Economics is about our ‘wealth’. It explores a range of topics that stem from the fact that all people, groups and societies face the ongoing problem of having to make decisions about how best to allocate, utilise and distribute the various resources that determine our wealth and wellbeing, and how to judge whether those decisions are appropriate.

Economics 2AB

Recommended background
To be successful in this course, students should have obtained:
B/C grade or above in Society and Environment, English and Mathematics.

Commitment
Students will be required to:
∞ Complete 2 hours of study per week; and
∞ Attend compulsory assessment excursions.

Course Content (2A)
The focus for this unit is markets. It is an introduction to the field of microeconomics and the role that markets play in determining the wellbeing of individuals and society, as well as the limitations of markets.
During this course students will
∞ Explain the concepts of the economic problem, scarcity and opportunity cost;
∞ Discuss the functions of ‘economic systems’ and describe the characteristics of a market economy;
∞ Explain the laws of demand and supply and demonstrate and explain how changes in price and non-price factors impact on demand and supply;
∞ Explain the concept of elasticity;
∞ Discuss the concepts of market equilibrium and market failure and analyse examples of market failure; and
∞ Discuss the link between market failure and the role of government, and discuss government policy options to correct market failure.

Economics 3AB

Recommended Background
To be successful in this course, students should have obtained:
C grade or above in Economics 2AB, English 2AB and Mathematics 2AB.

Commitment
Students will be required to:
∞ Complete 3 hours of study per week; and
∞ Attend compulsory assessment excursions.

Course Content (3A)
The focus for this unit is Australia and the global economy. It explores the interdependence of Australia and the rest of the world. Australia is a relatively open economy and, as such, is influenced by changes in the world economy.
During this course students will
∞ Define macroeconomics and explain the concepts of equilibrium, leakages and injections in the circular flow of income;
∞ Explain the concept of the business cycle and how it can be measured;
∞ Explain how the key indicators of economic health in inflation and unemployment are measured, and their importance;
∞ Explore Australia’s balance of payments accounts and the concepts of the current account and the capital and financial account;
∞ Outline the role of the government in a modified market economy, evaluate the purpose and effect of the main types of taxes;
∞ Consider the Australian Government’s internal economic objectives of sustainable economic growth, low unemployment, low inflation, a more equitable distribution of income and the efficient allocation of resources; and
∞ Discuss Australia’s economic performance and account for recent trends.
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∞ discuss the extent of globalisation and outline its positive and negative economic effects;
∞ identify different forms of protection and explain how tariffs and subsidies work;
∞ explain the concept of the Current Account Deficit (CAD) and the implications of Australia’s CAD;
∞ demonstrate and explain how a freely floating exchange rate is determined and identify the recent trends in Australian exchange rates; and
∞ assess the benefits and costs of foreign investment and foreign debt to Australia.

Course Content (3B)

The focus for this unit is economic policies and management. It explores how economic actions and policies such as fiscal policy, monetary policy and microeconomic reform operate in the pursuit of the Australian Government’s economic objectives. In this course students will
∞ explore the relationship between the business cycle and the economic indicators of inflation, unemployment and economic growth;
∞ explain the concept of macroeconomic equilibrium and the multiplier process;
∞ discuss the concepts of the internal economic objectives of the Australian Government and external stability, and whether they conflict;
∞ explain the concept of fiscal policy and identify the methods of financing a budget deficit and using a budget surplus;
∞ outline the circumstances under which the RBA may change the cash rate, and the impacts of such decisions; and
∞ explain the concepts of microeconomic reform and productivity, and illustrate them with Australian examples.