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NEW SOUTH WALES

Economics

Stage 6 Syllabus

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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.

Economics Stage 6 Syllabus

The study of Economics Stage 6 allows students to develop knowledge and understanding, skills, attitudes and values using subject matter and methodology that suit 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

HSIE K–6

Stages 4–5
Mandatory History

Stages 4–5
HSIE Electives
(including Commerce)

Stages 4–5
Mandatory Geography

Knowledge, understanding, skills, values and attitudes in
Stages 4–5 related to Economics

Stage 6
Economics

Workplace University TAFE Other

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 120 indicative hours | % of course time | 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 120 indicative hours | % of course time | 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 | P1 demonstrates understanding of economic terms, concepts and relationships | H1 demonstrates understanding of economic terms, concepts and relationships |
| | P2 explains the economic role of individuals, firms and government in an economy | H2 analyses the economic role of individuals, firms, institutions and governments |
| the function and operation of markets | P3 describes, explains and evaluates the role and operation of markets | H3 explains the role of markets within the global economy |
| the operation and management of economies | P4 compares and contrasts aspects of different economies | H4 analyses the impact of global markets on the Australian and global economies |
| | P5 analyses the relationship between individuals, firms, institutions and government in the Australian economy | H5 discusses policy options for dealing with problems and issues in contemporary and hypothetical contexts |
| | P6 explains the role of government in the Australian economy | H6 analyses the impact of economic policies in theoretical and contemporary Australian contexts |
| contemporary economic problems and issues facing individuals, firms and governments | P7 identifies the nature and causes of economic problems and issues for individuals, firms and governments | H7 evaluates the consequences of contemporary economic problems and issues on individuals, firms and governments |

| Objectives | 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
- distribution of income
- environmental sustainability.

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, regional and global economies.

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 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 economy in Asia in relation to:
 - economic growth and the quality of life
 - employment and unemployment
 - distribution of income
 - environmental sustainability
 - the role of government in health care, education and social welfare.

9.2 Preliminary Topic Two – Consumers and Business

10% of indicative time

The focus of this topic is an investigation of how consumers and businesses 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
- 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
- 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, technological change and ethical decision-making on a firm through:

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

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 are 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

- pure competition
- monopolistic competition
- oligopoly
- monopoly.

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

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 in 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 /underemployment
- part-time work
- casualisation of work
- outsourcing
- contractors
- sub-contracting

Labour market institutions

- unions
- employer associations
- current employment /industrial framework.

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 the economic role of the superannuation industry
- 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, financial futures, foreign exchange
- the share market – its role, function and effect on the economy
- domestic and global markets

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

- Reserve Bank of Australia
- Australian Prudential Regulation Authority
- Australian Securities and Investments Commission
- Australian Treasury
- Council of Financial Regulators

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.

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 ageing 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, climate change
- 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

Constitutional powers

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

Influences on government policies in Australia

- political parties
- business
- unions
- environmental groups/organisations
- welfare agencies
- the media
- other interest groups
- 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 globalisation 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 effects of globalisation 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 income and wealth
- assess the consequences of an unequal distribution of global income and 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
- evaluate the impact of development strategies used in a range of contemporary and hypothetical situations.

Students learn about:

International economic integration

- the global economy
- Gross World Product
- globalisation
 - trade in goods and services
 - financial flows
 - investment and transnational corporations
 - technology, transport and communication
 - international division of labour, migration
- the international and regional business cycles

Trade, financial flows and foreign investment

- the basis of free trade – its advantages and disadvantages
- role of international organisations – WTO, IMF, World Bank, United Nations, OECD
- influence of government economic forums – G20, G7/8
- trading blocs, monetary unions and free trade agreements
 - advantages and disadvantages of multilateral (EU, APEC, NAFTA, ASEAN) and bilateral agreements

Protection

- 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 – tariffs, subsidies, quotas, local content rules, export incentives

Globalisation and economic development

- differences between economic growth and economic development
- distribution of income and wealth
- income and quality of life indicators
- developing economies, emerging economies, advanced economies
- reasons for differences between nations
- effects of globalisation
- trade, investment and transnational corporations
- environmental sustainability
- the international business cycle.

Case study

Undertake a case study of the influence of globalisation on an economy other than Australia, including an evaluation of the strategies used to promote economic growth and development in this economy.

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 effect of changes in the global economy on Australia.

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

- assess the impact of recent changes in the global economy on Australia’s trade and financial flows
- examine the effects of changes in trade and financial flows on Australia’s economic performance
- analyse the effects of changes in the value of the Australian dollar on the Australian economy
- discuss the impact of free trade and protection policies on the quality of life in Australia
- propose likely changes to the structure of industry within Australia as a result of current trends in the global economy

Apply economic skills

- calculate the main components of Australia’s balance of payments
- analyse the relationship between the balance of the capital and financial account and the net income balance

- explain the relationship between the current account balance and the balance of the capital and financial account
- use supply and demand diagrams to explain how the value of a currency is determined under different exchange rate systems
- analyse the impact of changes in the components of the balance of payments on the value of the Australian dollar

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 – debt and equity

Australia's Balance of Payments

- structure
 - Current Account, debits and credits
 - Capital and Financial Account
- links between key Balance of Payments categories
- trends in the size and composition of Australia's Balance of Payments
 - international competitiveness, terms of trade, international borrowing, foreign investment
 - effects of these trends on Australia's Balance of Payments

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
- Australia's multilateral and bilateral free trade agreements – (overview of two examples of each type of agreement)
- the implications of Australia's policies for individuals, firms and governments
- implications for Australia of protectionist policies of other countries and trading blocs.

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

- examine the arguments for and against increasing economic growth rates
- investigate the economic and social problems created by unemployment
- analyse the effects of inflation on an economy
- discuss 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 of inequality in the distribution of income
- examine the economic issues associated with the goal of ecologically sustainable development

Apply economic skills

- identify and analyse problems facing contemporary and hypothetical economies
- 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
- use economic concepts to analyse a contemporary environmental issue
- assess the 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
- increases in aggregate supply – improvements in efficiency and technology
- trends in business cycle

Unemployment

- measurement
 - labour force
 - participation rate
 - unemployment rate
- trends
- types and causes
 - cyclical
 - structural
 - frictional
 - seasonal
 - underemployment
 - hidden
 - long term
- non-accelerating inflation rate of unemployment (NAIRU)
- main groups affected by unemployment
- effects of unemployment – economic and social costs

Inflation

- measurement – headline and underlying
- trends
- causes
 - demand inflation
 - cost inflation
 - imported inflation
 - inflationary expectations
- positive and negative effects

External stability

- measurement
 - Current Account Deficit (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
 - terms of trade
 - exchange rate
 - international competitiveness
- trends
- positive and negative causes and effects

Distribution of income and wealth

- measurement – Lorenz curve and Gini coefficient
- sources of income as a percentage of household income
- taxation, transfer payments and other assistance
- 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 sustainability

- ecologically sustainable development
- private and social costs and benefits – externalities, market failure
- public and private goods – free riders
- environmental issues:
 - preservation of natural environments
 - pollution, climate change
 - 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.

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 in addressing specific economic problems or issues
- investigate structural changes in the Australian economy resulting from microeconomic policies
- apply economic theory to explain how a government could address an economic problem or issue in hypothetical situations
- analyse alternative ways to finance a budget deficit

Apply economic skills

- explain how governments are restricted in their ability to simultaneously achieve economic objectives
- use (simple) multiplier analysis to explain how governments can solve economic problems
- identify limitations of 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 and quality of life
- full employment
- price stability
- external stability
- environmental sustainability
- distribution of income

Potential conflicts among objectives

Macroeconomic policies

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

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 by the Reserve Bank of Australia
- impact of changes in interest rates on economic activity and the exchange rate

Microeconomic policies

- rationale for microeconomic policies including shifts in aggregate supply, efficiency
- effects of microeconomic policies on individual product and factor markets, individual industries and the economy
- regulation and deregulation – competition policy

Labour market policies

- role of national and state systems
- the national system for determining
 - minimum employment standards
 - minimum wages
 - awards
 - enterprise agreements
 - employment contracts for high income earners
- dispute resolution
- arguments for and against the use of centralised, decentralised and individualised methods of determining employment contracts
- education, training and employment programs

National and global context for environmental management

- regulations
- market-based policies
- targets
- international agreements

Limitations of economic policies

- time lags
- global influences
- political constraints

Policy responses and their effects in dealing with the economic objectives

- economic growth and quality of life
- full employment
- price stability
- external stability
- distribution of income
- environmental sustainability.

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

Advice on appropriate assessment practice in relation to the Economics syllabus is contained in *Assessment and Reporting in Economics Stage 6*. This document provides general advice on assessment in Stage 6 as well as the specific requirements for the Preliminary and HSC courses. It contains:

- suggested components and weightings for the internal assessment of the Preliminary course
- mandatory components and weightings for the internal assessment of the HSC course
- the HSC examination specifications, which describe the format of the external HSC examination.

The document and other resources and advice related to assessment in Stage 6 Economics are available on the Board's website at www.boardofstudies.nsw.edu.au/syllabus_hsc