**New Zealand and the Republic of Korea: Market Failure in Growth Economies**

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| **Unit: 91402 (3.4) Demonstrate understanding of government interventions to correct market failures** |
| **Teacher:** This unit has been created by Kerry Sullivan |
| **Teacher Note** |
| This unit has been designed to accompany a teaching and learning programme for Achievement Standard 91402, Demonstrate understanding of government interventions to correct for market failures.An emphasis has been placed on comparing New Zealand issues to that of the Republic of Korea. The unit provides students with an opportunity to explore a number of contemporary issues that encourage them to think about wider issues and responses to market failure. These include the relative wealth and size of a nation, both geographic and population based.The Unit includes an Internal Assessment Task for Achievement Standard 91402. |
| **OBJECTIVES** |
| **Achievement Objective:**Understand that well-functioning markets are efficient but that governments may need to intervene where markets fail to deliver efficient or equitable outcomes.Understand how the nature and size of the New Zealand economy is influenced by interacting internal and external factors. | **Year Level: Year 13****Curriculum Level: Level 8****Unit Duration**: 4-6 weeks including completion of assessment activity. |
| **KEY ASPECTS OF LEARNING/STRANDS** |
| Understand how people make decisions about access to and use of resources.Understand how people view and use places differently.Understand how groups make and implement rules and laws.Understand how cultural practices vary but reflect similar purposes. |
| **Values:****Equity**, through fairness and social justice**Ecological sustainability**, which includes care for the environment**Innovation, Inquiry, & Curiosity**, by thinking critically, creatively, and reflectively**Diversity**, as found in our different cultures, languages, and heritages**Community & participation** for the common good | **Key Competencies:**ThinkingUsing language, symbols, and textsManaging self | **Principles:**Cultural diversityLearning to learnFuture Focus |
| **Unit Focus:** Government interventions for common causes of market failureCommon causes of market failure in this context relate to:* consumption externalities
* production externalities
* public goods
* imperfect information
* inequitable income distribution.

Government remedies refer to interventions in a market by central or local government. For example, these may include, for each market failure, a selection from:* subsidies, taxes, regulations, property rights and government provision (consumption externalities)
* subsidies, taxes, regulations, property rights and government provision (production externalities)
* government provision (public goods)
* regulation (imperfect information)
* progressive taxes, welfare benefits, collective provision and minimum wage (inequitable income distribution).
 | **Context:**Ask questions, gather information and background ideas, and examine relevant current issuesExplore and analyse people’s values and perspectivesConsider the ways in which people make decisions and participate in social actionReflect on and evaluate the understandings they have developed and the responses that may be required. |

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| **Concepts** | **Suggested Resources / Exercises** |
| **Concept 1.0*****Market System*** Introduction to market failure. Different types of markets. | **Resource 1.0**What is meant by the term ‘Market Failure’* Labour Immobility
* Income Inequality
* Imperfect Information

**Exercise 1.0**Approaches to address ‘Market Failure’ |
| **Concept 2.0*****Externalities******Social Marginal Cost, Social Marginal Benefit***View the 2013 documentarySecrets behind Korea’s Economic Success 24m’10sThis documentary unveils secrets about how Korea, once the poorest country in the world, escaped poverty and grew to become the World's 14th largest economy and the first Asian nation to host the G20 summit, in 2010. The film identifies key factors behind Korea's economic success such as Korea's strategies, incessant efforts and investment that helped the nation achieve what the world came to call the "Miracle on the Han River."South Korea Documentary 46m’38s | Secrets behind Korea’s Economic Success[www.youtube.com/watch?v=bJ0hMr5TSkI](http://www.youtube.com/watch?v=bJ0hMr5TSkI)South Korea DocumentaryFirst 20 min provides good insight into the speed of economic development in Korea.[www.youtube.com/watch?v=z8gw5qNr6PU](http://www.youtube.com/watch?v=z8gw5qNr6PU)  |
| **Concept 3.0*****The Role of Government***Introduction to ROK (Korea) as an important trading partner for NZ that has experienced phenomenal economic growth and development. Free Trade Agreement:<https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/nz-korea-free-trade-agreement/>Compare examples of key indicators of life for both New Zealand and South Korea. Identifying the role of government in both countries through similarities and differences will assist students to develop understanding of differing approaches to issues. | If it were my home[www.ifitweremyhome.com/compare/NZ/KR](http://www.ifitweremyhome.com/compare/NZ/KR)**Exercise 3.0**NZ/ROK Comparison<https://www.cia.gov/library/publications/the-world-factbook/> |
| **Concept 4.0*****Regulations Example***Market intervention Regulation in the private taxi market using Uber as a case study.Student’s knowledge around why governments intervene in the market and how they achieve this can be explored in this quick exercise.  | **Resource 4.0** Government regulations on taxi-licensing and the emergence of Uber**Exercise 4.0**Work sheet on taxi-licensing and the emergence of Uber |
| **Concept 5.0*****Options to Internalise Externalities***Traffic Congestion in Seoul, problems and innovative solutions.South Korea Documentary (from 22m’00s) | **Resource 5.0**Emissions Trading Article, South Korea Steams Ahead**Exercise 5.0** Congestion, reliance on private motor vehicle.Congestion problems and solutions[www.youtube.com/watch?v=z8gw5qNr6PU](http://www.youtube.com/watch?v=z8gw5qNr6PU) |
| **Concept 6.0*****Merit and Demerit Goods******Collective Goods and Services***The restoration of the Cheonggycheon river in central Seoul was a major public works project involving the removal of a motorway which had been built over the river and the landscaping and restoration of a river park for public access. Cheonggycheon Stream Restoration Documentary 11m’00s | **Resource 6.0**Public GoodsCheonggycheon Stream Restoration<https://www.youtube.com/watch?v=NJkZYCiXRAw> |
| **Revision**Key terminology revision exercise. | **Exercise 7.0**Key Terms Revision Mix and Match |
| **Internal Assessment Task** | 3.4 AS 91402 Assessment Task3.4 AS 91402 Assessment Schedule |
| **Additional resources:** |
| [www.numbeo.com](http://www.numbeo.com) |