VCE Economics
2010–2015
Written examination – End of year

Examination specifications

Overall conditions

The examination will be sat at a time and date to be set annually by the Victorian Curriculum and Assessment Authority (VCAA). VCAA examination rules will apply. Details of these rules are published annually in the *VCE and VCAL Administrative Handbook*.

There will be 15 minutes reading time and 2 hours writing time.

The examination will be marked by a panel appointed by the VCAA.

The examination will contribute 50 per cent to the study score.

Content

All outcomes of Units 3 and 4 of the *VCE Economics Study Design* will be examined.

All key knowledge and key skills underpinning the outcomes are examinable.

Format

The examination will be in the form of a question and answer book.

The examination will comprise two sections.

Section A will be worth 30 marks and will consist of 15 multiple-choice questions each worth 2 marks. Students will be required to answer all questions from Section A on a multiple-choice answer sheet.

Section B will be worth 60 marks and will consist of short-answer and extended-response questions. Students will be required to provide answers to questions in Section B in the spaces allocated in the question and answer book. If students require more space, they may continue their answers in the space provided at the end of the book.

All questions will be compulsory. The total marks for the examination will be 90.

Advice

During the 2010–2015 accreditation period for VCE Economics, examinations will be prepared according to the examination specifications above. Each examination will conform to these specifications and will test a representative sample of key knowledge and key skills.

The following sample questions are intended to demonstrate how new aspects of Units 3 and 4 of VCE Economics may be examined. They do not constitute a full examination paper.

No answers are provided for sample questions.

The following documents should be referred to in relation to the VCE Economics examination.

• *VCE Economics Study Design 2010–2015* and the section 'Advice for teachers'
• *VCE Economics Assessment Handbook 2010–2015*
• *VCAA Bulletin VCE, VCAL and VET*

www.theallpapers.com

Sample questions

SECTION A – Multiple-choice questions

Question 1

An increase in the price of fresh vegetables will most likely result from

A.   a decrease in the price of a substitute product.

B.   major drought experienced in agricultural areas.

C.   an increase in the price of a complementary product.

D.   a decrease in the price of fertilisers used in vegetable growing.

Question 2

Brown coal is used to make electricity in Victoria.

An increase in the price of brown coal may be the result of

A.   an appreciation of the Australian dollar.

B.   an increase in the use of energy efficient products.

C.   a shortage of power available from renewable sources.

D.   a decrease in the price of electricity generated by wind farms.

Question 3

The price elasticity of demand for Nokia mobile telephones is likely to increase when

A.   a new competitor enters the mobile phone market.

B.   the government grants all workers a generous income tax cut.

C.   production is shifted to a country where average wages are lower.

D.   more features are made available to consumers of mobile phone technology.

Question 4

A decrease in the supply of labour is likely to lead to a

A.   lower equilibrium wage and lower quantity of labour.

B.   lower equilibrium wage and higher quantity of labour.

C.   higher equilibrium wage and higher quantity of labour.

D.   higher equilibrium wage and lower quantity of labour.

Question 5

Which of the following is the likely result of a successful advertising campaign for a product?

A.   an increase in demand and the creation of a more inelastic demand curve

B.   an increase in supply and the creation of a more inelastic supply curve

C.   an increase in demand and the creation of a more elastic demand curve

D.   an increase in supply and the creation of a more elastic supply curve

Question 6

The market failure resulting from asymmetric information is **unlikely** to be minimised by

A. use of independent reviews by consumers.

B. the formulation of a firm's code of conduct.

C. legislation which entitles consumers to a refund if they purchase a faulty product.

D. stringent penalties on those firms who engage in misleading and deceptive conduct.

Question 7

An industry that is categorised as an oligopoly is **unlikely** to have

A. high barriers to entry.

B. a number of recognisable brands.

C. a high degree of product differentiation.

D. a large number of small independent suppliers who are price takers.

Question 8

Which of the following characteristics is likely to be missing from a market that is categorised as monopolistic competition?

A. homogenous goods

B. a high degree of competition

C. low barriers to enter and exit the market

D. a large number of buyers and sellers who are price takers

SECTION B – Written responses

Question 1

a. Outline two characteristics of a perfectly competitive market.

characteristic 1 _____

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characteristic 2 _____

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4 marks

b. Explain why a perfectly competitive market may enhance the living standards of Australians.

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4 marks

c. Explain why the incidence of market power may result in market failure.

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4 marks

d. Discuss two examples of ways governments may intervene in markets to increase the level of competition.

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example 2 _____

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6 marks

Question 2

The Treasurer, Wayne Swan, has announced that the Australian population is expected to grow from 21.2 million in 2009 to 35 million in 2049, an increase of 65%.

a. Outline two negative consequences for living standards that may be associated with increases in Australia's population to 35 million by 2049.

consequence 1 _____

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consequence 2 _____

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4 marks

b. Explain, giving two reasons, why the Australian Government may want to increase the growth in immigration numbers in the future.

reason 1 _____

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reason 2 _____

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4 marks

c. Select one example of an environmental policy. Explain how this policy is designed to operate and examine how the policy may impact upon the current rate of economic growth and Australia's long-term economic prosperity.

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8 marks

d. Explain the impact of one other aggregate supply policy on Australia's living standards.

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4 marks

Question 3

a. Explain the difference between the material and non-material aspects of living standards.

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4 marks

b. Outline one limitation of using changes in real Gross Domestic Product (GDP) as a measure of changes in

    i. national production levels

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    ii. material living standards.

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2 + 2 = 4 marks

c. Describe one measure that economists may use to indicate changes in a nation's living standards.

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4 marks

d. Select two budgetary policy initiatives that have been implemented over the past four years and examine how these initiatives might have impacted on

    i. levels of aggregate demand

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    ii. living standards in Australia.

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$4 + 4 = 8$ marks

Question 4

a. Outline two aims of aggregate supply policies.

aim 1 _____

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aim 2 _____

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4 marks

b. Select one of the following microeconomic reform policies.
- national competition policy
- labour market reform
- deregulation of key markets
- trade liberalisation

   i. Explain how the selected policy is designed to operate.

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   ii. Examine how the policy selected might be used to influence Australia's economic growth and external stability.

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<div align="right">4 + 4 = 8 marks</div>

Question 5

In 2007 the Federal Government released the second of its Intergenerational reports. It predicted that in the next 40 years the ageing of the population would most probably cause a decrease in the rate of economic growth.

a. With reference to one microeconomic demand side factor and one microeconomic supply side factor, explain the impact of an ageing population on the market for new cars.

one microeconomic demand side factor

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one microeconomic supply side factor

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<div align="right">4 marks</div>

b. Explain one market that may benefit and one market that may suffer as a result of an ageing population.

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<div align="right">4 marks</div>

c. Explain why the ageing of the population may lead to a decrease in economic growth and living standards.

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<div align="right">4 marks</div>

d. Explain two likely impacts of the ageing of the population on the government budget outcome.

impact 1 _____

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impact 2 _____

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4 marks

e. Outline the role of one macroeconomic demand policy and one aggregate supply policy in the current policy mix that may help to promote higher rates of economic growth.

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8 marks

Question 6

a. Explain, giving two reasons, why climate change may have a negative influence on future rates of economic growth in Australia.

reason 1 _____

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reason 2 _____

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4 marks

b. Outline one environmental factor that may have a positive influence on Australia's future rates of economic growth.

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4 marks

c. Select one example of an environmental policy that has been implemented over the past four years or might be implemented in future in Australia.

Examine how this policy is designed to influence

i. aggregate supply

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ii. living standards.

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3 + 3 = 6 marks