

B O A R D O F S T U D I E S
NEW SOUTH WALES

Economics

Stage 6

Syllabus

1999

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1 The Higher School Certificate Program of Study

The purpose of the Higher School Certificate program of study is to:

- provide a curriculum structure which encourages students to complete secondary education;
- foster the intellectual, social and moral development of students, in particular developing their:
 - knowledge, skills, understanding and attitudes in the fields of study they choose
 - capacity to manage their own learning
 - desire to continue learning in formal or informal settings after school
 - capacity to work together with others
 - respect for the cultural diversity of Australian society;
- provide a flexible structure within which students can prepare for:
 - further education and training
 - employment
 - full and active participation as citizens;
- provide formal assessment and certification of students' achievements;
- provide a context within which schools also have the opportunity to foster students' physical and spiritual development.

2 Rationale for Economics in the Stage 6 Curriculum

Economic decisions have a crucial influence on the quality of life experienced by people throughout the world. The study of economics can help individuals, groups and societies make choices that assist them to improve their quality of life.

As a subject, Economics Stage 6 is distinctive because of the range of problems and issues that it investigates and the skills that it develops. A student who has completed the Preliminary and HSC courses should have knowledge and skills enabling them to:

- comprehend the background and implications of contemporary economic issues
- discuss appropriate policies to solve economic problems and issues
- understand what a change in interest rates, share values or the value of the Australian dollar means to individuals and the economy
- identify fluctuations in the global and Australian economies and their likely effects on business
- understand reasons for changes in employment patterns
- identify, using economic thinking, appropriate strategies to protect the natural environment.

The discipline of economics has a theoretical basis and economists often debate the relative merits of different theories when assessing economic issues and proposing solutions to economic problems, including economic modelling.

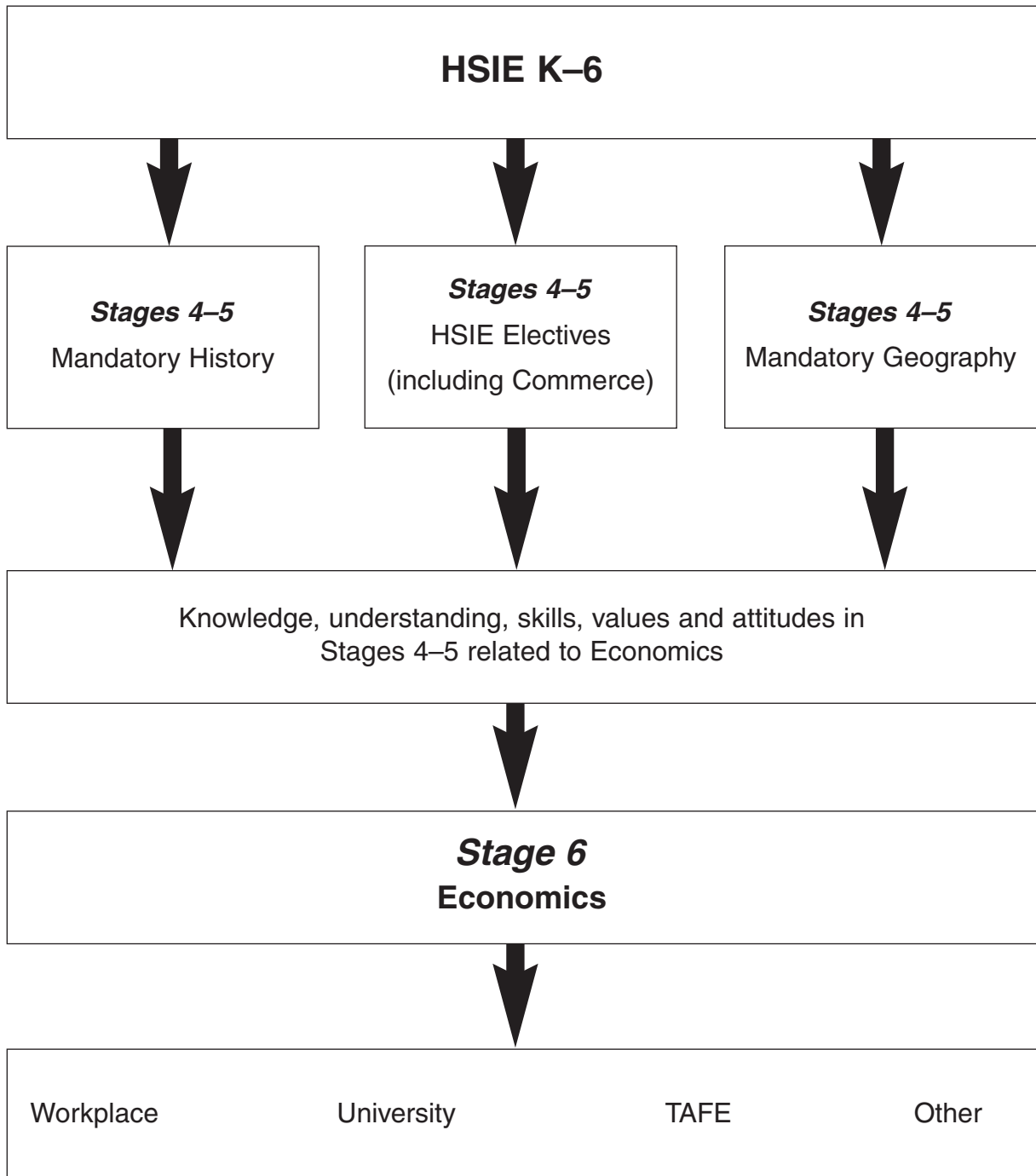
Discussion of economic issues dominates the media and politics. By understanding economics, students can make informed judgements about issues and policies and participate responsibly in decision-making.

Students will benefit from the study of economics if they engage in studies that include business, accounting and finance, media, law, marketing, employment relations, tourism, history, geography or environmental studies.

If selected as a specialisation at university, economics can lead to careers in: share, finance or commodities markets; business; economic forecasting; banking; insurance; tourism; resource management; property development and management; government; environmental management; town planning; foreign affairs or economic policy development.

The study of Economics Stage 6 allows students to develop knowledge and understanding, skills, attitudes and values using subject matter and methodology that suits their interests. The course benefits students when they pursue further education and training, employment and active participation as citizens.

3 Continuum of Learning for Economics Stage 6 Students



4 Aim

The aim of Economics Stage 6 is to develop students' knowledge, understanding, skills, values and attitudes for effective economic thinking that contributes to socially responsible, competent economic decision-making in a changing economy.

5 Objectives

Through the study of Economics Stage 6, students will develop:

knowledge and **understanding** about:

- the economic behaviour of individuals, firms, institutions and governments
- the function and operation of markets
- the operation and management of economies
- contemporary economic problems and issues facing individuals, firms and governments

skills to:

- investigate and engage in effective analysis, synthesis and evaluation of economic information from a variety of sources
- communicate economic information, ideas and issues in appropriate forms

values and **attitudes** about:

- informed participation in economic debate and decision-making
- responsible approaches towards people, societies and environments.

6 Course Structure

Economics Stage 6 consists of a Preliminary course and an HSC course.

Preliminary Course

The Preliminary course is essentially microeconomic in nature, focusing on aspects of the economic behaviour of consumers, business and governments. Much of this behaviour is influenced by the operation of markets. Two key markets, the labour market and the financial market, are examined in detail. The Preliminary course provides an essential foundation for the HSC course.

Preliminary Course		% of course time	Indicative Hours
120 indicative hours			
1	Introduction to Economics	10	12
2	Consumers and Business	10	12
3	Markets	20	24
4	Labour Markets	20	24
5	Financial Markets	20	24
6	Government in the Economy	20	24

HSC Course

The HSC course focuses on the management of an economy and is therefore essentially macroeconomic in nature. It examines the external framework in which the Australian economy operates. The course investigates the impact of the global economy on the Australian economy and the link between economic issues and the management of an economy, with specific reference to the Australian economy.

Higher School Certificate Course		% of course time	Indicative Hours
120 indicative hours			
1	The Global Economy	25	30
2	Australia's Place in the Global Economy	25	30
3	Economic Issues	25	30
4	Economic Policies and Management	25	30

The order of the topics in both the Preliminary and HSC courses is not prescriptive and may be influenced by economic events, the interests and needs of the students or the availability of resources.

7 Objectives and Outcomes

7.1 Table of Objectives and Outcomes

Objectives	Preliminary Outcomes	HSC Outcomes
A student will develop knowledge and understanding about:	A student:	A student:
the economic behaviour of individuals, firms, institutions and governments	<p>P1 demonstrates understanding of economic terms, concepts and relationships</p> <p>P2 explains the economic role of individuals, firms and government in an economy</p>	<p>H1 demonstrates understanding of economic terms, concepts and relationships</p> <p>H2 analyses the economic role of individuals, firms, institutions and governments</p>
the function and operation of markets	<p>P3 describes, explains and evaluates the role and operation of markets</p>	<p>H3 explains the role of markets within the global economy</p> <p>H4 analyses the impact of global markets on the Australian and global economies</p>
the operation and management of economies	<p>P4 compares and contrasts aspects of different economies</p> <p>P5 analyses the relationship between individuals, firms, institutions and government in the Australian economy</p> <p>P6 explains the role of government in the Australian economy</p>	<p>H5 discusses policy options for dealing with problems and issues in contemporary and hypothetical contexts</p> <p>H6 analyses the impact of economic policies in theoretical and contemporary Australian contexts</p>
contemporary economic problems and issues facing individuals, firms and governments	<p>P7 identifies the nature and causes of economic problems and issues for individuals, firms and governments</p>	<p>H7 evaluates the consequences of contemporary economic problems and issues on individuals, firms and governments</p>

Objective	Preliminary Outcomes	HSC Outcomes
A student develops skills to:	A student:	A student:
<p>investigate and engage in effective analysis, synthesis and evaluation of economic information from a variety of sources</p> <p>communicate economic information, ideas and issues in appropriate forms</p>	<p>P8 applies appropriate terminology, concepts and theories in economic contexts</p> <p>P9 selects and organises information from a variety of sources for relevance and reliability</p> <p>P10 communicates economic information, ideas and issues in appropriate forms</p> <p>P11 applies mathematical concepts in economic contexts</p> <p>P12 works independently and in groups to achieve appropriate goals in set timelines</p>	<p>H8 applies appropriate terminology, concepts and theories in contemporary and hypothetical economic contexts</p> <p>H9 selects and organises information from a variety of sources for relevance and reliability</p> <p>H10 communicates economic information, ideas and issues in appropriate forms</p> <p>H11 applies mathematical concepts in economic contexts</p> <p>H12 works independently and in groups to achieve appropriate goals in set timelines</p>

7.2 Key Competencies

Economics Stage 6 contributes to the development of general competencies considered essential for the acquisition of effective, higher-order thinking skills necessary for further education, work and everyday life.

Key competencies are embedded in the *Economics Stage 6 Syllabus* to enhance student learning experiences. The key competencies of **collecting, analysing and organising information; communicating ideas and information** and **using mathematical ideas and techniques** are explicit in the objectives, outcomes and content of both the Preliminary and HSC courses. The development of these competencies results from the nature of economics and economic investigation. The competency, **working with others and in teams**, is evident in the outcomes and content of the Preliminary course.

The development of these key competencies has been strengthened through the inclusion in each topic of skills that direct learning experiences towards the achievement of the competencies.

Students will work towards other key competencies throughout the Economics Stage 6 course. Students are required to investigate issues and propose solutions to economic problems and issues, contributing to the development of the key competency **solving problems**. During investigations, students will need to utilise appropriate information technologies thereby developing their competency of **using technology**.

8 Content: Economics Stage 6

Context for the Study of Economics

A key feature of this syllabus is its 'problems and issues' approach to the teaching and learning of economics. The goal of this approach is to relate the content of economics to the economic problems and issues experienced by individuals and society.

The key issues are:

- economic growth and quality of life
- unemployment
- inflation
- external stability of an economy
- distribution of income
- sustainable management of the environment.

The focus of the Preliminary course is on the practical problems and issues that affect individuals, firms and governments.

In the HSC course, the problems and issues are studied in relation to the national economy and the process of globalisation.

9 Content: Economics Preliminary Course

9.1 Preliminary Topic One — Introduction to Economics

10% of indicative time

The focus of this topic is the need for choice by individuals, businesses and governments. Their decisions determine the nature of the economy and create the diversity of economies found in the world.

Outcomes

A student:

- P1 demonstrates understanding of economic terms, concepts and relationships
- P2 explains the economic role of individuals, firms and government in an economy
- P4 compares and contrasts aspects of different economies
- P5 analyses the relationship between individuals, firms, institutions and government in the Australian economy
- P7 identifies the nature and causes of economic problems and issues for individuals, firms and governments
- P9 selects and organises information from a variety of sources for relevance and reliability
- P10 communicates economic information, ideas and issues in appropriate forms
- P12 works independently and in groups to achieve appropriate goals in set timelines.

Content

Students learn to:

Examine economic issues

- identify the opportunity costs involved in economic decisions made by individuals, businesses and governments at local, state and national levels
- examine the ways that the economic problem affects individuals at different income levels
- examine the implications of unemployment and technological change using production possibility frontiers
- compare and contrast the ways that different economies deal with specific problems or issues

Apply economic skills

- construct and interpret production possibility frontiers
- distinguish between equilibrium and disequilibrium situations in the circular flow of income model
- explain how an economy might return to an equilibrium situation from a disequilibrium situation

- identify bias in media items on economic issues affecting the local, state and national economies
- identify key features of an economy through analysis of a variety of information types and sources
- work effectively in groups to investigate aspects of economics and economies.

Students learn about:

The nature of economics

- the economic problem: wants, resources, scarcity
- the need for choice by individuals and society
- opportunity cost and its application through production possibility frontiers
- future implications of current choices by individuals, businesses and governments
- economic factors underlying decision-making by:
 - individuals — spending, saving, work, education, retirement, voting and participation in the political process
 - business — pricing, production, resource use, industrial relations
 - governments — influencing the decisions of individuals and business

The operation of an economy

- production of goods and services from resources — natural, labour, capital and entrepreneurial resources
- distribution of goods and services
- exchange of goods and services
- provision of income
- provision of employment and quality of life through the business cycle
- the circular flow of income
 - individuals, businesses, financial institutions, governments, international trade and financial flows

Economies: their similarities and differences

- examine similarities and differences between Australia and at least one other economy in relation to:
 - economic growth
 - employment and unemployment
 - quality of life
 - environmental quality
 - the role of government in health care, education and welfare payments.

9.2 Preliminary Topic Two — Consumers and Business

10% of indicative time

The focus of this topic is an investigation of how consumers and business make decisions about the choices they face, recognising that, in a market economy, both are motivated largely by self-interest.

Outcomes

A student:

- P1 demonstrates understanding of economic terms, concepts and relationships
- P2 explains the economic role of individuals, firms and government in an economy
- P7 identifies the nature and causes of economic problems and issues for individuals, firms and governments
- P8 applies appropriate terminology, concepts and theories in economic contexts
- P9 selects and organises information from a variety of sources for relevance and reliability
- P10 communicates economic information, ideas and issues in appropriate forms
- P12 works independently and in groups to achieve appropriate goals in set timelines.

Content

Students learn to:

Examine economic issues

- examine the impact of income on the spending and saving decisions of individuals
- analyse the impact of advertising on consumer decisions
- assess the extent to which consumer sovereignty is achieved in a variety of markets
- investigate the relative significance of the various sources of incomes in Australia
- examine the impact of investment and technological change on prices and employment
- work in groups to investigate the factors leading to change in a particular industry

Apply economic skills

- analyse the impact of changes in consumer income levels on the types of production within the economy
- explain the role of firms in solving the economic problem.

Students learn about:

The role of consumers in the economy

Consumer sovereignty

Patterns of consumer spending and saving/dissaving:

- variations with income and age
 - individual consumers either spend or save their income
 - in the economy as a whole, as income rises the level of saving increases

Factors influencing individual consumer choice

- income
- price
- price of substitutes
- price of complements
- preferences/tastes
- advertising

Sources of income

- the return for resources: wages, rent, interest and profits
- social welfare

The role of business in the economy

Definition of a firm and an industry

A firm's production decisions

- what to produce
- what quantities to produce
- how to produce

Business as a source of economic growth and increased productive capacity

Goals of the firm

- maximising profits
- maximising growth
- increasing market share
- meeting shareholder expectations
- satisficing

Efficiency and the production process

- productivity
- internal and external economies of scale
- diseconomies of scale

Impact of investment and technological change on a firm through:

- production methods
- prices
- employment
- output
- profits
- types of products
- globalisation.

9.3 Preliminary Topic Three — Markets

20% of indicative time

The focus of this topic is the operation of markets. The way in which market prices are determined and the need and means available for governments to intervene in markets is highlighted.

Outcomes

A student:

- P1 demonstrates understanding of economic terms, concepts and relationships
- P2 explains the economic role of individuals, firms and government in an economy
- P3 describes, explains and evaluates the role and operation of markets
- P5 analyses the relationship between individuals, firms, institutions and government in the Australian economy
- P8 applies appropriate terminology, concepts and theories in economic contexts
- P10 communicates economic information, ideas and issues in appropriate forms
- P11 applies mathematical concepts in economic contexts
- P12 works independently and in groups to achieve appropriate goals in set timelines.

Content

Students learn to:

Examine economic issues

- identify how business and governments can use information from the market
- examine the forces in an economy that tend to cause prices to rise
- identify reasons why government may intervene in certain markets
- explain how market solutions can lead to improved efficiency
- examine the nature of competition in markets characterised by oligopoly and monopoly
- identify some of the problems that can ensue with a heavy reliance on market solutions in an economy
- discuss how market forces can lead to environmental problems such as pollution
- propose alternatives to market solutions

Apply economic skills

- graph demand and supply curves and interpret the impact on the equilibrium of changes in market forces
- analyse non-equilibrium market situations and propose solutions to them
- calculate the price elasticity of demand using the total outlay method
- work in groups to investigate and report on the nature of competition within a specific industry.

Students learn about:

The role of the market

- determining solutions to the economic problem
- the importance of relative price in reflecting opportunity costs in the goods and services and factor markets

Demand and supply

Demand

- law of demand, individual and market demand, the demand curve
- factors affecting demand: price, income, population, tastes, prices of substitutes and complements, expected future prices
- movements along the demand curve and shifts of the demand curve

Supply

- law of supply, individual and market supply, the supply curve
- factors affecting supply: price/cost of factors of production, prices of substitutes and complements, expected future prices, number of suppliers, technology
- movements along the supply curve and shifts of the supply curve

Market price

- market equilibrium — using diagrams
- movement to equilibrium
- effects of changes in supply and/or demand on equilibrium market price and quantity through the use of diagrams
- effects of changing levels of competition and market power on price and output

Alternatives to market solutions — the role of government

- ceiling prices, floor prices
- market failure — merit goods, public goods, externalities

Price elasticity of demand

- significance of price elasticity of demand — market research
- price elasticity
 - elastic, inelastic and unit elastic
 - calculation of elasticity using total outlay method
- factors affecting elasticity of demand
 - necessities and luxuries
 - existence of close substitutes
 - proportion of income spent on the good
 - the length of time since a price change

Price elasticity of supply

- elastic supply, inelastic supply
- factors affecting elasticity of supply (no calculations are required)

Variations in competition

Market structures

(Diagrams using revenue and costs for the market models are not required.)

- pure competition
- monopolistic competition
- oligopoly
- monopoly.

9.4 Preliminary Topic Four — Labour Markets

20% of indicative time

The focus of this topic is an examination of a factor market — the market for labour resources. The contemporary institutions and outcomes of the labour market are key elements.

Outcomes

A student:

- P1 demonstrates understanding of economic terms, concepts and relationships
- P2 explains the economic role of individuals, firms and government in an economy
- P3 describes, explains and evaluates the role and operation of markets
- P5 analyses the relationship between individuals, firms, institutions and government in the Australian economy
- P6 explains the role of government in the Australian economy
- P7 identifies the nature and causes of economic problems and issues for individuals, firms and governments
- P8 applies appropriate terminology, concepts and theories in economic contexts
- P9 selects and organises information from a variety of sources for relevance and reliability
- P10 communicates economic information, ideas and issues in appropriate forms
- P11 applies mathematical concepts in economic contexts
- P12 works independently and in groups to achieve appropriate goals in set timelines.

Content

Students learn to:

Examine economic issues

- analyse the factors that create differences in incomes from work
- compare and contrast wage and non-wage outcomes for individuals in different occupational groups
- examine the relationship between work and the quality of life
- analyse the arguments for and against a more equitable distribution of income from work
- assess the impact of labour market trends on individuals
- investigate the reasons for gender differences on labour market outcomes
- investigate recent trends in unemployment in Australia
- compare and contrast unemployment levels in different parts of Australia
- predict impacts on society and the economy of changes to the nature of work and the workforce

Apply economic skills

- compare and contrast the labour market with product markets
- research an outcome of the contemporary Australian labour market
- work in groups to investigate the efficiency and equity of labour market outcomes.

Students learn about:

Demand for and supply of labour

The demand for labour by individual firms

- labour — a derived demand
- factors affecting demand
 - output of the firm
 - productivity of labour
 - cost of other inputs

The supply of labour

- factors affecting the supply of labour
 - pay/remuneration
 - working conditions
 - human capital, skills, experience, education/training levels
 - occupational and geographic mobility of labour
 - participation rate

The Australian workforce

- definition of the workforce
 - employed
 - unemployed
- general characteristics of the Australian workforce

Labour market outcomes

Differences in incomes from work

- wage outcomes for all persons by income groups, occupational groups, age, gender and cultural background
- trends in the distribution of income from work over time
- non-wage outcomes for different occupations
- arguments for and against a more equitable distribution of income from work

Labour market trends

- unemployment
- part-time work
- casualisation of work

- outsourcing
- individual contracts
- sub-contracting

Labour market institutions

- unions
- employer associations
- current industrial relations structures.

9.5 Preliminary Topic Five — Financial Markets

20% of indicative time

The focus of this topic is the operation of financial markets in Australia, the contemporary institutions and the controls existing in the market which influence market outcomes. The different types of markets and the influence of the Reserve Bank of Australia on interest rates are of central concern.

Outcomes

A student:

- P1 demonstrates understanding of economic terms, concepts and relationships
- P2 explains the economic role of individuals, firms and government in an economy
- P3 describes, explains and evaluates the role and operation of markets
- P5 analyses the relationship between individuals, firms, institutions and government in the Australian economy
- P7 identifies the nature and causes of economic problems and issues for individuals, firms and governments
- P8 applies appropriate terminology, concepts and theories in economic contexts
- P9 selects and organises information from a variety of sources for relevance and reliability
- P10 communicates economic information, ideas and issues in appropriate forms
- P11 applies mathematical concepts in economic contexts.

Content

Students learn to:

Examine economic issues and apply economic skills

- examine the contribution of financial markets to the economic welfare of individuals and firms
- investigate the extent of competition in financial markets
- discuss the need for regulation in financial markets

Apply economic skills

- compare and contrast financial markets with product markets
- explain the role of institutions in the operation of financial markets
- analyse the impact of financial innovations on individuals and the economy
- work in groups to investigate a specific financial market
- analyse the factors that influence the level of interest rates
- predict trends in interest rates in hypothetical situations.

Students learn about:

Financial markets in Australia

Types of financial markets

- primary and secondary markets
- consumer credit, housing loans, business loans, short term money market, bond market, share market, financial futures, foreign exchange

Regulation of financial markets — the role and functions of current institutions

- Reserve Bank of Australia — overall financial system stability
- Australian Prudential Regulation Authority — prudential supervision of banks and superannuation funds
- Australian Securities and Investments Commission — market integrity and consumer protection of the financial system

Borrowers

- individuals
- business
- government

Factors affecting the demand for funds

- transactions and speculative motives
- financial innovations

Lenders

- individuals
- business
- government
- international

Financial aggregates measured by the Reserve Bank of Australia

- currency
- broad money
- credit

Interest rates

- types of rates in the short-term and long-term
 - lending rates
 - borrowing rates
- role of the Reserve Bank of Australia in determining the cash rate
- influence of the cash rate on interest rates

The share market

- its role and function
- the impact of share market activities on the economy
 - investment
 - debt
 - asset prices
 - business cycle.

9.6 Preliminary Topic Six — Government and the Economy

20% of indicative time

The focus of this study is the role of government in a mixed economy. The main concepts are management of the economy, and problems and issues arising from the free operation of markets.

Outcomes

A student:

- P1 demonstrates understanding of economic terms, concepts and relationships
- P2 explains the economic role of individuals, firms and government in an economy
- P3 describes, explains and evaluates the role and operation of markets
- P5 analyses the relationship between individuals, firms, institutions and government in the Australian economy
- P6 explains the role of government in the Australian economy
- P7 identifies the nature and causes of economic problems and issues for individuals, firms and governments
- P8 applies appropriate terminology, concepts and theories in economic contexts
- P9 selects and organises information from a variety of sources for relevance and reliability
- P10 communicates economic information, ideas and issues in appropriate forms
- P11 applies mathematical concepts in economic contexts.

Content

Students learn to:

Examine economic issues

- assess the need for government intervention in a market economy
- examine how the operation of the free market without government intervention might affect the distribution of income, quality of life of individuals and the management of the environment
- evaluate the impact of different taxes on the distribution of income and wealth, on business and on the allocation of resources in the economy
- evaluate the role of social welfare for an aging population
- investigate alternative sources of revenue for governments

Apply economic skills

- determine whether a specific tax is progressive, proportional or regressive
- interpret Federal Budget data
- predict the impact of a budget deficit or surplus on economic activity
- discuss how monetary and fiscal policies can be used to stabilise economic activity
- analyse the performance of government business enterprises.

Students learn about:

Government intervention in the economy

Limitations of the operation of the free market

- provision of goods and services, public goods, merit goods
- inequality in the distribution of income — disadvantaged groups, relative poverty
- externalities and the environment — pollution
- monopoly power — the formation of monopolies, government-owned monopolies, privatisation, corporatisation and competition
- fluctuations in economic activity — the business cycle and the adverse effects of booms and recessions

The role of government

Functions of the three levels of government

Size of the public sector

Economic functions of the Australian Government

- reallocation of resources — types of taxes: direct and indirect; types of expenses
- redistribution of income — progressive, regressive and proportional taxes, social welfare payments
- stabilisation of economic activity — a brief overview of the stabilising role of monetary and fiscal policies
- government business enterprises
- other — including competition and environmental policies

Federal Budget

- the budget process
- types of budgets: surplus, balanced, deficit
- revenue and expenses

Constraints on government

- constitutional powers
- political support
- international agreements

Influences on government policies in Australia

- role of political parties
- interest groups
- business
- unions
- environmental groups
- welfare agencies
- the media
- international.

10 Content: Economics HSC Course

10.1 HSC Topic One — The Global Economy

25% of indicative time

The focus of this study is the operation of the global economy and the impact of the globalisation process on individual economies.

Outcomes

A student:

- H1 demonstrates understanding of economic terms, concepts and relationships
- H2 analyses the economic role of individuals, firms, institutions and governments
- H3 explains the role of markets within the global economy
- H4 analyses the impact of global markets on the Australian and global economies
- H5 discusses policy options for dealing with problems and issues in contemporary and hypothetical contexts
- H6 analyses the impact of economic policies in theoretical and contemporary Australian contexts
- H7 evaluates the consequences of contemporary economic problems and issues on individuals, firms and governments
- H8 applies appropriate terminology, concepts and theories in contemporary and hypothetical economic contexts
- H9 selects and organises information from a variety of sources for relevance and reliability
- H10 communicates economic information, ideas and issues in appropriate forms
- H11 applies mathematical concepts in economic contexts
- H12 works independently and in groups to achieve appropriate goals in set timelines.

Content

Students learn to:

Examine economic issues

- examine the impact of the globalisation process on economic growth and the quality of life, levels of unemployment, rates of inflation and external stability
- assess the potential impact on the environment of continuing world economic development
- investigate the global distribution of wealth and investigate the consequences of an unequal distribution of global wealth
- discuss the effects of protectionist policies on the global economy

Apply economic skills

- analyse statistics on trade and financial flows to determine the nature and extent of global interdependence
- assess the impact on the global economy of international organisations and contemporary trading bloc agreements
- assess the impact of development strategies used in a range of contemporary and hypothetical situations.

Students learn about:

Features of the global economy

Nature of the global economy and globalisation

- the global economy
- Gross World Product
- globalisation
 - trade
 - investment and technology
 - finance
 - labour
- the international business cycle

Trade and financial flows

- changes in the size, pattern and direction of trade and investment
- the foreign exchange market
- the main participants in foreign exchange markets
- the impact of changes in trade and financial flows on economies

Free trade and protection

- the basis of free trade — its advantages and disadvantages
- reasons for protection
 - infant industry argument
 - domestic employment
 - dumping
 - defence
- methods of protection and the effects of protectionist policies on the domestic and global economy
 - voluntary export restraints
 - tariffs
 - subsidies
 - quotas
 - local content rules
 - export incentives

Contemporary trading blocs and agreements

- the role, importance and influence in the global economy of blocs and agreements
- EU, NAFTA, APEC, ASEAN, CERTA

International organisations

- the role, importance and influence in the global economy of international organisations
- WTO, IMF, World Bank

Impact of globalisation on the standard of living in the global economy

Variations in the standard of living in the global economy

- income and Quality of Life indicators

Contrasts in levels of development

- difference between growth and development
- reasons for differences between nations
- developing economies, Newly Industrialised Countries (NICs), transition economies, high income economies

Impact of globalisation

- international convergence
- economic growth, development and the quality of life
- trade, investment and transnational corporations
- distribution of income and wealth
- environmental consequences
- financial markets
- the international business cycle
- implications for government economic policies.

Case study

A case study on the impact of globalisation on an economy other than Australia should be undertaken, along with the strategies that this economy is using to promote economic growth and development.

10.2 HSC Topic Two — Australia's Place in the Global Economy

25% of indicative time

The focus of this topic is an examination of Australia's place in the global economy and the impact of changes in the global economy on Australia's internal and external stability.

Outcomes

A student:

- H1 demonstrates understanding of economic terms, concepts and relationships
- H2 analyses the economic role of individuals, firms, institutions and governments
- H4 analyses the impact of global markets on the Australian and global economies
- H5 discusses policy options for dealing with problems and issues in contemporary and hypothetical contexts
- H7 evaluates the consequences of contemporary economic problems and issues on individuals, firms and governments
- H8 applies appropriate terminology, concepts and theories in contemporary and hypothetical economic contexts
- H9 selects and organises information from a variety of sources for relevance and reliability
- H10 communicates economic information, ideas and issues in appropriate forms
- H11 applies mathematical concepts in economic contexts
- H12 works independently and in groups to achieve appropriate goals in set timelines.

Content

Students learn to:

Examine economic issues

- synthesise information from a variety of sources to evaluate the impact of the global economy on the Australian economy
- examine the impact of changes in the global economy on Australia's economic performance
- analyse the relationship between international competitiveness and structural change in the Australian economy
- discuss the impact of free trade and protection policies on the quality of life in Australia
- hypothesise about the structure of industry within Australia in the future with continued global interdependence

Apply economic skills

- use supply and demand diagrams to explain how the value of a currency is determined under a variety of exchange rate mechanisms
- analyse the impact of movements in the exchange rate on the Australian economy
- explain the relationship between the current account balance, net foreign debt and net foreign liabilities
- calculate and interpret the effects of changes in Australia's terms of trade index.

Students learn about:

Australia's trade and financial flows

Value, composition and direction of Australia's trade and financial flows

- trends in Australia's trade pattern
- trends in financial flows

Australia's Balance of Payments

- structure
 - Current Account
 - Capital and Financial Account
- links between key Balance of Payments categories
- trends in the size and composition of Australia's Balance of Payments
- reasons for these trends

Issues associated with trends in the balance of payments, including:

- terms of trade
- size of the current account balance as a percentage of Gross Domestic Product
- foreign debt and foreign liabilities
 - debt and equity
- international competitiveness
- structural change in the Australian economy

Exchange rates

- measurement of relative exchange rates
 - to other individual currencies
 - Trade Weighted Index
- factors affecting the demand for and supply of Australian dollars
- changes in exchange rates
 - appreciation/depreciation
- determination of exchange rates including fixed, flexible and managed rates
- the influence of the Reserve Bank of Australia on exchange rates
- the effects of fluctuations in exchange rates on the Australian economy

Free trade and protection

- Australia's policies regarding free trade and protection
- the implications of Australia's policies for individuals, firms and governments
- implications for Australia of protectionist policies of other countries and international organisations.

10.3 HSC Topic Three — Economic Issues

25% of indicative time

The focus of this topic is the nature, causes and consequences of the economic issues and problems that can confront contemporary economies.

Outcomes

A student:

- H1 demonstrates understanding of economic terms, concepts and relationships
- H2 analyses the economic role of individuals, firms, institutions and governments
- H4 analyses the impact of global markets on the Australian and global economies
- H7 evaluates the consequences of contemporary economic problems and issues on individuals, firms and governments
- H9 selects and organises information from a variety of sources for relevance and reliability
- H10 communicates economic information, ideas and issues in appropriate forms
- H11 applies mathematical concepts in economic contexts
- H12 works independently and in groups to achieve appropriate goals in set timelines.

Content

Students learn to:

Examine economic issues

- identify and analyse problems facing contemporary and hypothetical economies
- examine the arguments for and against increasing economic growth rates
- investigate the economic and social problems created by unemployment
- analyse the adverse effects of inflation on an economy
- analyse the effect of a continued current account deficit on an economy
- investigate recent trends in the distribution of income in Australia and identify the impact of specific economic policies on this distribution
- analyse the economic and social costs and benefits of inequality in the distribution of income
- examine the economic issues associated with the goal of ecologically sustainable development
- use the tools of economics to analyse a contemporary environmental issue

Apply economic skills

- calculate an equilibrium position for an economy using leakages and injections
- determine the impact of the (simple) multiplier effect on national income
- explain the implications of the multiplier for fluctuations in the level of economic activity in an economy

- calculate the unemployment rate and the participation rate using labour force statistics
- interpret a Lorenz curve and a Gini coefficient for the distribution of income in an economy
- synthesise and evaluate key problems and issues facing the Australian economy.

Students learn about:

Economic issues in the Australian economy

Economic growth

- aggregate demand and its components: $Y = C+I+G+X-M$
- injections and withdrawals ($I+G+X$; $S+T+M$)
- the simple multiplier: $k = 1/(1- MPC)$
- measurement of growth through changes in real Gross Domestic Product
- sources and effects of economic growth in Australia
- business cycle — trends

Unemployment

- measurement
 - labour force
 - participation rate
 - unemployment rate
- trends
- types and causes
 - cyclical
 - structural
 - frictional
 - seasonal
 - hidden
 - long term
- natural rate of unemployment
- main groups affected by unemployment
- effects of unemployment — economic and social costs

Inflation

- measurement — current Australian Bureau of Statistics measure
- trends
- causes
 - demand inflation
 - cost inflation

- imported inflation
- inflationary expectations
- effects

External stability

- measurement
 - CAD as a percentage of Gross Domestic Product
 - net foreign debt as a percentage of Gross Domestic Product
 - net foreign liabilities as a percentage of Gross Domestic Product
- trends
- causes and effects

Distribution of income and wealth

- measurement — Lorenz curve and Gini coefficient
- sources of income as a percentage of household income
- sources of wealth
- dimensions and trends, according to gender, age, occupation, ethnic background and family structure
- economic and social costs and benefits of inequality

Environmental management

- ecologically sustainable development
- private and social costs and benefits — market failure
- public and private goods — free riders
- issues:
 - preservation of natural environments
 - pollution control
 - externalities
 - depletion of renewable and non-renewable resources.

10.4 HSC Topic Four — Economic Policies and Management

25% of indicative time

This topic focuses on the aims and operation of economic policies in the Australian economy and hypothetical situations. The management of an economy is of central concern, including contemporary Australian policies and alternative approaches.

Outcomes

A student:

- H1 demonstrates understanding of economic terms, concepts and relationships
- H2 analyses the economic role of individuals, firms, institutions and governments
- H5 discusses alternative policy options for dealing with problems and issues in contemporary and hypothetical contexts
- H6 analyses the impact of economic policies in theoretical and contemporary Australian contexts
- H7 evaluates the consequences of contemporary economic problems and issues on individuals, firms and governments
- H9 selects and organises information from a variety of sources for relevance and reliability
- H10 communicates economic information, ideas and issues in appropriate forms
- H11 applies mathematical concepts in economic contexts
- H12 works independently and in groups to achieve appropriate goals in set timelines.

Content

Students learn to:

Examine economic issues

- analyse the opportunity cost of government decisions to concentrate on solving specific economic problems or issues
- investigate structural changes in the Australian economy resulting from microeconomic reforms
- apply economic theory to explain how a government could address an economic problem or issue

Apply economic skills

- explain how governments are restricted in the simultaneous achievement of economic objectives
- use (simple) multiplier analysis to explain how governments can solve economic problems
- analyse alternative ways to finance a budget deficit and their impact on the economy

- identify limitations on the effectiveness of economic policies
- explain the impact of key economic policies on an economy
- propose and evaluate alternative policies to address an economic problem in hypothetical and the contemporary Australian contexts
- explain, using economic theory, the general effects of macroeconomic and microeconomic policies on an economy
- select an appropriate policy mix to address a specific economic problem.

Students learn about:

Economic objectives in relation to:

- economic growth
- full employment
- price stability
- external stability
- environment
- distribution of income

Potential conflicts between objectives

The main policies available for economic management

Macroeconomic policies

- rationale for macroeconomic policies — stabilisation and shifts in aggregate demand

Microeconomic policies

- rationale for microeconomic policies including shifts in aggregate supply, efficiency

Fiscal policy

- Federal Government Budgets and budget outcomes
- effects of budgetary changes on resource use, income distribution and economic activity
- methods of financing deficits
- use of a surplus

Monetary policy

- purpose of monetary policy
- implementation of monetary policy — Reserve Bank of Australia
- impact of changes in interest rates on economic activity, exchange rate

Structural change

- effects of microeconomic policies on individual product and factor markets and the economy
- regulation and deregulation

Trade policy

- direct and indirect policies to promote or restrict trade
- trade and industry policies in Australia

Prices and incomes policy

- reasons for prices and incomes policies
- possible prices and incomes policies in Australia
- advantages and disadvantages of centralised and decentralised policies

Labour market policies

- current industrial relations framework
 - safety net, wage cases, enterprise bargaining, workplace agreements, individual contracts
 - role of the courts, tribunals and the employment advocate
 - arguments for and against the current mix of market and non-market forces used to determine the returns to labour
- work practices
- dispute resolution
- education and training, employment programs

Limitations on policy implementation

- time lags
- global influences
- political constraints

Policy responses and their effects in dealing with the economic issues

- economic growth
- unemployment
- inflation
- external stability
- distribution of income and wealth
- management of the environment.

11 Course Requirements

For the Preliminary course:

- 120 indicative hours are required to complete the course.

For the HSC course:

- the Preliminary course is a prerequisite
- 120 indicative hours are required to complete the course.

Indicative time is the time expected for a typical student to achieve the objectives and outcomes of the course. The Board recognises that less time may be allocated to a topic or to a course where a student can demonstrate the ability to achieve the course outcomes in less time.

12 Post-school Opportunities

The study of Economics Stage 6 provides students with knowledge, understanding and skills that form a valuable foundation for a range of courses at university and other tertiary institutions.

In addition, the study of Economics Stage 6 assists students to prepare for employment and full and active participation as citizens. In particular, there are opportunities for students to gain recognition in vocational education and training. Teachers and students should be aware of these opportunities.

Recognition of Student Achievement in Vocational Education and Training (VET)

Wherever appropriate, the skills and knowledge acquired by students in their study of HSC courses should be recognised by industry and training organisations. Recognition of student achievement means that students who have satisfactorily completed HSC courses will not be required to repeat their learning in courses in TAFE NSW or other Registered Training Organisations (RTOs).

Registered Training Organisations, such as TAFE NSW, provide industry training and issue qualifications within the Australian Qualifications Framework (AQF).

The degree of recognition available to students in each subject is based on the similarity of outcomes between HSC courses and industry training packages endorsed within the AQF. Training packages are documents that link an industry's competency standards to AQF qualifications. More information about industry training packages can be found on the National Training Information Service (NTIS) website (www.ntis.gov.au).

Recognition by TAFE NSW

TAFE NSW conducts courses in a wide range of industry areas, as outlined each year in the *TAFE NSW Handbook*. Under current arrangements, the recognition available to students of Economics Stage 6 in relevant courses conducted by TAFE is described in the *HSC/TAFE Credit Transfer Guide*. This guide is produced by the Board of Studies and TAFE NSW and is distributed annually to all schools and colleges. Teachers should refer to this guide and be aware of the recognition available to their students through the study of Economics Stage 6. This information can be found on the TAFE NSW website (www.tafensw.edu.au/mchoice).

Recognition by other Registered Training Organisations

Students may also negotiate recognition into a training package qualification with another Registered Training Organisation. Each student will need to provide the RTO with evidence of satisfactory achievement in Economics Stage 6 so that the degree of recognition available can be determined.

13 Assessment and Reporting

13.1 Requirements and Advice

The information in this section of the syllabus relates to the Board of Studies' requirements for assessing and reporting achievement in the Preliminary and HSC courses for the Higher School Certificate.

Assessment is the process of gathering information and making judgements about student achievement for a variety of purposes.

In the Preliminary and HSC courses those purposes include:

- assisting student learning
- evaluating and improving teaching and learning programs
- providing evidence of satisfactory achievement and completion in the Preliminary course
- providing the Higher School Certificate results.

Reporting refers to the Higher School Certificate documents received by students that are used by the Board to report both the internal and external measures of achievement.

NSW Higher School Certificate results will be based on:

- **an assessment mark** submitted by the school and produced in accordance with the Board's requirements for the internal assessment program
- **an examination mark** derived from the HSC external examinations.

Results will be reported using a course report containing a performance scale with bands describing standards of achievement in the course.

The use of both internal assessment and external examination of student achievement allows measures and observations to be made at several points and in different ways throughout the HSC course. Taken together, the external examination and internal assessment marks provide a valid and reliable assessment of the achievement of the knowledge, understanding and skills described for each course.

Standards Referencing and the HSC Examination

The Board of Studies will adopt a standards-referenced approach to assessing and reporting student achievement in the Higher School Certificate examination.

The standards in the HSC are:

- the knowledge, skills and understanding expected to be learned by students — the *syllabus standards*
- the levels of achievement of the knowledge, skills and understanding — the *performance standards*.

Both *syllabus standards* and *performance standards* are based on the aims, objectives, outcomes and content of a course. Together they specify what is to be learned and how well it is to be achieved.

Teacher understanding of standards comes from the set of aims, objectives, outcomes and content in each syllabus together with:

- the performance descriptions that summarise the different levels of performance of the course outcomes
- HSC examination papers and marking guidelines
- samples of students' achievement on assessment and examination tasks.

13.2 Internal Assessment

The internal assessment mark submitted by the school will provide a summation of each student's achievements measured at points throughout the course. It should reflect the rank order of students and relative differences between students' achievements.

Internal assessment provides a measure of a student's achievement based on a wider range of syllabus content and outcomes than may be covered by the external examination alone.

The assessment components, weightings and task requirements to be applied to internal assessment are identified on page 49. They ensure a common focus for internal assessment in the course across schools, while allowing for flexibility in the design of tasks. A variety of tasks should be used to give students the opportunity to demonstrate outcomes in different ways and to improve the validity and reliability of the assessment.

13.3 External Examination

In Economics Stage 6 the external examination includes a written paper for external marking. The specifications for the examination in Economics Stage 6 are on page 50.

The external examination provides a measure of student achievement in a range of syllabus outcomes that can be reliably measured in an examination setting.

The external examination and its marking and reporting will relate to syllabus standards by:

- providing clear links to syllabus outcomes
- enabling students to demonstrate the levels of achievement outlined in the course performance scale
- applying marking guidelines based on established criteria.

13.4 Board Requirements for the Internal Assessment Mark in Board Developed Courses

For each course the Board requires schools to submit an assessment mark for each candidate.

The collection of information for the HSC internal assessment mark must not begin prior to the completion of the Preliminary course.

The Board requires that the assessment tasks used to determine the internal assessment mark must comply with the components, weightings and types of tasks specified in the table on page 49.

Schools are required to develop an internal assessment program that:

- specifies the various assessment tasks and the weightings allocated to each task
- provides a schedule of the tasks designed for the whole course.

The school must also develop and implement procedures to:

- inform students in writing of the assessment requirements for each course before the commencement of the HSC course
- ensure that students are given adequate written notice of the nature and timing of assessment tasks
- provide meaningful feedback on students' performance in all assessment tasks
- maintain records of marks awarded to each student for all assessment tasks
- address issues relating to illness, misadventure and malpractice in assessment tasks
- address issues relating to late submission and non-completion of assessment tasks
- advise students in writing if they are not meeting the assessment requirements in a course and indicate what is necessary to enable the students to satisfy the requirements
- inform students about their entitlements to school reviews and appeals to the Board
- conduct school reviews of assessments when requested by students
- ensure that students are aware that they can collect their Rank Order Advice at the end of the external examinations at their school.

13.5 Assessment Components, Weightings and Tasks

Preliminary Course

The suggested components, weightings and tasks for the Preliminary course are detailed below.

Component	Weighting	Tasks
Tests and examinations	40	These may include multiple-choice items, short answers and extended responses
Research, investigation and communication	30	These tasks can include elements within class, particularly in the presentation phase. Tasks may be undertaken over a period of time. The communication may be written or oral
Stimulus-based skills	20	Statistical interpretation, graphical skills, calculations. These can utilise contemporary or hypothetical situations
Group work	10	Should include group-based tasks, although it may incorporate individual elements in the reporting phase. The tasks can include written reports from group research, seminars, group presentations, multimedia presentations
Marks	100	

There should be a balance between the assessment of:

- knowledge and understanding outcomes, and course content and
- skills outcomes and course content.

Research

This can involve a specific project. This can be assessed as an element of an ongoing project. It can incorporate some group or classwork in other phases of the task.

Research can also be assessed through investigation of aspects of economics in preparation for an in-class task.

Reporting on an economic event such as the Federal Government Budget could be used to demonstrate and assess the research element of internal assessment.

HSC Course

The internal assessment mark for Economics Stage 6 is to be based on the HSC course only. Final assessment should be based on a range and balance of assessment instruments.

Component	Weighting	Tasks
Tests and examinations	50	These may include multiple-choice items, short answers and extended responses
Research, investigation and communication	30	Tasks may include: student research on aspects of a topic, reported through a prepared essay or an in-class task or presentation
Stimulus-based skills	20	Statistical interpretation, graphical skills and calculations. These can utilise theoretical, contemporary or hypothetical situations
Marks	100	

There should be a balance between the assessment of:

- knowledge and understanding outcomes and course content and
- skills outcomes and content.

One task may be used to assess several components. It is suggested that 3–5 tasks are sufficient to assess the HSC course outcomes.

13.6 HSC External Examination Specifications

Time allowed : 3 hours

The written paper is divided into FOUR sections that allow for a balanced coverage of all topics in the HSC course.

Board approved calculators may be used.

Section I Questions 1–20 (20 marks)

- There will be TWENTY multiple-choice questions.
- All questions are compulsory.
- All questions are of equal value.
- Questions may be based on stimulus material.
- All questions must be answered on the multiple-choice answer sheet provided.

Section II Questions 21–24 (40 marks)

- There will be FOUR short-answer questions.
- All questions are compulsory.
- All questions are of equal value.
- Questions may be divided into parts.
- Questions may be based on stimulus material.
- Questions will be answered in the spaces provided in the exam paper.

Section III Questions 25–26 (20 marks)

- There will be TWO extended response stimulus-based questions.
- Students must select and answer one question.
- Both questions are of equal value.
- The question is to be answered in a separate writing booklet.

Section IV Questions 27–28 (20 marks)

- There will be TWO extended response questions.
- Students must select and answer one question.
- Both questions are of equal value.
- Questions in this part may be based on the stimulus sheet.
- The question is to be answered in a separate writing booklet.

13.7 Summary of Internal and External Assessment

Internal Assessment	Weighting	External Assessment	Weighting
Research, investigation and communication	30	A written examination consisting of:	
Stimulus-based skills	20	Section I – Multiple-choice	20
Test tasks	50	Section II – Short answers	40
		Section III – Stimulus-based response	20
		Section IV – Extended response	20
Marks	100	Marks	100

13.8 Reporting Student Performance Against Standards

Student performance in an HSC course will be reported against standards on a course report. The course report includes a performance scale for the course describing levels (bands) of achievement, an HSC mark located on the performance scale, an internal assessment mark and an examination mark. It will also show, graphically, the statewide distribution of examination marks of all students in the course.

Each band on the performance scale (except for Band 1) includes descriptions that summarise the attainments typically demonstrated in that band.

The distribution of marks will be determined by students' performances against the standards and not scaled to a predetermined pattern of marks.