

**University of Queensland School of Economics**

**QETA Economics Competition 2023**

**Year 12 TEST PAPER**

Instructions

1. **Time**: 35 minutes only, in one sitting.
2. **Supervised conditions**
	* No mobile phones.
	* No access to textbooks or to an internet browser.
	* Individual work. No collaboration or assistance from other students or teacher/s.
	* Teachers to supervise actively otherwise prizes may not be able to be awarded.
3. **Responses**
	* Record your name, school name and teacher name in the survey form.
	* Record your answers in the online response form by ticking only one answer per question.

QUEENSLAND ECONOMICS TEACHERS’ ASSOCIATION INC. gratefully acknowledges the support of the School of Economics, University of Queensland for their continuing sponsorship of the QETA/UQ Student Economics Competition for Queensland Schools.

1. Which country is Australia’s largest trading partner?
2. China
3. India
4. Japan
5. America
6. In what circumstances is an economy said to be in a recession?
7. GDP growth falls in one quarter compared with the previous quarter.
8. GDP growth falls for two consecutive quarters.
9. GDP falls for two consecutive quarters.
10. GDP falls for two consecutive years.
11. What is a problem the Australian economy is currently facing?
12. continued supply chain disruptions
13. the level of underemployment
14. falling discretionary income
15. current account surplus
16. The May 2023 unemployment Rate in Australia was
17. 2.6%.
18. 3.6%.
19. 4.6 %.
20. 5.6%.

1. What is Australia’s population in 2023?
2. 36 million
3. 32 million
4. 26 million
5. 22 million
6. Who is the new Reserve Bank of Australia Governor, starting in September 2023?
7. Phillip Lowe.
8. Peter Dutton.
9. Marion Kohler.
10. Michele Bullock.
11. With which form of economy is the term “laissez faire” associated with?
12. barter economy
13. primary economy
14. free market economy
15. command economy
16. The rate of interest for home loans in Australia is a decision made by
17. the lendors.
18. the borrowers.
19. the Federal treasurer.
20. the Reserve Bank of Australia.
21. The inflation target in Australia
22. is currently 6-7 %.
23. aims to anchor price expectations.
24. impacts the living standards of households.
25. is determined monthly by the Reserve Bank of Australia.
26. Choose the correct option for June 2023.

|  |  |  |
| --- | --- | --- |
|  | Australia’s current Finance minister | Queensland’s current Treasurer |
| A | Jim Chalmers | Katy Gallagher |
| B | Cameron Dick | Jim Chalmers |
| C | Jim Chalmers | Anastacia Palaszczuk |
| D | Katy Gallagher | Cameron Dick |

1. Nations conduct international trade because
2. wage costs differ amongst trading nations.
3. trade ensures opportunities to increase profits.
4. resources are not equally distributed amongst nations.
5. some nations prefer to produce one thing whilst others produce other things.
6. Factor conditions in Michael Porter’s Theory of Competitive Advantage include
7. market size.
8. demand conditions.
9. Internationally competitive suppliers.
10. skilled labour and scientific knowledge.
11. Two countries, Upland and Downland, are each capable of producing two goods as shown in the table.

|  |  |
| --- | --- |
| **Country** | **Hours of labour required to produce I unit**  |
| **Dresses** | **Watches** |
| Upland  | 5 | 8 |
| Downland | 15 | A |

If neither country has a comparative advantage in either good, what is the value of ‘A’ in the table?

1. 24
2. 12
3. 8
4. 4
5. The information below refers to two countries, Goatland and Sheepland, producing rice and grapes.

Relative opportunity costs are constant in each country. If Goatland and Sheepland specialise completely in the production of either rice or grapes, the production possibilities are as shown in the table.

|  |  |  |
| --- | --- | --- |
|  | Rice (units) | Grapes(units) |
| Goatland | 300 | 200 |
| Sheepland | 400 | 100 |

Which one of the following rates of exchange between rice and grapes could occur if Goatland and Sheepland traded freely?

1. 6 units of rice for I unit of grape
2. 2 units of rice for I unit of grape
3. I unit of rice for 2 units of grape
4. I unit of rice for 6 units of grapes
5. If the terms of trade of a country has worsened, it can be concluded that its
6. imports have increased in total value more than its exports.
7. exports have become cheaper in relation to its imports.
8. gold and foreign currency reserves have fallen.
9. currency has appreciated.
10. The data below refers to the exports and imports of a country (year on year percentage change in value).



From the data it can be said that the country’s

1. terms of trade in 2021 have worsened.
2. current account deficit has deteriorated.
3. balance of trade in 2021 has gone into a deficit.
4. export revenue in 2021 is higher than in the previous years.
5. Globalisation results in:
6. short term unused labour resources.
7. lesser competition among producers.
8. greater production in domestic firms.
9. long term trade protection for domestic industries.
10. It is sometimes argued that protecting an industry by a tariff results in higher money wages for the workers in that industry than would otherwise be the case.

Which one of the following statements provides an acceptable argument against tariffs?

1. Tariffs cannot increase money wages in any industry.
2. Any increase in real wages is likely to lead to inflation.
3. Workers in other industries will suffer a loss in real wages.
4. Workers in the protected industry will suffer a loss in real wages.
5. Which of the following it NOT an effect of increasing global trade protection measures?
6. loss of domestic jobs
7. less excise revenue for the government
8. reduction in multi-country trade agreements
9. slower increase in domestic productive capacity
10. A British toy manufacturer sets its prices in pounds sterling and sells 100 toys per week in the USA, at a price of 2 pounds when the exchange rate is one pound equals $2. The demand curve for this product in the USA has unit price elasticity.

Assuming an unchanged sterling price, what is the maximum number of toys per week the manufacturer can sell if the exchange rate changes to

one pound equals $2.50?

1. 60
2. 80
3. 110
4. 125
5. Which one of the following is likely to be deflationary?
6. An appreciation of the currency
7. A reduction in the rate of personal income taxes
8. An increase in first home grants
9. A decrease in the marginal propensity to save
10. The multiplier effect of an increase in government spending on national income is weakened by
11. a fall in inflation.
12. a fall in interest rates.
13. an increase in the propensity to import.
14. an increase in the propensity to consume.
15. When foreign multinational companies operating in Australia repatriate profits, how is this recorded in Australia’s balance of payments?
16. As a credit in the current account
17. As a debit in the current account
18. As a credit in the capital and financial account
19. As a debit in the capital and financial account
20. An increase in hidden unemployment is very likely to occur when there is a decrease in the
21. number of discouraged workers.
22. general level of unemployment.
23. level of cyclical unemployment.
24. labour force participation rate.
25. Australia’s aggregate supply curve will shift to the left when
26. businesses increase expenditure on skilling up employees.
27. demand increases, causing producers to produce more.
28. hailstorms damage agricultural crops.
29. profit margins rise in real terms.
30. All other things being equal, Australia’s current account deficit is most likely to increase when there is
31. an increase in the Federal Government’s budget surplus.
32. repayment of Australia’s foreign debt.
33. a decrease in Australia’s foreign aid.
34. a decrease in national savings.
35. Review the labour data provided.

|  |  |  |
| --- | --- | --- |
| **Year** | **One** | **Five** |
| Part time workers |  200 000 | 210 000 |
| Full time workers  |  600 000 | 640 000 |
| Long term unemployed |  20 000 |  40 000 |
| Unemployed persons |  100 000 | 110 000 |
| Working age population | 1 500 000 | 1 570 000 |

Based on the data above of a country, what is the change in the labour force between Year one and year five?

1. 40 000
2. 60 000
3. 70,000
4. 80 000
5. Which option explains the event represented in the graph?



1. A converse relationship between unemployment and inflation.
2. An increase in production capacity in the economy.
3. Inflation expectations due to supply push inflation.
4. Decreasing price levels over time.

29. When an economy is in an expansionary phase of the business cycle, it is most likely that

1. GDP and employment rate are increasing, and business investment is decreasing.
2. GDP and consumer confidence are increasing, and employment rate is falling.
3. GDP and inflation are increasing, and business confidence is decreasing.
4. GDP and wages are increasing, and unemployment rate is decreasing.

30. In which phase of the economic cycle will the cost of living most likely increase?

1. at the peak
2. at the trough
3. downswing
4. upswing