

GLOBAL INTERDEPENDENCE

PRACTICE TEST #1

ECONOMICS ATAR UNIT 3



ATAR Survival Guide: Answer Key

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Answer Key

Multiple Choice

- Q1: B
- Q2: C
- Q3: C
- Q4: C
- Q5: B
- Q6: A

Short Answer

Question 7: Define Globalisation (2 marks)

Description	
2 Marks for Definition	
Answer Could Include:	
<ul style="list-style-type: none">• Globalisation is defined as the freer movement of trade, tourism, investment and ideas around the world.	2 marks
Total	2 marks
Accept other relevant answers	

Question 8: Briefly explain 3 Benefits and 3 Costs of Globalisation (6 marks)

Description	
One Marks for Each Benefit (Max 3) and Each Cost (Max 3)	
Answer Could Include:	
<ul style="list-style-type: none">• Globalisation increases political ties between countries• Globalisation increases employment• Globalisation lowers the prices of goods and services through imports, hence lowering inflation• Globalisation enables access to foreign investment• Globalisation leads to greater volatility to external shocks• Globalisation facilitates a faster rate of structural change and hence, increasing structural unemployment in uncompetitive industries• Globalisation leads to bad behaviour of multinational corporations such as participation in tax avoidance schemes	
Total	6 marks
Accept other relevant answers	

Question 9: Explain Two Factors that have led to the growth of globalisation in Australia. (6 Marks)

Description	
One mark for listing a factor, two marks for explanation of a factor.	
Answer Could Include:	
<ul style="list-style-type: none"> • Unilateral decreases to barriers of trade <ul style="list-style-type: none"> ○ Removal of protectionism forces domestic producers to compete in the world economy and encourage trade 	1 Mark 2 Marks
<ul style="list-style-type: none"> • Role of Trade Organisations <ul style="list-style-type: none"> ○ Trade organisations such as the World Trade Organisation encouraged Australia to participate in free trade agreements with other countries ○ Free trade agreements encourage flows of investment, trade and people between member countries 	1 Mark 2 Marks
<ul style="list-style-type: none"> • Role of Multinational Corporations <ul style="list-style-type: none"> ○ Multinational Corporations encouraged transfers of trade, investment and people between its subsidiaries in different countries ○ Participation in global value chains – where components are sourced from multiple countries, encouraged trade 	1 Mark 2 Marks
Total	6 marks
Accept other relevant answers	

Question 10: Explain in the context of international competitiveness, why Australia exports commodities while China exports simply transformed manufactures, such as textiles, clothing and footwear (TCF). (6 marks)

Description	
Answer Could Include:	
<ul style="list-style-type: none"> Define International Competitiveness – International competitiveness is the ability of domestic goods and services to meet the international markets while simultaneously maintaining and expanding the incomes of it's people in the long term. 	2 Marks
<ul style="list-style-type: none"> Australia is internationally competitive in commodity exports <ul style="list-style-type: none"> Australia is naturally endowed in high quality raw materials such as iron ore and coal Mining is capital intensive, which capitalises on Australia's high skilled but small workforce. 	1 Mark 1 Mark
<ul style="list-style-type: none"> China is internationally competitive in simply transformed manufacturing <ul style="list-style-type: none"> China has a large, unskilled and cheap workforce, reducing the cost of labour in the production of goods such as clothing and footwear China has a managed currency that is set low to make exports more competitive, making Chinese imports cheaper for Australian consumers 	1 Mark 1 Mark
Total	6 marks
Accept other relevant answers	

Question 11: On 7 October, 2016, Ford produced the last ever car in Australia after 90 years of Australian car manufacturing. Holden and Toyota plan to close their factories in late 2017, causing the end of car manufacturing in Australia. Discuss the effects of globalisation in this context. (6 Marks)

Description	
2 Marks for Each Effect, Max 6 Marks	
Answer Could Include:	
<ul style="list-style-type: none"> Structural unemployment – industry could no longer maintain a competitiveness with car manufacturing, resulting in unemployment of workers with obsolete skills. 	2 Marks
<ul style="list-style-type: none"> Increased economic efficiency – labour resources will retrain and join other more productive and competitive sectors of the Australian economy. 	2 Marks
<ul style="list-style-type: none"> Loss of diversification - as manufacturing industries decline, Australia's economy is more reliant on mining and services industries. 	2 Marks
Total	6 marks
Accept other relevant answers	

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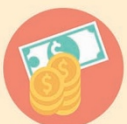
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