

MATHS TREATS

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ECONOMIC LITERACY

Economic literacy is understanding the forces in the world around us that shape our lives and the role we play within that world, and having the knowledge, skills, and disposition to evaluate different ways of thinking about the economy. The economy comprises the production, distribution, and consumption activities of consumers, businesses, and governments. Key economic concepts include the scarcity of resources; supply, demand, and market price; trade-offs and opportunity costs; and marginal costs and benefits. You can use mathematics to interpret economic data by creating trend graphs and calculating percentage changes.

MEASURING THE ECONOMY



A common measure of a nation's economy is Gross Domestic Product (GDP): the total value of goods and services produced within the country over a specific time frame such as a quarter or a year. However, other measures are also used including: Gross National Product (GNP) which is GDP plus income from foreign investments, unemployment rate and underemployment rate. In contrast, the small country of Bhutan measures its prosperity based on Gross National Happiness (GNH).

ACTIVITY

Compare Australian economic data from at least two different sources. Are the numbers consistent? If the data are different, which source would you trust more and why? Look at a range of different economic measures. What trends can you see over time? What factors might be driving these trends? Are these trends consistent for different economic measures? Which measure(s) do you think most accurately reflect the current situation in Australia? How might the values and power of different groups affect which measure they recommend?

REFERENCES AND FURTHER READING

ABOUT ECONOMICS

blog.ecnmy.org/what-is-economic-literacy-577e05c378b6

Wikipedia: Gross domestic product, gross national happiness, recession, economic depression

www.khanacademy.org (macroeconomics and microeconomics)

www.theguardian.com/world/2012/dec/01/bhutan-wealth-happiness-counts

www.smh.com.au/business/the-economy/what-is-a-recession-20200312-p549ez

ECONOMIC GROWTH AND DECLINE



Positive economic growth is a sign of prosperity and expansion as there is more money, more productivity and higher economic output. Negative economic growth indicates a slowdown of economic activity, declining wage growth and reducing money supply. While there are various definitions of a 'recession', the commonly used definition in Australia is negative economic growth for two consecutive quarters. An economic 'depression' is a severe and long-term decline in economic activity.

ACTIVITY

Australia has experienced almost 30 years of economic growth since the last recession in 1990-91. Look at the trends in different economic measures such as economic output, unemployment, availability of credit, bankruptcies, level of international trade and currency value. Which economic measures aligned with past periods of economic growth or decline? What events may have triggered past economic recessions and depressions? What strategies can be used to reduce the severity and duration of an economic downturn?

theconversation.com/how-will-the-coronavirus-recession-compare-with-the-worst-in-australias-history-136379

ECONOMIC DATA ON AUSTRALIA

Australian Bureau of Statistics www.abs.gov.au/ausstats/abs@.nsf/mf/5206.0

Trading Economics tradingeconomics.com/australia/gdp

Images: Leadbeater possum - Steve Kuitert, others from Pixabay and iStockphoto.