

**2002 HIGHER SCHOOL CERTIFICATE EXAMINATION**  
**Economics**

**Section II (continued)**

**Marks**

**Question 23 (10 marks)**

The table gives selected data for a closed economy.

<i>Year</i>	<i>Income (Y)</i> (\$m)	<i>Consumption (C)</i> (\$m)	<i>Savings (S)</i> (\$m)	<i>Investment (I)</i> (\$m)
1	400	360	40	200
2	500	420	80	200
3	600	480	120	200

- (a) Write the formula for the simple multiplier (k). **1**

~~$Y = C + S + I$~~   
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- (b) Use the information in the table to calculate the value of the simple multiplier for this economy. **1**

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- (c) Outline how the simple multiplier can affect economic activity.

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**Question 23 continues on page 14**

Question 23 (continued)

- (d) Explain ONE benefit of economic growth to an economy. 2

One benefit of economic growth to an economy is ~~to~~ an increase in the \$AU

- (e) Explain the impact of economic growth on ecologically sustainable development. 4

End of Question 23