
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.

Students 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. They examine how individuals might respond to incentives and how technology may have altered the way businesses and consumers interact. Students are encouraged to investigate contemporary examples and case studies to enhance their understanding of the introductory economic concepts.

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

As a social science, economics often looks at contemporary issues where there are wide differences of opinion and constant debate. In most instances the decisions made by the consumers, businesses and governments may benefit some stakeholders but not others. Trade-offs, where the achievement of one economic or public policy goal may come at the expense of another, are the subject of much debate in economic circles.

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. Through the analysis of specific policy measures, students analyse and question the nature of this key trade-off and evaluate whether there is a degree of compatibility between equity and efficiency.

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. Through an examination of the issue, students gain a greater appreciation of additional factors that can affect living standards in both Australia and other nations. They consider the perspectives of relevant stakeholders and evaluate the validity of individual and collective responses to global issues.