**Sample Course Outline**

Economics

General Year 12

**Copyright**

© School Curriculum and Standards Authority, 2015

This document – apart from any third party copyright material contained in it – may be freely copied, or communicated on an intranet, for non-commercial purposes in educational institutions, provided that the School Curriculum and Standards Authority is acknowledged as the copyright owner, and that the Authority’s moral rights are not infringed.

Copying or communication for any other purpose can be done only within the terms of the *Copyright Act 1968* or with prior written permission of the School Curriculum and Standards Authority. Copying or communication of any third party copyright material can be done only within the terms of the *Copyright Act 1968* or with permission of the copyright owners.

Any content in this document that has been derived from the Australian Curriculum may be used under the terms of the [Creative Commons Attribution-NonCommercial 3.0 Australia licence](http://creativecommons.org/licenses/by-nc/3.0/au/)

**Disclaimer**

Any resources such as texts, websites and so on that may be referred to in this document are provided as examples of resources that teachers can use to support their learning programs. Their inclusion does not imply that they are mandatory or that they are the only resources relevant to the course.

# Sample course outline

# Economics – General Year 12

## Semester 1 – Unit 3 – Microeconomics

| **Week** | **Key teaching points** |
| --- | --- |
| 1 | **Introduction to markets**   * The functions of an economic system * The characteristics of a market economy * The distinction between a product market and a factor market * The characteristics of a competitive market * The characteristics of a non-competitive market |
| 2–4 | **Demand**   * The meaning of demand * A demand curve and a demand schedule * The law of demand * The relationship between individual and market demand schedules and curves * The importance of the *ceteris paribus* assumption in drawing a demand curve * The substitution effect and the income effect * The effect of a change in price on a demand curve (expansion/contraction) * The factors affecting demand other than price * The effect of changes in non-price factors on a demand curve (increase/decrease) * The difference between a normal good and an inferior good   **Supply**   * The meaning of supply * A supply schedule and a supply curve * The law of supply * The relationship between individual and market supply schedules and curves * The importance of the *ceteris paribus* assumption in drawing a supply curve * The reasons for the law of supply * The effect of a change in price on a supply curve (expansion/contraction) * The factors affecting supply other than price * The effect of non-price factors on a supply curve (increase/decrease) |
| 5–6 | **Equilibrium**   * The meaning of equilibrium * The determination of equilibrium from a demand schedule and a supply schedule * The determination of equilibrium from a demand curve and a supply curve * The meaning of excess demand and the effect on price * The meaning of excess supply and the effect on price * A demand/supply graph showing a surplus * A demand/supply graph showing a shortage * Price adjustment to clear shortages and surpluses in a competitive market (the price mechanism) * The effect of changes in demand on market equilibrium * The effect of changes in supply on market equilibrium * The effect of changes in demand and supply on market equilibrium |
| 7–8 | **Elasticity**   * The meaning of price elasticity of demand * The difference between elastic demand and inelastic demand * Different methods to measure price elasticity of demand * The meaning of total revenue (TR) * The effect on total revenue when price is changed and demand is elastic * The effect on total revenue when price is changed and demand is inelastic * The determinants of price elasticity of demand * The meaning of income elasticity of demand * The behaviour of normal goods and inferior goods in response to changes in income * The meaning of price elasticity of supply * The difference between elastic supply and inelastic supply * The factors that determine price elasticity of supply * The significance of price and income elasticity for consumers, businesses and government |
| 9–13 | **Market failure and government policies**   * The meaning of economic efficiency * The meaning of ‘market failure’   **Market failure – market power**   * The efficiency of a competitive market * The characteristics of an imperfect market * The effect of barriers to entry on competition * A comparison of price and output in imperfect markets compared to competitive markets * The meaning of market power * Examples of monopoly and oligopoly markets * The effect of market power on price and output * The meaning of anti-competitive behaviour * Examples of anti-competitive practices: cartels; misuse of market power; exclusive dealing; resale price maintenance; predatory pricing; collective bargaining and boycotts * The role of the ACCC in ensuring market efficiency * Policy options to influence market power   **Market failure – externalities**   * The difference between private benefits and external benefits of consumption * The difference between private costs and external costs of production * The meaning of ‘externality’ * The difference between a negative and a positive externality * The concept of under-production (a positive externality) using a demand/supply model * The concept of over-production (a negative externality) using a demand/supply model * Government policies to correct for externalities   **Market failure – public goods and common resources**   * The difference between rival and non-rival goods * The difference between excludable and non-excludable goods * Characteristics of a public good * Public goods and the ‘free rider’ problem * Characteristics of a common resource * Common resources and the ‘tragedy of the commons’ * Types of public goods provided by the government * Government action to protect common resources   **Market failure – equity**   * The meaning of ‘equity’ * The relationship between efficiency and equity * The difference between horizontal and vertical equity * Government policies that increase equity |
| 14–15 | **Government policies**   * The operation of price controls (price ceiling and price floor) using a demand/supply model * The operation of taxes and subsidies using a demand/supply model |
| 16 | Revision  In-class test on a representative sample of content from Unit 3 |

## Semester 2 – Unit 4 – Macroeconomics

| **Week** | **Key teaching points** |
| --- | --- |
| 1–3 | **Macroeconomic activity**   * The subject matter of macroeconomics * The relevance of macroeconomics * The distinction between macroeconomics and microeconomics * The basic circular flow model of the economy * The key assumptions of the circular flow model * The equality of total spending, total income and total production * The extended circular flow model * The meaning of ‘equilibrium’ in terms of the circular flow model * The condition for equilibrium in terms of leakages and injections * The effect of changes in leakages and injections on the level of equilibrium * The four components of aggregate expenditure * Factors that can affect the components of aggregate expenditure |
| 4 | **The business cycle**   * The meaning of the business cycle * The use of real GDP to measure the business cycle * A diagram showing the business cycle (phases and turning points) * The characteristics of each phase of the business cycle * The difference between types of economic indicators (leading, lagging and coincident) |
| 5–8 | **Economic objectives**   * The economic objectives of the Australian Government: * sustainable economic growth * full employment (low unemployment) * price stability (low inflation) * a more equitable distribution of income (reduced income inequality) * the efficient allocation of resources   **Economic growth**   * The meaning of economic growth * The definition of gross domestic product (GDP) * The difference between nominal and real GDP * The measurement of economic growth * The importance of real GDP per capita * The limitations of GDP as a measure of economic welfare * Factors that can determine long-term economic growth * The costs and benefits of economic growth   **Inflation**   * The meaning of inflation * The consumer price index (CPI) * The measurement of the rate of inflation using the CPI * The difference between the ‘headline’ rate of inflation and the underlying or core rate of inflation * The difference between demand inflation and cost inflation * Factors that can increase the rate of inflation * The costs of inflation on income distribution, economic growth and competitiveness * The groups that gain from inflation and the groups that lose   **Unemployment**   * The difference between the working age population and the labour force * The meaning of unemployment * The measurement of the unemployment rate and the labour force participation rate * The effect of the business cycle on the unemployment rate and the labour force participation rate * The difference between someone who is unemployed and underemployed * The three main types of unemployment (frictional, structural and cyclical) * Factors that can cause unemployment to increase/decrease * The meaning of the ‘natural rate of unemployment’ and ‘full employment’ * The costs of unemployment to society and to the individual * The short-term trade-off between unemployment and inflation (the Phillips curve) |
| 9–10 | **Balance of payments**   * The benefits from trade (both exports and imports) * The composition of Australia’s trade * The direction of Australia’s trade * Australia’s major export markets and import markets * The importance of the Asia-Pacific region to Australia’s trade * The definition of the balance of payments * The difference between the current account and the capital and financial account * The difference between a debit and a credit entry * The main categories that comprise the current account * The main categories that comprise the capital and financial account * The reason why the balance of payments ‘balances’ * The effect of an increase in the current account on the capital and financial account * The effect of an increase in the capital and financial account on the current account |
| 11 | **Income distribution**   * The difference between the concepts of income, wealth and income distribution * The meaning of a Lorenz curve * A Lorenz curve graph * The meaning of the ‘Gini coefficient’ * The ‘Gini coefficient’ as a measure of income inequality |
| 12 | **The public sector**   * The meaning of a ‘modified market economy’ * The difference between the public and private sectors * The need for government in a market economy * The meaning and importance of the following roles: * the regulation of business enterprises * stabilising the business cycle * the redistribution of income to reduce income inequality * stabilising the business cycle * The size of the government sector in Australia relative to other economies * The growth in the size of the Australian government sector over time * The fiscal responsibilities of the three tiers of government in Australia – Commonwealth, State and Local * The main sources of revenue and outlays for the three tiers of government |
| 13 | **Taxation**   * The difference between a direct tax and an indirect tax * The difference between a progressive tax, a regressive tax and a proportional tax * The main Commonwealth government taxes * The criteria to assess a tax system (simplicity, equity and efficiency) |
| 14–15 | **Macroeconomic performance**   * Australia’s macroeconomic performance over time (last 10 years) with respect to the following macro indicators: * economic growth * unemployment * inflation * current account balance/financial account balance * the exchange rate * graphs/data showing trends in each of these indicators * The impact of recent domestic and international events on the Australian economy – events could include some of the following: * the growth of the Chinese economy * the global financial crisis (GFC) * changes in Australia’s terms of trade * the mining boom in Australia * the collapse of Australia’s car industry * the impact of drought on the Australian economy * appreciation/depreciation of the Australian dollar * changes in Australia’s productivity * the ageing of Australia’s population |
| 16 | Revision  In-class test on a representative sample of content from Unit 4 |