INTRODUCTION

An Introduction to Economics - Using data and terminology

Article 1 - Range of Resources
Article 2 - Using Statistics in Economics
Article 3 - Statistics: Mr Woods.com.au. Article is taken from the website www.mrwoods.com.au
Article 4 - Instructional Terms in Economics
Article 5 - 40+ Strategies to enhance student Economics study scores (40+)

Online Seminar – Intro segment
Outcome 1
II.

How to use this Resource Book –
This book is also available online and is current to June 2016. New resources (Late 2015-2016) are directly added to the online course.

Article 1 Range of Resources

If you are going to do well in Economics, one of the things that you will need to do is access a range of different sources. This means that you can’t rely on just one thing; the examiners expect you to have used more than just your textbook, and they may look for evidence that this is true.

Using this site will help you to work towards achieving that goal, but even that won’t be enough. This week I thought it might be useful for you to be given a list of supplementary resources that will help you to achieve this important goal.

Your textbook

Your teacher has gone to the trouble of finding the best possible textbook for you to use. They will often ensure that the classes they run align with the content of the book, and you may even find that you are asked to complete activities that appear in the book. Year after year it amazes me to talk to students who boast that they have “never opened their textbook”, or that they are trying to keep it in pristine condition so that they can get the best possible price for it in the second hand market!

Your text is there to be used. Read it. Write all over it. Use a highlighter to make sure that when you come to revise later in the year your eye will be drawn directly to key parts of the text. Add examples and current events in the margins so that you can build up links between the theory you have learned and the things that are happening on the news. After all, what is more important – an extra $5 when selling the book, or an extra five marks for your Economics score?!

Newspapers and online articles

Websites

It is true that there are a lot of good websites available to you. There are also a lot of bad websites, and so you will need to be very selective. You will notice in the online version of this course that I have given you a “links” tab. From this page you will be able to access a range of different websites, all of which have been checked to establish that they are aligned with the VCE Economics course. To highlight just a few of the most important sites.

1. The Reserve Bank of Australia: This is a great site for two main reasons; they have a very clear section on statistics, graphs, reports and speeches that are published on a regular basis explain the state of the economy extremely well.

2. The Australian Bureau of Statistics: The ABS will give you the ability to find statistics about anything. Although it can be difficult to find data (because the site is so big!), it is worth taking the time to start learning how to use it.
III.

3. **The Economics Tutor** website is a site that may be useful for additional clear examples and explanations of concepts.

**And Finally…**

Don’t forget your teacher. Your teacher wants you to do well, and will always be there to help. Throughout the year they will mark your work, point you in the direction of other resources to extend your understanding, and do everything they can to ensure that you are ready for the final exam.

When I was learning to be a teacher I was taught that students should “try three before me”. If a student comes to me with a question, I should be able to ask “how have you tried to find the answer?” If they can tell me three different things that they have tried, then it is time for me to answer the question. See the DECV online and course book, text book, economics tutor and extra resources each week in the online course.

But I am sure that I have forgotten some – what other resources can you use to increase your understanding of Economics?

**Article 2**

**Using the resource book and statistics**

When using the resource book and online course resources I suggest you keep your reading active. After being directed to the relevant articles in the resource book, from your workbook, **underline the relevant points, note the date of the article and even a couple of lines as summary to the article.** This practice will be useful and will quickly help you focus on the issues in the article that are important for the week’s work.

**Active reading will help you to remember some good examples to explain what is happening in the economy.** Sometimes a couple of lines or statistics may be all that is needed. It will be useful for your understanding and assessment tasks.

**Speed reading for comprehension will be a skill that will be helpful.**

**Much of this course will involve using statistics and graphs.** Have a go at some of these tasks as a “warm up” to the year. This work is not for submission but will get you started in using the net and economic statistics. **Knowing how to use economic data, examples and information are the tools of an economist!**
IV.

TASK 1: Reserve Bank website
   Go to Chart Pack
   Go to Exchange Rate Graph
2. Find the graph with the trend of the Australian Dollar in relation to the USS, (Yen, Euro) and the Trade Weighted Index (TWI).
3. What has been the trend in the Australian $ over the last 12 months
4. Can you think of some reasons for the changes in the Australian Dollar value? List these.
5. What is the TWI?

TASK 2: INTEREST RATES

The Reserve Bank changes (increases or decreases) the **cash rate** in order to influence changes in the economy. This is an aspect of monetary policy.

1. **Find** the current cash rate, official (interest rate) Feb 2016 at the rba site. (chart pack)
2. **Predict** the trend in the cash rate for the next year using an indicator such as an arrow. 2016-2017.

TASK 3: CHOOSE YOUR OWN GRAPH

Go to the Reserve Bank of Australia website ([www.rba.gov.au](http://www.rba.gov.au)). Select two other graphs from the Chart Pack (Listed on the left of site). Eg GDP of trading partners and consumer confidence.

1. Draw indicator arrows on the graphs. (↑increase, ↓decrease, →steady.)
2. Analyse each graph using your indicator arrows to assist your interpretation of the trends and developments shown.
3. Predict the trend in … for the next year using an indicator arrow.
Article 3

Reading Statistics

It is extremely important that you remember that all statistics must be used correctly. For example, there is no use submitting work which includes sentences such as the following:

In 2014 business confidence increased to 20.3 after only reaching 10.0 in the previous year. As a result, economic growth increased to 3.0.

Whilst all of the statistics in this sentence are accurate, the reader is not told what any of the statistics mean. (It is also true that in this short sentence the link between business confidence and economic growth has not been made. However, in this instance we are only concerned with the way in which the statistics are used.)

A far better version would be as follows:

In 2014 business confidence as measured by the National Australia Bank Business Confidence Index increased to 20.3 after only reaching 10.0 in the previous year. As a result, real GDP increased by 3%.

- Indexes

You can see here that I have used exactly the same statistics, but now the reader is aware that the figures for business confidence are as measured by the NAB business confidence index. As the figures are from an index, it is appropriate to compare one to the next. Also, we do not need to place an identifying mark (such as the percentage symbol) after the figure, as figures from an index are not percentages.

(*Note: This also applies to the Trade Weighted Index, The Consumer Confidence Index and the Terms of Trade Index).

What do each of these index measure? Research glossary of text book.

- Percentages & Ratios

On the other hand, the figure for the increase in real GDP as a percentage. As such, it is vital that we identify it as such with the percentage symbol. It is also important that we state what it is that this percentage represents. In this case, it represents the percentage increase in real GDP over the previous year.
This is very significant – if we were discussing the CAD/GDP ratio then the figure is also a percentage. However, in this instance it is the balance on current account as a percentage of GDP. As such, if the figure is 6.1% in one year (as it was in 2007-08) and then 2.7% the following year (as it did in 2008-09) then we cannot say that the ratio has “increased by 2.7%”. Instead we would say that the CAD/GDP ratio fell from 6.1% in 2007-08 to 2.7% in 2008-09.

The interpretation of statistics is a very important part of the Year 12 Economics course. As such, it is very important that you learn to apply them in the correct way.

The accurate use of Statistics is especially relevant when we study the Macro economy: Outcome 2 Unit 3 and Unit 4.

• Terminology

Accurate use of language and Economic Terms is also essential.

Define actually means to get an accurate definition from your glossary or economics dictionary. Always use the terms accurately to answer what the question is asking of you.
## Instructional Terms in Economics

*You will be referred to these words throughout the year and in SAC assessments and your exams.*

<table>
<thead>
<tr>
<th>Term</th>
<th>Explanation</th>
<th>Example of use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Account for</strong></td>
<td>Give reasons why something exists or occurs.</td>
<td>Account for the increase in consumer demand at some time.</td>
</tr>
<tr>
<td><strong>Analyse</strong></td>
<td>Show the essence of something by breaking it down and examining each part critically.</td>
<td>Analyse the relationships between unemployment and living standards.</td>
</tr>
<tr>
<td><strong>Apply</strong></td>
<td>Use or incorporate information and ideas to a situation.</td>
<td>Apply your understanding of the market mechanism to explain how resources are allocated.</td>
</tr>
<tr>
<td><strong>Assess</strong></td>
<td>Similar to <strong>Evaluate</strong> (see below). It means deciding on the value of the role of factors or elements in the development of a situation, and weighing up or measuring these factors. You should give reasons for your decisions.</td>
<td>Assess the extent to which a carbon tax will be likely to affect living standards.</td>
</tr>
<tr>
<td><strong>Categorise</strong></td>
<td>Place characteristics, changes, factors into distinctive groups.</td>
<td>Categorise the factors that have affected aggregate supply this year.</td>
</tr>
<tr>
<td><strong>Classify</strong></td>
<td>Same as <strong>Categorise</strong> (see above).</td>
<td>Classify these factors that have affected aggregate supply this year as either labour, capital or natural resource issues.</td>
</tr>
<tr>
<td><strong>Comment on</strong></td>
<td>You need to discuss the subject you have been asked to comment on, giving your opinion on whether or not you agree with it, and your reasons for this.</td>
<td>Comment on the decision to change interest rates at this time of the economic cycle.</td>
</tr>
<tr>
<td><strong>Compare</strong></td>
<td>Describe the similarities and differences between two or more things.</td>
<td>Compare the impact of budgetary policy and monetary policy on inflation.</td>
</tr>
<tr>
<td><strong>Consider</strong></td>
<td>This is a combination of <strong>Describe</strong>, <strong>Explain</strong> and <strong>Analyse</strong>. You need to know why something happens or exists, including the various components of the situation.</td>
<td>Consider the proposal to increase foreign aid to African countries as a way of improving the living conditions of Africans.</td>
</tr>
<tr>
<td><strong>Construct</strong></td>
<td>Put together an argument, point of view, a series of reasons for a situation, and/or a number of characteristics making up a situation. <strong>Construct</strong> may also refer to developing a table or a graph.</td>
<td>Construct a table showing the advantages and disadvantages of foreign investment in Australia.</td>
</tr>
</tbody>
</table>
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<tr>
<td><strong>Contrast</strong></td>
<td>Show the differences between two or more things.</td>
<td>Contrast Aggregate supply policies and Aggregate demand policies.</td>
</tr>
<tr>
<td><strong>Define</strong></td>
<td>To give a definition of the term, as in a glossary or economic dictionary and you can then elaborate with an example.</td>
<td>Define opportunity cost. What is the law of demand? What is the difference between production and productivity? Start by defining both terms and then highlight the differences.</td>
</tr>
<tr>
<td><strong>Describe</strong></td>
<td>Say what something is like by using description could list a number of points but importantly look at the overall trends.</td>
<td>Describe the graph/table showing the trends generally in the relationship between interest rates and the exchange rate over the last 3 years.</td>
</tr>
<tr>
<td><strong>Discuss</strong></td>
<td>Investigate or examine something by use of arguments, sifting, debating and/or giving reasons for and against a viewpoint. Always start with your opinion – I agree, I disagree, or I partly agree/partly disagree – then continue with evidence to support your opinion.</td>
<td>“The price mechanism produces the most efficient allocation of resources.” Discuss. [Start with your opinion of the statement then give reasons for this opinion]</td>
</tr>
<tr>
<td><strong>Evaluate</strong></td>
<td>You should weigh up and interpret a statement, viewpoint or situation. You need to consider each aspect referred to in the statement, commenting on their relative strengths and weaknesses, or overall effects on the item being discussed. An evaluation requires a judgement or measure on your part. See also Assess.</td>
<td>Evaluate the effectiveness of Micro economic policy in improving competitiveness in the Australian economy.</td>
</tr>
<tr>
<td><strong>Evaluate the relative importance of</strong></td>
<td>A combination of Rank (see below) and Evaluate (see above).</td>
<td>Compile a set of criteria to evaluate the relative importance of factors which contributed to the rise/recovery in economic growth over the previous year.</td>
</tr>
<tr>
<td><strong>Examine</strong></td>
<td>Describe what you know and understand about a particular situation.</td>
<td>Examine the how interest rates are determined in Australia.</td>
</tr>
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<tr>
<td>Explain</td>
<td>Give reasons why a situation exists or a process occurs. Unpack the logic of the concept in sequence.</td>
<td>Explain how the AS value will affect price stability.</td>
</tr>
<tr>
<td>Explore</td>
<td>Requires you to look at all parts of a situation, including points for and against an argument. See also <strong>Discuss</strong> (above).</td>
<td>Explore the view that living standards will be improved by a growth in GDP-Economic growth.</td>
</tr>
<tr>
<td>Identify</td>
<td>Establish the nature of a situation by distinguishing its feature or features.</td>
<td>Identify the measures which have been taken to manage or protect the environment or drainage basins.</td>
</tr>
<tr>
<td>Justify</td>
<td>Give sufficient evidence to support a viewpoint or conclusion.</td>
<td>Centralised economic power of big business and oligopolies in Australia are able to be price makers and distort the market. Justify this statement.</td>
</tr>
<tr>
<td>List</td>
<td>Name features but do not give details.</td>
<td>List the assumptions of the theoretical pure market economy.</td>
</tr>
<tr>
<td>Outline</td>
<td>Give a <em>summary</em> of the main elements of a situation. An outline could be a series of dot or bullet points.</td>
<td>Outline the benefits and costs to Australia increased immigration at this time.</td>
</tr>
<tr>
<td>Quantify</td>
<td><em>Use numerical measures</em> to aid the description and analysis of a situation. (% change and nominal changes of given variables).</td>
<td>Describe the changes in employment and unemployment from the statistics given. Quantify your answer.</td>
</tr>
<tr>
<td>Rank</td>
<td>Arrange factors or elements according to their importance (from <em>most important to least important</em>) in affecting living standards.</td>
<td>Which three of the factors suggested do you think is the most significant? Justify your method of ranking taking particular note of the importance you have given to these factors.</td>
</tr>
<tr>
<td>Suggest</td>
<td>Present a hypothesis or make a proposition about a particular situation. This may involve impressions, comparisons and/or explanations using available evidence.</td>
<td>Suggest a policy that maybe used to help reduce the consumption of fossil fuels or carbon pollution.</td>
</tr>
<tr>
<td>To what extent do you agree</td>
<td>See <strong>Assess</strong> above. A statement of agreement, disagreement or part agreement is required together with supporting evidence.</td>
<td>To what extent do you agree with the proposal to restrict immigration to Australia to just skilled immigrants?</td>
</tr>
</tbody>
</table>
40+ Score – “Strategies to Enhance your Economics Study Score”

If you want to do well in Economics, one thing that you should try to do is seek out people who have been successful in the past and ask them how they did it! With that in mind some thoughts from a successful student.

Some thoughts from a past student who received a subject score of 49…

What was your favourite part of the course?

My favourite part of VCE economics is its relation to current world events and how you are encouraged to think of your own solutions to economic concerns. Economics doesn’t require monotonous rote-learning of definitions but rather an understanding of what is currently happening in the world and the theory behind why these events may be occurring. By the end of the year I was able to pick up a copy of Business Day and make sense of articles I probably would not have understood before. I used this knowledge to develop informed opinions and to debate and discuss with friends and family some of the biggest issues on the Earth at this moment.

What was your least favourite part?

My least favourite part of VCE economics would have been learning definitions of the alternative measures of GDP (MAP and GPI) and the Henderson poverty line. It’s quite a long paragraph that you basically have to rote-learn. If you understand these measures well, you won’t have to memorise as thoroughly but make sure you go over these before the exam as you’re likely to have forgotten them by the end of the year.

How did you prepare for the SACs during the year?

During the semester I would usually read through the whole chapter we were studying in class and highlight key sentences. I would then complete multiple choice from various resources. If there was anything I didn’t understand, I would note it down on a “things to ask list” and take it to my teacher during spare periods. I probably asked some stupid questions over the year but it’s always better than making a stupid mistake in an exam of sac. By the time a SAC came around, I would have completed one or two practise SACs, a few short answer and all the multiple choice I could find. I didn’t really write up notes or try to
XI.

Cram the night before – economics is a logical subject and as long as you include all the steps that lead to your answer, you won’t need to remember a whole lot of information. The information you do have to memorise (i.e. definition of the goals), you will write so often that it will become permanently stored in your brain (three months later and I can remember them all).

Did you do anything different for the final exam?

I started preparation for the final exam in the September holidays. At that point I could barely remember unit 3 work and needed to seriously revise. I’d advise all economics student to continue doing practice questions open book until it becomes more of an effort to open the book than think of your own answer. Of course, don’t simply copy word for word from your text book but use it to help with any definitions or extra information you may include in your answer. It’s far better to write a quality answer using your textbook or notes than write a really bad answer under exam conditions. If you write a good quality answer often enough, you will be able to write it again in your exam or sac.

Just before the exam I made some basic mind maps of the entire course. I had one for each goal, one for microeconomics, budgetary policy and monetary policy. This assured me that I knew all of the course and helped to link all the concepts together. I’d say to all students to look over the study design and use the dot points as a check list of what you need to know; this guarantees you have not missed any part of the course.

If you could go back in time to the beginning of last year, what advice would you give yourself?

There’s not a lot I would do differently since I’m pretty happy with my score. Probably do my homework earlier so I wouldn’t have to finish it at the last minute every week.

Any final words for the students of this year?

Other advice:

- Multiple choice questions are really important as they’re worth two marks each! So when you’re going through multiple choice section, read every option and cross off the options that are clearly wrong. You might also want to write up little dot points on the steps involved rather than working it out in your head.
- Draw demand and supply diagrams whenever you need them to ensure you don’t make a silly mistake and you can see the movement in equilibrium price and quantity.
- One of the most important aspects of VCE economics is interpreting the question and structuring your answer well. This is something that will require a lot of practice over the year. Always look at the marking allocation as this will indicate how many key pieces of information you will need to include in your answer. The basic form I followed in answering my questions was:
  - Define any key words in the question.
— Explain all the steps.
— Answer the question.
— Possibly include an example or statistics.

I would advise including as much relevant detail as possible as long as time permits.
— For long response questions (over 6 marks), it is helpful to break the question down into 2 or 3 mark sections. You won’t be overwhelmed by the length and detail the question requires and you are more likely to include all the information examiners are looking for.

Finally, I think I would attribute a lot of my success in economics to my genuine interest in the subject during year 12. The articles published each week on the website by Mr. Wood will help tremendously with your knowledge of current economic events. By contributing regularly in the comments section, you are made to think critically.