**Student Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

STAGE 2 ECONOMICS

Assessment task 8

2014

Globalisation

## General instructions

* Working time – 1 Lesson
* Write using blue or black ink
* Answer all questions
* Write your name at the top

**A few tips**

* Remember to use economic terminology
* Draw and label diagrams correctly

**/50**

**QUESTION 1.**

***Evaluate the impact*** of a reduction in Tariffs, Quotas and Subsidies on the current Australian economy. Use diagrams in answering this question

1. Tariff (3 marks)
2. Quota (3 marks)
3. Subsidy (3 marks)

**QUESTION 2.**

1. Explain 2 reasons why multi-lateral and bi-lateral trade agreements are beneficial to Australia

Reason 1 (2 marks)

Reason 2 (2 marks)

1. Explain 2 reasons why multi-lateral and bi-lateral trade agreements are not beneficial to Australia

Reason 1 (2 marks)

Reason 2 (2 marks)

**QUESTION 3.**

**Read the article below and answer the questions**

STRAIGHT talking minister Barnaby Joyce today said nothing was free for Australia in the free trade agreement with Japan.

Tariffs will be lifted on Japanese imports such as cars and TV sets and there will be a reduction in barriers to some Australian primary produce such as beef in what the Agriculture Minister said was a one-sided negotiation.

Mr Joyce said that trade between Australia and Japan is still not “free”, and many Primary producers would miss out.

“There’s really no free trade agreement. That’s a euphemism for a bilateral trade agreement,” Mr Joyce told Radio National today.

“If we don’t sign up to it, the we’ll probably go back to a 36% tariff on beef and having no change for our dairy farmers – which is something we don’t want at all. They’re still doing it really tough”.

But Mr Joyce added it was a good agreement for Australia overall and we would be “vastly ahead of where we were.”

He argued Australia’s problem was we have removed many of our tariffs, while Japan had retained its barriers to our important exports.

The tariff on frozen beef, for example, would fall from 38.5 per cent to 19.5 per cent. But this is better than nothing. There was no real breakthrough for dairy, rice, sugar and pork producers even though some progress had been made.

“That is the reality of the cards we deal with because we’ve given away most of our tariff protections. They’re gone. We don’t have a lot to deal with except the negotiations,” he said.

Mr Robb, architect of the agreement, today said the deal was “the best agreement Japan has struck with any country” and could create hundreds of thousands of Australian jobs over the next 30 years. Prime Minister Abbott said the agreement was about more jobs and lower prices.

“This is good news for Australian industry because as well as getting better access to Japanese consumer goods, we will sell more beef, more dairy, more horticulture, more wine to Japan,’’ he told the Seven network today.

“So, this really is a good deal for Australia and it’s the first free trade deal which Japan has done with a major developed economy. So, this is not just a breakthrough for us, but it is a breakthrough for freer trade right around the world.”

1. Present one argument for and one argument against the new trade agreement (4 marks)

Reason for:

Reason against:

1. Evaluate how the new trade agreement can lead to increased economic growth and employment in the long run for both Australia (8 marks)

**Question 4**

Read the article below and answer the questions

**RUSSIA has introduced a “full embargo” on most food imports from Australia, the EU, US and other Western countries that imposed sanctions against Moscow over its policy on Ukraine.**

Gary Helou, chief executive of Australia’s biggest dairy company, Murray Goulburn, last night warned that the Russian food ban would have grave consequences for Australia’s dairy industry.

Russian Prime Minister Dmitry Medvedev said the embargo, introduced yesterday, would affect imports of beef, pork, fruit and vegetable produce, poultry, fish, cheese, milk and dairy products from the EU, US, Australia, Canada and Norway.

Foreign Minister Julie Bishop said the embargo was “disappointing” but assured Australian agricultural producers the government would do “everything in its power” to minimise the effect through new trade agreements and the opening up of alternative markets for their produce.

Mr Helou said Australian dairy exports to Russia were growing fast, and were expected to pass the $100million market value this year.

Murray Goulburn products - mainly butter, cheese and some milk powder make up about half of the Russian order.

“Russia is a very important dairy market for us; as important as China, so this is going to take a little while for us to get our heads around its impact,” Mr Helou said. “There will be very serious consequences for us.

“But the other impact will be that in our major export markets, we will now see increased completion from the other dairying countries and regions such as in Europe who are also affected by the Russian ban; they will be looking to sell their products elsewhere and that’s going to make life harder for us all around.”

The one dairy product that has been exempt from the Russian ban is infant and baby milk formula.

A Meat and Livestock Australia spokesman said that with exceptional demand for Australian beef and lamb this year from customers around the world, especially China, they did not believe the latest Russia ban would have any impact on cattle and sheep prices paid to farmers.

According to European Commission figures, exports of food products to Russia were worth $7.4 billion in 2013. Australia exported $405 million worth of food and agricultural products to the country. The bulk of the exports were meat, livestock and animal products, worth $310m.

* + 1. Explain the meaning of the term ‘embargo’ (1 mark)
		2. Analyse the effects of this embargo on Australian Dairy Farmers. Use a diagram/s in your response (3 marks)
		3. Outline two possible methods the government may implement in order to lessen the impact on dairy farmers. (4 marks)

Method 1

Method 2

**Question 5**

Free Trade can only have positive effects for the local and global economy. Evaluate this statement with reference to examples. (10 marks)

Performance Standards for Stage 2 Economics

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| --- | --- | --- | --- |
|  | Knowledge and Understanding | Analysis and Evaluation | Communication |
| A | Comprehensive knowledge, in-depth understanding, and focused application of complex economic concepts, principles, models, and skills.Comprehensive and well-informed understanding of the role of economic systems in dealing with the economic problem of scarcity. | Astute and logical analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry.Perceptive evaluation of the effects of interdependence on individuals, business, and government locally, nationally, and globally.Incisive analysis and evaluation of the impact of economic change locally, nationally, and globally. Insightful and well-informed evaluation of the way in which economic decisions involve costs and benefits. | Sophisticated communication of economic principles and models, and complex concepts.Consistent, clear, and appropriate use of correct economic terminology.  |
| B | Some depth of knowledge and understanding, and focused application, of a variety of economic concepts, principles, models, and skills.Well-informed understanding of the role of economic systems in dealing with the economic problem of scarcity. | Well-considered analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry.Well-considered evaluation of the effects of interdependence on individuals, business, and government locally, nationally, and globally.Well-informed analysis and evaluation of the impact of economic change locally, nationally, and globally. Well-informed evaluation of the way in which economic decisions involve costs and benefits. | Clear and accurate communication of economic principles and models, and a variety of concepts. Clear and appropriate use of economic terminology. |
| C | Considered knowledge and understanding, and competent application, of economic concepts, principles, models, and skills.Informed understanding of the role of economic systems in dealing with the economic problem of scarcity. | Considered analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry.Considered evaluation of the effects of interdependence on individuals, business, and government locally, nationally, and globally.Informed analysis and evaluation of the impact of economic change locally, nationally, and globally. Informed evaluation of the way in which economic decisions involve costs and benefits. | Competent communication of some economic principles, models, and concepts.Appropriate use of economic terminology. |
| D | Superficial understanding and partial application of some basic economic concepts, principles, models, and skills.Some recognition of the role of economic systems in dealing with the economic problem of scarcity. | Basic consideration and description of one or more economic issues and/or events (past and current) using some skills of economic inquiry.Basic consideration and description of one or more of the effects of interdependence on individuals, business, and government locally, nationally, and globally.Recognition of aspects of the impact of economic change locally, nationally, and globally.Some awareness of the way in which economic decisions involve costs and benefits. | Communication of some basic economic principles, models, and concepts.Some appropriate use of some economic terminology, with inconsistencies. |
| E | Identification and attempted application of one or more basic economic concepts, principles, models, or skills.Limited recognition of the role of economic systems in dealing with the economic problem of scarcity. | Emerging awareness of one or more economic issues or events (past and current), with limited use of skills of economic inquiry.Limited recognition of one or more of the effects of interdependence on individuals, business, and government locally, nationally, and globally.Emerging recognition of an aspect of the impact of economic change locally, nationally, and globally.Limited awareness of the way in which economic decisions involve costs and benefits. | Attempted communication of one or more simple economic principles, models, or concepts.Limited use of economic terminology. |