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

STAGE 2 ECONOMICS

Assessment task 6

2011

DETERMINATION OF PRICE AND OUTPUT

## General instructions

* Working time – 2 Lessons
* 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

**SECTION 1 – SHORT ANSWER and STIMULUS RESPONSE QUESTIONS**

*Questions in this section will be assessed in terms of the extent to which students demonstrate:*

* *Knowledge, understanding, and application of economic concepts, principles, models, and skills.*
* *Evaluation of the effects of interdependence on individuals, business, and government, locally, nationally, and globally.*
* *Analysis and evaluation of the impact of economic change locally, nationally, and globally.*

1. Using appropriate economic concepts and principles answer the following questions.
2. Consider the following information about an economy

Population (Working Age) 60 million

Employed either part-time or full time 46 million

Unemployed persons 7 million

1. The Australian Bureau of statistics would calculate the Unemployment Rate in this economy to be: (K&U)

(1 mark)

1. The Participation rate for this economy would be? (K&U)

(1 mark)

1. What impact would an upward movement in the Participation Rate have on the Unemployment Rate? (K&U)

(2 marks)

1. Draw a new curve/s on the diagrams below to show the short-run impact on the Australian economy of the following events. Outline the impact on price levels, economic growth and the level of unemployment. (K&U)
2. Depreciation of the Australian Dollar

P

LAS

SAS

AD

Real GPP

Yf

(3 marks)

1. Australian Federal Government offers a fiscal stimulus package

P

LAS

SAS

AD

Real GPP

Yf

(3 marks)

1. Ban on exported beef to Indonesia

P

LAS

SAS

AD

Real GPP

Yf

(3 marks)

3. Use the following stimulus material to answer the questions below

**Dwelling approvals fall in April 2011**

[www.abs.gov.au](http://www.abs.gov.au)

ABS Building Approvals show that the total number of dwellings approved fell 1.3% in April 2011, in seasonally adjusted terms, after rising 8.6% in March.  
  
Dwelling approvals decreased for the month of April in New South Wales (-12.9%), Western Australia (-9.6%) and Tasmania (-8.7%) while Queensland (+29.2%), South Australia (+9.9%) and Victoria (+0.3%) recorded increases in seasonally adjusted terms.  
  
The value of total building approved fell 18.8% in April in seasonally adjusted terms. The value of total residential building fell by 1.3% while non-residential building fell by 38.6% after a 47.4% rise in March.

1. What kind of indicator are dwelling approvals? (K&U)

(1 mark)

1. Name one other of this type of indicator (K&U)

(1 mark)

1. From the article, what does the change in dwelling approvals mean for the South Australian economy and the Australian economy in general? (A&E)

**South Australia –**

(1 mark)

**Australia –**

(1 mark)

1. Draw the effect on the ***Australian*** economy on the AD/AS diagram below (1 mark) (K&U)

P

LAS

SAS

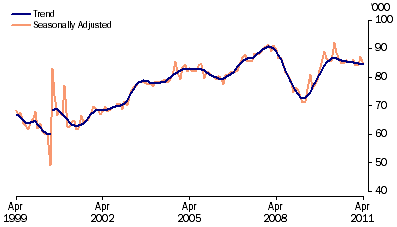
AD

(3 marks)

Real GPP

Yf

4. Using the graph below, answer the following questions.

**New motor vehicle sales**  
  
  
[www.abs.gov.au/ausstats](http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0)

1. Explain how a co-incident is used to determine the phase of the business cycle. (A&E)

(2 marks)

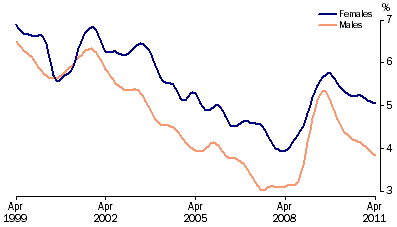
1. Name one other co-incident indicator (K&U)

(1 mark)

1. Explain why the using only co-incident indicators would be deficient in determining economic performance. (A&E)

(3 marks)

5. Use the following stimulus material to answer the questions below

**Unemployment rates**   
  
  
[www.abs.gov.au/ausstats](http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0)

1. What event occurred in 2008 to cause a spike in the unemployment rate? (A&E)

(1 mark)

1. State two limitations of the unemployment rate as an indicator of economic performance (K&U)

Limitation 1 – (1 mark)

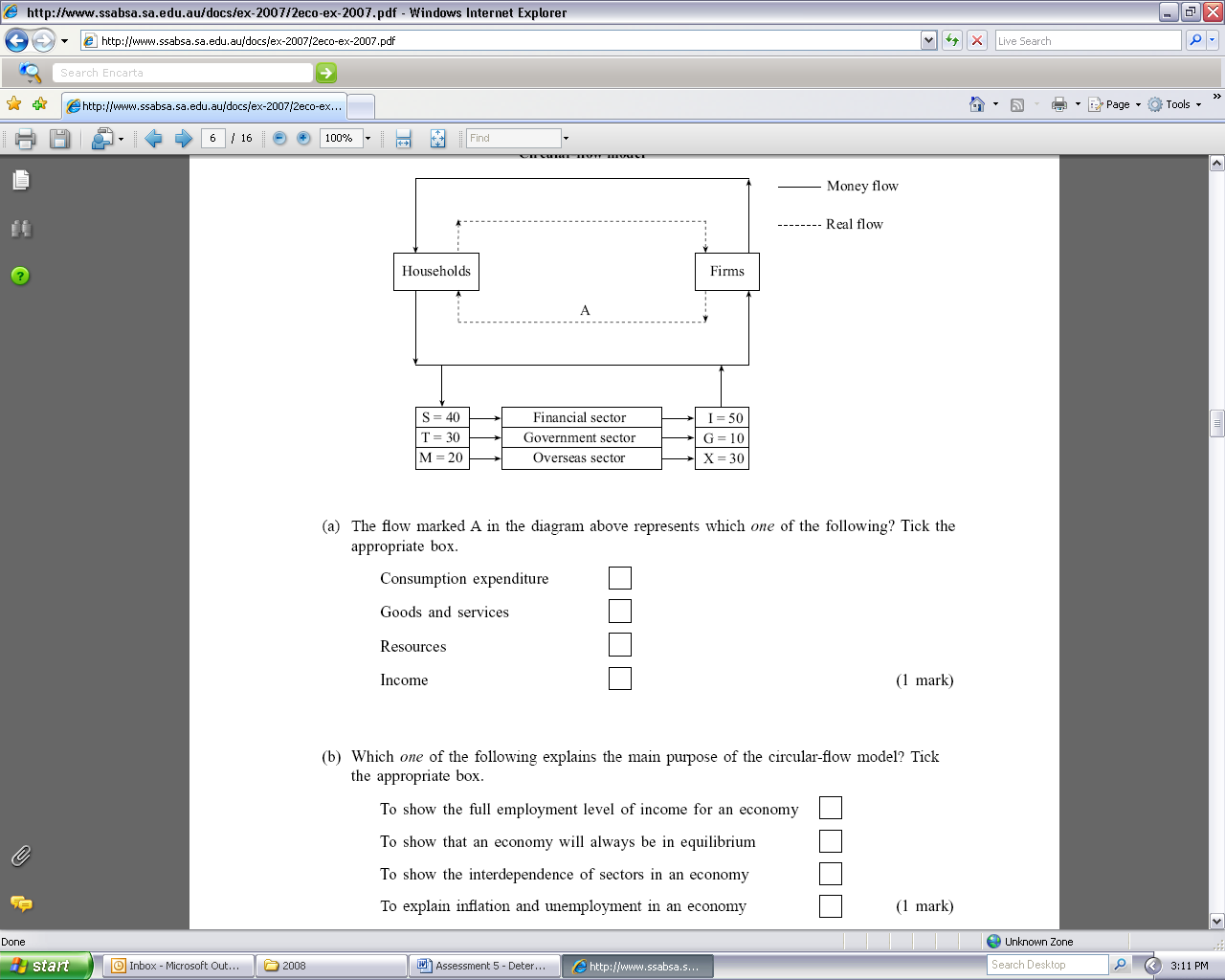
Limitation 2 – (1 mark)

1. Explain how casualization of the workforce has aided women in becoming more employed than in previous generations (A&E)

(3 marks)

6. Use the following stimulus material to answer the questions below

Refer to the following diagram of the circular flow model to answer the questions below.



a) The flow marked A in the diagram above represents which one of the following? (1 mark) (K&U)

a) consumption spending

b) Goods and Services

c) Resources

d) Income

b) Which one of the following explains the main purpose of the circular-flow model? (1 mark) (K&U)

a) To show the full employment level of income for an economy

b) To show that an economy will always be in equilibrium

c) To show the interdependence of sectors in an economy

d) To explain inflation and unemployment in an economy

c) Explain why the economy in the diagram above is said to be in equilibrium. (2 marks) (A&E)

d) Define the following economic terms: (K&U)

i) Consumption

(1 mark)

ii) Investment

(1 mark)

e) State *one* factor that influences: (K&U)

i) savings

(1 mark)

ii) imports

(1 mark)

f) Explain *one* role of financial institutions in an economy. (K&U)

(2 marks)

g) Assume that the economy in the diagram above is in *full employment equilibrium*. Explain some of the likely effects of an increase in imports on economic activity in this economy. Include reference to the multiplier in your answer. (5 marks) (A&E)

(5 marks)

**Analysis and Evaluation Questions**

*The essay response question will be assessed in terms of the extent to which students demonstrate:*

* *Evaluation of the effects of interdependence on individuals, business, and government, locally, nationally, and globally.*
* *Analysis and evaluation of the impact of economic change locally, nationally, and globally.*

**SECTION 2: ESSAY RESPONSE**

1. By using the aggregate demand and aggregate supply model, explain how the phases of the business cycle are determined referring to indicators of economic performance (20 marks)

**Assessment**

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| --- | --- |
| **Learning Requirements** | **Assessment Design Criteria** |
| 1. know, understand, communicate, and apply economic concepts, principles, models, and skills  2. explain the role of economic systems in dealing with the economic problem of scarcity  3. evaluate the effects of interdependence on individuals, business, and governments locally, nationally, and globally  4. evaluate and explain the way in which economic decisions involve costs and benefits  5. critically analyse and evaluate economic issues and events (past and current) using economic models and the skills of economic inquiry  6. critically analyse and evaluate the impact of economic change locally, nationally, and globally. | Knowledge and Understanding  The specific features are as follows:  KU1 Knowledge, understanding, and application of economic concepts, principles, models, and skills.  KU2 Understanding of the role of economic systems in dealing with the economic problem of scarcity.  Analysis and Evaluation  The specific features are as follows:  AE1 Analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry.  AE2 Evaluation of the effects of interdependence on individuals, business, and government, locally, nationally, and globally.  AE3 Analysis and evaluation of the impact of economic change locally, nationally, and globally.  AE4 Evaluation of the way in which economic decisions involve costs and benefits.  Communication  The specific features are as follows:  C1 Communication of economic principles, models, and concepts.  C2 Use of economic terminology. |

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| **Assessment Criteria** | | **Requirements** | | **Grade** |
| Knowledge and Understanding  KU1 Knowledge, understanding, and application of economic concepts, principles, models, and skills. | | * Knowledge, Application and Understanding of Macroeconomics including: aggregate demand and supply, circular flow & macroeconomic objectives. | | A, B, C, D, E  **/27** |
| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Knowledge and Understanding Overall Grade | A+ | A | A- | B+ | B | B- | C+ | C | C- | D+ | D | D- | E+ | E | E- | | | | | |
| Analysis and Evaluation  AE2 Evaluation of the effects of interdependence on individuals, business, and government, locally, nationally, and globally.  AE3 Analysis and evaluation of the impact of economic change locally, nationally, and globally. | | * Appropriate use of specific economic concepts, models and principles | | A, B, C, D, E  **Test = /17**  **Essay = /20**  **/40** |
| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Communication Overall Grade | A+ | A | A- | B+ | B | B- | C+ | C | C- | D+ | D | D- | E+ | E | E- | | | | | |
| Communication  C1 Communication of economic principles, models and concepts  C2 Use of economic terminology. | | * Appropriate use of specific economic concepts, models and principles throughout assessment task – marked holistically. | | A, B, C, D, E |
| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Communication Overall Grade | A+ | A | A- | B+ | B | B- | C+ | C | C- | D+ | D | D- | E+ | E | E- | | | | | |
|  | **On Balance Grade** | |  | |

Performance Standards for Stage 2 Economics

|  |  |  |  |
| --- | --- | --- | --- |
|  | 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. |