Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Australia’s Political and Economic Systems Test**

**Directions:** Circle the letter for the correct answer.

**1. Why do Australians have to exchange currency in order to trade with other countries?**

A. Australian banks need the money.

B. It makes sure that buyers and sellers are treated fairly.

C. Transporting goods to other countries is expensive and time-consuming.

D. Businesses in other countries use their own currency, not Australian dollars.

**2. Which natural resource is important to Australia’s economy?**

A. bauxite

B. modern factories

C. excellent highways

D. education of workers

**3. Which is true about the economic system in Australia?**

A. It is difficult for individuals to start their own businesses.

B. Government rules and laws make starting a business in Australia very risky.

C. Laws are in place to protect the rights and property of people who want to start their own businesses in Australia.

D. Few Australians are willing to use their money and time to start businesses because the government is likely to take their business away.

**4. Which is an example of a capital good?**

A. gold.

B. health care.

C. a factory.

D. a diamond.

**5. Which action by the Australian government would make its economy less like a mixed economy and more like a pure market economy?**

A. a limit on salt imports of 80 tons per year

B. a 10 percent tax on all wool bought from European countries

C. the decision to let supply and demand set the price of gasoline

D. the addition of a $500 fee for all automobiles imported into the country

**6. Because most economies have characteristics of the command and market economy, we say they are**

A. communist.

B. traditional.

C. free.

D. mixed.

**7. Australia’s early Aborigines made economic decisions based on customs or beliefs . This would be an example of a**

A. market economy.

B. free enterprise system.

C. traditional economy.

D. command economy.

**8. What has helped Australia to have a high GDP?**

A. poor healthcare

B. modern factories and technology

C. natural resources that are hard to develop

D. workers with low-paying jobs

**9. Tariffs and quotas are alike because they both**

A. restrict or limit trade between countries.

B. completely stop trade between countries.

C. increase trade between countries.

D. make trading a lot easier between countries.

**10. Which trade barrier discourages trade by placing a tax on foreign goods?**

A. Embargo

B. Quota

C. Subsidy

D. Tariff

**11. What is the currency of Australia?**

A. Australian euro

B. Australian peso

C. Australian ruble

D. Australian dollar

**12. What is an important role of entrepreneurs in the Australian economy?**

A. They sell stocks in the stock market.

B. They provide new jobs for Australian workers.

C. They shut down factories that are not making much money.

D. They take care of sick patients.

**13. Most democratic nations have \_\_\_\_\_\_\_ economies.**

A. mixed.

B. traditional.

C. command.

D. market.

**Read the statements below. Use the information to answer question 14.**

* The government has laws to protect private property owners.
* Courts enforce laws to protect consumers and businesses.
* Prices for goods and services are based on what consumers agree to pay.
* The government has few trade barriers such as tariffs or quotas.

**14. What type of economy do these statements describe?**

A. command

B. mixed

C. traditional

D. financial

**15. Which is an example of investing in capital goods by a company?**

A. providing health care for workers

B. providing classes for workers to learn new skills

C. keeping an old machine to see if it will last longer

D. buying new computers to build products more quickly

**16. When a government decides to increase a tariff, it increases the amount of a tax placed upon**

A. people’s income.

B. imported goods.

C. renewable resources.

D. people’s property.

**17. Who sets the price for goods in Australia?**

A. Buyers and sellers agree upon price.

B. The governor-general sets prices for most goods.

C. Parliament sets a price for all goods in the country.

D. Prices for goods are set based on customs and beliefs of the Aborigines.

**18. What do the economic systems of the Australia, Brazil, Mexico, & Canada have in common?**

A. All are examples of pure market economies.

B. All are examples of mixed economies.

C. All are examples of traditional economies.

D. All are examples of command economies.

**PART TWO: POLITICAL SYSTEMS**

**19. Which has the most power in Australian government?**

A. the constitution

B. the people of Australia

C. the Queen

D. the High Court of Australia

**20. Which describes the government of the country of Australia?**

A. confederate government

B. federal government

C. unitary government

D. autocratic government

**21. Which statement BEST describes an oligarchy?**

A. A dictator holds all political power.

B. The judicial branch shares power with the legislature.

C. A small group runs the government.

D. The citizens vote on the leader of the country.

**22. What is the role of the governor-general in Australia?**

A. represents the Queen in Australia

B. acts as the chief executive of government

C. waits for recommendations from the prime minister

D. be the leader of the political party with the most representatives in Parliament

**23. Which BEST describes a result of British colonization of Australia?**

A. Australia is an old-fashioned country that is governed by the Queen of Great Britain.

B. Australia is an old-fashioned country that is very dependent on Great Britain.

C. Australia is a modern, independent country, that is dependent on Great Britain.

D. Australia is a modern, independent country, but it still has a few ties with Great Britain.

**24. In which government system is power shared between a central government and the states?**

A. federal

B. unitary

C. autocratic

D. confederate

**25. Australia has a prime minister that is elected through the legislature. This means that Australia has a**

A. presidential democracy

B parliamentary democracy

C autocratic democracy

D direct democracy

**Read the phrases below. Use the information to answer question 26.**

* Signs bills into law
* Is commander-in-chief for the military
* Acts as head of state for Australia
* Approves the governor-general

**26. What do these phrases explain?**

A duties of the Queen in Australia

B duties of the Australian governor-general

C duties of the High Court of Australia

D duties of Australia’s Commonwealth Parliament

**27. What responsibility is required by law for Australians over the age of 18?**

A marriage

B voting

C military service

D attending college

**28. Australian citizens do not directly vote any of the following people into office EXCEPT**

A the governor-general.

B the monarch (Queen).

C the prime minister.

D a member of Parliament.