

UNL81 Introduction to Economics

Course Outline

About the Course

The unit is a preparatory economics unit designed to help you gain the necessary knowledge to enter into a tertiary study. In this unit, you will learn why economics focuses on decisions about how production occurs, how resources are allocated and how proceeds of production are distributed. Decisions about the allocation of resources require an understanding of the interdependence of economic factors. Economic, political and social forces influence economic decision making, the quality of which is fundamental to the overall wellbeing of society. These economic decisions not only affect the wellbeing of particular nations and their people but also increasingly influence living standards regionally and globally.

This unit includes individual tutorial support with an experienced high school economics teacher. Tutorial support is via email, phone and Zoom. The unit has flexible enrolment dates to meet your needs. Start your study when you want and complete the unit anytime within the 12 month enrolment window. This unit is equivalent to year 11/12 Economics. This unit requires a minimum of 220 hours or 18 weeks to complete.

Aim

The Australian economy is a contemporary market capitalist economy. In such an economy, the principal means of allocating scarce resources is the price mechanism. Students examine the factors that affect the price and quantity traded in individual markets.

Students investigate the importance of competition and analyse the degree of market power in different industries and how this affects the efficiency of resource allocation.

Students also come to appreciate that markets will not always lead to the most efficient allocation of resources. Through an examination of market failure, students are able to explain situations where the market does not operate freely and discuss the role of government in the allocation of resources.

Areas of study:

- The behaviour of consumers and businesses
- Contemporary Economic Issues
- Economic Efficiency and Equity
- Global Economic Issues
- Australia's Economic Prosperity
- Managing the Australian Economy

Structure

UNL81 Introduction to Economics course consists of 2 text books. Questions and Exercises are included within each text so that the learner can work through them to develop experience in problem solving. Worked Solutions for the questions and exercises are provided at the back of each text.

Progress Tests are also provided at appropriate points in the course. Students are required to successfully complete ten (10) of these progress tests and four (4) Activities to be eligible to sit for the final examination.

Tutorial Support is available from the UNL81 Introduction to Economics Teacher. This support, which can be accessed by the online classroom, phone or email, is designed to help students clarify understanding of concepts, to provide details of solutions to exercises, and to answer other relevant queries.

Specimen Examination

The specimen exam or practice final exam is available once you have completed approximately 80% of the course. The practice exam allows students to work through similar problems under exam conditions which allow them to see if they are pacing themselves appropriately to be successful on the final exam. Most students who are successful on the practice exam find they are successful on the final exam as they are prepared for the type of questions and the exam format they will have during the final exam.

Hours of Study

In general the course should be completed in a minimum of 220 hours of study. The actual time required by an individual student to receive a successful result, however, will depend on the background, time available and needs of the learner. A majority of students take 540 hours to complete the course over the 12 months.

Assessment

The chapter questions, the end-of-chapter exercises, the progress tests, activities and the Specimen Examination are designed to help students prepare for the final examination for UNL81 Introduction to Economics, which is 2 hrs 40 mins long. Examinations are prepared and assessed by the UNL81 Introduction to Economics Teacher.

To be eligible to sit for the final, closed book examination, students are required to achieve a mark of 60% or higher each on ALL progress tests and lab activities. The formal, supervised examination covers the content of tests 1 and 2. Students who successfully complete the course, are awarded a Statement of Achievement, which lists the percentage mark gained and a grade of Pass, Credit, Distinction or High Distinction. Students who fail to obtain the minimum mark required for a Pass grade, after submitting a reasonable attempt, may then be eligible to sit a second examination at the teachers' discretion. Examinations are not held at set times. Rather, they are arranged through the Unilearn office after the student has successfully completed the required materials with a score of 60% or higher on each. Or students can choose to complete their exam through ProctorU.

Grading Scheme

Students are required to complete all required materials (progress tests and lab activities) with a score of 60% or above on each in order to be eligible to sit the final exam. A student's final grade is an accumulation of all required content and will be weighted as follows:

Progress Tests	25%
Activities	25%
Final Exam	50%
	100%

The final grading scale is as follows:

Grade	% required
High Distinction (HD)	85% and above
Distinction (D)	75 - 84%
Credit (C)	65 – 74%
Pass (P)	50 - 64%
Fail	0 – 49%

Content

Jacaranda Key Concepts in VCE Economics Books 1 & 2 (11 edition) by Richard Morris (2019)

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Unit 1 – The behaviour of consumers and businesses

Topic 1 – Thinking like an economist

1. What is Economics about?
2. Micro vs macroeconomics; behavioural Vs traditional economic theory
3. The Economic Problem
4. The problem of relative scarcity, choice and the concept of opportunity cost
5. Production possibility frontier
6. Two sector circular flow model
7. Consumer Behaviour
8. Business behaviour, the business cycle

Topic 2 Decision making in markets

1. Types of markets in Australia
2. Pure competition, monopolistic competition, oligopoly, monopoly
3. The law of demand – movement along the curve
4. The law of Supply – movement along the curve
5. Determining equilibrium price and quantity in markets
6. Shifts in D-S curves from non-price effects
7. Constructing d-s curves and showing equilibrium price and quantity
8. Case studies of markets
9. Correcting market failure through government intervention in Australia's market economy

Unit 2 Contemporary Economic Issues

Topic 3 Economic growth, long term prosperity and environmental sustainability

1. the meaning and measurement living standards, economic growth and sustainable development
2. Measuring economic growth using real gross domestic product (GDP) and real GDP 2
3. per capita
4. the economic benefits of economic growth
5. the limitations associated with using GDP per capita to measure changes in living standards
6. aggregate demand and aggregate supply factors that may influence economic growth and factors that
7. might affect future rates of economic growth
8. government economic policy responses designed to influence the rate of economic growth such as
9. budgetary policy, monetary policy and aggregate supply policies
10. The five sector circular flow model
11. the meaning of both long-term economic prosperity and environmental sustainability
12. trade-offs and compatibility between economic growth and environmental sustainability
13. policy response used to address environmental effects of economic growth
14. The business cycle and links to economic growth
15. alternative economic indicators of living standards

Topic 4 Economic efficiency and equity issues

1. The nature of income and wealth
2. Measures of income inequality and poverty
3. Trends in Australian distribution of income and wealth
4. Factors affecting Australian distribution of income and wealth
5. The effect of poverty on material and non-material living standards
6. The meaning of economic efficiency and the benefits of achieving allocative and technical efficiency
Government policies for promoting an equitable distribution of income and wealth

Topic 5 Global Economic Issues

5.1 Free Trade vs Protectionism

1. Opportunity cost
2. Comparative advantage
3. Free trade vs protectionism
4. The nature and effects of government policies involving protectionism as opposed to free trade- tariffs, subsidies
5. Trends in trade liberalisation
6. Trading Blocs
7. China's growth due to trading success

5.2 Globalisation

1. Definition and nature of economic globalisation
2. The acceleration of economic globalisation
3. Reasons for the growth of global business
4. The effects of globalisation on stakeholders and the overall economy

5.3 Developing nations and overcoming poverty

1. Definition and indicators of a developing nation
2. Using the human development index (HDI) to define a developing nation
3. The challenges and causes of poverty, low incomes and other problems in developing nations
4. Some government policy solutions to promote development and improve living standards in low-income countries
5. International action taken to promote sustainable development and reduce poverty in low-income countries

Topic 3 Australia's economic prosperity

Unit 6 – An introduction to microeconomics: the market system, resource allocation and government intervention

1. Market mechanisms- pure market mechanisms Relative scarcity, elasticity
2. Choice, opportunity cost and resource allocation
3. The nature and general effects of markets in Australia's economy
4. Microeconomics: the market as an important decision maker in Australia's economy
5. Reasons for market failure and government intervention in Australia's economy
6. Government intervention in markets that unintentionally leads to reduced efficiency or failure

Unit 7 – Economic activity and Australia's Domestic macroeconomic goals

1. Overall level of activity-the difference between material and non-material living standards
2. factors that may influence living standards
3. the circular flow model of income including the role of households, businesses, government, financial institutions and the external sector in an open contemporary macro-economy
4. the nature and causes of the business cycle
5. the meaning and importance of aggregate demand and the factors that may influence the level of aggregatedemand in the economy:
6. the meaning and importance of aggregate supply and the factors that may influence the level of aggregate supply in the economy:
7. the effects of changes in aggregate demand and aggregate supply
8. The Australian Government's domestic macroeconomic goals
9. : the meaning of the goal of low inflation (price stability)
10. measurement of the inflation rate using the Consumer Price Index (CPI) including the difference between the headline and underlying (core) rate of inflation
11. limitations of measuring and using CPI
12. causes of inflation including demand and cost inflation
13. consequences of a high inflation rate:
14. the meaning of the goal of strong and sustainable economic growth
15. limitations of using GDP and alternatives
16. Full employment as an economic goal

17. Limitations of using unemployment stats
18. Labour force, participation rates

Unit 8 - Australia and the world economy

1. The relationship between trade and living standards
2. Government goals of external balance
3. Recording international transactions on the balance of payments account
4. The current account deficit and its causes
5. The net foreign debt (NFD)
6. The terms of trade, trade weighted index
7. The exchange rate
8. Australia's international competitiveness
9. Trading partners, exports and imports
10. The effect of trade liberalisation on Australia's international competitiveness, domestic macroeconomic goals and living standards

Topic 4 – Managing the Economy

Unit 9 – Aggregate demand policies and domestic economic stability

• 9.1 Fiscal Policy

1. Sources of government revenue including direct and indirect taxation, revenue from government businesses and the sale of government assets
2. Types of government expenses including government current and capital expenditure and transfer payments
3. Budget outcome: balanced, deficit or surplus
4. Ways government may finance a deficit or utilise a surplus
5. The relationship between the budget outcome and the level of government (public) debt
6. Role of automatic stabilisers (cyclical component of the budget)
7. Role of discretionary stabilisers (structural component of the budget) the business cycle
8. The stance of budgetary policy: expansionary or contractionary
9. Effect of budget initiatives from the past two years on the Australian Government's domestic macroeconomic goals of strong and sustainable economic growth and low inflation
10. the strengths and weaknesses of using budgetary policy to achieve the Australian Government's domestic macroeconomic goals
11. Macro-economic goals and how these goals may affect living standards.

• 9.2 Monetary Policy

1. Role of the RBA with respect to monetary policy as outlined in its charter
2. Role of open market operations in altering interest rates
3. The stance of monetary policy: expansionary or contractionary
4. Focus of monetary policy from the past two years on the levels of aggregate demand and the Australian Government's domestic macroeconomic goals of strong and sustainable economic growth, full employment and low inflation
5. Australian Government's domestic macroeconomic goals of strong and sustainable economic growth, full employment and low inflation
6. Strengths and weaknesses of using monetary policy to achieve the Australian Government's domestic macroeconomic goals and how these goals may affect living standards

Unit 10 – Aggregate supply policies and domestic economic stability

1. Definition and aims of aggregate supply policies
2. How selected government budgetary policies can influence aggregate supply, domestic macroeconomic goals and living standards
3. How welfare and tax reform policies are designed to influence aggregate supply and living standards
4. Effect of immigration policies on the labour market and aggregate supply, and the way this influences the achievement of domestic macroeconomic goals and living standards
5. Strengths and weaknesses of using aggregate supply policies to achieve the Australian government's domestic macroeconomic goals and better living standards
6. Allocative efficiency, intertemporal
7. National infrastructure