

# ECON11026 Assessment 3 Take Home Essay

## Term 1, 2020

**Due date:** Friday of Week 12 (5 June 2020)

**ASSESSMENT**

**Weighting:** 40%

**Length:** Approximately 2500 -3000 words

The essay is based on topics covering week's 7-11

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### Objectives

This assessment item relates to Unit Learning Outcomes 6 to 7 as listed in the unit profile.

### Assessment Overview

This assessment task requires you to write an essay that demonstrates your theoretical and applied knowledge relating to the macro economy and stabilisation policy. It focuses on the macroeconomic section of the unit and builds on the economic fundamentals that you learnt in the first half of the term. You will need a sound understanding of GDP, economic growth, unemployment, inflation, macroeconomic stabilisation policies, particularly, fiscal policy. In this essay, you will refer to the chapters outlined in the prescribed text book, relevant journal articles, various reports of the Australian government websites including the Treasury. The purpose of this assessment is to develop skills in interpreting current macroeconomic indicators, analysing macroeconomic policies and their implications for the wider economy.

### Assessment Topic

Coronavirus (COVID-19) has taken the world like a storm.

[“This is an economic tsunami,”](#) Mark Zandi, chief economist at Moody’s Analytics, told me. Social distancing is economic distancing. We are telling people to cease going to stores, to restaurants, to workplaces. We are insisting they stop supplying their labour, making their goods. To slow a pandemic, we are forcing a [recession](#), perhaps a depression. [Source: Ezra Klein, Vox, 23 Mar 2020]

**Discuss the likely economic impact of COVID-19 pandemic on the Australian economy by using recent macroeconomic indicators whilst critically evaluating the role of fiscal policy as a stabilisation tool in a crisis like this.**

### Background Information

Australia has experienced an unprecedented economic growth, achieving the longest economic expansion on record (28 years) without a recession. It also escaped the Global Financial Crisis at the end of the mining boom relatively unscathed. This unprecedented economic story is about to topple by an unprecedented health crisis that could drag the Australian economy into a recession for the first time in 28 years. Or will it extend to a depression, as the economist, Mark Zandi is alerting? Australian economy has been facing several structural issues such as the stagnant wage growth rate, a sluggish economy, housing affordability, rising household debt, a rapidly declining manufacturing sector, and concerns of job security caused by mass automation. How does a pandemic impact the households, businesses, government spending and foreign trade? What does this impact mean for GDP, unemployment rate, and the budget balance? In this economic environment, the role of macroeconomic policy cannot be ignored. Particularly, the role of recent stimulus packages to combat the effects of Coronavirus pandemic. In this essay, you will discuss the impact of the pandemic on the economy by assessing macroeconomic indicators and critically evaluating the role of fiscal policy as a stabilisation tool of a modern economy.

## Detailed Instructions on the Structure of the Essay

### 1. Introduction

The introductory paragraph(s) should broadly outline the topic that will be discussed, explain why it is important and a brief outline of the main sections that you will discuss in the remainder of the essay.

### 2. Body

The body of the essay contains the main sections. Please do not include the title 'Body' in your essay. You may divide the body section into sub-sections by including sub-headings. As a minimum, you should:

- Provide an overview of the current macroeconomic environment in Australia by using a range of macroeconomic indicators such as GDP growth, unemployment rate, inflation rate, leading indicators, building approvals, etc. and how these indicators have been affected by the COVID-19 emergency;
- Assess the economic performance of the last four quarters and identify the stage of business cycle based on the latest data available. Please note that 2020 March quarter GDP figures may not be available till 3 June;
- Define fiscal policy and its objectives. Identify various types of fiscal policy and with appropriate diagrams, explain how they influence aggregate demand;
- Explain how the multiplier process works with respect to the proposed COVID-19 stimulus spending in Australia;
- Evaluate the impact of the fiscal stimulus initiatives taken by the government on the previously forecasted budget balance of the Federal Government and its influence on the macroeconomy; and
- Discuss the limitations of using fiscal policy to stabilise the economy.

You must define key terms before analysing them. In any economic analysis, it is good practice to follow the DADA principle – Definitions, Assumptions, Diagrams and Analysis (Please do not include these as sub-headings).

All diagrams must be labelled and discussed in the text. Embedded JPEG files of hand-drawn diagrams are acceptable and you must cite them as “Source: Adapted from Author, date, p. number”. All definitions and ideas obtained from published material must be appropriately referenced.

### 3. Conclusion

Conclusion should be an integrated summary of your main points. It should include a final statement that reflects the research you conducted and your overall understanding of the topic. New material should not be introduced into the concluding section.

### 4. References

All references should follow the [APA style](#) and reference list should include all the references that you have cited in an alphabetical order.

### Submission Details

All submissions must be via the *Turnitin* plagiarism detection system. Please tick the terms and conditions box in order to submit your work properly. If your similarity index is too high, please make changes with appropriate references and paraphrasing and resubmit. However, subsequent submissions take longer time to display the similarity index, therefore submit your work early.

# Assessment Criteria

## ECON11026 - ASSIGNMENT 3

### ASSESSMENT CRITERIA AND MARKING RUBRIC

Enter student's name

Criteria	Max	Mark	%	Fail (0-49%)	Pass (50-65%)	Credit (65-74%)	Distinction (75-84%)	High Distinction (85-100%)
1. Overview of the current economic environment with reference to COVID-19 and the state of economy with regard to the business cycle	10.0		25	0 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> The response is poor or irrelevant and there are major omissions/errors.	12.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> The response is sufficient but incomplete. Some parts of the question are unanswered and/or have errors.	16.25 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> The response is good and the description of current economic environment is clear and complete.	18.75 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> The response is excellent and paints a clear and concise picture of the current economic environment.	21.25 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> The response is outstanding and it provides an excellent and comprehensive overview of the current economic environment.
2. Fiscal policy, its intended objectives, the types of fiscal policy; and the impact on AD	6.0		15	0 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> The response reflects a poor and/or inadequate understanding of the economic concepts involved.	7.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Demonstrates a basic understanding of the economic concepts involved.	9.75 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Demonstrates good understanding of the economic concepts involved.	11.25 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Demonstrates an excellent understanding and purpose of the economic concepts involved.	12.75 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Demonstrates exceptional understanding and purpose of the economic concepts involved.
3. Multiplier process with respect to stimulus spending	6.0		15	0 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> The response reflects a poor and/or inadequate understanding of the economic concepts involved.	7.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Demonstrates a basic understanding of the economic concepts involved.	9.75 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Demonstrates good understanding of the economic concepts involved.	11.25 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Demonstrates an excellent understanding and purpose of the economic concepts involved.	12.75 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Demonstrates exceptional understanding and purpose of the economic concepts involved.
4. The impact of COVID-19 and economic stimulus on the budget balance and the macroeconomy	10.0		25	0 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Evaluates issues and related policy inadequately.	12.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Evaluates issues and related policy sufficiently.	16.25 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> A good critical evaluation of issues and related policy.	18.75 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> An excellent critical evaluation of issues and related policy.	21.25 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> An exceptional critical evaluation of issues and related policy.
5. Limitations of fiscal policy as a stabilisation tool	4.0		10	0 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Evaluates the limitations of FP inadequately.	5.0 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Evaluates the limitations of FP sufficiently.	6.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> A good critical evaluation of the limitations of FP.	7.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> An excellent critical evaluation of the limitations of FP.	8.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> An exceptional critical evaluation of the limitations of FP.
6. Standard of writing, explanations, referencing, diagrams and the use of DADA framework	4.0		10	0 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Standard of writing, explanations, the use of DADA and referencing are poor.	5.0 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Standard of writing, explanations, the use of DADA and referencing are of satisfactory quality. Effectively communicates ideas.	6.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Standard of writing, explanations, the use of DADA and referencing are of good quality. Convincingly communicates ideas.	7.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Standard of writing, explanations, the use of DADA and referencing are of excellent quality. Very convincingly communicates ideas.	8.5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Standard of writing, explanations, the use of DADA and referencing are of outstanding quality. A superior communication of ideas.
Total Mark	40		100	<b>Additional comments:</b>				
Grade								

## Useful tips:

- Get a good understanding of macroeconomic objectives, unemployment, inflation, the role of fiscal policy on the economy and economic growth. Refer to learning material and relevant chapters from the set textbook or any other economics textbook.
- Conduct research relevant to the Australian economy. For example, the Australian Bureau of Statistics (ABS), the Treasury website. You will come across additional information related to the essay topic. Pick and choose what and how you present this information (citation, tables, graphs etc.) as you must adhere to the word limit.
- The focus of your task for this assignment is to apply macroeconomic concepts and theory to the role of fiscal policy, the multiplier effect, fiscal stimuluses and the budget balance in particular.
- Apply the DADA framework (Definitions, Assumption, Diagram and Analysis) when answering the questions. Both On-campus and Distance students attempt weekly activities using DADA framework. These exercises will help and guide you how to analyse an economic problem.
- Read the '**Assessment Criteria and Marking Rubric**' provided on p.3 of this document.
- Browse the assessment resources including the '**Assessment Guidance and Sample Responses**' folder in the 'Useful Resources' block of the Moodle.
- Read the '**How to write essays in economics**' guide available on the unit Moodle page.
- Read the '**Assignment Submission Tips**' document provided on Moodle.
- **Plagiarism** and **contract cheating** are punishable offences. Make sure you include in-text references and provide a reference list. Seek help from the Academic Learning Centre on how to paraphrase and reference material.