
VCE UNITS INFORMATION

VCE Economics Units 1 and 2

CONTENT

Unit 1

Economics is a dynamic and constantly evolving field. As a social science, Economics is interested in the way humans behave and the decisions made to meet the needs and wants of society. In this unit, students explore their role in the economy, how they interact with businesses and the way economic models and theories have been developed to explain the causes and effects of human action. They examine basic economic models where consumers and businesses engage in mutually beneficial transactions and investigate the motivations and consequences of both consumer and business behaviour. Students examine a simple microeconomic model to explain changes in prices and quantities traded. Through close examination of one or more key markets, they gain insight into the factors that may affect the way resources are allocated in an economy and how market power can affect efficiency and living standards.

Unit 2

In this unit, the focus is on the possible trade-off between the pursuit of growth in incomes and production and the goal of environmental sustainability and long-term economic prosperity. Students investigate the importance of economic growth in terms of raising living standards and evaluate how achievement of this goal might result in degradation of the environment and the loss of key resources. Students examine whether the goals of economic growth and environmental sustainability can be compatible and discuss the effect of different policies on the achievement of these important goals. Students explore how the benefits of economic growth are shared in an economy and begin to appreciate that efforts to increase economic efficiency might lead to a more inequitable distribution of income. They evaluate the role of government intervention in markets and discuss whether achieving greater equality causes a decline in economic growth and average living standards. Students consider the influence on the world's living standards of the decisions made and the actions taken in the global economy by investigating one or more contemporary global issues and the trade-offs involved.

OUTCOMES

Unit 1

- Students should be able to describe the basic economic problem, discuss the role of consumers and businesses in the economy and analyse the factors that influence decision making
- Students should be able to explain the role of relative prices and other non-price factors in the allocation of resources in a market-based economy

Unit 2

- Students should be able to explain the factors and policies that may influence economic growth and environmental sustainability, and analyse the potential trade-off
- Students should be able to explain the factors and policies that may influence equity in the distribution of income and efficiency of resource allocation, and analyse the potential trade-off
- Students should be able to explain the factors that may influence a global economic issue/s and evaluate potential consequences associated with actions to address the issue/s