

16 Multiple choice questions

1. inputs to production where the stock of the resource is permanently depleted in the process of production and consumption e.g. petroleum and coal
 - a. externalities
 - b. free riders
 - c. renewable resources
 - d. non-renewable resources

2. refers to those whose standards of living is substantially lower than the average for the economy as a whole, and is often defined as a level of income below 30% of average earnings
 - a. privatisation
 - b. fiscal policy
 - c. relative poverty
 - d. free riders

3. refers to the parts of the economy that are owned or controlled by the government; it includes all tiers of the government as well as government business enterprises
 - a. privatisation
 - b. the budget
 - c. business cycle
 - d. public sector

4. occurs when the government sells public trading enterprises to the private sector
 - a. corporatisation
 - b. public sector
 - c. privatisation
 - d. competition

5. the document that provides the overall framework for Australia's system of democratic government and the relationship between the Commonwealth (or federal) and state governments
 - a. privatisation
 - b. corporatisation
 - c. The Australian Constitution
 - d. relative poverty

6. the tool of the government for the implementation of fiscal policy; it shows the government's planned expenditure and revenue for the next financial year
 - a. competition
 - b. externalities
 - c. free riders
 - d. the budget

7. external costs and benefits that private agents in a market do not consider in their decision making process; e.g. airlines and passengers do not consider aircraft noise when negotiating airfares
 - a. corporatisation
 - b. externalities
 - c. free riders
 - d. competition

8. businesses owned and managed by a government at either the Commonwealth or state level
 - a. business cycle
 - b. renewable resources
 - c. Government Business Enterprises (GBEs)
 - d. non-renewable resources

9. inputs into the production process that reproduce themselves, ensuring that present consumption of these resources does not necessarily reduce the ability of future generations to consume these resources in the future e.g. timber and fish
 - a. renewable resources
 - b. free riders
 - c. non-renewable resources
 - d. relative poverty

10. refers to the fluctuations in the level of economic growth due to either domestic or international factors
 - a. fiscal policy
 - b. business cycle
 - c. the budget
 - d. public sector

11. a macroeconomic policy that can influence resource allocation, redistribute income and reduce the fluctuations of the business cycle; its instruments include government spending and taxation and the budget outcome
 - a. free riders
 - b. privatisation
 - c. public sector
 - d. fiscal policy

12. the pressure on business firms in a market economy to lower prices or improve the quality or output to increase their sales of goods and services to consumers
 - a. externalities
 - b. privatisation
 - c. competition
 - d. corporatisation

13. Australia's competition watchdog, which ensures that businesses do not engage in anti-competitive behaviour
 - a. The Australian Constitution
 - b. Australian Competition and Consumer Commission (ACCC)
 - c. Government Business Enterprises (GBEs)
 - d. automatic stabilisers

14. groups or individuals who benefit from a good or service without contributing to the cost of supplying the good or service; as a consequence, the good or service is likely to be under-supplied in relation to the total demand
 - a. competition
 - b. free riders
 - c. the budget
 - d. externalities

15. instruments inherent in the government's budget that counterbalance economic activity; in a boom period, they decrease economic activity and, in a recession they increase economic activity; the most common examples are transfer payments and a progressive tax system
 - a. externalities
 - b. automatic stabilisers
 - c. corporatisation
 - d. privatisation

16. occurs when the government encourages public trading enterprises to operate independently from the government as if they are private businesses in order to improve efficiency and profitability
 - a. externalities
 - b. corporatisation
 - c. competition
 - d. privatisation