

PEARSON ECONOMICS 12

AUSTRALIA IN THE GLOBAL ECONOMY

2023

Sample pages

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Welcome

We live in an extraordinary time in world history. The era of globalisation has seen a transformation in the size and power of the world's major economies. It has also seen a transformation in the way that people live, work and communicate all across the world. But the first two decades of the 21st century showed that globalisation has not brought about stability. Instead, it has contributed to rising uncertainty. By the end of the first decade, we had witnessed a global financial crisis and the worst economic downturn in 75 years. By the end of the second decade, the architecture for managing the global economy had begun disintegrating, with the United States - once the anchor of the global economy - abandoning many of the principles and institutions that had shaped American leadership of the global economy for almost a century. The third decade has begun with the largest downturn in economic activity since the Great Depression almost a century ago, following the onset of the COVID-19 coronavirus pandemic.

With the acceleration of technology, global supply chains and cross-border investment, governments have found that their power to implement domestic economic policies is becoming limited in the face of powerful global forces. It is made more challenging when many multinational corporations have a larger annual turnover than most national economies.

Globalisation is probably the most important force at work at this time in history. It is changing what products are bought, where people travel, what is studied, what careers are chosen, how people entertain themselves and what people believe in. It has increased living standards around the world, but its downsides have also created a backlash against globalisation that gained momentum in the past decade.

Despite the growth of the global economy and spread of new technology, significant gaps remain both between rich and poor countries and between the rich and poor people within countries, with just under half of the world's population living in poverty. Incomes have stagnated in many wealthier nations, jobs have become more insecure and there is heightened anxiety about the future.

Globalisation is also the most significant force at work in the Australian economy. Since the 1980s, Australia has embraced globalisation, placing a high priority on integrating its economy with other economies in its region and throughout the world. As a small economy in a world dominated by much larger economic powers, Australia cannot escape the impact of global economic developments. However, we've seen in the past three decades that a combination of good economic policy, a business sector



The textbook team (L-R): Zain Ahmed, Ben Lorsch, Tim Dixon, Natalie Baker, Michael Pahos, Joel Bank, Michelle Mountford, Luke Goldman, John O'Mahony. Not pictured: Vanessa Li, Ben Robinson

that responds quickly to changing conditions, and good luck from developments like the global resources boom can all combine to produce surprisingly good results for the Australian economy, even when the general international economic climate is difficult.

The Year 12 Economics Course gives you the opportunity to grapple with many of these issues. It blends theory with current developments, a global perspective, a sensitivity to the factors that determine economic performance and government policies and a focus on the impacts of those policies. Quite apart from keeping you busy during Year 12, it introduces a smorgasbord of issues that you may choose to pursue in greater detail in further study or in your working life.

The first topic of this book examines the global economy. The second examines Australia's relationship to the global economy and trade performance. After these topics establish where Australia fits into the world economy, the third topic reviews the major problems and issues in the Australian economy, such as the goals of economic growth, low unemployment, low inflation, external balance and environmental sustainability. The final topic examines the macroeconomic and microeconomic policies used by governments to meet these challenges.

This textbook is a collaborative effort of a whole team of economic researchers. Each year, the book is comprehensively revised and refined to reflect feedback from students and teachers as well as changes in global and domestic economic conditions and developments in the economic policy environment. As it was last year, updating for 2023 was a tougher challenge than for any of the previous twenty editions, as the economic impacts of the COVID-19 pandemic are so far-reaching and fast-changing. Our thanks to all of the team involved in the production of this textbook both for this year and previous years. We hope that this text helps you make sense of the complex topic of Australia and the global economy and that we can pass on to you some of our passion for it.

Tim Dixon and John O'Mahony

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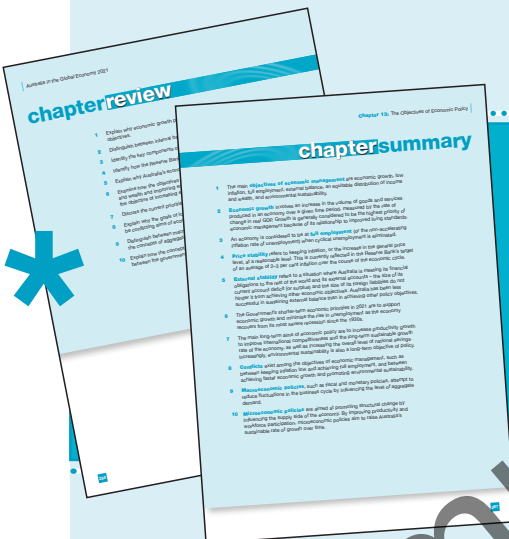
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How to use this book

Congratulations on choosing *Pearson Economics 12: Australia in the Global Economy* as your Year 12 Economics text. Before you use *Australia in the Global Economy*, we'd like to highlight some of its key features.

The text is divided into four Topics, following the structure of the Year 12 Economics syllabus. Each Topic is introduced by a page that includes the relevant Focus, Issues and Skills for that Topic, reflecting the syllabus objectives. This is followed by a clear introduction to each chapter within the Topic.



Each Chapter concludes with a 10-point **Chapter Summary** and 10 **Chapter Review** questions. The Chapter Summary is a good starting point for your notes on each Chapter, and the review questions are a great way to test your understanding of the Chapter.

This year's edition also includes:

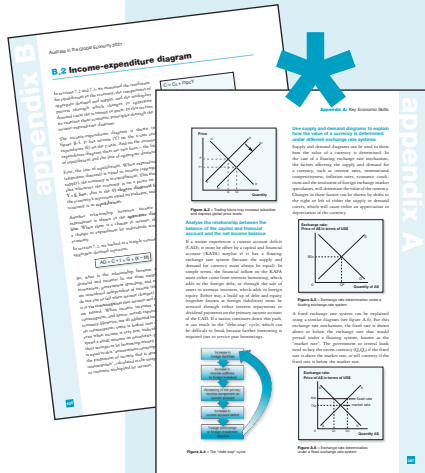
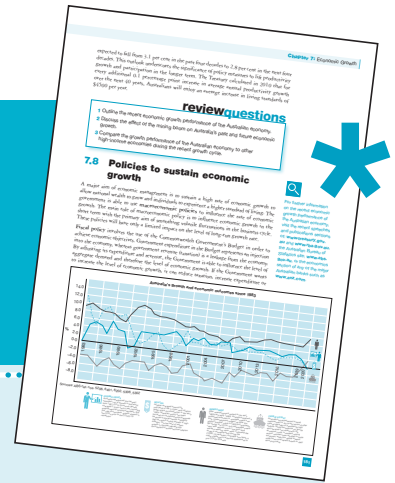
- analysis of the impact of COVID-19 on the Australian and global economies in two detailed summaries (chapters 3 and 7)
- review of the global economic impact of the war in Ukraine (chapter 3)
- economic collapse in Sri Lanka case study (chapter 3)
- a detailed analysis of the 2022 Budget.



The comprehensive Glossary at the back of the text provides a ready reference for more than 350 key economics terms and concepts.



Throughout the text, you will find references to useful websites relevant to that area of study.



A unique feature of **Australia in the Global Economy** is its two appendices, located at the back of the book.

Appendix A: Key Economic Skills gives you the opportunity to master the 23 skills outlined in the Year 12 Economics syllabus. The appendix covers three main areas: drawing and interpreting economic diagrams, equations and calculations, and interpreting economic data and information. By working through this material you will develop and reinforce the key economic skills.

Appendix B: Advanced Economic Analysis provides extension material beyond the Year 12 Economics Syllabus for students seeking an extra challenge.

Pearson Economics 12: Australia in the Global Economy Workbook Eleventh Edition

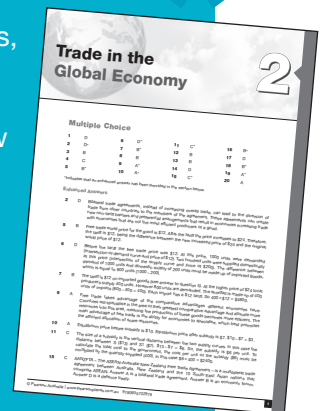
The accompanying workbook *Australia in the Global Economy Workbook Eleventh Edition* is a great resource to further help you in your study of Year 12 Economics.

This year we have added **enhanced answers** to the workbook answers, including worked solutions for answers that require calculations and additional explanations for answers that require you to demonstrate a deeper understanding of key concepts and knowledge. These will allow you to not only confirm whether you arrived at the right or wrong answer, but to understand why.

How to access answers to the Workbook

You can download the answers to all multiple choice questions and example responses to short answer questions by following these simple steps:

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We really hope that this text makes your study of economics more enjoyable and rewarding. The book is revised and updated each year to ensure it stays sharp and up to the minute – and to save you from having to spend time chasing down information when you should be focusing on understanding the content and developing your skills as an economist.