"> identifies housing supply pressures uses data in the identification 	2	<ul style="list-style-type: none"> identifies that G intervention can influence housing supply identifies how G can improve housing supply 	2	<ul style="list-style-type: none"> describes a housing demand pressure <p>OR</p> <ul style="list-style-type: none"> identifies a housing demand pressure uses data in the identification 	2	<ul style="list-style-type: none"> identifies that G intervention can influence housing demand identifies how a G intervention can shift housing demand 	2	<ul style="list-style-type: none"> identifies a conclusion based on living standards 	1
<ul style="list-style-type: none"> identifies that housing supply affects housing prices 	1	<ul style="list-style-type: none"> identifies that G can influence housing supply 	1	<ul style="list-style-type: none"> identifies city and regional areas have different housing demand forces 	1	<ul style="list-style-type: none"> identifies that G can influence housing demand 	1	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0

The response, for housing supply:	M	The response, for supply conclusion:	M	The response, for housing demand:	M	The response, for demand conclusion:	M	The response:	M
<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0		