**YEAR 9 ECONOMICS REVISION ANSWERS**

1. What three questions must every economic system answer?

What to produce? How to produce? For whom to produce?

1. How does a traditional economic system answer these questions?

What to produce depends on what is available through hunting, gathering and growing food. How to produce – production is usually shared, solving the question for whom to produce.

1. How does a command/centrally planned economic system answer these questions?

The government determines what, how and for whom to produce.

1. How does the market economic system answer these questions?

Producers decide what to produce, how to produce is solved by the producer, for whom to produce is decided by those who have money to pay for goods/services

1. What are mixed economic systems?

An economic system in which producers and the government coexist in making decisions for the economy. The factors of production are shared between individuals and the government.

1. What is the economic problem?

How to make the best use of scarce resources because wants are unlimited and resources are limited.

1. Which country is Australia’s largest exporter?

China

1. Why do you think they are Australia’s largest exporter?

They need primary products

1. What is an export?

Goods and services produced locally and sold overseas

1. What is an import?

Goods and services produced overseas and sold to Australia

1. What is Australia’s largest principal export during this period?

Iron ore & concentrates

1. How many million did this export make during the 2012-13 period?

58,000 million

1. How is education-related services an export?
2. When overseas students come to Australia for university, it becomes an export because money is flowing from the overseas into Australian firms.
3. Why has Australia’s economic relationship with China become close in recent decades?

Starting in the 1970’s, China has had massive growth in urbanisation, manufacturing and investment. This created demand for building materials, energy for electricity and transport, and raw materials for manufacturing.

1. Why has China grown so rapidly from 1970 to the present time?

Economic reforms were introduced in the 1970’s that changed China from an agrarian society to a manufacturing society.

1. Draw a five sector circular flow diagram below



1. How would China’s relationship with Australia affect this diagram? Refer to the sectors of the economy in your answer.

Because Australia relies heavily on China as an injection of money into our economy, if China decided to import primary products from another country then Australia’s economy would be damaged.

1. What is a supply chain?

The many links or activities that are required to move a product or service from a supplier to a consumer.

1. What is a transnational corporation?

A company that operates in more than one country.

1. Label the following statements about TNCs into positive and negative categories

-TNCs outsource their labour to other countries so they can keep costs down

POSITIVE

-Profits don’t generally remain within the country in which goods are manufactured

NEGATIVE

-TNCs invest in the economies of developing countries and can help to raise living standards

POSITIVE

-TNCs offer consumers a large degree of consumer choice and can in this way improve standards of living

POSITIVE

-TNCs are responsible for massive environmental degradation – the brunt of which is borne by the global poor

NEGATIVE

-Because a TNC operates across several countries, they can move their factories to areas of the world where labour is less regulated, thus cutting costs

POSITIVE

1. On the whole, do TNC’s have positive or negative outcomes?

Answers will vary.

1. Go to <https://futureofworking.com/7-advantages-and-disadvantages-of-multinational-corporations/> and place each of the positive and negative points of TNC’s into your own words.

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| --- | --- |
| Positives | Negatives |
| Cheaper Labour | Taking advantage of cheap labour |
| Access to more customers | Competition with local business |
| Lower Taxes | Loss of jobs |
| More employment opportunities |  |

1. Define the following terms.
2. Primary Resource: natural resource
3. Secondary Resource: used to create a finished good or service
4. Factors of Production: land, labour, capital, enterprise
5. Primary Industry: an industry concerned with the extraction of natural resources
6. Secondary Industry: Manufacturing industry. Produces a finished product or are involved in construction
7. Taxation: money collection by the government