**Essay Task: Select two (2) of the essay questions listed below with an emphasis on economic concepts. As part of your response you should incorporate and refer to relevant economic diagrams. Each essay should be appropriately referenced (750 word limit). [20 marks each]**

1. Drug legalisation has a number of political, social and economic considerations.
2. List and explain at least three (3) arguments each for and against drug legalisation.
3. “The most likely impact of legalisation of drugs on society is an increase in drug use”. Do you agree? What is the likely impact on price? Explain why using an appropriate diagram.
4. What government interference in the market can reduce drug use? Use a graph to illustrate.
5. Pollution is a by-product of economic activity in the production of goods and services.
6. How does the existence of negative externalities of pollution distort resource allocation in the economy? Use a graph to illustrate how an over- and under-allocation of resources can occur.
7. Who bears the burden if there are fees or a tax charged on producers that cause pollution?
8. Analyse the different methods of regulation available to a government to limit environmental pollution.

d) Explain which method of regulation is considered to be the most economically efficient.

1. Most countries do not provide higher education (beyond secondary school education) as a public good. However, it is encouraged, and the cost subsidised, in many countries, including Australia.
2. What are the considerations in deciding to pursue higher education?
3. What are the benefits to society and the economy from its citizens undertaking higher education?
4. Use a graph to display the effect externalities have with regard to equity, efficiency and the allocation of resources.
5. It has long been recognised that most industries in Australia are imperfectly competitive, and the government has a responsibility to ensure competition and protect consumers.
   1. What is market concentration? What are the possible consequences of a higher market concentration ratio?
   2. What are the reasons that some markets are dominated by only a few large firms?
   3. Explain how elasticity can allow suppliers with market power to generate higher profits.
   4. List and explain forces that can decrease market power.
6. Unemployment is a macroeconomic topic, and a low unemployment rate is considered a sign of a healthy economy.
   1. Define what it means to be “unemployed” and the “labour force”. Explain how the unemployment rate and labour force participation rate are calculated.
   2. Identify and explain the different types of unemployment.
   3. Explain how the unemployment rate can increase when additional jobs are being created in the economy, and can decrease when jobs are being lost in the economy.
   4. Explain and use a graph to illustrate how a legally imposed minimum wage can contribute to unemployment.
7. Economic growth is a macroeconomic topic that is important as it affects the prosperity and standard of living of the residents of an economy.
   1. Define and explain economic growth.
8. What type of policy is used by the government to generate economic growth? Explain the ways in which a government can implement policy to generate economic growth. By means of a diagram, show the effects on aggregate demand and/or aggregate supply that occur with the different methods of implementation.

**Case Study Task:** There are a number of economic concepts in the “We're struggling with inflation because we misread the pandemic” post from Ross Gittins, Sydney Morning Herald Economics Editor <http://www.rossgittins.com/2022/08/were-struggling-with-inflation-because.html>

Explain (in the context of the article) the following quotes using your understanding of the economic terms and concepts:

1. The article refers to the “risk of a recession”. Define a recession. What impact does a recession have on employment? [4 marks]
2. “Since it’s government-ordered (recession), however, governments know they have an obligation to provide workers and businesses with income to offset their losses. Fearing a prolonged recession, governments spend huge sums”. Examples of government spending for workers and businesses include the JobKeeper wage subsidy, the temporary increase in JobSeeker benefits. Explain how this policy was expected to support the GDP levels of the economy. [4 marks]
3. The article refers to the theory of “demand management” of the macroeconomy. Identify how the author has explained how “demand management” is practiced and use a graph to show the intended effects on the macroeconomy. [4 marks]
4. The article states “This was a government-ordered restriction of the supply of goods and services”. Identify the factors the author has identified that have effected supply and use a graph to show the intended effects on the macroeconomy. [4 marks]
5. The article states “We find inflation shooting up to 6.1 per cent and headed higher”. What is inflation? The article also refers to the risk of a “wage-price spiral”. Explain how a “wage-price spiral” causes inflation. [4 marks]