

Economics

Practice Questions

VCE



Instructions

Individual, exam-style questions

The questions contained in this booklet match the style of questions that are typically asked in exams. This booklet is not however, a practice exam. Elevate's research with top students identified that top students do more practice questions than anyone else. They begin the process of testing their knowledge early in the year.

Therefore, we have provided exam-format questions that are sorted by topic so that you can answer them as you learn the information, rather than waiting until the very end of the year to complete exams.

Comments, questions?

Let us know if you need any further advice by visiting www.elevateeducation.com. You can comment on any of our material, or head to the FAQ section and ask us a question. Also, you can find us on social media so you can stay up to date on any brand new tips we release throughout the year.

Other information

Every effort has been made to ensure the accuracy of the information expressed in this booklet, but no warranty or fitness is implied. If you'd like to provide any feedback on this booklet, let us know at admin@elevateeducation.com.

Finally, except as provided by the Copyright Act 1968, no part of this publication may be reproduced, stored in a retrieval system, or transmitted by any means without prior written consent of the publisher.

Unit 1: Choices and Consequences

1. Evaluate Gross Domestic Product (GDP) as a measure of economic welfare.
2. Outline FOUR causes of inflation.
3. Identify the components of Aggregate Demand and explain their relationship.
4. Suggest two methods by which a government can improve Aggregate Supply.
5. Explain how changes in Australia's economic growth would affect each of the Australian Government's economic policy objectives.
6. Discuss how can government fiscal policy and regulations be used to manage the natural environment?

Unit 2: Economic change: issues and challenges

1. Identify TWO other methods of measuring labour markets other than the unemployment rate.
2. Outline THREE economic and social costs of unemployment.
3. Explain the impact of labour market policy on TWO types of unemployment.
4. Analyse the effect of an increase in the minimum wage on the labour market. Assume that the minimum wage is either on par with or above the equilibrium wage.
5. Explain THREE types of unemployment and explain how the government can adjust fiscal policy to address these types of unemployment.
6. Discuss the implications of full employment in the economy.

Unit 3: Economic Activity

1. Evaluate the effect of a sales tax on consumers, retailers and governments.
2. Discuss the policy objectives of the Reserve Bank of Australia.
3. Describe TWO reasons why the RBA has continued to reduce interest rates over the last few years, and explain how these changes are likely to affect the components of aggregate expenditure.
4. Define foreign direct investment.
5. Examine how strong economic growth among Australia's major trading partners, e.g. China and Japan, can affect the components of aggregate expenditure and the business cycle in Australia.

Unit 4: Economic Management

1. Explain the effects of globalisation on the GDP of a nation other than Australia.
2. Evaluate the impact of trading blocs and other forms of trade agreements on promoting globalisation.
3. Discuss the impact of a high rate of domestic inflation relative to international rates of inflation. Outline the mechanisms available to respond to high rates of inflation.
4. In April 2013, the Australian dollar was worth US \$1.05. It depreciated to a low of US \$0.89 in August 2013.
5. Explain and demonstrate how the value of the Australian dollar is determined and describe FOUR possible causes of the depreciation of the Australian dollar between April 2013 and August 2013. Use a diagram to illustrate your answer.
6. Explain the likely effects of this depreciation of the Australian dollar on Australia's balance of payments.
7. Analyse the effects of protectionist policies on the Australian economy.
8. Explain and evaluate THREE arguments for and THREE arguments against trade liberalisation for the Australian economy.

Unit 3AECO: Australia and the Global Economy

1. Discuss the impact of a high rate of domestic inflation relative to international rates of inflation. Outline the mechanisms available to respond to high rates of inflation.
2. In April 2013, the Australian dollar was worth US \$1.05. It depreciated to a low of US \$0.89 in August 2013.
3. Explain and demonstrate how the value of the Australian dollar is determined and describe FOUR possible causes of the depreciation of the Australian dollar between April 2013 and August 2013. Use a diagram to illustrate your answer.
4. Explain the likely effects of this depreciation of the Australian dollar on Australia's balance of payments.
5. Analyse the effects of protectionist policies on the Australian economy.
6. Explain and evaluate THREE arguments for and THREE arguments against trade liberalisation for the Australian economy.
7. Define foreign direct investment.
8. Examine how strong economic growth among Australia's major trading partners, e.g. China and Japan, can affect the components of aggregate expenditure and the business cycle in Australia.
9. Explain the effects of globalisation on the GDP of a nation other than Australia.
10. Evaluate the impact of trading blocs and other forms of trade agreements on promoting globalisation.