



SAMPLE COURSE OUTLINE

ECONOMICS
ATAR YEAR 11

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Sample course outline

Economics – ATAR Year 11

Semester 1 – Unit 1 – Microeconomics

Week	Key teaching points
1	<p>Introduction to markets</p> <ul style="list-style-type: none"> • 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	<p>Demand</p> <ul style="list-style-type: none"> • The meaning/definition 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 <p>Supply</p> <ul style="list-style-type: none"> • The meaning/definition 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	<p>Equilibrium</p> <ul style="list-style-type: none"> • The definition/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

Week	Key teaching points
7–8	<p>Elasticity</p> <ul style="list-style-type: none"> • The definition/meaning of price elasticity of demand • The difference between elastic demand and inelastic demand • Different methods to measure price elasticity of demand • The definition/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 definition/meaning of income elasticity of demand • The formula to measure income elasticity of demand • The behaviour of normal goods and inferior goods in response to changes in income • The definition/meaning of cross elasticity of demand • The significance of substitute and complementary goods in relation to price, income and cross elasticities of demand • The definition/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	<p>Market efficiency</p> <ul style="list-style-type: none"> • The definition/meaning of economic efficiency • The meaning of marginal benefit and marginal cost • A demand curve (schedule) and a consumer's willingness to pay • The definition/meaning of consumer surplus • A demand curve (schedule) showing consumer surplus • The change to consumer surplus if market price increases • A producer's minimum price to supply • The definition/meaning of producer surplus • A supply curve (schedule) showing producer surplus • The change to producer surplus if market price increases • The definition/meaning of total surplus • Total surplus on a demand/supply diagram • Equilibrium and maximum total surplus • The effect on total surplus from under or overproduction
10–14	<p>Market failure</p> <ul style="list-style-type: none"> • The definition/meaning of 'market failure' • The definition/meaning of 'deadweight loss' • The effect of under or overproduction on total surplus <p>Market failure – market power</p> <ul style="list-style-type: none"> • 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 definition/meaning of market power • Examples of monopoly and oligopoly markets • The effect of market power on price and output

Week	Key teaching points
	<ul style="list-style-type: none"> • The definition/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 effect of market power on consumer, producer and total surplus • The role of the ACCC in ensuring market efficiency • Policy options to influence market power <p>Market failure – externalities</p> <ul style="list-style-type: none"> • The difference between private benefits and external benefits of consumption • The difference between private costs and external costs of production • The definition/meaning of ‘externality’ • The difference between a negative and a positive externality • Examples of negative and positive externalities • A demand/supply model illustrating a negative externality • A demand/supply model illustrating a positive externality • Government policies to correct for externalities <p>Market failure – public goods and common resources</p> <ul style="list-style-type: none"> • 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 <p>Market failure – equity</p> <ul style="list-style-type: none"> • The definition/meaning of ‘equity’ • The difference between horizontal and vertical equity • The relationship between efficiency and equity • Government policies that increase equity
15	<p>Government policies</p> <ul style="list-style-type: none"> • Price ceilings (maximum price) • Price floors (minimum price) • Taxes • Subsidies • The deadweight loss of a subsidy
16	Semester 1 examination

Semester 2 – Unit 2 – Macroeconomics

Week	Key teaching points
1–3	<p>Macroeconomic activity</p> <ul style="list-style-type: none"> • 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/definition 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 • The factors that affect the components of aggregate expenditure
4	<p>The business cycle</p> <ul style="list-style-type: none"> • The meaning/definition 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	<p>Economic growth</p> <ul style="list-style-type: none"> • The meaning/definition 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 • The factors that determine long term economic growth • The costs and benefits of economic growth <p>Inflation</p> <ul style="list-style-type: none"> • The meaning/definition 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 <p>Unemployment</p> <ul style="list-style-type: none"> • The difference between the working age population and the labour force • The meaning/definition 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)

Week	Key teaching points
	<ul style="list-style-type: none"> • 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	<p>Balance of payments</p> <ul style="list-style-type: none"> • 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
10	<p>Income distribution</p> <ul style="list-style-type: none"> • The difference between the concepts of income, wealth and income distribution • The meaning/definition of a Lorenz curve • A Lorenz curve graph • The meaning/definition of the 'Gini coefficient' • The 'Gini coefficient' as a measure of income inequality
11	<p>The public sector</p> <ul style="list-style-type: none"> • The definition 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 <ul style="list-style-type: none"> ▪ 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
12	<p>Taxation</p> <ul style="list-style-type: none"> • 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)

Week	Key teaching points
13	<p>Economic objectives</p> <ul style="list-style-type: none"> • 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
14–15	<p>Macroeconomic performance</p> <ul style="list-style-type: none"> • Australia’s macroeconomic performance over time (last 10 years) with respect to a range of macro indicators which could include: <ul style="list-style-type: none"> ▪ 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: <ul style="list-style-type: none"> ▪ 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	Semester 2 examination