PRELIMINARY ECONOMICS

# MAPPING GRID

## SECTION 1 – 20 MARKS

### Allow about 20 minutes for this section

Multiple Choice Questions – 1 mark each.

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| Q | Topics | Syllabus dot point |
| 1 | I: Introduction to Economics | **The nature of economics** * The economic problem – wants, resources, scarcity
 |  |
| 2 | 6: Government & the Economy | **The role of government***Economic functions of the Australian government** Stabilisation of economic activity – a brief overview of the stabilising role of monetary and fiscal policies
 |  |
| 3 | 3: Markets | **Demand and supply***Price elasticity of demand*• factors affecting elasticity of demand–necessities and luxuries–existence of close substitutes–proportion of income spent on the good–the length of time since a price change |  |
| 4 | I: Introduction to Economics | **The nature of economics*** opportunity cost and its application through production possibility frontiers
 |  |
| 5 | 4: Labour Markets | **Labour market institutions**• current employment /industrial framework |  |
| 6 | 2: Consumers & Business | **The role of business in the economy***Efficiency and the production process*• productivity |  |
| 7 | I: Introduction to Economics | **The operation of an economy** • the circular flow of income– individuals, businesses, financial institutions, governments, international trade and financial flows |  |
| 8 | 4: Labour Markets | **Labour market institutions**• current employment /industrial framework |  |
| 9 | 3: Markets | **Demand and supply***Demand*• movements along the demand curve and shifts of the demand curve |  |
| 10 | 3: Markets | **Demand and supply**Price elasticity of demand• price elasticity* elastic, inelastic and unit elastic
* calculation of elasticity using total outlay method
 |  |
| 11 | 5: Financial Markets | **Financial markets in Australia***Interest rates*• role of the Reserve Bank of Australia in determining the cash rate |  |
| 12 | 4: Labour Markets | **Demand for and supply of labour***The supply of labour*• factors affecting the supply of labour* pay/remuneration
* working conditions
* human capital, skills, experience, education/training levels
* occupational and geographic mobility of labour
* participation rate
 |  |
| 13 | 2: Consumers & Businesses | **The role of consumers in the economy***Consumer sovereignty*Patterns of consumer spending and saving/dissaving:• variations with income and age* individual consumers either spend or save their income
* in the economy as a whole, as income rises the level of saving increases
 |  |
| 14 | 3: Markets | **Variations in competition***Market structures*• pure competition• monopolistic competition• oligopoly• monopoly. |  |
| 15 | 3: Markets | **Demand and supply***Alternatives to market solutions – the role of government*• ceiling prices, floor prices |  |
| 16 | 3: Markets6: Government & the Economy | **Demand and supply***Alternatives to market solutions – the role of government*• market failure – merit goods, public goods, externalities**Government intervention in the economy***Limitations of the operation of the free market*• externalities and the environment – pollution, climate change |  |
| 17 | 5: Financial Markets | **Financial markets in Australia***Regulation of financial markets – the role and functions of current institutions*• Council of Financial Regulators |  |
| 18 | 2; Consumers & Business | **The role of business in the economy***Efficiency and the production process*• internal and external economies of scale |  |
| 19 | 4: Labour Markets | **Labour market outcomes***Labour market trends*• unemployment /underemployment |  |
| 20 | 6: Government & the Economy | **The role of government***Economic functions of the Australian Government*• reallocation of resources – types of taxes: direct and indirect, types of expenses• redistribution of income – progressive, regressive and proportional taxes, social welfare payments• stablisation of economic activity – a brief overview of the stabilising role of monetary and fiscal policies• government business enterprises • other – including competition and environmental policies |  |

## SECTION II – 20 MARKS

### ALLOW ABOUT 30 MINUTES FOR THIS SECTION

Short answer questions

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| Q | MARKS |
| 21(a) | 1 | 5: Financial Markets | **Financial markets in Australia***Interest rates*• types of rates in the short term and long term* lending rates
* borrowing rates
 |
| 21(b) | 2 | 5: Financial Markets | • role of the Reserve Bank of Australia in determining the cash rate• influence of the cash rate on interest rates. |
| 21(c) | 3 | 6: Government & the Economy | **The role of government***Economic functions of the Australian Government*• stablisation of economic activity – a brief overview of the stabilising role of monetary and fiscal policies |
| 21(d) | 4 | 5: Financial Markets | **Financial markets in Australia***Regulation of financial markets – the role and functions of current institutions*• Council of Financial Regulators |
| 22(a) | 1 | 3: Markets | **Demand and supply***Demand*• movements along the demand curve and shifts of the demand curve |
| 22(b) | 1 | **Demand and supply***Market price*• effects of changes in supply and/or demand on equilibrium market price and quantity through the use of diagrams  |
| 22(c) | 2 | *Supply*• factors affecting supply – price/cost of factors of production, prices of substitutes and complements, expected future prices, number of suppliers, technology |
| 22(d) | 2 | *Price elasticity of demand*• significance of price elasticity of demand – market research |
| 22(e) | 4 | *Market price*• market equilibrium – using diagrams• movement to equilibrium• effects of changes in supply and/or demand on equilibrium market price and quantity through the use of diagrams• effects of changing levels of competition and market power on price and output |

## SECTION III – 20 MARKS

### ALLOW ABOUT 35 MINUTES FOR THIS SECTION

An extended response

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| --- | --- |
| Q | MARKS |
| 23 | 20 | 3: Markets | **Demand and supply***Market price*• market equilibrium – using diagrams• movement to equilibrium• effects of changes in supply and/or demand on equilibrium market price and quantity through the use of diagrams• effects of changing levels of competition and market power on price and output |
| **OR** |
| 24 | 20 | 4: Labour Markets | **Examine economic issues**• assess the impact of labour market trends on individuals• investigate recent trends in unemployment in Australia |

## SECTION IV – 20 MARKS

### ALLOW ABOUT 35 minutes for this section

An extended response

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| --- | --- |
| Q | MARKS |
| 25 | 20 | 2: Consumers & Business | **The role of business in the economy***Business as a source of economic growth and increased productive capacity*Goals of the firm• maximising profits• maximising growth• increasing market share• meeting shareholder expectations• satisficing*Efficiency and the production process*• productivity• internal and external economies of scale• diseconomies of scale |
| **OR** |
| 26 | 20 | Context for the Study of Economics | The key issues are:• economic growth and quality of life• unemployment• inflation• external stability• distribution of income• environmental sustainability.*The focus of the Preliminary course is on the practical problems and issues that affect individuals, firms and governments.* |