

Trial Examination 2023

HSC Year 12 Economics

**General
Instructions**

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black pen
- Calculators approved by NESA may be used

**Total Marks:
100**

Section I – 20 marks (pages 2–6)

- Attempt Questions 1 – 20
- Allow about 35 minutes for this section

Section II – 40 marks (pages 7–16)

- Attempt Questions 21 – 24
- Allow about 1 hour and 15 minutes for this section

Section III – 20 marks (pages 17–19)

- Attempt either Question 25 or Question 26
- Allow about 35 minutes for this section

Section IV – 20 marks (page 20)

- Attempt either Question 27 or Question 28
- Allow about 35 minutes for this section

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SECTION I**20 marks****Attempt Questions 1–20****Allow about 35 minutes for this section**

Use the multiple-choice answer sheet for Questions 1–20.

- 1 The role of the World Bank is to
- A. resolve international trade disputes.
 - B. provide low interest loans to advanced economies.
 - C. provide finance for economic development.
 - D. provide policy advice to improve economic wellbeing.
- 2 Which of the following are the TWO main objectives of fiscal policy?
- A. price stability and full employment
 - B. equitable distribution of income and economic growth
 - C. external stability and equitable distribution of income
 - D. external stability and economic growth
- 3 All other things being equal, Australia's international competitiveness would decline due to an increase in
- A. inflation in Australia.
 - B. protection on international imports.
 - C. Australian government spending.
 - D. aggregate supply in Australia.
- 4 In a hypothetical economy, a government has decided to decrease the age of retirement. Which row of the table shows the most likely impacts of this decision on tax revenue and the labour force participation rate?

	<i>Tax revenue</i>	<i>Labour force participation rate</i>
A.	Increase	Decrease
B.	Decrease	Decrease
C.	Increase	Increase
D.	Decrease	Increase

- 5 What is the most likely effect of a decrease in the cash rate on the domestic economy?
- A. an increase in business investment
 - B. a decrease in property purchases
 - C. higher inflationary expectations resulting from an appreciation of the domestic currency
 - D. an increase in the value of domestic savings

- 6 A foreign investor purchases a foreign direct investment (FDI) in a domestic firm. How will this transaction be recorded in Australia's Balance of Payments?
- A. debit in the Capital Account
 - B. credit in the Capital Account
 - C. debit in the Financial Account
 - D. credit in the Financial Account
- 7 A hypothetical government decides to reduce the import quota for a product. All other things being equal, which of the following is most likely to occur in the domestic market?
- A. the revenue of foreign producers will increase
 - B. the revenue of domestic producers will increase
 - C. domestic producers will produce less of the product
 - D. the market share of foreign producers will increase

- 8 The table shows data for a hypothetical economy.

<i>Year</i>	<i>Consumer Price Index (CPI)</i>
1	110
2	122
3	138

What is the inflation rate for Year 2?

- A. 9.8%
 - B. 10.9%
 - C. 13.1%
 - D. 25.5%
- 9 Which TWO countries represent Australia's top export markets, according to the Department of Foreign Affairs and Trade?
- A. China and the United States
 - B. China and Japan
 - C. China and Republic of Korea
 - D. China and India
- 10 To receive the national minimum wage in Australia, workers are required to be
- A. a member of a trade union.
 - B. covered by an industrial award.
 - C. covered by an individual contract.
 - D. legally employed.

- 11 The table shows hypothetical data for the Australian economy over a two-year period.

	<i>Year 1</i>	<i>Year 2</i>
<i>Employed persons ('000)</i>	1600	1800
<i>Unemployed persons ('000)</i>	200	100
<i>Population ('000)</i>	2100	2200

- Which of the following describes the trend from Year 1 to Year 2?
- A. The unemployment rate has increased.
B. The unemployment rate has decreased.
C. The participation rate has increased.
D. The participation rate has decreased.
- 12 Which of the following trade actions is most likely to violate the World Trade Organization's (WTO) rules for membership?
- A. establishing a bilateral free trade agreement
B. giving a developing economy special access to a market
C. banning imports from a single economy
D. charging customs duty on some imported goods
- 13 Which of the following would cause a decrease in Australia's terms of trade?
- A. the price of Australia's exports increasing relative to the price of Australia's imports
B. the price of Australia's imports increasing relative to the price of Australia's exports
C. the value of Australia's exports increasing relative to the value of Australia's imports
D. the value of Australia's imports increasing relative to the value of Australia's exports
- 14 Why is a public library NOT a public good?
- A. the private sector can build libraries
B. people can put items on hold
C. libraries can be accessed by those who don't live in a library's local government area
D. when one person has a book on loan, another cannot read it
- 15 Which of the following is most likely to lead to a depreciation of the Australian dollar?
- A. a downturn in the economy of a major importer of Australian goods and services
B. an expansion in the economy of a major importer of Australian goods and services
C. an increase in the Australian cash rate
D. an increase in investment into Australian export markets

- 16 The table shows Balance of Payments data for a hypothetical economy.

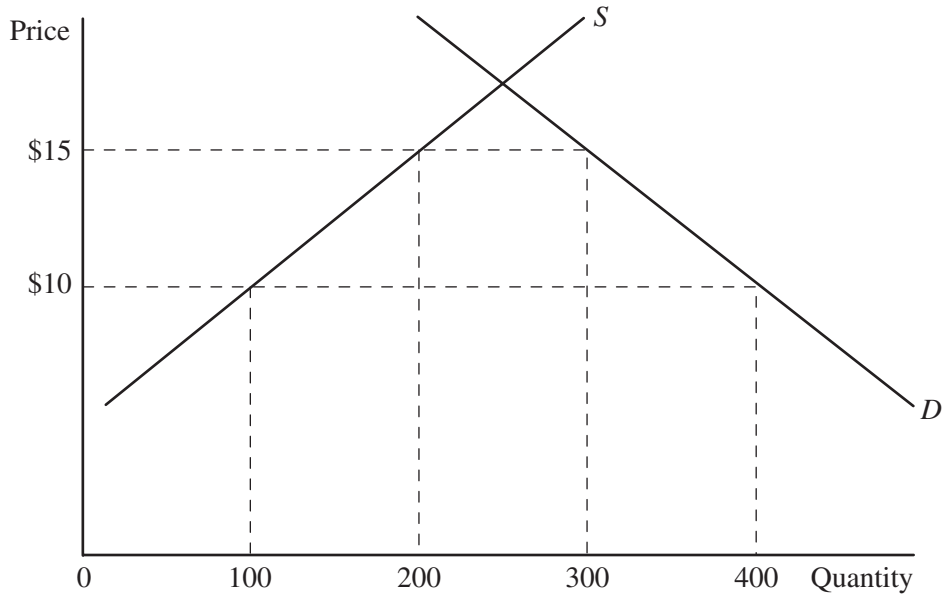
<i>Component</i>	<i>Amount (\$ billion)</i>
Net imports of goods and services	100
Net exports of goods and services	300
Net primary income	-120
Net secondary income	-30
Capital Account	-15
Financial Account	-40
Net error and omissions	X

Which row of the table shows the value of the Current Account and the value of X?

	<i>Current Account</i>	<i>X</i>
A.	\$50	-\$5
B.	-\$50	\$5
C.	-\$50	-\$5
D.	\$50	\$5

- 17 Which of the following is NOT an example of microeconomic reform?
- a reduction in tariff levels
 - the privatisation of a telecommunication firm
 - the introduction of the National Competition Policy
 - an increase in the value of welfare payments

- 18 The diagram shows the effect of a tariff on the price and quantity of imported pants. Assume that the world price of pants is \$10 and that the tariff is \$5 per pair of pants.



How much revenue does the government generate as a result of the tariff?

- A. \$5
 - B. \$100
 - C. \$500
 - D. \$1000
- 19 The table shows data for national income (Y) and consumption (C) for a hypothetical economy.

Year	Y	C
1	0	100
2	1000	X
3	2000	1300

If the value of the multiplier is 2.5, what is the value of X?

- A. 200
 - B. 700
 - C. 600
 - D. 1000
- 20 The Australian economy has experienced high inflation caused by the reduction in COVID-19 restrictions, combined with an increase in global oil prices. Which of the following best describes the causes of inflation?
- A. imported inflation and demand-pull inflation
 - B. demand-pull inflation and cost-push inflation
 - C. inflationary expectations and demand-pull inflation
 - D. imported inflation and cost-push inflation

HSC Year 12 Economics

Section II Answer Booklet

Section II

40 marks

Attempt Questions 21–24

Allow about 1 hours and 15 minutes for this section

Instructions

- Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.
 - Extra writing space is provided at the back of this booklet. If you use this space, clearly indicate which question you are answering.
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Please turn over

Question 21 (10 marks)

- (a) Distinguish between *Gross World Product (GWP)* and *Gross Domestic Product (GDP)*. **2**

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- (b) Explain TWO factors driving globalisation. **4**

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- (c) Assess the impact of globalisation on the global economy. **4**

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Question 22 (10 marks)

- (a) Outline ONE limitation of microeconomic policy. **2**

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- (b) Using an example, explain how labour market reform can influence the objective of equitable distribution of income and wealth. **4**

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- (c) Discuss how ONE government policy has been used to reform the structure of the Australian labour market. **4**

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Question 23 (10 marks)

- (a) Outline ONE disadvantage of free trade for a hypothetical economy. **2**

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- (b) Contrast the roles of the *International Monetary Fund (IMF)* and the *World Bank* in the global economy. **3**

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Question 23 continues on page 11

Question 23 (continued)

- (c) Analyse the impact of bilateral and multilateral free trade agreements on the global economy. **5**

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End of Question 23

Question 24 (10 marks)

- (a) Explain why the Current Account is measured as a percentage of Gross Domestic Product (GDP). **3**

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- (b) Explain how the Balance of Payments constraint affects economic growth. **3**

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Question 24 continues on page 13

Question 24 (continued)

- (c) Discuss the costs and benefits of increased foreign direct investment (FDI) into Australia. **4**

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Section II extra writing space

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SECTION III

20 marks

Attempt either Question 25 or Question 26

Allow about 35 minutes for this section

Answer the questions in the Sections III and IV Writing Booklet. Extra writing booklets are available.

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- use the information provided
- apply relevant economic terms, concepts, relationships and theory
- present a sustained, logical and cohesive response.

Please turn over

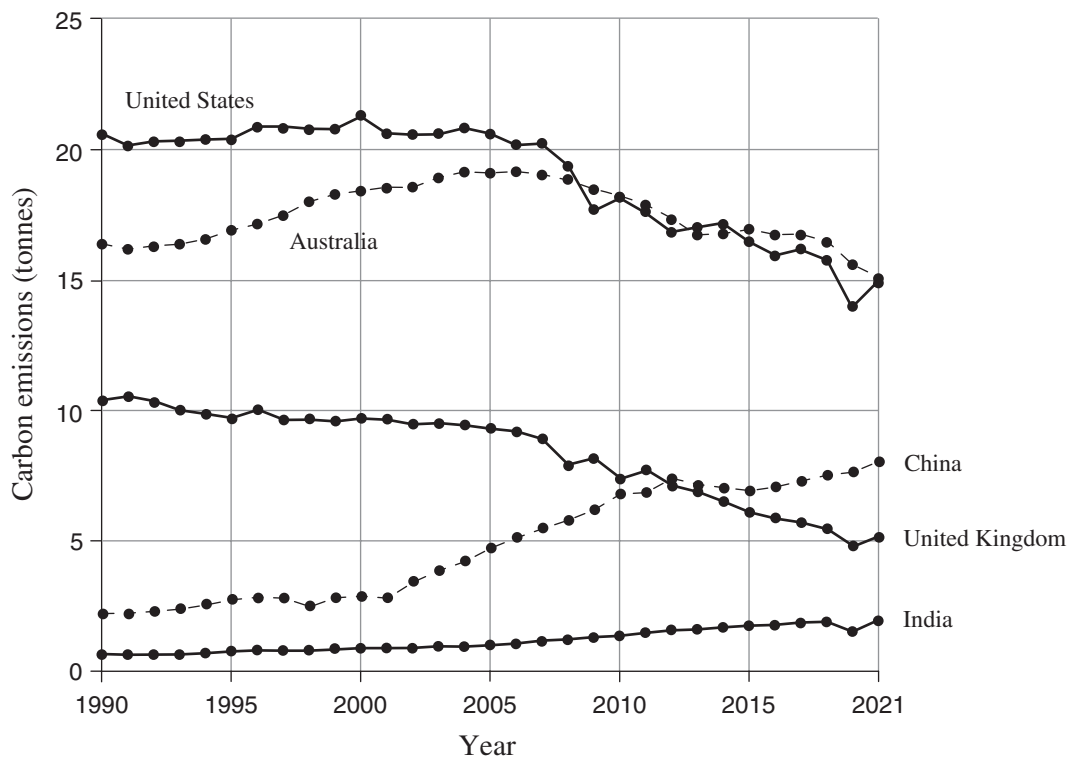
Question 25 (20 marks)

Analyse the impact of economic growth on ecological sustainability in the Australian and global economies. In your answer, refer to the information provided.

The Australian Government will reduce greenhouse gas emissions to 26–28 per cent below 2005 levels by 2030 (under the Paris Agreement). Our target is a step up from Australia’s current target to reduce emissions to five per cent below 2000 levels by 2020 (under the Kyoto Protocol).

Source: Adapted from © Commonwealth of Australia (2015). ‘Australia’s 2030 Emission Reduction Target’. Accessed December 2022. <https://www.dcceew.gov.au/sites/default/files/documents/summary-australias-2030-emissions-reduction-target.pdf>. Licensed under CC BY 4.0, <https://creativecommons.org/licenses/by/4.0/>.

Per capita CO₂ emissions (1990–2021)



Source: Adapted from Our World in Data based on Friedlingstein, P. et al. (2022). ‘Per capita CO₂ emissions’. Accessed November 2022. <https://ourworldindata.org/explorers/co2?time=1990..latest&facet=none&country=CHN~USA~IND~GBR~AUS&Gas=CO%E2%82%82&Accounting=Production-based&Fuel+or+Land+Use+Change=All+fossil+emissions&Count=Per+capita>. Licensed under CC BY 4.0, <https://creativecommons.org/licenses/by/4.0/>.

OR

Question 26 (20 marks)

Analyse the impact of trade liberalisation on economic growth in the Australian and global economies. In your answer, refer to the information provided.

‘This Government opened Australia up to the world. We dismantled the ring fence of tariffs and foreign exchange controls Australia had slumbered behind. We did it because we knew Australia did not need to fear the world, and that we could prosper with competition.’ (Paul Keating 1994)

Source: Licensed from the Commonwealth of Australia under a Creative Commons Attribution 4.0 International Licence. The Commonwealth of Australia does not necessarily endorse the content of this publication. *PM Transcripts*, ‘Speech by the Prime Minister, the Hon P J Keating MP Asia Lecture to the Asia-Australia Institute Brisbane, 26 October 1994’. Accessed December 2022. <https://pmtranscripts.pmc.gov.au/release/transcript-9392>. Licensed under CC BY 4.0, <https://creativecommons.org/licenses/by/4.0/>.

<i>Australia's top 10 two-way trading partners 2019–20</i>		
<i>Rank</i>	<i>Trading partners</i>	<i>% share</i>
1	China	28.8
2	United States	9.2
3	Japan	9.1
4	Republic of Korea	4.5
5	United Kingdom	4.2
6	Singapore	3.6
7	New Zealand	3.3
8	India	3
9	Germany	2.5
10	Malaysia	2.5
	<i>Total top 10 trading partners</i>	<i>70.7</i>
<i>Total two-way trade 2019–20</i>		
	<i>Trading partners by region</i>	<i>% share</i>
	APEC	73.9
	ASEAN	13
	EU28	9
	OECD	42.1
	<i>Total trade by region</i>	<i>100</i>

Source: Adapted from the *Department of Foreign Affairs and Trade website* – www.dfat.gov.au. *Trade and Investment at a glance 2021*, ‘Australia’s top 10 two-way trading partners 2019-20’. Accessed November 2022. <https://www.dfat.gov.au/publications/trade-and-investment/trade-and-investment-glance-2021>. Licensed under CC BY 4.0, <https://creativecommons.org/licenses/by/4.0/>. Based on ABS trade data on DFAT STARS database, ABS catalogue 5368.0.55.003 and unpublished ABS data.

Please turn over

SECTION IV

20 marks

Attempt either Question 27 or Question 28

Allow about 35 minutes for this section

Answer the questions in the Sections III and IV Writing Booklet. Extra writing booklets are available.

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- apply relevant economic information, terms, concepts, relationships and theory
- present a sustained, logical and cohesive response.

Question 27 (20 marks)

Assess the effectiveness of fiscal policy in achieving full employment and the equitable distribution of income in the Australian economy.

OR

Question 28 (20 marks)

Assess the effectiveness of monetary policy in achieving price stability in the Australian economy with reference to the recent economic climate.

End of paper

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HSC Year 12 Economics

DIRECTIONS:

Write your name in the space provided.

Write your student number in the boxes provided below. Then, in the columns of digits below each box, fill in the oval which has the same number as you have written in the box. Fill in **one** oval only in each column.

Read each question and its suggested answers. Select the alternative A, B, C, or D that best answers the question. Fill in the response oval completely, using blue or black pen. Mark only **one** oval per question.

A B C D

If you think you have made a mistake, put a cross through the incorrect answer and fill in the new answer.

A B C D

If you change your mind and have crossed out what you consider to be the correct answer, then indicate this by writing the word *correct* and draw an arrow as follows.

A B C D
correct
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STUDENT NAME: _____

STUDENT NUMBER:

①	①	①	①	①	①	①	①	①
②	②	②	②	②	②	②	②	②
③	③	③	③	③	③	③	③	③
④	④	④	④	④	④	④	④	④
⑤	⑤	⑤	⑤	⑤	⑤	⑤	⑤	⑤
⑥	⑥	⑥	⑥	⑥	⑥	⑥	⑥	⑥
⑦	⑦	⑦	⑦	⑦	⑦	⑦	⑦	⑦
⑧	⑧	⑧	⑧	⑧	⑧	⑧	⑧	⑧
⑨	⑨	⑨	⑨	⑨	⑨	⑨	⑨	⑨
⑩	⑩	⑩	⑩	⑩	⑩	⑩	⑩	⑩

SECTION I

MULTIPLE-CHOICE ANSWER SHEET

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

**STUDENTS SHOULD NOW CONTINUE
WITH SECTIONS II-IV**



Trial Examination 2023

HSC Year 12 Economics

Sections III and IV Writing Booklet

Instructions

- Answer BOTH sections

- Answer ONE question from Section III on pages 2–8
- Write the question number for Section III in the space provided on page 2
- If you need more space for Section III, ask for an extra writing booklet

- Answer ONE question from Section IV on pages 10–16
- Write the question number for Section IV in the space provided on page 10
- If you need more space for Section IV, ask for an extra writing booklet
- Write using black pen

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A large rectangular area containing 25 horizontal lines for writing.

Lined writing area for the student's answer.

If you require more space to answer the Section III question, you may ask for an extra writing booklet.

If you have used an extra writing booklet for the Section III question, tick here.

End of Section III

Turn over for Section IV

A large rectangular area containing 25 horizontal lines for writing, intended for the student's response to the examination questions.

A large rectangular area containing 25 horizontal lines for writing, intended for the student's response to the examination questions.

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A large rectangular area containing 28 horizontal lines, intended for writing answers.

If you require more space to answer the Section IV question, you may ask for an extra writing booklet.

If you have used an extra writing booklet for the Section IV question, tick here.