

Economics

Section III

20 marks

Attempt either Question 25 or Question 26

Allow about 35 minutes for this section

Answer the question in a writing booklet. Extra writing booklets are available.

In your answer you will be assessed on how well you:

- use your knowledge and the economic information provided
 - apply economic terms, concepts, relationships and theory
 - present a sustained, logical and well-structured answer to the question
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Question 25 (20 marks)

Explain the role of microeconomic policies in assisting structural change in the Australian economy.

There appears to be an overwhelming case for pressing on with microeconomic reform and structural change. To abandon the process would not only deny us the benefits promised by the increased efficiency but put our economy at serious risk of falling continuously behind other economies in terms of economic development.

Australia clearly needs to restructure its industries so that it becomes more competitive. Only then can we confidently expect to realise an increase in exports, an increase in import substitution and a reduction in our current account deficit.

Adapted from *Ecodate*, May 2001,
Microeconomic Policy and Structural Change in the Australian Economy,
DR D ARCHBOLD

OR