ANSWER KEY

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

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

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

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

A. bauxite

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

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

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

C. a factory.

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

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

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

D. mixed.

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

C. traditional economy.

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

B. modern factories and technology

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

A. restrict or limit trade between countries.

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

D. Tariff

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

D. Australian dollar

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

B. They provide new jobs for Australian workers.

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

A. mixed.

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

B. mixed

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

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**

B. imported goods.

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

A. Buyers and sellers agree upon price.

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

B. All are examples of mixed economies.

**PART TWO: POLITICAL SYSTEMS**

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

B. the people of Australia

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

B. federal government

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

C. A small group runs the government.

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

A. represents the Queen in Australia

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

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

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

B parliamentary democracy

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

A duties of the Queen in Australia

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

B voting

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

D a member of Parliament.