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: Markets  6: 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.* |