

Economics

Scope and sequence

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Economics: Scope and sequence of content

Units 1AECO and 1BECO—Economic knowledge

Topic	Unit 1AECO	Topic	Unit 1BECO
Earning an income	<ul style="list-style-type: none"> describe the range of ways in which people earn their income e.g. wages, rent, interest, dividends, profits (returns for using economic resources in the production of goods and services) explain why people in advanced economic systems are economically interdependent distinguish between the concepts of income and wealth discuss the factors that determine an individual's income and wealth explain the concept of the national distribution of income and wealth. 	The role of business in the economy	<ul style="list-style-type: none"> discuss the size of the business sector at local and national level explain why people in advanced economic systems are economically interdependent explain the concept of a market distinguish between product and factor markets explain the role of businesses discuss how businesses collectively answer the four key economic decisions (i.e. what?, how?, how much? and for whom?) in a modified market economy explain the concept of consumer sovereignty and its implications for business decision-making.
Spending income	<ul style="list-style-type: none"> describe the factors that influence personal purchasing decisions e.g. income, price, availability and price of substitutes, marketing and advertising, trends, market segments identify common methods of payment for goods and services e.g. cash, Electronic Funds Transfer at Point of Sale (EFTPOS), credit, loans from various credit providers identify the advantages and disadvantages of the different methods of payment for goods and services describe the economic features of a purchase and/or credit contract e.g. deposit, interest rate, fees and charges, term, total amount payable. 	The organisation and operation of business	<ul style="list-style-type: none"> identify the range of businesses operating in the local area examine ways of classifying businesses e.g. by size, industry, location of their markets and operations explain how a business produces goods and services using physical, capital and human resources discuss the range of economic transactions and exchanges that occur in the production of goods and services i.e. the value chain explain how and why a business needs to efficiently use the resources it employs explain the factors that influence the size of a business identify the factors that affect the level of competition in a market e.g. number of buyers, number of sellers, barriers to entry, product differentiation.
Personal budgets	<ul style="list-style-type: none"> compare and contrast typical income, spending and saving patterns that might be characteristic of particular individuals/families at different stages of life and in different income groups explain the concept of a personal budget explain why people prepare personal budgets compare and contrast ways of maintaining a personal budget e.g. a journal, simple software packages, spreadsheets compare and contrast the features of personal budgets which might be typical of particular groups of people e.g. students with part-time jobs, school leavers, young married couples. 	Business planning and strategy	<ul style="list-style-type: none"> discuss the objectives of a business e.g. maximising profits and/or growth, increasing market share, meeting shareholders' expectations outline the risks a business faces trying to achieve its objectives e.g. variations in market demand, interest rate changes, inflation explain the strategies businesses use when operating in different market structures outline the components of a business plan outline the type and range of government regulations and policies that impact on businesses e.g. business registration, corporate reporting requirements, environmental protection requirements, Occupational Safety and Health laws, advertising restrictions, business taxes, interest rates explain the concept of ethical behaviour in business.

Topic	Unit 1AECO	Topic	Unit 1BECO
Personal financial planning	<ul style="list-style-type: none"> • explain the concepts of risk and return • explain the risk/return trade-off relating to different types of personal investment • explain the concept of a financial pyramid as it relates to the types of personal investment available to individuals • explain the concept of a personal investment portfolio • describe typical investment portfolios that might be characteristic of particular individuals/families at different stages of life and in different income groups • describe methods that could be used to evaluate personal investment decisions • examine long-term returns on various types of personal investments • explain the reasons for annual variations in returns from various types of personal investments • examine typical pitfalls associated with personal financial investment e.g. psychological factors such as regret theory, using the past as a guide to the future. 		
The role of the government	<ul style="list-style-type: none"> • explain the concept of redistribution of income • explain the concepts of government revenue and government spending • outline the ways in which governments provide income support i.e. welfare payments • outline the ways in which governments tax individuals • discuss the impact of welfare payments and taxation on personal income and wealth • describe the ways in which governments protect consumers e.g. the legal basis of simple contracts • describe the ways governments support long-term personal investment. 		

Units 1AECO and 1BECO—Economic reasoning and interpretation

Analysis 1AECO	Analysis 1BECO
<ul style="list-style-type: none"> select and organise sources of economic information on personal economic or financial concepts, events or issues e.g. newspapers, business magazines, websites of banks and consumer protection agencies. 	<ul style="list-style-type: none"> select and organise sources of economic information on the operation of and/or performance of business e.g. newspapers, company budgets, business magazines, Chamber of Commerce and Industry (CCI), Small Business Association (SBA), interviews or surveys of business owner/operators.
<ul style="list-style-type: none"> apply effective methods for identifying relevant information within sources e.g. skimming and scanning. 	<ul style="list-style-type: none"> apply effective methods for identifying relevant information within sources e.g. skimming and scanning.
<ul style="list-style-type: none"> apply appropriate methods of recording and organising information or data e.g. tables to record personal finances, graphs. 	<ul style="list-style-type: none"> apply appropriate methods of recording and organising economic information or data, such as graphs, to show revenue or profit over time or tables to show the number of employees over time.
<ul style="list-style-type: none"> apply mathematical techniques e.g. totalling income and expenditure in personal budgets, calculating the effect of changes in the exchange rate on the price of goods and services, calculating interest and repayments. 	<ul style="list-style-type: none"> apply mathematical techniques relevant to analysing the profitability of businesses e.g. calculating revenue, cost and profit.
<ul style="list-style-type: none"> complete relevant forms e.g. consumer complaint forms, applications for bank accounts and credit cards. 	

Communication 1AECO	Communication 1BECO
<ul style="list-style-type: none"> use evidence from collected economic information to communicate findings and justify a conclusion. 	<ul style="list-style-type: none"> apply appropriate economic methods and models to business economics e.g. the circular flow of income.
<ul style="list-style-type: none"> make generalisations about the overall impact of keeping financial records on personal income. 	<ul style="list-style-type: none"> select and apply economic data and information to justify a conclusion or findings.
<ul style="list-style-type: none"> select and use appropriate formats to communicate economic understandings e.g. written reports, oral presentations, video presentations. 	<ul style="list-style-type: none"> select and use appropriate formats to communicate economic understandings e.g. written reports, business plans, oral presentations, video presentations.
<ul style="list-style-type: none"> complete the requirements for an effective investigation of an economic event or issue e.g. the need to plan a process, acknowledge all sources of information used, to self-reflect on an inquiry and suggest improvements. 	<ul style="list-style-type: none"> complete the requirements for an effective investigation of an economic event or issue e.g. the need to plan a process, acknowledge all sources of information used, to self-reflect on an inquiry and suggest improvements.

Units 2AECO and 3AECO—Economic knowledge

Topic	Unit 2AECO	Topic	Unit 3AECO
Markets and prices	<ul style="list-style-type: none"> • explain the concepts of the economic problem, scarcity and opportunity cost • discuss the functions of an economic system in addressing the key questions of what, how, how much and for whom to produce • describe the characteristics of a market economy • distinguish between product and factor markets • distinguish between competitive and non-competitive markets • explain the law of demand • demonstrate and explain the relationship between individual and market demand schedules and curves • discuss the factors affecting demand e.g. price, income, population, preferences, prices of substitutes and complements, expected future prices • demonstrate and explain how changes in price and non-price factors impact on the market demand curve • explain the law of supply • demonstrate and explain the relationship between individual and market supply schedules and curves • discuss the factors affecting supply e.g. factors of production, costs of production, expected future prices, number of suppliers, technology • demonstrate and explain how changes in price and non-price factors impact on the market supply curve • explain the concept of market equilibrium • demonstrate and explain how shifts in demand and supply curves cause changes in market equilibrium • explain the concepts of market clearing, shortages and surpluses • demonstrate and explain how the price mechanism clears market surpluses and shortages • explain the concept of price elasticity of demand • calculate price elasticity of demand • distinguish between goods that are price elastic and price inelastic in demand • outline the determinants of price elasticity of demand • demonstrate and explain the link between price elasticity of demand and total revenue • explain the concepts of income elasticity of demand, normal goods and inferior goods • explain the concept of cross elasticity of demand • discuss the significance of substitute and complementary goods in relation to price, income and cross elasticities of demand • explain the concept of price elasticity of supply • distinguish between goods that are price elastic and price inelastic in supply 	Global markets	<ul style="list-style-type: none"> • outline the linkages between economies e.g. trade, investment, tourism, immigration • describe the extent, patterns and trends in world trade • outline the factors that influence economic transactions between countries e.g. changes in domestic and overseas economic conditions, drought, the global business cycle, exchange rates • explain the concept of international competitiveness • outline the determinants of international competitiveness • explain the concepts of multinational businesses and globalisation • discuss the extent of globalisation • outline the factors facilitating globalisation • outline the economic effects of globalisation • evaluate the arguments for and against globalisation.

Topic	Unit 2AECO	Topic	Unit 3AECO
	<ul style="list-style-type: none"> • outline the determinants of price elasticity of supply • discuss the significance of price and income elasticity for consumers, business and government. 		
		Free trade and protection	<ul style="list-style-type: none"> • outline the significance of trade for the Australian economy • outline the sources of comparative advantage • demonstrate and explain the gains from specialisation and trade using the models of demand and supply analysis and opportunity cost • identify different forms of protection • demonstrate and explain how the main types of protectionist policies operate including tariffs and subsidies • outline the purposes of preferential trade agreements i.e. trade creation and diversion • evaluate the arguments for protection and trade liberalisation • outline the influence of trade agreements, organisations and blocs on world trade.
Market efficiency and equity	<ul style="list-style-type: none"> • explain the concept of efficiency • explain why some business firms in a particular market thrive, while others in the same market fail e.g. efficiency of operations, motivation and productivity of staff, quality of management, product development and innovation, pricing policies, marketing and advertising • demonstrate and explain the benefits to consumers from participating in a market by applying marginal benefit and consumer surplus • demonstrate and explain the benefits to producers from participating in a market by applying marginal cost and producer surplus • demonstrate and explain the efficiency of market equilibrium i.e. maximising total surplus • demonstrate and explain how under and overproduction results in a deadweight loss • explain the concept of equity (fairness) • discuss the trade-off between efficiency and equity. 	Australia and the global economy	<ul style="list-style-type: none"> • discuss the extent, composition and direction of Australia's trade • account for the major patterns and trends in the composition and direction of Australia's trade • describe the structure of Australia's balance of payments • explain the concept of the Current Account Deficit (CAD) • explain the reasons for Australia's CAD • account for the recent trends in Australia's current account • explain the implications of Australia's CAD • recognise that there are different views as to the significance of Australia's CAD • explain the concepts of the terms of trade and the terms of trade index • discuss recent trends in Australia's terms of trade • explain the significance of changes in the terms of trade • explain the concepts of exchange rates, an appreciation and a depreciation • demonstrate and explain how a freely floating exchange rate is determined • explain the relationship between the balance of payments and the exchange rate • outline the factors that affect the exchange rate • discuss the effects of movements in the exchange rate on various sectors of the economy • identify the recent trends in Australian exchange rates • explain the concept of foreign liabilities i.e. foreign investment and foreign debt • explain the relationship between the current account outcome and foreign liabilities • account for the extent of and recent trends in Australia's foreign investment and foreign debt • assess the benefits and costs of foreign investment and foreign debt.

Topic	Unit 2AECO	Topic	Unit 3AECO
Market failure and government policies	<ul style="list-style-type: none"> • demonstrate and explain the effects of price and quantity restrictions in markets by applying consumer and producer surplus e.g. price ceilings and price floors, quotas and licences • demonstrate and explain the impact and incidence of taxes on goods and services • explain the concept of market failure • analyse the causes of market failure e.g. positive and negative externalities, public goods and common resources, market power (monopoly), imperfect information, income inequality • outline the factors that affect the level of competition in a market e.g. number of buyers, number of sellers, barriers to entry, product differentiation • compare the impact of market structures including competitive markets, monopolies and oligopolies • discuss the link between market failure and the role of government • evaluate government policy options to correct market failure e.g. the use of taxes and subsidies, assigning property rights and regulating the use of common resources, providing public goods and services. 		

Units 2AECO and 3AECO—Economic reasoning and interpretation

Analysis 2AECO	Analysis 3AECO
<ul style="list-style-type: none"> select and organise sources of economic information and data on markets e.g. newspapers, business magazines, Australian Stock Exchange (ASX) website. 	<ul style="list-style-type: none"> select and organise sources of economic information on trade and globalisation e.g. newspapers, business magazines, Department of Foreign Affairs and Trade (DFAT), Austrade, Australian Council of Trade Unions (ACTU), World Bank, United Nations Organisation (UNO), Organisation for Economic Corporation and Development (OECD).
<ul style="list-style-type: none"> apply effective methods for identifying relevant information within sources e.g. skimming and scanning. 	<ul style="list-style-type: none"> apply effective methods for identifying relevant information within sources e.g. skimming and scanning.
<ul style="list-style-type: none"> apply appropriate methods of recording and organising economic information or data on market performance e.g. tables to show costs of production, graphs which show positive/inverse relationships. 	<ul style="list-style-type: none"> apply appropriate methods of recording and organising economic information e.g. spreadsheet showing Australia's net foreign liabilities, graphs showing the widening of the CAD over time, tables representing opportunity cost between the production of two goods.
<ul style="list-style-type: none"> apply mathematical techniques relevant to market analysis including constructing demand and supply curves, calculating elasticities, calculating consumer and producer surplus. 	<ul style="list-style-type: none"> apply mathematical techniques relevant to international economic analysis including opportunity cost ratios, calculating the terms of trade index, completing balance of payment calculations e.g. Balance on Current Account.

Communication 2AECO	Communication 3AECO
<ul style="list-style-type: none"> apply appropriate economic methods and models in analysing market behaviour and performance e.g. demand and supply analysis. 	<ul style="list-style-type: none"> apply appropriate economic methods and models to demonstrate economic behaviour such as the theory of comparative advantage, demand and supply for exported/imported goods and services, currencies, the debt trap, the J-curve and Marshall-Lerner condition.
<ul style="list-style-type: none"> evaluate evidence from collected economic information and data when communicating findings and justifying a conclusion. 	<ul style="list-style-type: none"> draw conclusions from collected economic information.
<ul style="list-style-type: none"> select and use appropriate formats when communicating economic understandings e.g. written reports, oral presentations, video presentations. 	<ul style="list-style-type: none"> select and use appropriate formats when communicating economic understandings e.g. written reports, oral presentations, multimedia presentations.
<ul style="list-style-type: none"> complete the requirements for an effective investigation of an economic event, issue or decision e.g. the need to plan a process, acknowledge all sources of information used, to self-reflect on an inquiry and suggest improvements. 	<ul style="list-style-type: none"> complete the requirements for an effective investigation of an economic event, issue or decision e.g. the need to plan a process, acknowledge all sources of information used, to self-reflect on an inquiry and suggest improvements.

Units 2BECO and 3BECO—Economic knowledge

Topic	Unit 2BECO	Topic	Unit 3BECO
Macroeconomic activity	<ul style="list-style-type: none"> explain the relevance of the study of macroeconomics distinguish between macroeconomics and microeconomics explain the concept of the circular flow of income and expenditure explain the concepts of total spending, total output and total income and the relationship between them explain the concepts of equilibrium, leakages and injections in the circular flow of income and expenditure explain how changes in leakages and injections can change the level of equilibrium in the circular flow of income model describe the components of aggregate expenditure i.e. consumption, investment, government spending, net exports identify the major factors affecting each of the components of aggregate expenditure. 	Macroeconomic theory	<ul style="list-style-type: none"> explain the characteristics and causes of the business cycle outline the components of aggregate expenditure i.e. consumption, investment, government spending, net exports explain the factors which affect the components of aggregate expenditure demonstrate and explain the relationship between the consumption function, the marginal propensity to consume and the marginal propensity to save explain the concept of macroeconomic equilibrium demonstrate and explain the impact of changes in aggregate expenditure on the equilibrium level of income/output (Gross Domestic Product — GDP) demonstrate and explain the multiplier process examine the economic impact of changes in each of the components of aggregate expenditure explain the aggregate demand curve (AD) and its determinants explain the aggregate supply curve (AS) and its determinants use the AD/AS model to illustrate macroeconomic equilibrium demonstrate and explain the impact of changes in aggregate demand and aggregate supply on the equilibrium level of income/output use the AD/AS model to help explain the business cycle.
Macroeconomic concepts and issues	<ul style="list-style-type: none"> explain the concept of the business cycle outline the phases of the business cycle distinguish between leading indicators (including share prices, building loan approvals, new employment vacancies, business and consumer confidence, and stock/inventory levels); coincident indicators (including retail sales, and new car registrations); and lagging indicators (including unemployment rates/levels and inflation rate) of economic activity explain the concept of economic growth discuss the measurement of economic growth evaluate Gross Domestic Product (GDP) as a measure of economic welfare explain the determinants of economic growth evaluate the costs and benefits of economic growth explain the concept of inflation outline the measurement of inflation explain the types of inflation e.g. demand pull and cost push 	Economic policy objectives	<ul style="list-style-type: none"> outline the economic objectives of the government e.g. sustainable economic growth, low inflation (price stability), low unemployment (full employment), and more equitable income distribution outline the economic policy objectives of the Reserve Bank of Australia (RBA) discuss the extent to which government economic objectives may conflict and complement each other account for the time lags which occur in the use of economic policies i.e. recognition, implementation and impact lags.

Topic	Unit 2BECO	Topic	Unit 3BECO
	<ul style="list-style-type: none"> • evaluate the costs of inflation and the benefits of low inflation • explain the concepts of unemployment, full employment, the natural rate of unemployment, the participation rate, underemployment • outline the measurement of unemployment • discuss the types and causes of unemployment including cyclical, structural, frictional • evaluate the effects of unemployment • discuss the implications of full employment for the economy • explain the possible short-term trade-off between unemployment and inflation • outline Australia's place in the global economy • outline the general structure of the balance of payments accounts i.e. the current account and the capital and financial account • recognise the issues stemming from Australia's current account deficit • distinguish between the concepts of income and wealth • explain how the Lorenz curve represents the inequality in the distribution of income and wealth. 		
The government's role	<ul style="list-style-type: none"> • outline the role of the government in a modified market economy e.g. affecting the allocation of resources through the provision of goods and services, responding to market failure, redistributing income through its taxing and spending powers, stabilising the business cycle • describe the size of the government sector in the Australian economy currently, over time, and relative to other economies • outline the size and composition of government revenue and spending in Australia at Commonwealth, state and local government level • explain the classification of taxes as direct/ indirect/progressive/ regressive/proportional • discuss the macroeconomic objectives of economic growth, full employment, price stability, external balance, equitable distribution of income and the efficient allocation of resources. 	Fiscal policy	<ul style="list-style-type: none"> • explain the concept of fiscal policy • outline different budget outcomes i.e. balanced, surplus and deficit budgets • account for differences between planned and actual budget outcomes • explain the methods of financing a budget deficit and the uses of a budget surplus • distinguish between automatic fiscal stabilisers and discretionary fiscal policy • explain the concepts of fiscal policy expansionary, contractionary, neutral stances • demonstrate and explain the impact of different fiscal policy stances on the level of economic activity • evaluate the strengths and weaknesses of fiscal policy • evaluate recent fiscal policy stances.
Macroeconomic performance	<ul style="list-style-type: none"> • discuss economic performance using a range of economic indicators • identify and account for recent trends in inflation, unemployment, economic growth and the current account balance • discuss the impact of domestic and international events on the economy. 	Monetary policy	<ul style="list-style-type: none"> • explain the concepts of monetary policy and the cash rate • outline the circumstances under which the RBA may change the cash rate • explain the concepts of expansionary, contractionary and neutral monetary policy stances • demonstrate and explain the impact of different monetary policy stances on the level of economic activity • evaluate the strengths and weaknesses of monetary policy • evaluate recent monetary policy stances.

Topic	Unit 2BECO	Topic	Unit 3BECO
		Microeconomic reform	<ul style="list-style-type: none"> • explain the concept of microeconomic reform policy • explain the concept of productivity • outline common measures of productivity • explain the concept of economic efficiency • discuss examples of microeconomic reform e.g. labour market reform, deregulation of financial markets, taxation reform, reducing levels of protection • explain the relationship between microeconomic reform and structural change • demonstrate and explain the impact of microeconomic reform on aggregate supply • evaluate current microeconomic reform policy.

Units 2BECO and 3BECO—Economic reasoning and interpretation

Analysis 2BECO	Analysis 3BECO
<ul style="list-style-type: none"> select and organise sources of economic data and information on macroeconomic indicators and policies e.g. newspapers, business magazines, Australian Bureau of Statistics (ABS), Reserve Bank of Australia (RBA), banks, the Organisation for Economic Corporation and Development (OECD). 	<ul style="list-style-type: none"> select and organise sources of economic information on economic policy and management e.g. newspapers, business magazines, Australian Bureau of Statistics (ABS), RBA, banks, OECD, World Bank.
<ul style="list-style-type: none"> apply effective methods for identifying relevant information within sources e.g. skimming and scanning. 	<ul style="list-style-type: none"> apply effective methods for identifying relevant information within sources e.g. skimming and scanning.
<ul style="list-style-type: none"> apply relevant methods of recording and organising macroeconomic data and information e.g. spreadsheets to show movement in the Consumer Price Index (CPI) over time, graphs to demonstrate the relationship between inflation and unemployment, tables showing the widening of the Current Account Deficit (CAD). 	<ul style="list-style-type: none"> apply appropriate methods of recording and organising macroeconomic information e.g. spreadsheets to show movement in the Consumer Price Index (CPI) over time, graphs to demonstrate the relationship between inflation and unemployment, tables showing changes in economic data over time.
<ul style="list-style-type: none"> apply mathematical techniques relevant to macroeconomic analysis including calculating the inflation rate from CPI data, the unemployment rate and participation rate from labour force data, calculating and interpreting rates of change in GDP, constructing Lorenz curves. 	<ul style="list-style-type: none"> apply mathematical techniques relevant to macroeconomic analysis e.g. calculating the inflation rate from CPI data, calculating and interpreting rates of change in GDP.
	<ul style="list-style-type: none"> apply mathematical techniques relevant to macroeconomic analysis including calculating the value of the multiplier and changes in national income, the inflation rate from CPI data, the unemployment rate and participation rate from labour force data, calculating and interpreting rates of change in GDP, calculating percentage change in economic variables.
	<ul style="list-style-type: none"> interpret complex economic data e.g. graphs with multiple variables, compound column graph.

Communication 2BECO	Communication 3BECO
<ul style="list-style-type: none"> apply economic methods and models to demonstrate economic activity e.g. the business cycle, circular flow of income, production possibility curve, investment demand curve, the Lorenz curve. 	<ul style="list-style-type: none"> apply appropriate economic methods and models to demonstrate economic activity e.g. Keynesian aggregate expenditure (AE) model, aggregate-demand/aggregate-supply (AD/AS) model, the business cycle, the Phillips Curve, the GDP gap, aggregate production function.
<ul style="list-style-type: none"> draw conclusions from collected economic information and data. 	<ul style="list-style-type: none"> draw conclusions from collected economic information and data.
<ul style="list-style-type: none"> select and use appropriate formats when communicating economic understandings e.g. written reports, oral presentations, multimedia presentations. 	<ul style="list-style-type: none"> select and use appropriate formats when communicating economic understandings e.g. written reports, oral presentations, multimedia presentations.
<ul style="list-style-type: none"> complete the requirements for an effective investigation of an economic event, issue or decision e.g. the need to plan a process, acknowledge all sources of information used, to self-reflect on an inquiry and suggest improvements. 	<ul style="list-style-type: none"> complete the requirements for an effective investigation of an economic event, issue or decision e.g. the need to plan a process, acknowledge all sources of information used, the need to self-reflect on an inquiry and suggest improvements.