

**ECON7021**  
**Impact Comparison**

Assessment Task	<b>Impact Comparison</b>
Assessment Type	Research Report
Group or Individual	Individual
Weighting	25% of course (100 marks reweighted to 25%)
Word Limit	<b>1,000 words</b> (See inclusions and exclusions on page 7 of this document.)
Due Date	<b>13 October, 4 pm</b>
Marking Rubric	<i>Blackboard &gt; Assessment &gt; Impact Comparison &gt; Marking Rubric</i>
Submission	Submit your assessment as a <b>Word document</b> on Turnitin via the course Blackboard site. (See submission details on page 8 of this document.)
Academic Integrity	UQ has strict rules against academic misconduct, including cheating, plagiarism, colluding and solicitation. You are responsible for preserving the highest standards of academic integrity in your work. At your own risk, you may use generative Artificial Intelligence (AI) tools for Part 1 of the assessment task. But, you are <b>not permitted to use AI tools in Part 2</b> . Please read and familiarise yourself with these rules: <a href="#">PPL 3.60.01 Student Code of Conduct</a> and <a href="#">PPL 3.60.04 Student Integrity and Misconduct</a> .

### Context

This assessment task, consisting of **Part 1 and Part 2**, tests your understanding of the material covered in **Topics 1, 7, 8 and 9**.

Topics 7, 8 and 9 covered the *IS-LM* model for closed economies and the *IS\*-LM\** or Mundell-Fleming model for small open economies with perfect capital mobility to determine the expected short-run economic effect of shocks and policy adjustments. Topic 1 introduced three key macroeconomic indicators. By tracking data of these indicators, we can compare countries' macroeconomic performance over time and determine whether the short-run impact of external shocks and implemented policies align with our expectations.

## Task Description

### *Part 1: ChatGPT Investigation (Around 300-350 words)*

We know generative Artificial Intelligence (AI) tools can provide inaccurate data, incorrect analyses, and fake sources.

For this assessment task, you must consider Table 1, which provides the prompt we gave ChatGPT, a generative AI tool, and the response it wrote (OpenAI, 2023). Compare the information in the ChatGPT response in Table 1 to the course content and reliable data sources to determine which information is inaccurate, incomplete or missing. Report your findings.

**Table 1**

*Prompt and ChatGPT Response*

Reference
OpenAI. (2023). <i>ChatGPT</i> (August 3 version) [Large language model]. <a href="https://chat.openai.com/">https://chat.openai.com/</a>
Prompt
Compare the macroeconomic impact of the COVID-19 pandemic and the fiscal and monetary policies implemented in response to the pandemic for Norway and Sweden in an essay of 500 words. Assess and compare the following: the countries' macroeconomic performance before and at the start of the pandemic according to key macroeconomic indicators in 2019 and 2020; the key fiscal and monetary policy actions that the two countries implemented in response to the pandemic; and the impact of these policies according to the key macroeconomic indicators in 2021. Conclude the essay by indicating which of the two countries handled the pandemic best based on the economic analysis.
ChatGPT Response
Title: A Comparative Analysis of the Macroeconomic Impact and Policy Responses to COVID-19 in Norway and Sweden  Introduction  The COVID-19 pandemic wreaked havoc on economies worldwide, prompting governments to implement fiscal and monetary policies to mitigate its adverse effects. This essay compares the macroeconomic impact of the pandemic and the policy responses of Norway and Sweden, focusing on their economic performance before and during the pandemic, the policies implemented, and their impact on key macroeconomic indicators in 2021.  Macroeconomic Performance in 2019 and 2020

In 2019, both Norway and Sweden exhibited stable economic conditions. Norway's GDP grew at 2.3%, and Sweden's at 1.2%. Unemployment rates were low, standing at 3.9% in Norway and 6.8% in Sweden. Inflation was also modest, with Norway at 1.9% and Sweden at 1.8%. Both countries maintained fiscal discipline with manageable budget deficits.

However, when the pandemic struck in 2020, the economic landscape changed dramatically. Norway's GDP contracted by 2.5%, while Sweden's contraction was slightly less severe at 2.8%. Unemployment rates surged in both nations, reaching 5.3% in Norway and 8.9% in Sweden. Inflation moderated, with Norway at 1.3% and Sweden at 0.7%. Both countries faced significant challenges due to the sudden economic downturn.

#### Key Policy Responses

Norway and Sweden adopted different approaches in their policy responses to the pandemic. Norway implemented a substantial fiscal stimulus package, which included income support for affected individuals, grants for businesses, and increased healthcare spending. The government also provided liquidity support to financial institutions to ensure the stability of the banking sector. The central bank, Norges Bank, lowered interest rates to near-zero levels, providing further monetary support.

Sweden, on the other hand, took a more liberal approach, avoiding strict lockdowns and relying on voluntary measures. The fiscal response was less pronounced compared to Norway, with a focus on protecting vulnerable groups and businesses. The Swedish central bank, Riksbank, also lowered interest rates but adopted a more cautious stance.

#### Impact on Macroeconomic Indicators in 2021

In 2021, Norway experienced a robust economic recovery, with GDP growing by 3.7%. The unemployment rate improved to 4.2%, and inflation stabilized at 2.3%. The fiscal stimulus, combined with accommodative monetary policy, supported a swift rebound.

Sweden, while also witnessing economic growth, lagged behind Norway in terms of recovery. Its GDP expanded by 3.0%, with an unemployment rate of 7.2% and inflation at 1.6%. Sweden's approach of avoiding strict lockdowns might have contributed to a less severe economic downturn, but it appeared to result in a slower recovery.

#### Conclusion

In assessing the macroeconomic impact and policy responses to the COVID-19 pandemic, it is evident that Norway outperformed Sweden in terms of economic recovery. Norway's swift and decisive fiscal and monetary policy actions resulted in a more robust rebound in 2021, with lower unemployment and higher inflation. Sweden's more liberal approach, while potentially mitigating the initial economic shock, led to a slower recovery, with persistently higher unemployment.

Norway's comprehensive fiscal stimulus, support for businesses and individuals, and proactive monetary policy measures created an environment conducive to economic recovery. In contrast,

Sweden's reliance on voluntary measures and a more cautious fiscal response may have dampened its economic resurgence.

Therefore, based on the economic analysis, Norway appears to have handled the pandemic better than Sweden, as it demonstrated a more effective combination of fiscal and monetary policies to navigate the challenges posed by the COVID-19 crisis and achieve a more robust recovery in 2021.

Here are some guiding questions and tips to help frame your report.

### **GUIDING QUESTIONS:**

- Did ChatGPT consider all three key macroeconomic indicators identified in **Topic 1?**
- Are the values of the macroeconomic indicators in ChatGPT's essay accurate? If not, provide the correct values.
- Which economic growth indicator did ChatGPT provide, and does it align with the recommendation for country comparisons in Topic 1? If not, provide the relevant data values for both countries for the relevant years.
- Which inflation indicator did ChatGPT provide?
- Which country implemented the tightest monetary policy response?
- Which country implemented the most extensive fiscal stimulus package?
- Do you agree with ChatGPT's conclusion that Norway handled the pandemic better than Sweden? Why or why not?
- Does the format of the ChatGPT essay align with UQ expectations for research essays?
- Did ChatGPT cite supporting sources in its response?

### **TIPS:**

- Do not explain concepts or definitions of commonly used macroeconomic indicators.
- Create and include a table with the relevant data. Remember to clearly indicate which data in the table you are referring to in your writing.
- For consistency, round indicator values to one decimal place in your report.
- Cite reliable sources to support your findings and include the full reference details of those sources in the reference list at the end of your document (after Part 2).
- Your policy information sources should be the websites of the countries' fiscal and monetary policy authorities.
- Your data sources should be national or multinational agencies, e.g., the [Australian Bureau of Statistics \(ABS\)](#), [Stats NZ](#), [Reserve Bank of Australia](#), [Reserve Bank of New](#)

[Zealand](#), [The World Bank](#), [OECD](#), [IMF](#), and [Bank for International Settlements](#).

- The World Bank's [World Development Indicators \(WDI\)](#) database contains most national data collected by national and multinational agencies, and you may use it as a primary data source. For tutorials on extracting WDI data, refer to the following videos: [https://www.youtube.com/watch?v=JGJhI\\_YqFuI](https://www.youtube.com/watch?v=JGJhI_YqFuI), [https://www.youtube.com/watch?v=f\\_B1t4BRQ94&t=64s](https://www.youtube.com/watch?v=f_B1t4BRQ94&t=64s), and <https://www.youtube.com/watch?v=MKANI-ZWUTY>.

## ***Part 2: Mundell-Fleming Model (Around 650-700 words)***

You must complete this part of the assessment task for your **allocated countries**, with the country allocation indicated in Table 2 below.

**Table 2**

*Country Allocation*

<b><i>Last digit of your <b>eight-digit</b> student ID</i></b>	<b><i>Country</i></b>
0 or 1	Denmark and Austria
2 or 3	Denmark and Germany
4 or 5	Denmark and France
6 or 7	Denmark and Italy
8 or 9	Denmark and Spain

### **PLEASE NOTE:**

- The countries you must use for Part 2 of the research report are based on the **last digit of your complete student ID**. So, for example, if your student ID is 4419435**8**, then your allocated countries for Part 2 are Denmark and Spain.
- The number in your student email address (e.g., S4419435) is **not** your student ID; it misses the last digit (i.e. 8 in this example). A **20-mark penalty** (out of 100 marks) will be applied if you fail to follow the country allocation rules.

Research and report the following for your two allocated countries:

- Determine whether each country's overall fiscal policy change was expansionary or contractionary in 2022. For each country, consider **only** the change in the actual fiscal balance as a proportion of GDP from 2021 to 2022.
- Determine whether each country's overall monetary policy stance for 2022 was looser (expansionary) or tighter (contractionary). Consider the main monetary policy changes in each country.
- Illustrate, explain and briefly compare the expected short-run impact of each country's fiscal-monetary mix of 2022, *ceteris paribus* (that is, holding other things equal), using the appropriate Mundell-Fleming ( $IS^*-LM^*$ ) model. **Assume** the countries are small open economies with free capital flows.

Below are a few tips to consider when writing Part 2.

**TIPS:**

- Part 2 does not require collecting data for economic indicators.
- Revise Topics 7, 8 and 9 before completing Part 2.
- Denmark has a fixed-exchange-rate system, while the other countries are Eurozone countries with a floating exchange rate (euro) – so make sure you use the relevant Mundell-Fleming model for each country.
- Your fiscal balance (government surplus/deficit) sources should be national or multinational agencies, e.g., the [Danish Ministry of Finance](#) or the [OECD](#).
- Your monetary policy sources should be the websites of the relevant monetary policy authorities. Denmark's central bank is Danmarks Nationalbank. But in the case of Eurozone countries, the monetary policy authority is not the country's central bank but the European Central Bank (ECB).
- Cite the relevant sources in Part 2 and include the full reference details of those sources in the reference list at the end of your document (after Part 2).
- For each country, you must include one graph illustrating the short-run effect of the country's fiscal-monetary policy mix according to the relevant Mundell-Fleming diagrams of Topic 7.

## Additional Requirements

Please adhere to the following requirements when compiling your Impact Comparison research report. Penalties will apply, in line with the marking rubric, if you fail to follow these instructions.

**PLEASE NOTE:** You **must use the research report template** on *Blackboard > Assessment > Impact Comparison > Template*. The template includes a **cover sheet**. Complete and include this cover sheet with your submission. Do not start your research report on the cover page. Instead, the first page of your research report should be the page after the coversheet (as in the template).

- **Formatting requirements:**
  - Word document
  - Font type and size: Arial 11
  - Line space: 1.5
  - Word limit: Maximum of 1,000 words
- **Referencing style:** References and citations must be in [APA 7th](#) referencing style.
  - Consult the [APA 7th referencing style](#) guide.
  - You can use direct quotes, provided the total number of quoted words is 20 or less in the research report.
- **Word count:**
  - The word count **excludes** the cover sheet, title, section headings, short tables, figures, table and figure headings, figure notes, and the reference list.
  - The word count **includes** your writing and in-text citations.
- **Tables and graphs:**
  - Your research report (Part 1 and 2 combined) may include a maximum of four (4) tables or figures. You can use a mixture of tables and graphs, provided the total number is no more than four.
  - You **must produce your own figures** rather than cut and paste them from other sources.
  - Insert figures as **images** (pictures) rather than Excel objects in your document.
- **General:**
  - Do not use footnotes or endnotes.
  - Use the marking rubric to guide your assessment planning and writing.
- **Turnitin:**
  - The Turnitin similarity percentage of your report must be **below 15%**.

## REFERENCING TIPS:

- If you directly quote the original content word for word, it must be in quotation marks.
- When to paraphrase and when to quote? Refer to the [Academic Integrity Modules \(AIM\)](#) modules and the [Write, Cite and Submit](#) module. [This guide](#) from the University of Adelaide may also be helpful to you.
- Only use sources written in English.
- You must reference sources for your text and tables.
- You must cite and reference sources even when paraphrasing the original content.
- Having more in-text citations and references will reduce the number of words for the main body. But, having too few in-text citations and references will lessen the report's credibility. Therefore, you need to balance the two.

## SUBMITTING YOUR ASSESSMENT:

- Your research report must be submitted as a Microsoft **Word document** through **Turnitin** on Blackboard.
- While most instances of plagiarism are unintentional (for example, forgetting to close a quotation mark), the Turnitin originality report will reveal any form of plagiarism (intentional or unintentional) and the use of Artificial Intelligence tools. **Your research report should have a Turnitin similarity index value of 15% or less.** From the originality report, the marker will check whether any part of your research report is potentially plagiarised from other sources, which could result in mark penalties, as shown in the marking rubric. Thus, carefully review the originality report before your final submission.
- You can **resubmit** your essay multiple times until the due time. However, Turnitin will only release the Similarity Report after 24 hours from the third resubmission onwards.
- After uploading your research report, click the **Submit to Turnitin** button. Then, download your **digital receipt** in your Assignment inbox to confirm successful submission (refer to the [Turnitin student guide](#)). **No digital receipt, no submission.**
- The deadline for submission is based on the time your assessment has been successfully uploaded on Turnitin, **as recorded by Turnitin**, not the time you tried to upload it.
- Many students fail to meet the deadline because they have internet connection problems on their side, but they mistake it as an IT problem of UQ. If UQ has any internet connection problems, it will keep a record of it.
- The only way to guarantee meeting the deadline is to submit your research report well before the deadline.