Unit 1 Economics

2013

Transition Lessons and Holiday Homework
Sectors within the Economy

The economy can be classified into five main sectors or groups.

**Household sector:** is made up of Australia’s population and includes over 20 million people.

**Business sector:** consists of all types of firms (eg sole traders, partnerships, public companies) or suppliers who make and deliver goods and services.

**Financial sector:** consists of organisations such as banks, credit unions, the stock exchange etc. These institutions borrow household savings from individuals and lend credit to businesses wanted to undertake expansion.

**Government sector:** this includes the activities of federal, states and local governments. It collects taxes and uses them to help pay for government spending on the provision of community services (eg. Transport, health, education).

**Overseas sector:** involves the import of goods and services by Australians and export of Australian goods and services overseas.
How many of the following acronyms do you know? Write down what each acronym stands for in the table below.

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>CAD</td>
<td>Canadian Dollar</td>
</tr>
<tr>
<td>RBA</td>
<td>Reserve Bank of Australia</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and Services Tax</td>
</tr>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ACCC</td>
<td>Australian Competition &amp; Consumer Commission</td>
</tr>
<tr>
<td>ATO</td>
<td>Australian Taxation Office</td>
</tr>
<tr>
<td>ABN</td>
<td>Australian Business Number</td>
</tr>
<tr>
<td>ACTU</td>
<td>Australian Council of Trade Unions</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
</tr>
</tbody>
</table>
Introduction to Economics

What is Economics?

Economics is the study of what people do – buy, work, spend, consume, play. It is a social science. It studies human behaviour. It is about relationship between ends (satisfying wants) and scarce productive resources.

Individuals and countries constantly face a range of problems that are economic in their nature. These could include:

- whether to save or spend the income you have earned from your part-time job
- whether to build a public park, apartment building or shopping centre on a vacant block of land
- whether to increase spending on national defence following terrorist attacks
- whether a business should purchase new machinery in order to automate their production process.

All economic issues can be studied at two different levels, namely through the study of microeconomics and the study of macroeconomics.

Microeconomics is the study of a small part of the economy such as a firm or industry. For instance, it concerns the things that affect the operation, production costs, prices and profitability of a particular firm (e.g. Foster’s), industry (textiles and clothing) or sector (financial sector).

Macroeconomics is the study of economics concerned with the behaviour of the economy as a whole focusing of its performance in terms of aggregates of production, income and expenditure. For instance, the unemployment rate, inflation rate, gross domestic product etc.
Classify the following newspaper headlines as being either relevant to the study of Microeconomics or Macroeconomics.

<table>
<thead>
<tr>
<th>Headline</th>
<th>Micro or Macro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia’s unemployment rate rises to 4.4%</td>
<td></td>
</tr>
<tr>
<td>Telstra records a record profit for the current financial period</td>
<td></td>
</tr>
<tr>
<td>Australia’s economic growth slows to 2% per annum</td>
<td></td>
</tr>
<tr>
<td>Demand for water tanks at record levels due to the drought</td>
<td></td>
</tr>
<tr>
<td>BHP Billiton sack 3000 workers at their Western Australia mine</td>
<td></td>
</tr>
<tr>
<td>The inflations rate falls to 3.7%</td>
<td></td>
</tr>
<tr>
<td>The Reserve Bank of Australia cut interest rates by 1%</td>
<td></td>
</tr>
<tr>
<td>Sales of cigarettes plummet due to the tax increase</td>
<td></td>
</tr>
</tbody>
</table>
Year 11 Economics – Internet Quiz

1. The current population of Australia is ………………………………………

2. In October 2012
   a. The number of employed people in Australia was ………………………………………
   b. The unemployment rate in Australia was ………………………………………

3. In the September Quarter what goods and services have increased in price and or decreased in price? Look at ABS CPI Index.

4. What is the role of the RBA and who is its governor?
   ……………………………………………………………………………………………………………………………………………………………………………
   ……………………………………………………………………………………………………………………………………………………………………………
   ……………………………………………………………………………………………………………………………………………………………………………
   ……………………………………………………………………………………………………………………………………………………………………………
   ……………………………………………………………………………………………………………………………………………………………………………

5. What is the current cash rate (interest rate) in Australia? …………………………….

6. What is the value of the Australian dollar against the $US? …………………………….

7. What is a tariff? Is it good or bad?
   ……………………………………………………………………………………………………………………………………………………………………………
   ……………………………………………………………………………………………………………………………………………………………………………
   ……………………………………………………………………………………………………………………………………………………………………………
Newspaper Article Exercise

Students will be split into small groups.

Each group will be given a few newspaper articles.

Each Group Is To:

- Read the articles
- Summarise the articles
- Look up terms on the computer, to seek clarification on meaning
- Decide if the article fits into one or more sectors within the economy
- Present the newspaper and findings to the rest of the class.

COMPANY RESEARCH TASK:

Globalisation Presentation – Multi-National Company

Select a multi-national company and present information on the company that covers the following:

- What does the company produce?
- In what countries does the company operate?
- The reasons for the corporation’s expansion across national boundaries
- Impact of the company on employment in the countries in which it operates
- Contribution to a country’s GDP and exports/imports
- Impact of the company on Australia - if any
- Pricing/marketing strategies of the company to gain competitive advantages in the market
- Integration of production processes across countries - i.e: does the company produce different parts or products in different countries
- Size of global sales
- Map of - where the resources come from, production plants, distribution plants
- Pros and cons of company ethics
- Other items, issues, criticisms about the company that you believe are of interest to the class that provide a good example of globalisation in operation

  *e.g.* Coca-Cola, Disney, Nike, McDonalds, Cadbury, Apple, Reebok, Intel, Unilever, Pepsico, Mars, KFC, Revlon, Volvo, Colgate-Palmolive, Philips, Canon, Adidas, IBM, Alcoa, Eastman-Kodak, Sara Lee, Sony, Xerox, Nokia, etc.

Your presentation should make use of **PowerPoint** and/or another multimedia application. You should aim for your presentation to be interactive and interesting. You must include an activity for the class to complete. This could be a pre-test, quiz, worksheet, game or group work. Each presentation must be for 5 – 10 minutes duration.
Newspaper Article Task

Collect 2 Newspaper Articles on each of the 5 Sectors within the Economy:

- Household Sector
- Business Sector
- Financial Sector
- Government Sector
- Overseas Sector

With each article, you are to:

- Name the source of the article
- Summarise the article
- Research the contents of the article so that you will be able to explain how this article relates to Economics.

You will be asked to present 5 articles that you found interesting to the rest of the class.