**The Economic Problem**

*Learning Intentions*

* *I will learn that the economic problem is made up of unlimited wants and scarce resources*
* *I will learn that how we choose to use our limited resources to satisfy wants will result in externalities, costs and benefits*
* *I will learn how to use a PPF in an economic context*
* *I will learn how to conduct a cost/benefit analysis*
* *I will learn how to use economic terminology in tasks*

*Criteria For Success*

* *An ‘A’ grade student will:*
  + *Show a comprehensive understanding of economic issues of wants, resources, scarcity, opportunity cost, externalities and cost/benefit analysis and can apply these concepts accurately to the PPF*
  + *Can integrate accurately and with insight the local and global issues surrounding the economic problem. This may be through the use of a PPF or in explanation of concepts*
  + *Ensures that all the information they present is accurate and is able to use the PPF appropriately*
  + *Uses economic terminology accurately and effectively throughout all their work*

***TASKS BASED ON BLOOM’S TAXONOMY***

**Remembering** (recalling basic facts)

* ***List*** the different characteristics of wants and resources
* ***Reproduce*** the PPF

**Comprehension** (understanding is the key)

* ***Describe*** the concept of scarcity in one paragraph
* ***Explain*** how a PPF works and why it is impossible to operate outside the PPF

**Application** (using facts to find solutions to problems)

* ***Demonstrate*** using a PPF, the impact of an increase in technology for an economy as well as an increase in demand
* In groups of 2, ***demonstrate*** the impact of an increase in resources on the economic problem in a poster without using any words

**Analysis** (Examining parts in relationship to the whole)

* Using a VENN diagram, ***analyse*** how the relationships between the PPF and the economic problem
* Using a fishbone, ***analyse*** Amos 4 with regards to the economic problem.
* Using a Fishbone chart, ***analyse*** the article below for the following economic concepts. Make sure you give evidence.
  + PPF
  + Demand
  + Opportunity cost
  + Wants
  + Resources

**WHAT WAS THE VERY FIRST THING BOUGHT ONLINE**

Source – [www.news.com.au](http://www.news.com.au), 5 Sept 2014

IT PROBABLY seems like second nature to those of us who spend far too much time perusing online stores every other day but e-commerce has only just turned 20.

What is widely considered to be the very first online purchase was made 20 years ago in 1994 — back when most of us didn’t really know about the internet yet and you needed a backpack to carry around your mobile phone.

But a pioneering customer made, on August 11, 1994, made the [very first secure online purchase](http://www.iabuk.net/news/ecommerce-celebrates-20th-anniversary). They were a Sting fan and picked up the British crooner’s Ten Summoner’s Tales album for $US12.48 plus shipping. For those unfamiliar with Sting’s discography, the two most famous songs off that album were ‘Fields of Gold’ and ‘Shape of My Heart’.

We’ve come a long way since that first click of the ‘buy’ button. The NAB Online Retail Sales index released this week found Australians spent $15.6 billion on online shopping in the 12 months to July, and it’s growing year-on-year at 8.6 per cent. A quarter of that was spent on goods bought from overseas websites. In Australia, a lot of money was spent on groceries because it’s more convenient.

Those aged between 35 and 44-years old are the most enthusiastic online shoppers with 24.4 per cent share of spend, followed by 25 to 34-year olds with 20.6 per cent share of spend. But older Australians over 65-years old are getting more into it.

The highest growth category was groceries and liquor, which grew 15.9 per cent compared to sales a year ago.

Online fashion retailer The Iconic’s co-founder, Adam Jacobs, told news.com.au: “It’s an extremely exciting time to be a retailer. There are periods of technological advancements that change an industry completely. We’re lucky to be smack bang in the middle of that stage now.

“Online shopping has evolved so much in the last 20 years, and even in the last five years. Today, buying something online is like ordering a pizza — you can get it within a few hours. It’s so much easier than ever before. It’s only going to get even better from here.”

**Evaluation** (Judging the information)

* As a group of medical specialists running a small country public hospital, you must meet and decide how to spend your limited medical budget and who can be treated. $100,000 is the total amount of funds you have available to spend on the following case list:
  + **Patient 1 – Michael** – Newborn. Family have lost two children in childbirth before and this little one was born three months early. It will require extensive treatment around the clock and is expected to have only a less then 10% chance of long term medical problems and a 90% survival rate after 1 week of delivery (COST $75,000)
  + **Patient 2 – Francis** – A mother of three teenagers and long term smoker. She has cancer of the larynx. She has a 75% chance of survival if she can get treatment – throat surgery and chemo required (COST $18,000)
  + **Patient 3 – Margaret** – Contracted HIV from a blood transfusion before blood security had been introduced. She has started to show signs of AIDS and will require yearly treatment of the drug AZT. She has a lifespan now of 3 ½ years. (COST $8,000 per year)
  + **Patient 4 – Doris** – Grandmother of two who has been suffering extreme pain from an arthritic hip and needs a hip replacement. There is a long waiting list for this operation in the public system of over 2 years. (COST $10,000)
  + **Patient 5 – Geoffrey** – Accidently ribbed his eye and caused a retinal detachment leaving his sight impaired. Vision can be restored after and operation (COST $5,000)
  + **Patient 6 – Fred** – a 42 year old male with kidney disease and needing either a transplant (COST $45,000) or kidney dialysis each year (COST $14,000)
  + **Patient 7 – Jan** – suffers from mental dementia and paranoia. She is prone to violent outbursts and mood swings. Treatment is limited but hospitalisation has been suggested although there are concerns over the safety of staff and other patients (COST $1,000)
  + **Patient 8 – Bill** – 18 years old and was injured in a car crash involving excessive speed and alcohol readings. He has smashed his face and requires extensive plastic surgery to restore the damage. (COST 25,000)
  + **Patient 9 – Jill** – Grandmother diagnosed with breast cancer and needing a mastectomy (COST $6,000)
    - In groups of 3, use a PMI chart for each patient to ***make a judgment*** whether they are worthy of being treated. Giving a reasoned j***udgment*** on who you would spend the $100,000 at the end.
      * *Ensure you include the effects on society and the economy as a whole.*
* **To what extent** do you agree with the following statement:
* Negative externalities don’t really need to be taken into consideration when making economic decisions – use a judgement/reasons/response model (1 page)

**Creating**

* Creativity Questivities
  + What would happen if no-one took externalities into consideration in economic decision making?
  + Would you rather have limited or unlimited wants? Explain your decision
  + How would you feel if resources were not scarce?
  + In your opinion, what poses the most difficulty in analysing costs and benefits?
  + Why do some countries care more about externalities of pollution than others?
  + How is the economic problem like a telephone?
  + Active question – Make a list of questions the president the Prime Minister of India might ask Tony Abbott about the costs and benefits of economic development
* Design a poster clearly demonstrating the issues of opportunity cost, scarcity and the economic problem

**Reflection**

* Complete the following reflection stems and questions:
* Looking back
* How well do you think you have understood the learning intentions?
* To what extent do you think you performed at the ‘A’ band?
* I enjoyed learning this because…
* One thing I didn’t expect was…
* Before this, I did not know that…
* Doing this work made me wonder about
* Looking forward
* This has inspired me to look into…
* I need to understand this because…
* I want to find out why \_\_\_\_\_\_\_\_\_ happens so that I can…

**Extension Question**

* How do you think the economic problem is seen in the bible?