

Economics- opportunity cost essay

[Parts of the World](#), [Australia](#)



Education is one of the basic commodities that ensure good life in the world. Provision of education has been made by many countries in the world since this is one of the factors that help in improving the future productivity of a country. With no education, there would be no effective production in the major sectors of the economy of a country. Education in Australia has been divided into various sub sectors which give education to various citizens at various levels (Harrington 2010). Although the education level in this country has been good, some of the economic analysts argue that the quality of education offered is not satisfactory.

The education system of Australia has certain flaws that have been criticized by the economic analysts in the country. According to them, these flaws may create adverse implications in the economy of the country. Although these effects may not be felt immediately, it is important to note that it will affect the production capacity of the country in the future. This is because the production of the young people who are in school now will be realized in future when they will complete their education (Martin 2009). If something is not done about the current education system of Australia, there will be an opportunity cost in major activities that affect the rate of economic growth. For instance, there will be less productivity as compared to other countries in the global business environment.

One of the flaws of the Australian system of education is that it does not provide free education at some levels of education. This is unlike most developed countries like France. In France, there is free education for students who have qualified to join the university. This ensures high productivity in the future since most of the students in the country attain the

highest level of education (Jenifer 2011). In addition, the high education level in the country leads to healthy competition in the job market. In Australia, there are some people who cannot afford money to go to the university. This makes them to attain low level of education.

Failure to attain the highest of education in Australia implies that there will be many unfilled gaps in certain professional fields. For instance, if there are fewer engineers in the country, there will be no optimum utilization of human resources in the country. In the economics perspective, production consists of certain inputs that are used to realize a desired level of output. The inputs include labor and capital. If Australia has capital only without the right combination of skilled labor, then there might be underproduction (Reid 2008). Australia should introduce free education even in the university level of education in order to ensure that there are enough trained personnel for future production of the country.

In order to understand how education problems may cause adverse effects in this country, it is important to understand the meaning of opportunity cost. Opportunity cost is the value of the second best option foregone. For instance, one may be willing to buy a television or a computer. If he must buy only one of the two commodities, then the commodity which is not bought is the opportunity cost. In order to prevent losing a lot in terms of productivity, Australia has to ensure that it can take advantage of all the available opportunities that exist in the country (Martin 2009).

One of the opportunities that are in Australia is the availability of high class education institutions. There are many foreigners who come from all over the world to get education in these institutions. The country can diversify the

revenue realized from these foreigners in order to improve the country's education system. This will be for the benefit of the country's economy, which depends on the output of the current students in schools. The improvement of the education system should involve careful planning to ensure that there is no wastage of resources.

The other flaw in the education system of Australia that has been mentioned by economic analysts is poor structure of this system. This is in terms of numeracy as well as literacy (William 2010). Some of the schools in this country do not give students the basic training needed for effective learning. This is the major reason why there are many students who have language problems even at high levels of education. The teachers at the primary level of education do not give students all the literacy skills that are needed to solve problems in real life situations. Literacy problems have made students to face serious problems in English and Mathematics.

The effect of structural problems of the education system has caused adverse consequences to those who have completed their education. Many of these students go searching for jobs with an expectation of getting high paying jobs. However, they land on the low paying jobs that have no much difference with those who have not attained a high level of education (William 2012). There has to be a difference between the wages of those who have attained a high level of education and those who have only attained secondary education. If the difference is negligible, then there is a flaw in the current education system.

The admission of students in the university has also been criticized by many people in Australia. There has been incompetence in the computation of the

measure of how students will be allocated in the various universities in the country. Students are admitted to the universities using indices that are calculated based on their performance. However, the calculation of these indices has not been satisfactory. It has caused inequality among students in the country. The relevant university bodies should come up with more equitable methods of allocating admissions in the university. This will help the country to meet the rankings of high profile countries like France and Finland in terms of education performance. This will also create some benefits to the poor students who cannot afford money to get university education. (Miriam 2012).

The problems faced by the education system of Australia have been attributed to lack of long term planning in the education system. This is a lesson that can be learnt from Finland, which sought to undertake long term planning in education. This country decided to do this since they looked at education as one of the key drivers of economic growth as well as economic development. Planning of education should be done in the long term since education does not end. Australia should look at the future contingencies as it plans to achieve a more improved education system. This will prevent any contingent liabilities in the future.

It is also important to incorporate the concept of scarcity in the education system. Scarcity occurs when there is shortage of resources to conduct a certain economic activity efficiently (Miriam 2012). Scarcity in education therefore implies shortage of resources for effective learning to take place. In Australia, not all resources are available in the education institutions. The relevant leaders involved should collect adequate information regarding the

shortages in these institutions. This will ensure effective allocation of resources. If the current system is not improved, then there might be shortage of human resources in the major sectors of the economy in the future. This may lead to lower productivity that may translate into lower economic growth.

Diversification of the education system in terms of infrastructure and structural form would help Australia to reach a higher level in terms of education. There are some of the education institutions which are not accessible in adverse climatic conditions. This happens mostly in the rural areas. If this is improved, there would be equity in the provision of education in the country (Olive 2012). In addition, the education system of the country should be restructured to ensure there are diverse skills that are taught in schools. Most students gain skills that lead to the provision of white collar jobs. This happens at the expense of the technical skills that are important in other tertiary sectors of the economy. Provision of technical skills in schools will enable the country to avoid congestion in the white collar job market. It will also ensure that there is no shortage of employees in the technical sector.

The law of supply and demand can be applied in the education sector to explain how the price of labor is arrived at. In most times, there is disequilibrium in the demand and supply for labor in Australia. This has been brought about by the scarcity of resources. For instance there is more demand for education than supply. Some of the students do not get the chance to get university education. This translates to lower supply of labor in the most important economic sectors of the country. The universities of this

country cannot accommodate the high population of students in the country. If there are many people who find jobs that are low paying, then there will be excess supply of labor in this sector (Oscar 2010). The education system should be restructured to ensure that there is equilibrium in this market.

In order to achieve improvements in the education system of Australia, there should be some sort of government intervention. The government is the one that provides the policies that govern the overall system of education in the country. In order to ensure that effective policies are enacted, citizens should elect competent and hard working politicians who have sound economic prospects. The planning of an effective education system should involve the allocation of adequate funds to conduct the changes. In addition, the government should provide incentives for poor students to attain university education. It should also ensure that adequate skills are provided in learning institutions for future productivity of the country (Olive 2012).

In conclusion, Australia should strive to improve the quality of education in order to realize a stable economy. This will be realized through increased future productivity that will increase the future level of national income. If the Australian government encourages the teaching of technical skills, then the employment level will increase in the future. This will be possible since technical skills promote self employment in the country, which reduces the aggregate level of unemployment in the country. If there will be high level of employment in the country, then people will not be adversely affected by the effects of inflation. This is because there will be an increase in the aggregate

level of income among the various households in the country that will guarantee adequate money for the purchase of basic commodities.

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