



# VCE Economics

## Written examination – November

### 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 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 two 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 presented in 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 onto a multiple-choice answer sheet.

**Section B** will be worth 60 marks and will consist of short answer and extended answer questions. All questions on the paper are compulsory. Students will be required to provide answers to questions in Section B in the spaces allocated in the examination book. The number of lines provided after each question, together with the number of marks allocated, will indicate the appropriate length of response. However, if students require more space they may continue their answers in the space provided at the end of the book.

The examination will be out of 90 marks.

#### Advice

The 2009 Economics examination paper gives a guide to the format for the examinations in the study's accreditation period 2010–2014. The following sample questions, dealing with the new content contained in the *Economics Study Design*, provide an indication of the types of questions that teachers and students can expect on the Economics examination in 2010.

The VCAA does not publish answers for sample questions.

## 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 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

characteristic 2 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4 marks

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



---

---

---

---

---

---

---

---

---

---

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 \_\_\_\_\_

---

---

---

---

---

---

---

---

consequence 2 \_\_\_\_\_

---

---

---

---

---

---

---

---

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 \_\_\_\_\_

---

---

---













---

---

4 + 4 = 8 marks

**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

---

---

---

---

---

---

---

---

---

---

one microeconomic supply side factor

---

---

---

---

---

---

---

---

---

---

4 marks

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

---

---

---

---

---

---

---

---

---

---





---

---

---

---

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 \_\_\_\_\_

---

---

---

---

---

reason 2 \_\_\_\_\_

---

---

---

---

---

4 marks

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

---

---

---

---

---

---

---

