

External assessment 2024

Multiple choice question book

Economics

General instruction

- Work in this book will not be marked.

Section 1

Instruction

- Respond to these questions in the question and response book.
-

QUESTION 1

In the Australian federal budget, the spending component that has increased most significantly over the past five years is

- (A) the National Disability Insurance Scheme.
- (B) public order and safety.
- (C) childcare subsidies.
- (D) medical benefits.

QUESTION 2

The principal medium-term objective of monetary policy is to

- (A) influence the value of the Australian dollar.
- (B) increase gross domestic product.
- (C) reduce structural employment.
- (D) control inflation.

QUESTION 3

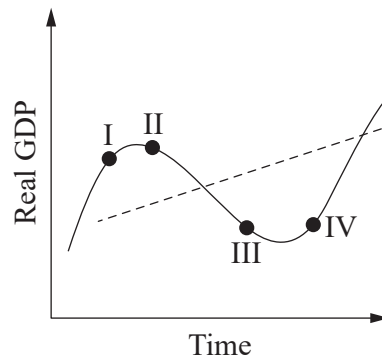
Ceteris paribus, what is the effect of a significant increase in migration to Australia?

- (A) The labour supply curve expands.
- (B) The aggregate demand curve expands.
- (C) The aggregate supply curve shifts to the left.
- (D) The housing demand curve shifts to the right.

THIS PAGE WILL NOT BE MARKED

QUESTION 4

At which point in the economic cycle should an increase in the cash rate have the desired effect?



- (A) I
- (B) II
- (C) III
- (D) IV

QUESTION 5

Which is an example of an automatic stabiliser?

- (A) infrastructure expenditure
- (B) electric vehicle subsidies
- (C) unemployment benefits
- (D) veteran payments

THIS PAGE WILL NOT BE MARKED

QUESTION 6

Which of the following is **not** an aim of microeconomic reform?

- (A) reducing unemployment in the short run
- (B) improving the productivity of sectors in the long run
- (C) enhancing the international competitiveness of targeted industries
- (D) changing the allocation of economic resources to specific industries

QUESTION 7

Ceteris paribus, a shift in the long run aggregate supply curve should occur when

- (A) household saving ratios fall.
- (B) average pension age decreases.
- (C) median household income increases.
- (D) worker productivity remains constant.

QUESTION 8

The Australian government is aiming to achieve sustainable budgets over time. Which factor makes this challenging?

- (A) heavy reliance on direct taxation
- (B) higher retirement age of employees
- (C) change in the demographic structure in the economy
- (D) greater infrastructure funding after national flood events

THIS PAGE WILL NOT BE MARKED

QUESTION 9

Assume the economy is at a trough position on the economic cycle.

ECONOMIC UPDATE

- A tighter overseas monetary policy is expected to contribute to weaker global GDP growth.
- International supply chain delays are reducing.
- The university sector is moving to online teaching to reach international students.

What should the monetary policy stance be after the updated economic data is taken into account?

- (A) expansionary, because there will be less injections from the international sector
- (B) neutral, because income flow between some sectors is balanced
- (C) neutral, because supply chains are developing new trade routes
- (D) contractionary, because the economy is expanding

QUESTION 10

Assume this current data represents an economy similar to Australia's economy.

Unemployment 4.0%	Underemployment 5.8%	Underlying inflation 6.5%	Headline inflation 7.3%
Non-accelerating inflationary rate of unemployment 3.8%	Real gross domestic product per annum 1.8%	Wage Price Index 3.1%	Public debt 120% of GDP

Ceteris paribus, which are the appropriate economic management decisions?

- (A) monetary policy contractionary and fiscal policy expansionary
- (B) monetary policy contractionary and fiscal policy neutral
- (C) monetary policy neutral and fiscal policy contractionary
- (D) monetary policy neutral and fiscal policy neutral

THIS PAGE IS INTENTIONALLY BLANK

THIS PAGE IS INTENTIONALLY BLANK



© State of Queensland (QCAA) 2024

Licence: <https://creativecommons.org/licenses/by/4.0> | Copyright notice: www.qcaa.qld.edu.au/copyright — lists the full terms and conditions, which specify certain exceptions to the licence. | Attribution: © State of Queensland (QCAA) 2024