



University of Queensland School of Economics QETA Economics Competition 2021

YEAR 11 Test Paper

INSTRUCTIONS:

1. **TIME – 45 minutes only.**

2. **CONDITIONS**

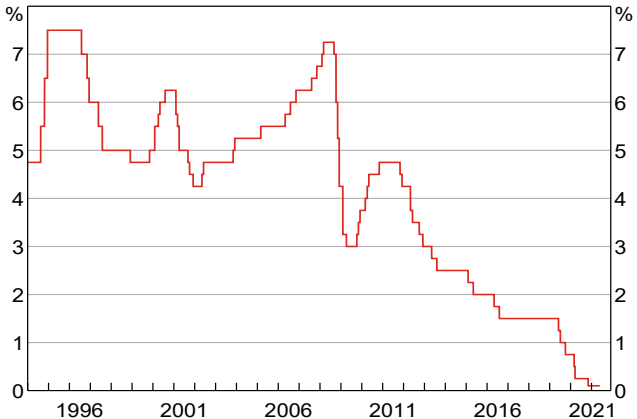
- **Supervised examination.**
- **No access to text-books or internet.**
- **No collaboration or help from other students or teacher(s).**

3. **RESPONSES**

- **Record your answers on the separate answer sheet provided.**
- **Use 2B pencil to shade in the circle which indicates your choice of the correct answer from the alternatives provided.**
- **Only one choice per question is allowed.**
- **Ensure your name, school name and teacher's name are printed legibly.**

QUEENSLAND ECONOMICS TEACHERS' ASSOCIATION INC. acknowledges the support of the School of Economics, University of Queensland for their continuing sponsorship of the Student Economics Competition for Queensland Schools.

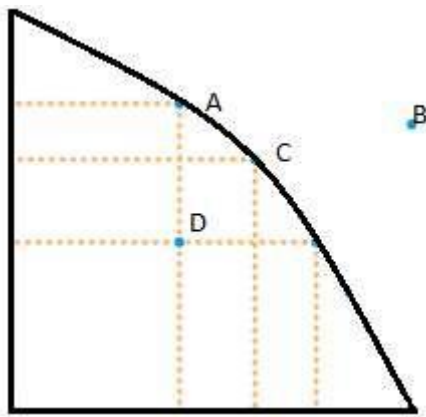
2021 UQ ECONOMICS COMPETITION Year 11 Questions

- Who is the current Prime Minister of Australia?
 - Anastasia Palaszczuk
 - Gladys Berejiklian
 - Josh Frydenberg
 - Scott Morrison
 - The current inflation rate is closest to:
 - 2.5%
 - 2.0%
 - 1.6%
 - 1.1%
 - Since 2021, Australia's Gross Domestic Product Per Capita has:
 - Increased
 - Decreased
 - Been volatile
 - Remained stable
 - The AUD/US exchange rate at the end of the 2020-21 financial year was approximately:
 - 0.55
 - 0.65
 - 0.75
 - 0.85
 - Queensland's treasurer is:
 - Steven Miles
 - Cameron Dick
 - David Crisafulli
 - Josh Frydenberg
 - The Australian unemployment rate at the end of June 2021 was closest to:
 - 5.0%
 - 5.5%
 - 6.0%
 - 6.5%
 - The minimum hourly wage for an adult in Australia is:
 - > \$20
 - \$19 - \$20
 - \$18 - \$19
 - < \$18
 - Economic output of the Australian states shows that the powerhouse state currently is:
 - Victoria
 - Queensland
 - New South Wales
 - Western Australia
 - The RBA reports in June 2021, that of the following Australian industries, the most productive in terms of output is:
 - Mining
 - Construction
 - Manufacturing
 - Health and Education
 - The image (below) showing the Australian cash rate over time indicates for the last decade:
 - Expansionary fiscal policy
 - Contractionary fiscal policy
 - Expansionary monetary policy
 - Contractionary monetary policy
- 
- Source: RBA
- The four economic questions that every economic system must answer are:
 - What to produce, how to produce, how much to produce, how to distribute
 - What to produce, when to produce, how much to produce, how to distribute
 - What to produce, how to produce, how much to produce, how to trade
 - What to produce, how to produce, why produce, how to distribute
 - Which policy is Treasury most responsible for implementing?
 - Trade Policy
 - Fiscal Policy
 - Monetary Policy
 - Microeconomic Reform
 - In which situation is Fiscal Policy most effective?
 - Reducing cost inflation
 - Changing interest rates
 - Reducing the budget deficit
 - Increasing aggregate demand

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- 14 The simplest way for the government to reduce its deficit is to
- reduce tax revenue
 - reduce the tax rates
 - broaden the tax base.
 - cut back government expenditure
- 15 In Economics, the next best alternative is called?
- Primary choice
 - Opportunity cost
 - Economic demand
 - Preferential substitute

Please refer to the following Production Possibilities diagram for the next two questions (qu 16 & 17).

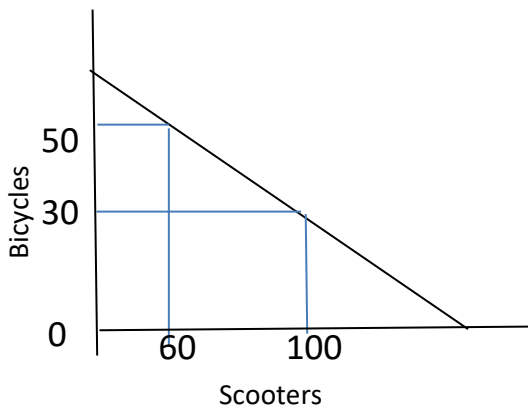


- 16 Which point on the diagram is not possible with current level of technology?
- A
 - B
 - C
 - D
- 17 Which point on the diagram demonstrates an under-utilisation of resources?
- A
 - B
 - C
 - D
- 18 Which of the following requirements does not need to be satisfied before an economist can classify something as a resource?
- Renewable
 - Accessible
 - Capacity
 - Known

- 19 The assumptions of the production possibilities frontier model include:
- All resources are fixed in supply but can be easily transferred from production of one good to the production of another.
 - The level of technology is constant.
 - Neither of the above
 - Both A and B
- 20 An economic concept, which cannot be explained with the aid of opportunity cost is:
- Relative scarcity
 - Government spending
 - The economic problem
 - The circular flow model
- 21 Which of the following can be considered an injection into the circular flow of economic activity?
- Taxes
 - Japanese imports
 - Old age pensions
 - Foreign Aid provided by the government to help earthquake victims in Taiwan
- 22 According to the circular flow model, which of the following is true?
- Households are demanders in both the resource and factor markets.
 - Firms are suppliers in both the resource markets and the product markets.
 - Households are demanders in the resource markets and suppliers in the product markets.
 - Firms are demanders in the resource markets and suppliers in the product markets.
- 23 Consider the following information: Government Spending = 50, Savings = 100, Taxes = 80, Imports = 60, Investment = 90, Exports = 95. Determine the state of the economy.
- Economy has contracted
 - Economy is in equilibrium
 - Economy has expanded
 - Economy is stagnant
- 24 What term describes expenditure on goods not for current consumption and/or are used to add to the stock of capital used in production?
- Expenditure
 - Investment
 - Savings
 - Exports

2021 UQ ECONOMICS COMPETITION Year 11 Questions

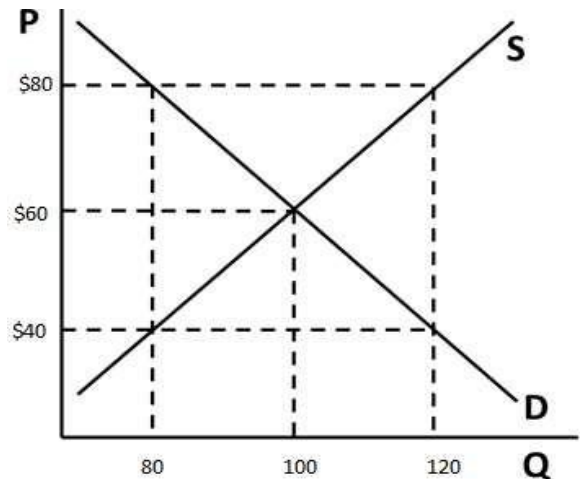
The following diagram shows a production possibility curve for bicycles and scooters in an economy.



- 25 According to the diagram above, what is the opportunity cost of increasing bicycle output from 30 to 50?
- 20 units of bicycles
 - 50 units of bicycles
 - 40 units of scooters
 - 100 units of scooters
- 26 A student is forced to go shopping with his parents on a Saturday morning. During this shopping expedition, his parents buy him a new smart watch. The opportunity cost of this shopping expedition for the student is:
- the purchase price of the smart watch
 - zero, because his parents paid for everything
 - the value to the student of the best alternative use of his time on this Saturday morning
 - about \$45 - calculated as 3 hours (the total time of the shopping trip) x \$15 per hour, which is the hourly wage he receives at work on Thursday nights
- 27 The law of diminishing marginal utility states that:
- as more of a commodity is consumed, total satisfaction diminishes
 - the satisfaction obtained from the consumption of the commodity diminishes
 - as more units of a commodity are produced the price of the commodity will fall
 - each successive unit of a commodity consumed gives less satisfaction
- 28 A decrease in the price of ice cream will increase the quantity demanded because:
- the lower price means purchasing power has fallen

- ice cream is an elastic product
- consumers purchase based solely on marginal utility
- consumers will purchase this product instead of more expensive alternatives

Refer to following demand and supply diagram for the next two questions (qu 29 & 30).



- 29 At price \$40, which of the following would occur?
- shortage of 20
 - shortage of 40
 - surplus of 40
 - surplus of 20
- 30 What would be the effect of a price set at \$80?
- demand would increase
 - shortage of 120
 - shortage of 40
 - surplus of 40
- 31 A new fast food restaurant opens in your town. Then, a new book is released that exposes the high calorie contents of fast food. This will result in the following:
- increase in supply, then decrease in demand, resulting in lower prices
 - decrease in supply, then decrease in demand, resulting in lower prices
 - decrease in demand, then decrease in supply, resulting in lower prices
 - increase in supply, then further increase in supply, resulting in higher prices
- 32 Which of the following products is most likely to be price inelastic?
- a Ford Ranger utility
 - cough medicine
 - smart TV
 - Netflix

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- 33 A 10 percent increase in excise tax on beer imposed with the aim of increasing revenue indicates a belief that demand will probably be:
- income elastic
 - price inelastic
 - price elastic
 - extended
- 34 An increase in taxation will have less of an impact on consumer spending, if the demand for goods and services is
- Marginal
 - Unit elastic
 - Relatively elastic
 - Relatively inelastic
- 35 A surfboard manufacturer finds that he if he reduces his price from \$400 to \$300 per board, his sales for the summer rise from 500 to 1000. The price elasticity of demand is:
- 2.50
 - 2.83
 - 3.00
 - 4.00
- 36 Jimmy experiences a utility value of 50 by consuming a pizza. Consuming a second pizza increases the utility value by 10. Which of the following statements is true?
- The marginal utility of the first pizza is 10
 - The marginal utility of the second pizza is 10
 - The marginal utility of the second pizza is 40
 - The total utility of consuming two pizzas is 60
- 37 Four factors of production may be described as:
- Labour / Natural Resources / Entrepreneurial Ability / Human-made instruments of production
 - Natural Resources / Land / Money / Entrepreneurship
 - Money / Capital / Labour / Natural Resources
 - Markets / Capital / Land / Economy
- 38 Which one of the following is the most appropriate description of the characteristics of a public good?
- it must benefit the whole economy
 - it is paid for by community-minded investors
 - once the good is provided, it is possible to exclude people from consuming it
 - consumption by one person does not diminish the quantity available for others
- 39 In a simple circular flow model, the Brisbane Broncos Rugby League Club is:
- a producer that demands resources and supplies outputs
 - a producer that demands outputs and supplies services
 - a producer that owns factors of production and earns income as a result
 - a household that provides the resources necessary for firms to produce.
- 40 The diagram below shows the demand and supply curves for Hot Pies at Cbus Stadium for this year's third State of Origin game. Which of the following is most likely to cause the demand curve for Hot Pies to shift to the right?
- a bigger than expected crowd
 - a jump in the price of hot chips
 - a fall in the price of hot pies to \$4.50
 - a perceived fall in the quality of hot pies.

