

Economics Transition Work 2023

Equipment

Black Pen, Green Pen, Calculator, Ruler, Pencil, Ring Binder Folder

Tasks

a) Economics requires you to learn a lot of new terminology. It is a new language, as well as a social science. Define the following key terms:

1. Micro-Economics
2. Macro-Economics
3. The Economic Problem
4. Opportunity Cost
5. Ceteris Paribus
6. Positive statement
7. Normative statement
8. Production possibility frontier
9. Capital Goods
10. Consumer Goods
11. Factors of production. Name and provide examples
12. Demand
13. Supply
14. Price mechanism
15. Inflation
16. Interest Rate
17. Exchange Rate
18. Gross Domestic Product (GDP)
19. Economic Growth
20. Purchasing Power Parity

b) Produce a Case study. See attached examples for guidance.

- i) Developing Economy – Macro Economics
- ii) Developed Economy – Macro Economics
- iii) Market – Micro Economics.

Market examples: Energy, Oil, Housing, Banking, Entertainment, Airline, Wheat, Rubber, Car

c) Watch this video: [How The Economic Machine Works by Ray Dalio](#)

Summarize this into 10 bullet points

UK new car sales hit 30-year low but electric vehicle demand soars



NMGB

The Nissan Qashqai was the UK's best selling car of 2022 and a gold version pays tribute to the 7,000 staff that worked on it

The UK's best selling cars of 2022

- Nissan Qashqai 42,704
- Vauxhall Corsa 35,910
- Tesla Model Y 35,551
- Ford Puma 35,088
- Mini 32,387
- Kia Sportage 29,655
- Hyundai Tucson 27,839
- Volkswagen Golf 26,558
- Ford Kuga 26,549
- Ford Fiesta 25,070

Sales of electric cars increased from 190,700 to 267,000 - with their market share climbing from 11.6% to 16.6%.

The lion's share of fully electric vehicles were bought by businesses and fleet customers which made up 66.7% of all registrations of this type of car in 2022.

A Zero Emission Vehicle (ZEV) mandate is due to come into force in 2024. It will compel manufacturers to ensure that a proportion of the cars they sell are fully electric.

The sale of new petrol and diesel cars is due to be banned in 2030, although some hybrids will still be allowed on the market until 2035.

The SMMT is also warning that the number of public charging points is not increasing quickly enough to reach the government's target of having 300,000 by 2030.

DEVELOPING ECONOMIES

COUNTRY PROFILE

BOTSWANA



Key facts about Botswana

- One of the world's poorest countries at independence in 1966, it rapidly became one of the world's development successes
- Significant mineral (diamond) wealth, good governance, prudent economic management and a relatively small population of slightly more than two million, have made it an upper middle-income country with a transformation agenda of becoming a high-income country by 2036
- However, export dependency on diamonds has slowed growth due to diamond market volatility due to growing competition from synthetic diamonds
- Reduced export revenue, tourism exports and high public sector wage bills have caused fiscal deficits of 11.3% in 2020/21

Development Challenges

There is an urgent need to increase the range of exports and income streams to fund future development

Continuing to improve living standards and poverty reduction through a combination of increasing agricultural incomes, including subsidies

Continuing to reduce inequality through regional convergence due to fast growth in rural areas and improving the quality of infrastructure (water and electricity), essential basic services (education, health, and social safety nets), as well as accelerating reforms to the business environment and effective support for entrepreneurship

Controlling unemployment which stands at 24.5% with youth unemployment (32.4%) posing a critical challenge

FACT BOX

Location	East Africa	HDI	0.735
Population	2,254,068	Capital	Gaborone
GDP (nominal)	\$17.197 billion	Main Export	Diamonds
GDP per capita (PPP)	\$18,113	Main Import	Fuel
Gini	53.3	Currency	Pula

	2015	2016	2017	2018	2019	2020	2021
% change in real GDP	-1.7	4.3	2.9	4.5	4.0	3.2	4.9
Inflation rate %	3.1	2.8	3.3	3.2	3.8	3.7	4.3
Unemployment rate %	18.0	17.7	17.7	17.8	17.8	24.5	

DEVELOPED ECONOMIES

COUNTRY PROFILE

AUSTRALIA



Key facts about Australia

Internationally competitive, advanced market economy, and member of the Commonwealth

Very rich in natural resources, energy and agriculture

The world's largest exporter of wool

Main exports are Iron Ore, Coal, Petroleum Gas, Gold, and Aluminium Oxide

Experiences net inwards FDI (US\$10.9 bn in 2019)

Economy structure is agriculture: 3.6%, industry: 25.3%, services: 71.2%

Challenges include ageing population, pressure on infrastructure, and environmental issues such as floods, droughts, and bushfires

The driest inhabited continent so therefore very vulnerable to climate change

Key macroeconomic data (figures from July 2021)

GDP

Real GDP	\$1.331 trn
Real GDP per capita	\$51,743
Average real GDP growth 2014-19	2.48%

Trade

Trade balance (% of GDP)	+4%
Average trade balance 2014-19 (% of GDP)	0.125%
Chief trade partners	China, Japan, US

Fiscal policies

Government spending this year	\$433.93 bn
Budget balance (% of GDP)	-5.9%
Government debt (% of GDP)	97%
Average tax revenue (% of GDP) 2014-19	28%
Top rate of income tax	45%

Unemployment

Unemployment	4.9%
Average unemployment 2014-19	5.7%
Youth unemployment	10.7%
Average youth unemployment 2014-19	12.54%
Labour force participation rate	80.6%

Monetary policy

Base rate	0.1%
Quantitative Easing to date	\$90.6 bn
CPI Inflation rate	2.1%
Average inflation 2014-19	1.78%

Healthcare

Healthcare as a percentage of government spending 2014-19	17.39%
Private spending on healthcare per capita, PPP	\$1,453

Key micro and macro policies

- Key goals for policy include creating jobs and rebuilding the economy, guaranteeing essential services
- The Australian government also aims to improve women's safety and economic security, and greater economic and environmental resilience
- Key policy measures include personal income tax cuts, business tax incentives, new apprenticeships and training places, more infrastructure
- Policies will also focus on improving productivity, because of the link between productivity and living standards
- Record funding for schools, hospitals, aged care, mental health and the National Disability Insurance Scheme