



## SAMPLE COURSE OUTLINE

---

**ECONOMICS**  
**ATAR 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](#)

**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 – ATAR Year 12

#### Semester 1 – Unit 3 – Australia and the global economy

Week	Key teaching points
1–2	<p><b>Global interdependence</b></p> <ul style="list-style-type: none"> <li>• The linkages between economies (including trade, foreign investment, tourism and immigration)</li> <li>• The composition of global trade</li> <li>• Global trade by major region</li> <li>• Changes in the pattern of global trade over time</li> <li>• The significance of the US and Chinese economies to global trade</li> <li>• The relationship between global trade and economic growth</li> <li>• The concept of international competitiveness</li> <li>• The determinants of international competitiveness (including productivity, real unit labour costs, the exchange rate, inflation, education, technology, economic policy)</li> <li>• The concept of globalisation</li> <li>• Economic indicators of globalisation (including growth in trade, foreign investment, flows of people, growth in communications)</li> <li>• The factors facilitating globalisation (including trade liberalisation, advances in transport and communications, growth in multinational corporations)</li> <li>• The economic effects of globalisation (both costs and benefits)</li> </ul>
3–5	<p><b>Free trade and protection</b></p> <ul style="list-style-type: none"> <li>• The significance of trade for the Australian economy (e.g. proportion of GDP and employment linked to trade)</li> <li>• The theory of absolute and comparative advantage</li> <li>• Comparative advantage and the concept of opportunity cost</li> <li>• The sources of comparative advantage</li> <li>• The gains from specialisation and trade</li> <li>• Comparative advantage and the production possibility frontier (PPF) model</li> <li>• Comparative advantage and the demand/supply model</li> <li>• The gains from both exports and imports (changes to consumer and producer surplus)</li> <li>• The meaning of protection</li> <li>• Different forms of protection, including tariffs and subsidies</li> <li>• The effects of a tariff using the demand/supply model</li> <li>• The effects of a subsidy using the demand/supply model</li> <li>• The inefficiency of tariffs and subsidies (changes to consumer and producer surplus)</li> <li>• The concept of trade liberalisation</li> <li>• The arguments for trade liberalisation</li> <li>• The arguments against trade liberalisation (arguments for protection)</li> <li>• The influence of world organisations on global trade, including the World Trade Organisation (WTO) and the International Monetary Fund (IMF)</li> <li>• The concept of free trade agreements</li> <li>• Types of free trade agreements (multilateral, regional and bilateral)</li> <li>• Recent Australian free trade agreements</li> </ul>

Week	Key teaching points
6	<p><b>Pattern of trade</b></p> <ul style="list-style-type: none"> <li>• Australia's trade intensity – measurement, comparison with other countries</li> <li>• Changes in Australia's trade intensity</li> <li>• The composition of Australia's trade – main categories of exports and imports</li> <li>• Changes in Australia's composition of trade over time</li> <li>• The direction of Australia's trade – main trading partners for both exports and imports</li> <li>• Changes in the direction of Australia's trade over time</li> </ul>
7–8	<p><b>Balance of payments</b></p> <ul style="list-style-type: none"> <li>• The concept of the balance of payments</li> <li>• The structure of Australia's balance of payments – the current account and the capital/financial account</li> <li>• The link between the current account balance and the capital/financial account balance</li> <li>• The current account balance – the goods and services balance and the income balance</li> <li>• Structural and cyclical reasons for Australia's current account deficit</li> <li>• The business cycle and the current account deficit</li> <li>• Australia's investment-savings gap and the current account deficit</li> <li>• The link between the income balance and the financial account</li> <li>• Changes in Australia's current account deficit over the past ten years</li> <li>• The significance of Australia's current account deficit</li> </ul>
9	<p><b>Terms of trade</b></p> <ul style="list-style-type: none"> <li>• The concept of the terms of trade</li> <li>• The concept of the terms of trade index – export price index and the import price index</li> <li>• The factors that affect the terms of trade – including commodity prices, global growth</li> <li>• Changes in Australia's terms of trade over the past ten years</li> <li>• The significance of changes in the terms of trade</li> <li>• Effects of changes in the terms of trade on the balance of payments, the exchange rate and the level of economic activity</li> <li>• The effect of the terms of trade on national income</li> </ul>
10–11	<p><b>Exchange rates</b></p> <ul style="list-style-type: none"> <li>• The concept of an exchange rate</li> <li>• The foreign exchange market</li> <li>• The trade weighted index</li> <li>• Australia's free exchange rate – application of the demand/supply model</li> <li>• Factors that affect the demand for and supply of Australian dollars</li> <li>• Application of the demand/supply model to show movements in the exchange rate – both appreciation and depreciation</li> <li>• Key determinants of Australia's exchange rate – including commodity prices, relative interest rates (interest rate differential), world economic growth</li> <li>• The relationship between the balance of payments and the exchange rate</li> <li>• The effects of changes in the exchange rate on the economy – including exports and imports, mining and manufacturing sectors, tourism, aggregate demand, inflation</li> <li>• Changes in Australia's exchange rate over the past ten years</li> </ul>

Week	Key teaching points
12–13	<p><b>Foreign investment</b></p> <ul style="list-style-type: none"> <li>• The concept of foreign investment</li> <li>• The distinction between foreign investment into Australia and Australian investment abroad</li> <li>• The distinction between foreign assets and foreign liabilities</li> <li>• The distinction between foreign direct and foreign portfolio investment</li> <li>• The link between foreign investment and the balance of payments</li> <li>• The types of foreign liabilities – foreign debt and foreign equity</li> <li>• The types of income payments associated with foreign liabilities</li> <li>• The link between foreign liabilities and the current account</li> <li>• Changes in Australia’s foreign direct investment over the past ten years</li> <li>• Changes in Australia’s foreign debt over the past ten years</li> <li>• The benefits and costs of Australia’s foreign direct investment</li> <li>• The benefits and costs of Australia’s foreign debt</li> </ul>
14	Revision
15	Semester 1 Examination

## Semester 2 – Unit 4 – Economics policies and management

Week	Key teaching points
1	<p><b>The business cycle</b></p> <ul style="list-style-type: none"> <li>• The concept of the business cycle</li> <li>• The distinction between actual GDP and potential GDP</li> <li>• The characteristics of the phases of the business cycle</li> <li>• The effect of the business cycle on key economic indicators (including real GDP, inflation, unemployment, retail sales, business investment, share prices)</li> <li>• Causes of the business cycle (including domestic and external factors)</li> </ul>
2–3	<p><b>The aggregate expenditure model</b></p> <ul style="list-style-type: none"> <li>• The components of aggregate expenditure <ul style="list-style-type: none"> <li>▪ consumption</li> <li>▪ investment</li> <li>▪ government spending</li> <li>▪ net exports</li> </ul> </li> <li>• Factors affecting each of the components of aggregate expenditure</li> <li>• The concept of the consumption function</li> <li>• The concept of the marginal propensity to consume (mpc) and the marginal propensity to save (mps)</li> <li>• The concept of the aggregate expenditure (AE) model and macroeconomic equilibrium</li> <li>• The concept of the multiplier</li> <li>• The relationship between the mpc and the multiplier</li> <li>• The multiplier and the aggregate expenditure (AE) model</li> <li>• The effect of changes in aggregate expenditure on the equilibrium level of income/output</li> </ul>
4–5	<p><b>The aggregate demand and aggregate supply model</b></p> <ul style="list-style-type: none"> <li>• The aggregate demand (AD) curve</li> <li>• The distinction between a movement along and a shift of the AD curve</li> <li>• Factors that can shift the AD curve</li> <li>• The distinction between the short run aggregate supply (SRAS) curve and the long run aggregate supply (LRAS) curve</li> <li>• The distinction between a movement along and a shift of the SRAS curve</li> <li>• Factors that can shift the SRAS and the LRAS curves</li> <li>• Macroeconomic equilibrium and the AD/AS model</li> <li>• The distinction between short run equilibrium and long run equilibrium (the distinction between actual GDP and potential GDP)</li> <li>• The effect of changes in aggregate demand (shifts of the AD curve) on macroeconomic equilibrium</li> <li>• The effect of changes in short run aggregate supply (shifts of the SRAS curve) on macroeconomic equilibrium</li> <li>• Causes of the business cycle using the AD/AS model</li> <li>• The tendency for the economy to ‘self-correct’ to potential GDP</li> </ul>
6	<p><b>Economic policy objectives</b></p> <ul style="list-style-type: none"> <li>• The economic policy objectives of the Australian Government <ul style="list-style-type: none"> <li>▪ sustainable economic growth</li> <li>▪ low inflation (price stability)</li> <li>▪ low unemployment (full employment)</li> <li>▪ a more equitable distribution of income</li> <li>▪ the efficient allocation of resources</li> </ul> </li> <li>• The economic policy objectives of the Reserve Bank of Australia (RBA) <ul style="list-style-type: none"> <li>▪ price stability</li> <li>▪ full employment</li> <li>▪ economic prosperity and welfare</li> </ul> </li> </ul>

Week	Key teaching points
	<ul style="list-style-type: none"> <li>• The extent to which policy objectives may conflict and complement one another</li> <li>• The time lags which occur in the use of economic policies (data/recognition, decision/implementation, effect/impact)</li> </ul>
7–8	<p><b>Fiscal policy</b></p> <ul style="list-style-type: none"> <li>• The concept of fiscal policy and the government’s budget</li> <li>• The components of government revenue and expenditure in the budget</li> <li>• The distinction between a surplus, deficit and balanced budget</li> <li>• The distinction between the planned and actual budget outcomes</li> <li>• The distinction between automatic fiscal stabilisers and discretionary fiscal policy</li> <li>• The distinction between budget outcomes associated with automatic fiscal stabilisers and budget outcomes associated with discretionary fiscal policy</li> <li>• Methods of financing a budget deficit and the uses of a budget surplus</li> <li>• The link between a budget deficit and government debt</li> <li>• The distinction between expansionary, contractionary and neutral fiscal policy stances</li> <li>• The impact of different fiscal policy stances on the level of economic activity</li> <li>• Fiscal policy and the multiplier effect</li> <li>• The effect of fiscal policy on the aggregate demand (AD) curve</li> <li>• The effect of fiscal policy on the aggregate supply (AS) curves</li> <li>• The time lags of fiscal policy</li> <li>• Strengths and weaknesses of fiscal policy</li> <li>• Contemporary (the last three years) fiscal policy stances in Australia</li> </ul>
9–10	<p><b>Monetary policy</b></p> <ul style="list-style-type: none"> <li>• The concepts of monetary policy and the cash rate</li> <li>• The Reserve Bank of Australia’s (RBA) inflation target</li> <li>• The transmission mechanism of monetary policy</li> <li>• The link between interest rates and aggregate expenditure</li> <li>• The link between interest rates and the exchange rate</li> <li>• The effect of monetary policy on the aggregate demand (AD) curve</li> <li>• The concepts of expansionary, contractionary and neutral monetary policy stances</li> <li>• Circumstances under which the RBA may change the cash rate</li> <li>• The impact of different monetary policy stances on the level of economic activity</li> <li>• The time lags of monetary policy</li> <li>• Strengths and weaknesses of monetary policy</li> <li>• Contemporary (the last three years) monetary policy stances in Australia</li> </ul>
11	<p><b>Structural change</b></p> <ul style="list-style-type: none"> <li>• The concept of structural change</li> <li>• Economic indicators of structural change</li> <li>• The causes of structural change</li> <li>• The effects of structural change</li> <li>• The relationship between economic growth and structural change</li> </ul>

Week	Key teaching points
12–13	<p><b>Measures to improve productivity</b></p> <ul style="list-style-type: none"> <li>• The concept of productivity</li> <li>• The distinction between labour productivity and multifactor productivity</li> <li>• The determinants of productivity growth</li> <li>• The relationship between productivity and economic growth</li> <li>• Recent (the last ten years) trends in productivity in Australia</li> <li>• The effect of productivity growth on the AD/AS model</li> <li>• Recent (the last ten years) government policies that promote productivity and economic growth: <ul style="list-style-type: none"> <li>▪ labour market reform</li> <li>▪ taxation reform</li> <li>▪ trade liberalisation</li> <li>▪ deregulation and competition policy</li> <li>▪ investment in infrastructure</li> <li>▪ education and training</li> <li>▪ research and innovation</li> </ul> </li> <li>• The impact of productivity on the achievement of macroeconomic objectives</li> </ul>
14	Revision
15	Semester 2 Examination