11 Economics 9 Government and the Market Economy

1.	**Australian Competition and Consumer Commission (ACCC)**	Australia's competition watchdog, which ensures that businesses do not engage in anti-competitive behaviour
2.	**The Australian Constitution**	the document that provides the overall framework for Australia's system of democratic government and the relationship between the Commonwealth (or federal) and state governments
3.	**automatic stabilisers**	instruments inherent in the government's budget that counterbalance economic activity; in a boom period, they decrease economic activity and, in a recession they increase economic activity; the most common examples are transfer payments and a progressive tax system
4.	**the budget**	the tool of the government for the implementation of fiscal policy; it shows the government's planned expenditure and revenue for the next financial year
5.	**business cycle**	refers to the fluctuations in the level of economic growth due to either domestic or international factors
6.	**competition**	the pressure on business firms in a market economy to lower prices or improve the quality or output to increase their sales of goods and services to consumers
7.	**corporatisation**	occurs when the government encourages public trading enterprises to operate independently from the government as if they are private businesses in order to improve efficiency and profitability
8.	**externalities**	external costs and benefits that private agents in a market do not consider in their decision making process; e.g. airlines and passengers do not consider aircraft noise when negotiating airfares
9.	**fiscal policy**	a macroeconomic policy that can influence resource allocation, redistribute income and reduce the fluctuations of the business cycle; its instruments include government spending and taxation and the budget outcome
10.	**free riders**	groups or individuals who benefit from a good or service without contributing to the cost of supplying the good or service; as a consequence, the good or service is likely to be under-supplied in relation to the total demand
11.	**Government Business Enterprises (GBEs)**	businesses owned and managed by a government at either the Commonwealth or state level
12.	**non-renewable resources**	inputs to production where the stock of the resource is permanently depleted in the process of production and consumption e.g. petroleum and coal
13.	**privatisation**	occurs when the government sells public trading enterprises to the private sector
14.	**public sector**	refers to the parts of the economy that are owned or controlled by the government; it includes all tiers of the government as well as government business enterprises
15.	**relative poverty**	refers to those whose standards of living is substantially lower than the average for the economy as a whole, and is often defined as a level of income below 30% of average earnings
16.	**renewable resources**	inputs into the production process that reproduce themselves, ensuring that present consumption of these resources does not necessarily reduce the ability of future generations to consume these resources in the future e.g. timber and fish