**BiG Ideas in 3.2 and Key Questions**

1. **What is a best outcome for finding a solution to protectionism?**

**HL3**

**HL2 2009-May**

**SL2 + HL2**

M14/3/ECONO/SP2/ENG/TZ0/XX

(Question 2)

(d) Using information from the text/data and your knowledge of economics,

discuss the effects of “global economic uncertainty” (paragraph ), “low trade

barriers” (paragraph ) and a “carbon tax” (paragraph ) on Australia’s

car industry. [8 marks]

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(ii) Define the term comparative advantage indicated in bold in the text

(Text C, paragraph ).[2 marks]

(b) Using a cost diagram, explain how access to foreign markets may

allow Australian farmers to “gain from the potential economies of scale”

(Text C, paragraph ). [4 marks]

(c) Using an international trade diagram, explain how Japanese subsidies have been

“limiting Australia’s access to the Japanese rice market” (Text C, paragraph ). [4 marks]

(d) Using information from the text/data and your knowledge of economics,

discuss the possible consequences for Australian and Japanese producers of

moving towards freer trade. [8 marks]

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**Section 3.1: Past Exam Questions**