

# ECONOMICS OF EVERYTHING ROUNDUP

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**1.** How can a government increase economic activity?

- ☐ (A) increase leakages through spending more money
- ☐ (B) increase leakages through higher taxation
- ☐ (C) increase injections through lower tax
- ☐ (D) increase injections through higher spending

**2.** Which of the following best describes the effect of a recession on a government's taxation revenue and social welfare or transfer payments?

- ☐ (A) Tax revenue increases & social security payments decrease
- ☐ (B) Tax revenue increases & social security payments increase
- ☐ (C) Tax revenue decreases & social security payments increase
- ☐ (D) Tax revenue decreases & social security payments decrease

**3.** Which of the following is an advantage of the Australian economy's method of income distribution?

- ☐ (A) it provides an economic incentive for people to work hard and be innovative
- ☐ (B) it rewards all workers with fair and equal income
- ☐ (C) it results in no difference to income levels across various sectors of the economy
- ☐ (D) it provides no income to those who are unable to contribute to the production process

**4.** what is meant by the term individual demand?

- ☐ (A) Each consumer's preference for higher income
- ☐ (B) A particular consumer's preference for consumption compared to saving
- ☐ (C) Each firm's demand for more customers
- ☐ (D) A consumer's demand for a particular good or service

**5.** Which of the following is likely to encourage an individual to consume rather than save?

- ☐ (A) Lower tax on superannuation
- ☐ (B) Expectations of a lower income in the future
- ☐ (C) Cheaper access to credit
- ☐ (D) Expectations of an overseas holiday in the near future

**6.** Which of the following are complementary goods?

- ☐ (A) Coke and Pepsi
- ☐ (B) Cars and fuel
- ☐ (C) Bananas and apples
- ☐ (D) Laptops and tablets

**7.** Which of the following best describes ethical decision-making by businesses?

- ☐ (A) Business decisions seeking to maximise profit and meet shareholder expectations
- ☐ (B) Business decisions that are influenced by the impacts they have on broader society
- ☐ (C) Business decisions by not-for-profit organisations
- ☐ (D) Business decisions that aim to abide by the law

**8.** Which of the following is a positive impact that new technologies have on employment in Australia?

- ☐ (A) Many boring jobs have become redundant
- ☐ (B) Australian manufacturers cease domestic production and move offshore
- ☐ (C) New job opportunities are created in the IT and service industries
- ☐ (D) Increased imports

**9.** If the price of 3D printers increases, which of the following is likely to occur?

- ☐ (A) The quantity of 3D printers demanded will increase
- ☐ (B) The quantity of 3D printers demanded will remain unchanged
- ☐ (C) The quantity of printer cartridges demanded will increase
- ☐ (D) The quantity of printer cartridges demanded will decrease

**10.** Which of the following best describes a contraction of demand?

- ☐ (A) A price rise in a good causes quantity demanded to decrease
- ☐ (B) A price fall in a good causes quantity demanded to decrease
- ☐ (C) A price rise in a good causes quantity demanded to increase
- ☐ (D) A price fall in a good causes quantity demanded to increase

**11.** What does a horizontal demand curve indicate?

- ☐ (A) Perfect demand
- ☐ (B) Unit elastic demand
- ☐ (C) Perfectly elastic demand
- ☐ (D) Perfectly inelastic demand

**12.** What would cause a supply curve to shift to the right?

- ☐ (A) An improvement in technology that lowers the cost of production
- ☐ (B) A rise in the price of other goods
- ☐ (C) An increase in the price of the good
- ☐ (D) new regulations that require buyers to obtain a licence before buying the good.

**13.** The government decides to decrease the youth minimum wage. What effect would this be expected to have on the supply of fast food?

- ☐ (A) A contraction in the supply of fast food
- ☐ (B) An increase in the supply of fast food
- ☐ (C) An expansion in the supply of fast food
- ☐ (D) A decrease in the supply of fast food

**14.** What does the participation rate measure?

- ☐ (A) The proportion of the total population that is in the labour force
- ☐ (B) The proportion of the working-age population that is in the labour force
- ☐ (C) The proportion of the working-age populations that is employed
- ☐ (D) The proportion of the working-age population that is unemployed

**15.** In which of the following situations would unemployment be likely to increase in the short-term?

- ☐ (A) Aggregate demand and labour productivity are both rising
- ☐ (B) Aggregate demand and labour productivity are both falling
- ☐ (C) Aggregate demand is rising, and labour productivity is falling
- ☐ (D) Aggregate demand is falling, and labour productivity is rising

- 16.** Which of the following best describes the impact of an economic downturn on the demand for labour?
- ☐ (A) Falling unemployment levels
  - ☐ (B) Increased demand for labour
  - ☐ (C) Rising unemployment levels
  - ☐ (D) No effect on demand for labour
- 17.** Which of the following financial products is likely to have the highest interest rate?
- ☐ (A) Housing loan
  - ☐ (B) Short-term money market loan
  - ☐ (C) Unsecured loan to a small business
  - ☐ (D) Bond issued by a blue-chip corporation
- 18.** An investor buys shares in a company. The share price increase and the investor sells the shares at the higher price. Which of the following best describes the investor's situation?
- ☐ (A) the investor was involved in the management of the firm
  - ☐ (B) The investor has received a dividend
  - ☐ (C) The investor made a capital gain
  - ☐ (D) The capital has made a capital loss
- 19.** Which of the following best describes the difference between primary financial markets and secondary financial markets?
- ☐ (A) Primary markets involve transaction with financial assets while secondary markets facilitate the creation of those financial assets
  - ☐ (B) Primary markets are situated in a physical location while secondary markets only occur over computerised systems
  - ☐ (C) Primary markets facilitate the creation of financial assets while secondary markets involve transactions with those assets
  - ☐ (D) Primary markets involve transactions between investors while secondary markets involve transactions between companies and investors
- 20.** Which of the following is an example of a policy that a government can utilise to limit market failure arising in the distribution of income?
- ☐ (A) Ensuring that firms remain competitive, by limiting the abuse of market power
  - ☐ (B) Increasing the national minimum wage
  - ☐ (C) Reducing subsidies for childcare places
  - ☐ (D) Imposing taxes and bans on firms that contribute to negative externalities