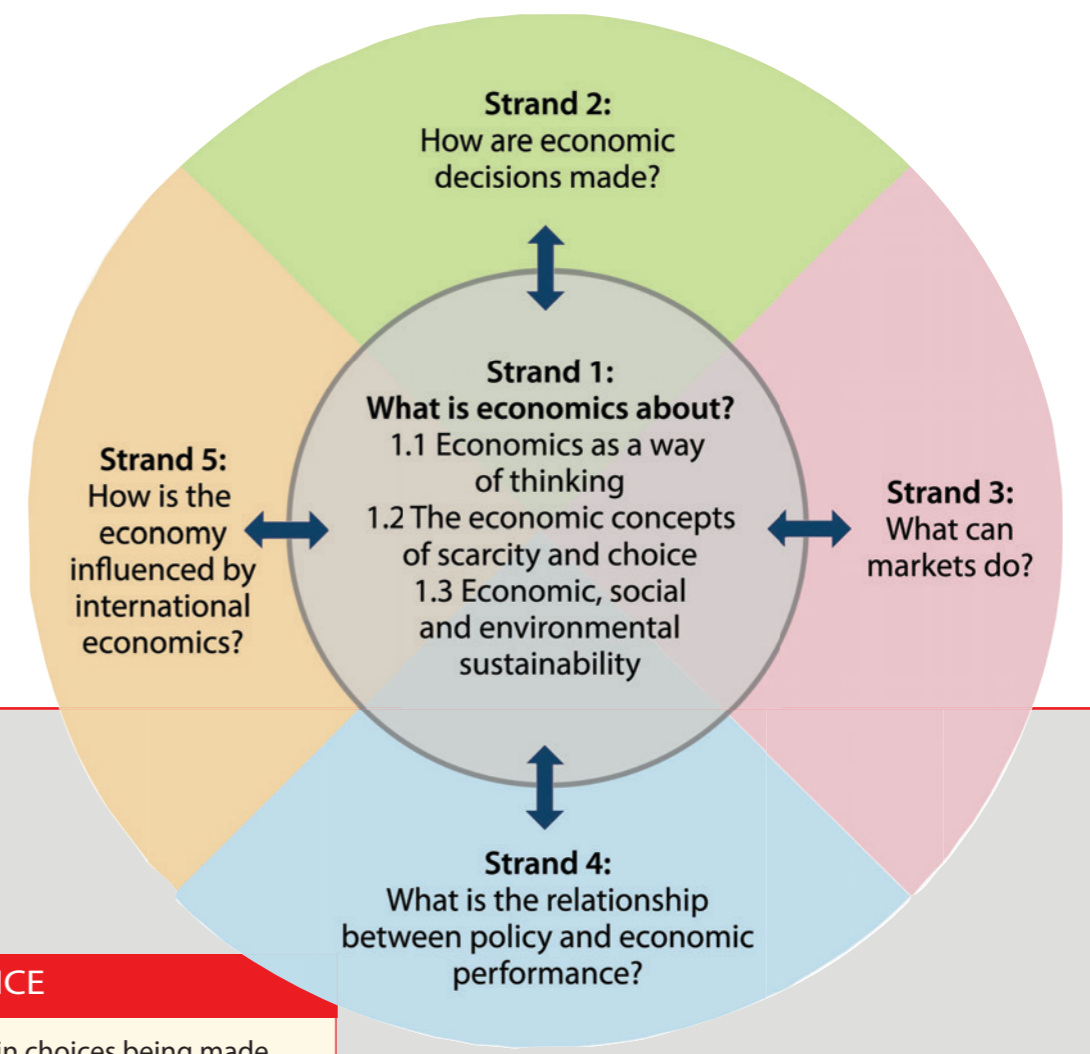


Senior Cycle Economics

LEARNING OUTCOMES



STRAND 1 - WHAT IS ECONOMICS ABOUT?

Students should be able to:

1.1 ECONOMICS AS A WAY OF THINKING

- appreciate the role of models, concepts and data for exploring economic behaviour, interactions, policy and outcomes
- differentiate between positive and normative economic statements; identify instances of their use in local, national or international media/economic commentary
- discuss and evaluate why solutions to economic problems may differ and how economic perspectives on solving economic challenges can change over time
- discuss how real world events such as the Great Depression, the Irish economic crises of the 1950s and the Great Recession (from 2007), have shaped our understanding of economics and the response of policy makers
- collect, organise, present, analyse and interpret data, with and without the use of technology, to come to an informed view and evaluate current economic issues/policies

1.2 THE ECONOMIC CONCEPTS OF SCARCITY AND CHOICE

- explain how scarcity of economic resources relative to wants results in choices being made between competing uses of resources; predict possible consequences of these choices
- explain how individuals, firms, businesses, non-governmental organisations (NGOs) and the government interact to produce, consume and distribute economic resources
- evaluate the opportunity costs involved in economic decisions made by individuals, firms and the government at local and national levels
- discuss the role of incentives and the motivating influences for individuals, firms, the business sector and the government in economic decisions; describe conflicting incentives with reference to local, national or international examples
- differentiate between individual markets and aggregate supply and demand; explain the difference in focus between micro and macro economics
- explain the principle of specialisation and outline how it may apply to individuals and firms seeking to increase efficiency
- analyse how a cost-benefit approach supports effective decision making; apply a cost-benefit approach to assess who enjoys the benefits and who bears the costs

1.3 ECONOMIC, SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

- outline the concepts of economic, social and environmental sustainability and explain their interconnections
- identify indicators of economic growth, social cohesion, inequality, and environmental sustainability; examine relationships between the indicators
- consider potential implications of sustainable development for individual behaviour, choice, habits and values; business decisions; government policy

STRAND 2 - HOW ARE ECONOMIC DECISIONS MADE?

Students should be able to:

- 2.1 • construct a graphical representation of demand and supply in a market economy and critically analyse the role of the price mechanism in a market economy
- demonstrate how a change in the main determinants of demand and supply can affect changes in the price and quantity of goods and services
- examine how advances in technology can impact the market economy
- 2.2 • evaluate the economic role of consumers in an economy, explaining how positive and negative incentives influence consumer activity
- critique the assumption that consumers taking part in economic activity behave rationally
- using data, calculate Price Elasticity of Demand (PED) and Income Elasticity of Demand (YED) using a formula, and evaluate how PED and YED can be used by individuals, firms and the government to help predict the impact of pricing on revenue/sales
- investigate and interpret data patterns in Irish consumers' current expenditure
- 2.3 • evaluate the economic role of firms in an economy, explaining how positive and negative incentives influence economic activity
- graphically represent, calculate and describe the relationship between total, marginal and average revenue and costs
- apply the distinction between the short and long run in analysing the implications of a firm's costs and revenue situation
- explain and illustrate the conditions for profit maximisation in terms of marginal cost and marginal revenue
- analyse the role of economies and diseconomies of scale in determining the size of firms
- critique the reasons a firm may pursue objectives other than profit maximisation
- 2.4 • evaluate the economic role of the government in a mixed economy
- evaluate how and why the government may use various interventions and incentives, such as taxation and legislation, to influence the price and quantity outcomes in particular markets
- evaluate the role and effectiveness of regulation in the Irish economy

STRAND 3 - WHAT CAN MARKETS DO?

Students should be able to:

- 3.1 • examine why economists use market structures and models to analyse and find solutions to economic problems
- describe and critique the main features of perfectly competitive, monopolistic and oligopolistic product markets
- demonstrate and analyse how a change in demand or supply in a market structure impacts on equilibrium
- graphically represent, describe and compare market equilibrium under perfect competition, monopoly and monopolistic competition in the short and long run
- graphically represent and evaluate the point of profit maximisation for a firm in a monopoly market and a firm in a perfectly competitive market
- examine the implications of changing levels of competition and market power on price and output under perfect competition, monopoly and oligopoly
- collect data and calculate the concentration of power in a market using a concentration index such as the Herfindahl-Hirschman index; evaluate the implications of its concentration
- explain why particular market concentrations are deemed problematic for consumers and are therefore regulated by Irish and European competition authorities
- 3.2 • distinguish between a goods and services market and a factor market
- outline the factors of production
- examine the factors affecting the demand for labour
- construct a graphical representation of the relationship between the wage rate and quantity demanded of labour; analyse the reason for the shape of the demand curve for labour
- explain marginal physical productivity and marginal revenue productivity of labour; critically analyse the usefulness to an employer and employee of a knowledge of MPP and MRP
- examine the factors affecting the supply of labour
- construct a graphical representation of the relationship between the wage rate and quantity supplied of labour; analyse the reason for the shape of the supply curve for labour
- construct a graphical representation of labour market equilibrium and show the effect of government interventions such as minimum wage or taxation on equilibrium
- discuss the factors that determine wage differentials in the labour market
- 3.3 • discuss the factors that lead to market failure such as externalities, monopoly power and imperfect information
- determine and debate how governments can overcome market failure using factors such as taxation, regulation and direct government intervention

STRAND 4 - WHAT IS THE RELATIONSHIP BETWEEN POLICY AND ECONOMIC PERFORMANCE?

Students should be able to:

- 4.1 • construct and interpret the circular flow of income model; examine the effects of leakages and injections on the circular flow of income in the macroeconomy
- differentiate between GDP, GNP, GNI and GNDI as measures of national income; analyse which measure is a more accurate indicator of Ireland's economic performance and economic welfare
- critique the limitations of these measures of economic performance
- debate the economic and social impact of economic activities in the hidden economies
- explain the multiplier effect; apply the multiplier formulae to calculate and evaluate changes to national income in an open and closed economy
- investigate data patterns in Ireland's national income, price level, unemployment rate, government expenditure and national debt over a period of time; identify the different phases of business cycles and critically examine the main factors that led to the fluctuations in output
- 4.2 • identify the main sources of government revenue and expenditure; distinguish between the current and capital parts of the government accounts
- discuss measures that a government can take to manage a budget deficit, surplus or balanced budget
- differentiate between expansionary, neutral and contractionary fiscal policies and examine how the government could use these policies in an attempt to stabilise the business cycle
- discuss the limitations of fiscal policy in stabilising business cycles
- discuss how being a member of the EU and the Eurozone influences Ireland's ability to implement fiscal policy
- debate the purpose and impact of taxation on the economy as a whole, explaining how tax policy can be used to address inequality
- 4.3 • investigate data patterns to describe the main features and trends in Ireland's labour force in relation to factors such as age, population, gender, geographic location, employment and unemployment
- investigate the causes of unemployment in the Irish context and evaluate its impact on the individual and the economy
- examine the relationship between employment and poverty
- 4.4 • explain inflation and deflation and describe how they are measured using a price index such as the Consumer Price Index
- evaluate the causes of inflation and consequences of changes in the price level for consumers, firms and the economy as a whole
- examine the objective and role of central banks in implementing monetary policy
- evaluate how being a member of the Eurozone shapes and influences monetary policy in the Irish economy
- examine the main factors affecting the demand for and supply of cash and credit funds in the money market
- 4.5 • explain how commercial banks create credit and outline the consequences for an economy
- analyse the factors that influence the level of interest rates, evaluating the impact of changes in interest rates on economic activity
- examine the role and effectiveness of current financial institutions and regulators in the operation of financial markets

STRAND 5 - HOW IS THE ECONOMY INFLUENCED BY INTERNATIONAL ECONOMICS?

Students should be able to:

- 5.1 • explain how countries and regions can be profiled by income, wealth and equality
- explain how the factors of production, such as labour, capital, human capital and technology, lead to economic development and growth
- compare and analyse Ireland's economic development to that of a less-developed nation using the inequality-adjusted human development index
- assess and evaluate the effectiveness of a priority area of the Irish government's programme on overseas development
- 5.2 • explain the concept of globalisation and discuss the positive and negative implications of globalisation
- discuss the reasons for multinational corporations (MNCs) investing in countries outside their home country
- investigate data patterns in inflows/outflows of foreign direct investment into Ireland over a period of time and evaluate the effect of multinational corporations/foreign owned industry on Ireland's economy
- 5.3 • investigate and analyse patterns in Irish trade in terms of quantity and types of goods and services over a period of time; assess the benefits and costs of trade on the Irish economy
- describe the main components/the basic composition of Ireland's balance of payments account
- discuss the factors that determine a country's competitiveness
- explain the principle of comparative advantage and its role in determining competitiveness
- discuss the arguments in favour of international trade, trade protection and the fair trade movement
- discuss the determinants of exchange rates; analyse the effects of changes in exchange rates on the Irish economy
- examine the role and effectiveness of trade agreements and global institutions in the operation and management of international trade