

YR 11 Economics Exam

MAJOR EXAM

ALL TOPICS - PRELIMINARY

General Instructions:

- Exam is in two parts – each consisting of 2 sections
- Write using black or blue pen
- Calculators may be used
- Extended response in section IV must be written on extra sheets provided

Section I and II

Reading time: 5mins

Working time: 60mins

Section I Multiple Choice (10 marks)

Section II Short Answer Questions (50 marks)

Section III and IV

Reading time: 5mins

Working time: 60mins

Section III Media Articles (10 marks)

Section IV Long Response (30 marks)

- Attempt either Question A or B from Question 1
- Attempt either Question A or B from Question 2

TOTAL MARKS = /100

RANK = /

Comments:

Section I – Multiple Choice (10 marks)

- 1) What has been the overall impact of technological change on industry?
 - (A) Output has increased along with the prices of products
 - (B) Output has decreased along with the prices of products
 - (C) Output has increased and the prices of products have fallen
 - (D) Output has decreased and the prices of the products have risen

- 2) What are recurring fluctuations in the level of economic activity commonly known as?
 - (A) Prices
 - (B) The Business cycle
 - (C) The wages cycle
 - (D) The circular flow of income

- 3) The average propensity to consume can be summarized as
 - (A) Income divided by consumption
 - (B) Consumption divided by income
 - (C) Savings divided by income
 - (D) Consumption minus savings divided by income

The following information relates to questions 4-5.

$S=160, I=35, G=15, T=75, X=100, M=45$

- 4) In what phase would this economy be in?
 - (A) Equilibrium
 - (B) Expansionary
 - (C) Contractionary
 - (D) Surplus

- 5) What budget outcome does this economy have?
- (A) Undefined
 - (B) Surplus
 - (C) Deficit
 - (D) Balanced
- 6) Which of the following is NOT a goal of a firm?
- (A) Profit maximization
 - (B) Taking over potential rivals
 - (C) Meeting shareholder expectations
 - (D) Increasing market share
- 7) Human capital is best defined as?
- (A) The city where most people live
 - (B) The substitution of labour for capital
 - (C) The productivity of labour compared to capital
 - (D) The stock of knowledge and skills in the economy
- 8) "On costs" is the collective term for?
- (A) The wage costs of employing workers
 - (B) The income earned that is calculated on a yearly basis
 - (C) The workers on wages being encouraged to work longer hours
 - (D) The non wage costs of employing workers
- 9) If the telecommunications market had 15 firms supplying a range of similar products – this would be known as what type of market structure?
- (A) Perfect competition
 - (B) Monopoly
 - (C) Oligopoly
 - (D) Monopolistic competition

10) What is meant by dynamic efficiency?

- (A) When the firm produces the products at the price and quantity that consumers demand
- (B) When the good or service is produced with the least amount of resources
- (C) When the good or service is increased to oversupply the market
- (D) When the business adapts to a changing market

Section II – Short Answer Questions (50 Marks)

1) What is meant by consumer sovereignty? (1 marks)

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2) Describe three factors that affect individual consumer choice (3 marks)

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3) Explain why meeting shareholders' expectations are one of the primary goals of a firm (3 marks)

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4) Explain what is meant by external economies of scale and provide TWO (2) examples
(4 marks)

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5) Discuss the impact of investment and technological change on firms production methods,
prices and employment (6 marks)

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6) What is the law of demand? (2 marks)

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7) Determine why markets are used to determine solutions to the economic problem
(3 marks)

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8) What is the law of supply? (2 marks)

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9) Given *employed persons = 15000* and *unemployed person =245*, calculate the labour force (1 mark)

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10) Given *employed persons = 15000* and *unemployed person = 245*, calculate the unemployment rate (1 mark)

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11) Discuss the importance of employer associations as a labour market institution (2 marks)

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12) By providing one example, how does the impact of technology effect changes in supply?

(3 marks)

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13) Determine what is meant by market equilibrium and provide a diagram with your answer

(3 marks)

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14) If a good or service is said to be elastic –what does this mean in terms of price changes and demand? (4 marks)

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15) Draw a perfectly inelastic demand curve and provide an example of an inelastic good or service (4 marks)

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16) Describe THREE (3) factors affecting elasticity of supply (3 marks)

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17) What are the impacts of labour market trends such as part time work and Casualisation on the overall Australian labour market? (4 marks)

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18) Using a diagram, explain what is meant by ceiling prices and determine why governments may use such a system (3 marks)

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Year 11 Economics

MAJOR EXAM

Section III and IV

Reading time: 5mins

Working time: 60mins

Section III Media Articles **(10 marks)**

Section IV Long Response **(30 marks)**

- Attempt either Question A or B from Question 1
- Attempt either Question A or B from Question 2

Place an X in the appropriate box to indicate which Long Response Question in Section IV you have attempted. Also indicate the number of pages used for that particular question.

QUESTION 1	Attempted Question (X)	No. of pages used
PART A	<input type="checkbox"/>	<input type="checkbox"/>
PART B	<input type="checkbox"/>	<input type="checkbox"/>
QUESTION 2		
PART A	<input type="checkbox"/>	<input type="checkbox"/>
PART B	<input type="checkbox"/>	<input type="checkbox"/>

Section III – Media Article (10 marks)

Read the following media article and stimulus and answer the following questions.

Good news as economy gets \$5b bonus

PHILLIP COOREY

September 30, 2009

A \$5 BILLION boost to the budget bottom line and a near-halving of expected debt has been downplayed by the Federal Government as "a tentative step forward".

The Opposition said it showed the Government exaggerated the threat to revenue posed by the global recession and spent too much money on stimulus.

The final shape of the 2008-09 budget, released yesterday, showed the deficit was \$5 billion less at a still-record \$27 billion. It was forecast in May to be \$32.1 billion. Net debt came in at \$16.1 billion, \$11.5 billion better than expected.

The biggest revenue increase was in company tax, which was \$3.6 billion higher than forecast in May. Mining companies and financial institutions were the main contributors but the Treasurer, Wayne Swan, said this figure was underpinned by a one-off payment by a single company to correct a previous underpayment.

Privacy laws prevented him from naming the company or the amount it paid, he said.

"It's a large one," he said.

He also dismissed most of the remainder of the corporate tax surge as due to isolated events. "It is largely one-off factors and the underlying weaknesses we are talking about are still there when it comes to the private sector and private sector investment."

Economists unanimously predicted the dire predictions for debt, deficit and unemployment contained in the budget would never be realised.

But Mr Swan said the numbers, while welcome, "do not in any way reduce or substantially diminish the fiscal challenge which has been imposed upon Australia by the global recession".

"The numbers today do give us a tentative step forward."

The \$5 billion improvement to the deficit was caused by spending being \$2.2 billion less than anticipated and net revenue being \$2.8 billion higher.

Revenue from personal income tax was \$501 million less than expected mainly because people were working fewer hours to keep their jobs.

The Government shelled out \$369 million more in tax refunds because the lure of a \$900 stimulus payment encouraged more people to complete their tax return by the June 30 deadline.

The shadow treasurer, Joe Hockey, dismissed Mr Swan's downplaying of the corporate tax surge, saying there were "one-off revenue measures every year".

"They can't claim any more that a wrecking ball has put a massive hole in their budget because it is clearly Government expenditure that has done it," he said.

The Westpac senior economist, Andrew Hanlan, said net debt, which was forecast to peak at \$188 billion in 2012-13, would now rise to about \$100 billion.

1) The overall government budget deficit recorded a 5 billion dollar saving – Describe TWO factors that have influenced this outcome. (4 marks)

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2) Determine how fiscal policy is used to stabilize economic activity (3 marks)

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Section IV – Long Response (30 marks)

- Extended response in section IV must be written on extra sheets provided
- Attempt either Question A or B from Question 1
- Attempt either Question A or B from Question 2
- Clearly indicate on the cover page which questions you have attempted

Question 1

- A) Analyse the importance of regulation in financial markets by discussing the roles and functions of the three major financial regulators in Australia. (15 marks)

OR

- B) Explain the role and function of the Australian Share market and determine its impact on the Australian economy through investment, debt and the overall impact on the business cycle (15 marks)

Question 2

- A) Examine the role of the Australian Federal government in areas of redistribution of income, provision of public goods and services, and implementing policies which encourage competition within markets (15 marks)

OR

- B) Governments implement policies that are mostly in the best interests of the people they represent – however there are many factors that influence government economic policy. Outline and discuss the constraints on government implementation of economic policies and also the group influences on government policies in Australia. (15 marks)

END OF EXAM

Question 1:

Criteria	Marks
<ul style="list-style-type: none"> Integrates appropriate economic terms, relevant concepts, relationships and theory Synthesises own knowledge with the economic information provided to develop a sustained, logical and well-structured response Provides a clear and comprehensive understanding of Financial market theory and concepts 	13-15
<ul style="list-style-type: none"> Consistently applies appropriate economic terms, relevant concepts, relationships and theory Uses own knowledge with the economic information provided to develop a logical and structured response Provides a clear understanding of Financial market theory and concepts 	9-12
<ul style="list-style-type: none"> Provides a general understanding of economic terms, relevant concepts, relationships and theory Uses some economic knowledge with the economic information provided to develop a coherent response Provides a general understanding of Financial market theory and concepts 	5-8
<ul style="list-style-type: none"> Uses some economic terms/concepts Presents a limited response Lists some aspects of Financial market theory 	1-4

Question 2:

Criteria	Marks
<ul style="list-style-type: none"> Integrates appropriate economic terms, relevant concepts, relationships and theory Synthesises own knowledge with the economic information provided to develop a sustained, logical and well-structured response Provides a clear and comprehensive understanding of Government economic policy theory and concepts 	13-15
<ul style="list-style-type: none"> Consistently applies appropriate economic terms, relevant concepts, relationships and theory Uses own knowledge with the economic information provided to develop a logical and structured response Provides a clear understanding of Government economic policy theory and concepts 	9-12
<ul style="list-style-type: none"> Provides a general understanding of economic terms, relevant concepts, relationships and theory Uses some economic knowledge with the economic information provided to develop a coherent response Provides a general understanding of Government economic policy theory and concepts 	5-8
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