

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

**FINAL AMENDED VERSION**

**Economics**

**Stage 6  
Syllabus**

~~1999~~2009

**Original published version updated:**

April 2006 – Official Notice 3 May 2005 (Vol 14 No 2 BOS 20/05)  
April 2000 – Board Bulletin/Official Notices Vol 9 No 2 (BOS 13/00)  
June 2009 – Assessment and Reporting information updated  
November 2009 – Official Notice BOS 47/09

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Published by  
Board of Studies NSW  
GPO Box 5300  
Sydney NSW 2001  
Australia

Tel: (02) 9367 8111

Internet: [www.boardofstudies.nsw.edu.au](http://www.boardofstudies.nsw.edu.au)

ISBN 978 174147 9331

2009707

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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.

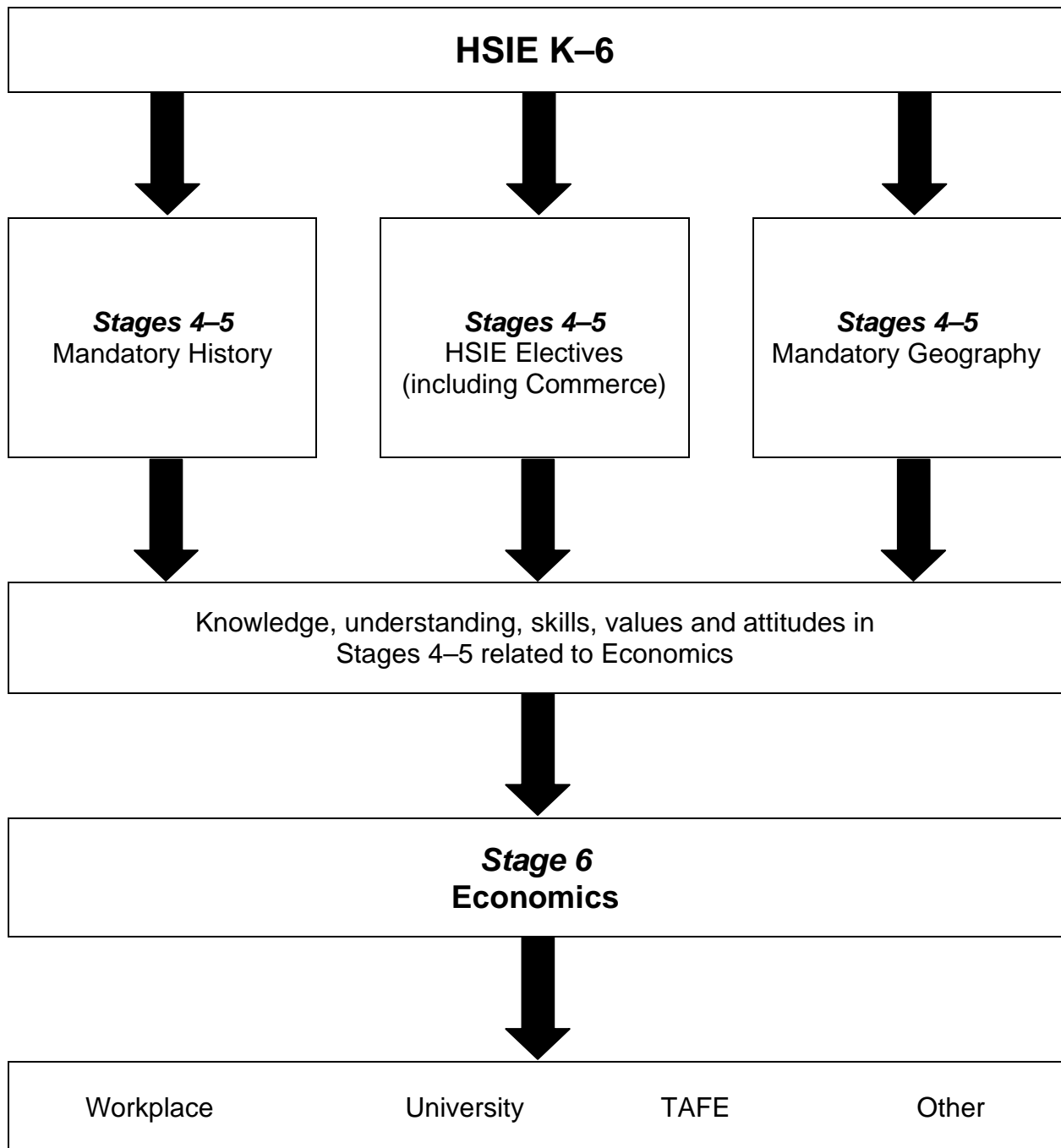
If selected as a specialisation at university, economics can lead to careers in:

- 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



## 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.

<b>Preliminary Course</b> 120 indicative hours	<b>% of course time</b>	<b>Indicative Hours</b>
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.

<b>Higher School Certificate Course</b> 120 indicative hours	<b>% of course time</b>	<b>Indicative Hours</b>
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

<b>Objectives</b>	<b>Preliminary Outcomes</b>	<b>HSC Outcomes</b>
A student develops skills to:	A student:	A student:
investigate and engage in effective analysis, synthesis and evaluation of economic information from a variety of sources	<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>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>
communicate economic information, ideas and issues in appropriate forms	P12 works independently and in groups to achieve appropriate goals in set timelines	H12 works independently and in groups to achieve appropriate goals in set timelines

## 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~~ 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 ~~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 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 Asia in relation to:
  - economic growth and the quality of life
  - employment and unemployment
  - distribution of income ~~quality of life~~
  - environmental sustainability ~~quality~~
  - the role of government in health care, education and ~~welfare payments~~ 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
- ~~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, 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 ~~individual contracts~~
- sub-contracting

**Labour market institutions**

- unions
- employer associations
- current employment /industrial framework. ~~industrial relations structure.~~

## 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 [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
- 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 – ~~overall financial system stability~~
- Australian Prudential Regulation Authority – ~~prudential supervision of banks and superannuation funds~~
- Australian Securities and Investments Commission
- Australian Treasury
- Council of Financial Regulators – ~~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.

## 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

#### *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/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 ~~the globalisation process~~ 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 ~~impact of the globalisation process~~ 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 wealth and~~ of income and wealth
- assess the consequences of an unequal distribution of global income and wealth ~~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~~ evaluate the impact of development strategies used in a range of contemporary and hypothetical situations.

Students learn about:

### **International economic integration**

#### ~~Features of the global economy~~

#### ~~Nature of the global economy and globalization~~

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

#### ~~Trade and financial flows~~

~~changes in the size, pattern and direction of trade and investment~~

~~the foreign exchange market~~

~~the main participants in the foreign exchange market~~

~~the impact of changes in trade and financial flows on economies~~ 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, NAFTEA, ASEAN) and bilateral agreements

#### Protection

#### ~~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 – tariffs, subsidies, quotas, local content rules, export incentives

~~-voluntary export restraints~~

~~Contemporary trading blocs and agreements~~

~~the role, importance and influence in the global economy of blocs and agreements~~

~~EU, NAFTA, APEC, ASEAN, CERTA~~

~~International organizations~~

~~-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**

*Globalisation and economic development*

~~Variations in the standard of living in the global economy~~

- ~~income and Quality of Life indicators~~

~~Contrasts in levels of 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.

~~developing economies, Newly Industrialised Countries (NICs), transition economies, high income economies~~

~~Impact of globalization~~

- ~~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 must be undertaken, along with the strategies that this economy is using to promote economic growth and development.~~

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 ~~impact of changes in the global economy on Australia’s internal and external stability~~ 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
- ~~synthesise information from a variety of sources to evaluate the impact of the global economy on the Australian economy~~
- examine the effects of changes in trade and financial flows on Australia’s economic performance
- ~~analyse the relationship between international competitiveness and structural change in the Australian economy~~ 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
- ~~hypothesise about the structure of industry within Australia in the future with continued global interdependence~~ propose likely changes to the structure of industry within Australia as a result of current trends in the global economy

## 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~~
- calculate the main components of Australia's balance of payments
- ~~analyse the impact of movements in the exchange rate on the Australian economy~~ 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, ~~net foreign debt and net foreign liabilities~~ and the balance of the capital and financial account
- ~~Calculate and interpret the effects of changes in Australia's terms of trade index~~ 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
- ~~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
- 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 [international organisations](#) 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

- ~~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** 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
- ~~use the tools of economics to analyse a contemporary environmental issue~~

#### 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
- ~~synthesise and evaluate key problems and issues facing the Australian 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 ~~and the quality of life~~*

- 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
- ~~natural rate of unemployment~~non-accelerating inflation rate of unemployment (NAIRU)
- main groups affected by unemployment
- effects of unemployment – economic and social costs

### *Inflation*

- measurement – ~~current Australian Bureau of Statistics measure~~ 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 management~~ *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, ~~control~~ climate change ~~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~~ in addressing specific economic problems or issues
- investigate structural changes in the Australian economy resulting from microeconomic ~~reforms~~ 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 the simultaneous achievement of~~ in their ability to simultaneously achieve 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~~ 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
- ~~environment~~environmental sustainability
- distribution of income

*Potential conflicts ~~between~~ among objectives*

**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 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

*Structural change*

- effects of microeconomic policies on individual product and factor markets, individual industries and the economy
- regulation and deregulation – competition policy

#### ~~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 income 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~~
  - 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 ~~on policy implementation~~ of economic policies

- time lags
- global influences
- political constraints

**Policy responses and their effects in dealing with the economic objectives**  
**issues**

- economic growth and quality of life
- ~~unemployment~~ full employment
- ~~inflation~~ price stability
- external stability
- distribution of income ~~and wealth~~
- ~~management of the environment~~ 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](http://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](http://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](http://www.boardofstudies.nsw.edu.au/syllabus_hsc)