

Year 11 Economics

Topic Test # 1 REVISION

Short Answer Questions:

1) What is the economic problem? (2 marks)

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2) Identify why it impossible for an economy to be producing outside its production possibility frontier (3 marks)

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3) Explain why we might find our economy producing at a level within (or below) the production possibility frontier (3 marks)

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4) Define consumer and capital goods (2 marks)

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5) Given the following information

Cars	200	150	100	50	0
Trucks	0	40	80	120	160

a) What is the opportunity cost of obtaining the first 40 units of trucks? (1 mark)

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b) What is the opportunity cost of obtaining one unit of truck? (1 mark)

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6) List the four factors of production (4 marks)

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7) Based on the circular flow model, explain what the government would do if it believed that economic activity was too low (3 marks)

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8) Explain the effect on the circular flow of income when total leakages exceed total injections (3 marks)

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13) What is meant by GDP and how does that affect standard of living for Australia? (3 marks)

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14) Outline the features of a welfare state economy (3 marks)

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15) Using the information below, solve the following equations

$$S = 35, I = 75, G = 40, T = 40, X = 95, M = 30$$

In what phase would this economy be in?

What budget outcome would this economy have?

$$S = 50, I = 75, G = 100, T = 85, X = 45, M = 85$$

In what phase would this economy be in?

What budget outcome would this economy have?

$$S = 45, I = 25, G = 55, T = 90, X = 55, M = 90$$

In what phase would this economy be in?

What budget outcome would this economy have?