



Government of **Western Australia**
School Curriculum and Standards Authority

ECONOMICS

GENERAL COURSE

Year 12 syllabus

IMPORTANT INFORMATION

This syllabus is effective from 1 January 2018.

Users of this syllabus are responsible for checking its currency.

Syllabuses are formally reviewed by the School Curriculum and Standards Authority on a cyclical basis, typically every five years.

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Rationale

Economics investigates the choices that all people, groups and societies face as they confront the ongoing problem of satisfying their unlimited wants with limited resources. Economics aims to understand and analyse the allocation, utilisation and distribution of scarce resources that determine our wealth and wellbeing. Economics develops the knowledge, reasoning and interpretation skills that form an important component of understanding individual, business and government behaviour at the local, national and global levels.

The Economics General course encompasses the key features which characterise an economist's approach to a contemporary economic event or issue: the ability to simplify the essence of a problem, to collect economic information and data to assist analysis and reasoning, to think critically about the limits of analysis in a social context, and to draw inferences which assist decision making, the development of public policy and improvement in economic wellbeing.

The Economics General course develops reasoning, logical thinking and interpretation skills demanded by the world of work, business and government. These skills relate to a variety of qualifications in vocational, technical and university education contexts. The learning experiences available through studying this course explore the knowledge, values and opinions which surround the complex range of economic events and issues facing our community, such as unemployment, income distribution, business strategy and international relations.

Economic literacy developed through this course enables students to actively participate in economic and financial decision making that promotes individual and societal wealth and wellbeing.

Course outcomes

The Economics General course is designed to facilitate achievement of the following outcomes.

Outcome 1 – Economic inquiry

Students use economic information and data to communicate an understanding of economic events, issues and decisions.

In achieving this outcome, students:

- locate, select and organise economic information and data
- analyse and interpret economic information and data
- use economic terms, concepts and models to communicate an understanding of economic events, issues and decisions.

Outcome 2 – The operation of the economy

Students understand that economic forces influence the operation of the economy and are affected by the decisions of consumers and businesses.

In achieving this outcome, students:

- understand how domestic and international economic forces influence the operation of the economy
- understand the choices, trade-offs and effects of economic decisions made at the local, national and international levels.

Outcome 3 – Economic policy and action

Students understand that the policies and actions of the government and other authorities affect the operation of the economy.

In achieving this outcome, students:

- understand why economic policies and actions are required to manage the economy
- understand how policy options are used to address domestic and international economic problems and issues
- understand the effects of economic policies and actions of government and other authorities at the local, national and international level.

Organisation

This course is organised into a Year 11 syllabus and a Year 12 syllabus. The cognitive complexity of the syllabus content increases from Year 11 to Year 12.

Structure of the syllabus

The Year 12 syllabus is divided into two units, which are delivered as a pair. The notional time for the pair of units is 110 class contact hours.

Unit 3 – Microeconomics

This unit is an introduction to microeconomics and explores the role of the market in determining the wellbeing of individuals and society. Students explore the workings of real world markets with an emphasis on the Australian economy.

Unit 4 – Macroeconomics

This unit is an introduction to macroeconomics and explores economic growth, inflation and unemployment with an emphasis on the Australian economy. Students learn it is important to measure and monitor changes in these macroeconomic indicators as changes in the level of economic activity affect the wellbeing of individuals and society.

Each unit includes:

- a unit description – a short description of the focus of the unit
- unit content – the content to be taught and learned.

Organisation of content

The Economics General course develops student learning through two content areas:

- Economic knowledge and understanding
- Economic skills.

Representation of the general capabilities

The general capabilities encompass the knowledge, skills, behaviours and dispositions that will assist students to live and work successfully in the twenty-first century. Teachers may find opportunities to incorporate the capabilities into the teaching and learning program for the Economics General course. The general capabilities are not assessed unless they are identified within the specified unit content.

Literacy

Students develop literacy capability as they research, read, interpret and analyse sources of information and data on the Australian economy. They learn to use the specialised language and terminology of economics when discussing and applying concepts to contemporary issues and events, communicating ideas and forming opinions and drawing conclusions.

Numeracy

Students develop and apply numeracy knowledge and skills to develop charts, statistics, graphs and models that display economic data. They interpret and analyse economic data, draw conclusions and make predictions and forecasts and apply this knowledge and skills to real and/or hypothetical experiences.

Information and communication technology capability

Students develop information and communication technology (ICT) capability as they learn to use it effectively and appropriately to access, create and communicate information and ideas. Students develop the knowledge and skills to use digital technologies to research and source information on Australia's economy including, internet search engines and websites, and library catalogues. Students develop and apply their ICT skills through organising and presenting information.

Critical and creative thinking

Students develop capability in critical and creative thinking as they learn to generate and evaluate knowledge, clarify concepts and ideas, seek possibilities, consider alternatives and solve problems. Critical thinking and reasoning skills develop through the investigation of Australia's economy and engaging with data about the economy's performance. Critical and creative thinking is further developed through the examination of contemporary economic issues and events.

Personal and social capability

Students develop personal and social capability as they learn to understand themselves and others, and manage their relationships, lives, work and learning more effectively. Students are encouraged to develop and apply personal, interpersonal and social skills, behaviours and dispositions through working collaboratively and constructively in groups, developing their communication, decision-making, conflict resolution and leadership skills, learning to appreciate the insights and perspectives of others, and the interdependence of economic decisions.

Ethical understanding

Students develop ethical understanding as they identify and investigate ethical concepts, values and principles, and understand how reasoning can assist ethical judgement. Students recognise different perspectives and have opportunities to explore their own rights and responsibilities as participants in the economy.

Intercultural understanding

Students develop intercultural understanding as they engage with their own cultures, values and beliefs, and those of others. The capability involves students learning about, and engaging with, diverse cultures in ways that recognise commonalities and differences in responding to economic issues and events. They consider the effects of decisions made by sectors of the Australian economy, and by economies overseas, to highlight the interconnections between cultures and countries.

Representation of the cross-curriculum priorities

The cross-curriculum priorities address the contemporary issues that students face in a globalised world. Teachers may find opportunities to incorporate the priorities into the teaching and learning program for the Economics General course. The cross-curriculum priorities are not assessed unless they are identified within the specified unit content.

Aboriginal and Torres Strait Islander histories and cultures

Economics provides an opportunity for students to learn about Aboriginal and Torres Strait Islander decisions in relation to the use of resources in the past and present. Students have the opportunity to explore the interconnectedness between People, Culture and Country/Place and past and present economic activities.

Asia and Australia's engagement with Asia

Economics provides an opportunity for students to learn about current and possible future trade relationships between Australia and Asia. Students have the opportunity to explore the role that Australia plays in economic developments in the Asia region and the contribution of Asian economies to economic activity in Australia.

Sustainability

Economics provides an opportunity for students to learn about the interdependence of economic, social and ecological systems. Students have the opportunity to explore the need for balancing economic development, environmental sustainability, and society's obligations to meet the needs and wants of the present without compromising the ability of future generations to meet their needs and wants. Economics provides the tools for that decision making.

Unit 3 – Microeconomics

Unit description

This unit explores the theory that markets are an efficient way to allocate scarce resources, using real world markets with an emphasis on the Australian economy. When the forces of demand and supply do not allocate and price resources in a way that society would regard as efficient, equitable or sustainable, market failure can occur. Students examine examples of market failure, along with a range of government policy options that can be applied to achieve more desirable outcomes. Students are also introduced to the language of economics and the use of theories and models to explain and interpret economic events and issues.

Unit content

This unit includes the knowledge, understandings and skills described below.

Economic knowledge and understanding

Markets

- the characteristics of a market economy
- the distinction between product and factor markets
- the distinction between competitive and non-competitive markets

Demand, supply and equilibrium

- the law of demand
- the relationship between individual and market demand schedules and curves
- factors affecting demand
 - price
 - income
 - population
 - tastes and preferences
 - prices of substitutes and complements
 - expected future prices
- the effect of changes in price on quantity demanded i.e. expansion or contraction of demand
- the effect of changes in non-price factors on quantity demanded i.e. increase or decrease in demand
- the law of supply
- the relationship between individual and market supply schedules and curves
- factors affecting supply
 - price
 - costs of production
 - factors of production
 - expected future prices
 - number of suppliers
 - technology

- the effect of changes in price on quantity supplied i.e. expansion or contraction of supply
- the effect of changes in non-price factors on quantity supplied i.e. increase or decrease in supply
- the concept of market equilibrium
- the effect of changes in demand and supply on market equilibrium
- the concepts of market clearing, shortages and surpluses
- how the price mechanism clears market surpluses and shortages

Elasticity

- the concept of price elasticity of demand
- the distinction between goods that are price elastic and price inelastic in demand
- determinants of price elasticity of demand
- the link between price elasticity of demand and total revenue
- the concepts of income elasticity of demand, normal goods and inferior goods
- the concept of price elasticity of supply
- the distinction between goods that are price elastic and price inelastic in supply
- determinants of price elasticity of supply
- the significance of price and income elasticity for consumers, business and government

Market failure and government policies

- the concept of efficiency i.e. at equilibrium
- the concept of market failure
- the distinction between a competitive market and an imperfect market
- the concept of market power
- barriers to entry in a market
- how market power can influence market efficiency
- the role of the Australian Competition and Consumer Commission (ACCC) in ensuring market efficiency
- policy options to influence market power, including regulation/deregulation and legislation
- the distinction between positive and negative externalities
- how an externality can influence market efficiency i.e. under and over production
- policy options to correct for externalities including the use of taxes and subsidies
- the distinction between public goods and common resources
- why public goods suffer from the free rider effect
- why common resources suffer from the tragedy of the commons
- policy options to reduce market failure associated with public goods and common resources
- the concept of equity (fairness)
- the relationship between equity and efficiency
- policy options to promote equity

Effects of government policies

- the distinction between price ceilings and price floors
- the effects of price ceilings and price floors
- the effects of a tax on a market
- the effects of a subsidy on a market

Economic skills**Economic research**

- identify research questions to investigate
- select appropriate print and electronic media sources of economic information and data on markets
- apply appropriate methods of recording and organising microeconomic information, including spreadsheets, graphs and tables
- apply problem-solving, critical thinking and decision-making strategies to achieve outcomes that may be predictable and contestable by nature

Reasoning, interpretation and analysis

- identify and organise relevant information within sources
- identify trends and relationships in economic information and data on markets
- use economic information and data to make predictions on markets
- apply mathematical techniques relevant to microeconomic analysis, including the calculation of total revenue to determine price elasticity of demand
- use economics models, including demand and supply graphs, to analyse market behaviour and performance
- apply economic reasoning to market behaviour and performance
- use evidence found in economic information and data to justify a conclusion

Communication

- select and use appropriate terminology
- select and use appropriate formats when communicating economic understandings
- use economic models to convey economic theory and reasoning about microeconomic events and issues
- reflect on the investigation process used

Unit 4 – Macroeconomics

Unit description

This unit explores the government's role in a modified market economy and Australia's recent (the last ten years) and contemporary (the last three years) macroeconomic performance. It also explores the cyclical fluctuations in the level of economic activity that result in changes in the levels of output, income, spending and employment in the economy which, in turn, have implications for economic growth, inflation and unemployment. Students examine the role of government, through its spending and taxing powers, that can affect the allocation and price of resources, and the level of economic activity by targeting economic objectives.

Unit content

This unit includes the knowledge, understandings and skills described below.

Economic knowledge and understanding

Macroeconomic activity

- the concept of macroeconomics and its relevance
- the distinction between macroeconomics and microeconomics
- the concept of the circular flow of income
- the concepts of total spending, total output and total income and the relationship between them
- the concepts of equilibrium, leakages and injections in the circular flow of income
- the effect of changes in leakages and injections on the level of equilibrium in the circular flow of income model
- the components of aggregate expenditure
 - consumption
 - investment
 - government spending
 - net exports
- factors affecting each of the components of aggregate expenditure

The business cycle

- the concept of the business cycle
- the phases of the business cycle and characteristics each phase
- indicators of economic activity
 - leading indicators (including share prices, building loan approvals, new employment vacancies, business and consumer confidence, and stock/inventory levels)
 - coincident indicators (including retail sales, and new car registrations)
 - lagging indicators (including unemployment rates/levels and inflation rate)

Economic growth

- the concept, and measurement of, economic growth
- the distinction between nominal and real gross domestic product (GDP)
- GDP as a measure of economic welfare
- determinants of economic growth
- the costs and benefits of economic growth

Inflation

- the concept of, and measurement of, inflation
- the distinction between headline and underlying inflation
- types of inflation
 - demand pull
 - cost push
- the costs of inflation and the benefits of low inflation

Unemployment

- the concepts of unemployment, full employment, the natural rate of unemployment, the participation rate and underemployment
- the measurement of unemployment
- types and causes of unemployment, including cyclical, structural and frictional
- the effects of unemployment
- the implications of full employment for the economy
- the possible short-term trade-off between unemployment and inflation

Balance of payments

- the composition and direction of Australia's trade
- the concept of the balance of payments
- the general structure of the balance of payments accounts
- the distinction between the current account and the capital and financial account
- the relationship between the current account and the capital and financial account

Income distribution

- the concepts of income and wealth
- how the Lorenz curve represents inequality in the distribution of income and wealth

The public sector

- the role of the government in a modified market economy
 - regulation of business enterprises
 - stabilising the business cycle
 - redistributing income through taxation and spending
 - the provision of goods and services

- the size of the government sector in the Australian economy currently, over time, and relative to other economies
- the size and composition of government revenue and spending in Australia at the commonwealth, state and local government levels

Taxation

- types and classification of:
 - direct and indirect taxes
 - progressive, regressive and proportional taxes
 - taxes on income or expenditure
- types of Commonwealth taxes, including personal and income tax, goods and services tax, company tax, capital gains tax, fringe benefits tax and excise duty
- the concepts of equity, efficiency and simplicity in the context of Australia's taxation system

Economic objectives

- the economic objectives of the Australian Government
 - sustainable economic growth
 - low unemployment (full employment)
 - low inflation (price stability)
 - a more equitable distribution of income
 - the efficient allocation of resources

Macroeconomic performance

- trends in, and influences on, Australia's recent (the last ten years) economic performance using a range of economic indicators such as inflation, unemployment, economic growth and the current account balance
- the impact of recent (the last ten years) domestic and international events on the Australian economy

Economic skills

Economic research

- identify research questions to investigate
- select appropriate print and electronic media sources of economic information and data on the macroeconomy
- apply appropriate methods of recording and organising macroeconomic information, including spreadsheets, graphs and tables
- apply problem-solving, critical thinking and decision-making strategies to achieve outcomes which may be predictable and contestable by nature

Reasoning, interpretation and analysis

- identify and organise relevant information within sources
- identify trends and relationships in economic information and data on the macroeconomy
- use economic information and data to make predictions on the macroeconomy

- apply mathematical techniques relevant to macroeconomic analysis, including: calculations relating to the circular flow of income; calculating the inflation rate using the Consumer Price Index (CPI); calculating the unemployment rate and the participation rate from labour force data; calculating and interpreting rates of change in gross domestic product (GDP); constructing and interpreting Lorenz curves; calculating balances (surplus/deficit) for balance of payments data; and calculating marginal and average rates of taxation
- use macroeconomic models, including the circular flow model, the business cycle, the production possibility frontier, the Lorenz curve and the Phillips curve to analyse macroeconomic events and issues
- apply economic reasoning to Australia's macroeconomic performance
- use evidence found in economic information and data to justify a conclusion

Communication

- select and use appropriate terminology
- select and use appropriate formats when communicating economic understandings
- use economic models to convey economic theory and reasoning about macroeconomic issues and events
- reflect on the investigation process used

School-based assessment

The Western Australian Certificate of Education (WACE) Manual contains essential information on principles, policies and procedures for school-based assessment that needs to be read in conjunction with this syllabus.

Teachers design school-based assessment tasks to meet the needs of students. The table below provides details of the assessment types for the Economics General Year 12 syllabus and the weighting for each assessment type.

Assessment table – Year 12

Type of assessment	Weighting
<p>Investigation</p> <p>Students examine an economic concept, event or issue. The investigation can be based on economic information and data provided by the teacher, or require students to locate economic information and data for research.</p> <p>The format of the final presentation can be written, digital or oral.</p> <p>One investigation should be completed for each unit.</p>	15%
<p>Data interpretation/Short answer</p> <p>An answer of less than 150 words that can include a discussion, an explanation or an analysis of an economic concept, event or issue.</p> <p>Formats can include: multiple-choice questions; calculations; short answer questions that can require a definition, description, explanation or application of economic concepts, theories and/or models; short answer questions that can require interpretation of real or hypothetical economic data or information such as graphs, tables, text or cartoons.</p> <p>Typically tasks are a combination of these formats.</p> <p>At least two data interpretation/short answer tasks should be completed under test conditions.</p>	30%
<p>Extended answer</p> <p>The question can require a description, discussion, explanation and/or analysis of an economic concept, event or issue, and the application of economic theories and/or models.</p> <p>Formats can include: an essay, a sectionalised long answer, an investigation, a response to a scenario or a case study and can be based on stimulus material.</p> <p>At least two extended answer tasks should be completed under test conditions.</p>	20%
<p>Test</p> <p>Can be conducted at the end of each semester and/or unit.</p>	20%
<p>Externally set task</p> <p>A written task or item or set of items of 50 minutes duration developed by the School Curriculum and Standards Authority and administered by the school.</p>	15%

Teachers are required to use the assessment table to develop an assessment outline for the pair of units.

The assessment outline must:

- include a set of assessment tasks
- include a general description of each task
- indicate the unit content to be assessed
- indicate a weighting for each task and each assessment type
- include the approximate timing of each task (for example, the week the task is conducted, or the issue and submission dates for an extended task).

All assessment types must be included in the assessment outline at least twice with the exception of the externally set task which only occurs once.

The set of assessment tasks must provide a representative sampling of the content for Unit 3 and Unit 4.

Assessment tasks not administered under test/controlled conditions require appropriate validation/authentication processes. For example, student performance for an investigation could be validated by a set of short answer questions which is completed in class after the final presentation is submitted.

Externally set task

All students enrolled in the Economics General Year 12 course will complete the externally set task developed by the Authority. Schools are required to administer this task in Term 2 at a time prescribed by the Authority.

Externally set task design brief – Year 12

Time	50 minutes
Format	Written
	Conducted under invigilated conditions
	Typically between 2 and 5 questions
	Questions can require students to refer to real or hypothetical economic data or information, such as graphs, tables or text
Content	The Authority informs schools during Term 3 of the previous year of the Unit 3 syllabus content on which the task will be based

Refer to the WACE Manual for further information.

Grading

Schools report student achievement in terms of the following grades:

Grade	Interpretation
A	Excellent achievement
B	High achievement
C	Satisfactory achievement
D	Limited achievement
E	Very low achievement

The teacher prepares a ranked list and assigns the student a grade for the pair of units. The grade is based on the student's overall performance as judged by reference to a set of pre-determined standards. These standards are defined by grade descriptions and annotated work samples. The grade descriptions for the Economics General Year 12 syllabus are provided in Appendix 1. They can also be accessed, together with annotated work samples, through the Guide to Grades link on the course page of the Authority website at www.scsa.wa.edu.au

To be assigned a grade, a student must have had the opportunity to complete the education program, including the assessment program (unless the school accepts that there are exceptional and justifiable circumstances).

Refer to the *WACE Manual* for further information about the use of a ranked list in the process of assigning grades.

Appendix 1 – Grade descriptions Year 12

A	Identifies and explains interrelationships between economic concepts.
	Performs accurate calculations and correctly interprets a range of economic data.
	Uses and applies a range of economic concepts, economic models and data to support responses, and is able to link theory to real world situations.
	Communicates in a coherent manner, incorporating a clear structure, appropriate economic terminology, diagrams and data.
B	Explains economic concepts and identifies some relationships between economic concepts.
	Performs some accurate calculations and correctly interprets some economic data.
	Uses and applies some economic concepts, economic models and data to support responses and is able to link theory to familiar examples.
	Communicates in a logical manner, using a clear structure, some appropriate economic terminology, diagrams and data.
C	Describes economic concepts and makes simple links between economic concepts.
	Performs simple calculations and finds straightforward information in economic data.
	Uses some economic concepts, economic models and data in an attempt to support responses, and is able to link some theory to familiar examples.
	Communicates in a general manner, incorporating a simple structure, some economic terminology, diagrams and data.
D	Provides simple, sometimes incomplete, descriptions of economic concepts.
	Performs simple calculations, with limited accuracy.
	Uses limited economic concepts, economic models and data in responses.
	Communicates in a superficial manner, using limited economic terminology, diagrams and data.
E	Does not meet the requirements of a D grade and/or has completed insufficient assessment tasks to be assigned a higher grade.