Economics

2019 Subject Outline | Stage 1 and Stage 2

For teaching

• in Australian and SACE International schools from January 2019 to December 2019
• in SACE International schools only, from May/June 2019 to March 2020
This subject outline is accredited for teaching at Stage 1 from 2010 and at Stage 2 from 2011
INTRODUCTION

SUBJECT DESCRIPTION

Economics is a 10-credit subject or a 20-credit subject at Stage 1, and a 20-credit subject at Stage 2.

The study of Economics enables students to understand how an economy operates, the structure of economic systems, and the way in which economic systems function. Central to the study of Economics is the economic problem and the related concepts of scarcity, opportunity cost, and interdependence. Economic systems are continually evolving in response to the economic problem to determine what goods and services to produce, how these goods and services are produced, and for whom they are produced.

By studying Economics, students develop an understanding of different economic systems and institutions, and learn to assess the degree to which these systems and institutions help satisfy people’s needs and wants. Students become aware that economic decisions are not value free and have outcomes that may be inconsistent with social, moral, and ethical values.

Students of Economics define, research, analyse, evaluate, and apply economic models that are expressed in graphical and/or diagrammatic form. They make forecasts about economic change and evaluate issues for individuals and groups in local, national, and global settings. They learn how some of these issues affect their lives and how they can use the knowledge and skills of economics to inform their participation in society.

Economics provides students with concepts, models, and skills to analyse and predict the workings of an economic system and to evaluate the impact of interdependence at local, national, and global levels. Knowledge of economics helps students assess when markets are best able to serve the public interest and when collective or government action is necessary. The study of Economics helps students make better choices as consumers of goods and services, as contributors to the economy, and as well-informed citizens.

CAPABILITIES

The capabilities connect student learning within and across subjects in a range of contexts. They include essential knowledge and skills that enable people to act in effective and successful ways.

The five capabilities that have been identified are:

- communication
- citizenship
- personal development
- work
- learning.
The capabilities, particularly those for communication, citizenship, and learning, are reflected in the learning requirements, content, assessment design criteria, and performance standards of this subject. Understanding the relationship between economics and social and political issues helps to develop students’ capability for work.

Communication
In this subject, students develop their capability for communication by, for example:
- investigating, making informed comment about, and proposing solutions to economic events, using economic models and the skills of economic inquiry, both independently and collaboratively
- interpreting, evaluating, and disseminating information from charts, graphs, and tables
- proposing solutions to local, national, and global economic problems, and using economic modelling
- communicating, using appropriate economic terms and concepts and a variety of forms.

Citizenship
In this subject, students develop their capability for citizenship by, for example:
- learning how economic issues affect their lives and how they can use the knowledge and skills of economics to inform their participation in society
- recognising the role of groups in the economy in determining economic decisions and outcomes
- understanding economic interdependence and its effects on individuals, business, and governments locally, nationally, and globally
- investigating, analysing, and evaluating economic decisions
- recognising that economic decisions have outcomes that may be inconsistent with social, ethical, or moral values
- engaging with a range of opinions on decisions and economic issues involved in individual, business, and government decision-making.

Personal Development
In this subject, students develop their capability for personal development by, for example:
- developing an understanding of their role in an economy
- appreciating the relationship between an individual’s self-interest and economic interdependence
- making informed judgments about economic issues and policies
- forecasting and evaluating change, and considering the consequences of a range of actions before deciding their own response and action.

Work
In this subject, students develop their capability for work by, for example:
- understanding and appreciating a range of factors that influence the labour market
- understanding the various ways in which individuals contribute to the economy
• understanding reasons for changes in employment patterns
• developing knowledge and skills that are useful for a range of careers
• developing knowledge of economic, social, and political rights in industrial relations.

Learning
In this subject, students develop their capability for learning by, for example:
• identifying the nature and causes of economic issues for individuals, firms, and governments
• using methods of economic inquiry to locate, gather, evaluate, and organise information from a variety of sources
• analysing specific economic situations, using appropriate economic concepts, models, and methods of economic inquiry
• using knowledge, data, and economic models to evaluate and arrive at decisions
• understanding and evaluating the impact of economic change.

LITERACY IN ECONOMICS
In Economics, students have opportunities to develop the following literacy skills:
• extrapolating and summarising economic information and meaning in written and non-written formats that meet the needs of the context and the audience
• using economic terminology accurately
• communicating economic information, ideas, and issues in appropriate forms
• using correct language and conventions (such as those for grammar, acknowledgment of sources, and use of graphical and statistical formats)
• reporting findings on a range of increasingly complex economic issues, and proposing possible and preferred responses and policy options
• using a range of skills and information and communication technologies to formulate questions for research.

NUMERACY IN ECONOMICS
In Economics, students have opportunities to develop the following numeracy skills:
• interpreting and describing statistical and graphical data
• using models, tables, and statistics to interpret and present economic information
• identifying trends and patterns in economic data or other information, and identifying similarities and differences
• extracting, converting, or translating information given in numerical forms or as diagrams, maps, graphs, or tables
• evaluating the validity of measurements of economic change, as well as the ways in which those measurements define and influence economic well-being
• using a range of skills and information and communication technologies to formulate questions for research
• using information and communication technologies to represent economic data and concepts such as economic forecasting.
ABORIGINAL AND TORRES STRAIT ISLANDER KNOWLEDGE, CULTURES, AND PERSPECTIVES

In partnership with Aboriginal and Torres Strait Islander communities, and schools and school sectors, the SACE Board of South Australia supports the development of high-quality learning and assessment design that respects the diverse knowledge, cultures, and perspectives of Indigenous Australians.

The SACE Board encourages teachers to include Aboriginal and Torres Strait Islander knowledge and perspectives in the design, delivery, and assessment of teaching and learning programs by:

• providing opportunities in SACE subjects for students to learn about Aboriginal and Torres Strait Islander histories, cultures, and contemporary experiences
• recognising and respecting the significant contribution of Aboriginal and Torres Strait Islander peoples to Australian society
• drawing students’ attention to the value of Aboriginal and Torres Strait Islander knowledge and perspectives from the past and the present
• promoting the use of culturally appropriate protocols when engaging with and learning from Aboriginal and Torres Strait Islander peoples and communities.
Stage 1 Economics
LEARNING SCOPE AND REQUIREMENTS

LEARNING REQUIREMENTS

The learning requirements summarise the knowledge, skills, and understanding that students are expected to develop and demonstrate through their learning in Stage 1 Economics.

In this subject, students are expected to:

1. know and understand, apply, and communicate economic concepts, principles, models, and skills, using economic terminology
2. understand the effects of economic interdependence on individuals, communities, business, and governments locally, nationally, and globally
3. understand that economic decisions involve costs and benefits
4. analyse and evaluate economic issues and events (local, national, or global), using economic models and the skills of economic inquiry.

CONTENT

Economics is a 10-credit subject or a 20-credit subject at Stage 1. The content may be derived from, but is not limited to, the topics described below.

For a 10-credit subject, students should undertake a minimum of three topics.
For a 20-credit subject, students should undertake a minimum of six topics.

Topics

The Economic Problem

A fundamental concept in economics is the ‘economic problem’ — the problem that human wants are unlimited but the resources available to satisfy these wants are limited. The problem is global because all people are faced with it. Since it is not possible to satisfy all wants, choices must be made. Making a choice involves opportunity cost. This topic provides a starting point for investigating the economic problem, wants, resources, choice, and opportunity cost. The production possibility frontier model is used to illustrate the economic problem, choice, and opportunity cost.
Economic Systems
Societies are faced with choices about what goods and services are to be produced from scarce resources; the way in which these goods and services are to be produced; and the distribution of these goods and services to members of society. Society uses an economic system to answer the following questions:

- What to produce?
- How to produce?
- For whom are goods and services produced?

This topic provides a starting point for investigating the traditional, planned, and market economic systems in order to understand and critically evaluate how these systems deal with the questions of what, how, and for whom? Economic systems change over time, and this can be identified in examples of economies in transition.

The Market Economy
The market economy is an economic system that uses price to answer the questions of what, how, and for whom? In this topic, students have the opportunity to use the demand–supply model to discover what determines price; investigate why prices change; analyse the effect of price changes on quantity traded; and investigate and recognise economic situations involving market failure.

Government Involvement in the Market Economy
Students analyse and evaluate government action in an economy to modify market outcomes. Such government action includes:

- allocating resources to the production of goods and services underprovided by the market system
- redistributing income to address inequality
- regulating situations where the market solution may be inconsistent with society’s values or may incur costs for those not involved in making the economic decision
- stabilising the economy (e.g. taking measures to achieve stated objectives such as full employment, stable prices, and economic growth).

The Circular Flow of Income
Students analyse the relationship between consumers and producers by using the circular-flow model and develop an understanding of macroeconomic measures such as domestic product and national income. Students analyse and evaluate the costs and benefits of specialisation and interdependence.

Economic Thinkers
Students develop an awareness of the contribution of some of the principal economic thinkers of the past. The contributions of these economic thinkers were influenced by time and circumstance, and students become aware that the present is a product of the past. By investigating and evaluating the key economic ideas of chosen economic thinkers, students gain an understanding of how different societies at different times have approached the economic problem.
Trade in a Global Economy
Students evaluate arguments for and against the free trade of goods and services between nations. They examine the concepts of specialisation and interdependence and the costs and benefits involved when individuals and nations specialise. The methods used by countries to restrict imports of goods and services to achieve non-economic outcomes are included in this topic.

Price Stability
Students develop an understanding of price-level inflation and examine the way in which it is measured. They critically evaluate the economic, social, and political implications of different rates of inflation and examine inflationary experiences, both past and present. They become aware that price-level inflation has varying effects on the lives of people and communities.

Economic Development
Students develop an understanding of the meaning of the term ‘economic development’. They investigate a range of indicators used in the measurement of economic development and distinguish between it and economic growth. They identify obstacles to economic development and evaluate strategies to promote it. They become aware that economic development may have costs and benefits for people and communities, and that these may influence social and political decision-making.

Poverty and Inequality
Students develop an understanding of the difference between relative poverty and absolute poverty, and the fact that poverty can be caused by factors out of the control of individuals. Poverty, both relative and absolute, occurs in all economies. Students evaluate measures of poverty, particularly measures of relative poverty, and short-term and long-term policies to reduce poverty. They examine issues of social justice and the incidence and/or differing effects of poverty in relation to age, gender, and race. Students evaluate the suitability and effectiveness of measures to address issues of poverty in relation to, for example, health care, social services, and education.

Employment and Unemployment
Students examine aspects of employment to gain an understanding of changes in the type of work undertaken and hours worked. They analyse statistical data for factors such as full-time work, part-time work, casualisation of the workforce, and gender representation. The evaluation of the costs and benefits for workers who are involved in these changes in the nature of work forms part of this topic. Students examine aspects of unemployment by analysing statistical data for factors such as occupation, age, gender, background, location, and duration of unemployment, and evaluate the effectiveness of measures to support those who are unemployed and schemes to help them gain employment.

Teacher-developed Topic
Teachers can choose to develop a topic in which students have the opportunity to apply economic concepts, models, and skills.
ASSESSMENT SCOPE AND REQUIREMENTS

Assessment at Stage 1 is school based.

EVIDENCE OF LEARNING

The following assessment types enable students to demonstrate their learning in Stage 1 Economics:

- Assessment Type 1: Skills and Applications Tasks
- Assessment Type 2: Folio
- Assessment Type 3: Issues Study.

For a 10-credit subject, students should provide evidence of their learning through four or five assessments, with at least one assessment from each assessment type. Each assessment type should have a weighting of at least 20%.

For a 20-credit subject, students should provide evidence of their learning through eight to ten assessments, with at least one assessment from each assessment type. Each assessment type should have a weighting of at least 20%.

ASSESSMENT DESIGN CRITERIA

The assessment design criteria are based on the learning requirements and are used by teachers to:

- clarify for the student what he or she needs to learn
- design opportunities for the student to provide evidence of his or her learning at the highest possible level of achievement.

The assessment design criteria consist of specific features that:

- students should demonstrate in their learning
- teachers look for as evidence that students have met the learning requirements.

For this subject the assessment design criteria are:

- knowledge and understanding
- analysis and evaluation
- communication.

The specific features of these criteria are described below.

The set of assessments, as a whole, must give students opportunities to demonstrate each of the specific features by the completion of study of the subject.
Knowledge and Understanding
The specific features are as follows:
KU1 Knowledge, understanding, and application of economic concepts, principles, models, and skills.
KU2 Understanding of the effects of economic interdependence on individuals, business, and government locally, nationally, and globally.
KU3 Understanding that economic decisions involve costs and benefits.

Analysis and Evaluation
The specific feature is as follows:
AE1 Analysis and evaluation of economic issues and/or events (local, national, or global), using economic models and the skills of economic inquiry.

Communication
The specific features are as follows:
C1 Communication of economic concepts, principles, and models.
C2 Use of economic terminology.

SCHOOL ASSESSMENT

Assessment Type 1: Skills and Applications Tasks
Students undertake at least one skills and applications task, which may be written, oral, or multimodal. Formats may include assignments, tests, short-answer questions, multiple-choice questions, and responses to stimuli.
For this assessment type, students provide evidence of their learning in relation to the following assessment design criteria:
- knowledge and understanding
- analysis and evaluation
- communication.

Assessment Type 2: Folio
Students undertake at least one assessment for the folio. Folio assessments may be essays, case studies, media analysis, structured investigations, economic simulations using computer programs, and reports. Students may have the opportunity to work collaboratively on folio assessments where this is appropriate. There may be some assessment of student participation in group work and classroom discussion.
Folio assessments allow students to use, apply, and evaluate economic concepts, models, and skills as they apply to real-world economic issues.
For this assessment type, students provide evidence of their learning in relation to the following assessment design criteria:
- knowledge and understanding
- analysis and evaluation
- communication.

**Assessment Type 3: Issues Study**

Students undertake at least one issues study in which they investigate an economic issue such as externalities, market failure, economic change, or interdependence. Students define the economic issue and the context, examine the outcomes of the economic decision, and evaluate the effect of the outcomes and how these outcomes may have been modified.

The issues study could be guided by the teacher where the framework is provided, or the student, in consultation with the teacher, could determine the framework and the content.

For this assessment type, students provide evidence of their learning in relation to the following assessment design criteria:
- knowledge and understanding
- analysis and evaluation
- communication.

**PERFORMANCE STANDARDS**

The performance standards describe five levels of achievement, A to E.

Each level of achievement describes the knowledge, skills, and understanding that teachers refer to in deciding how well a student has demonstrated his or her learning on the basis of the evidence provided.

During the teaching and learning program the teacher gives students feedback on their learning, with reference to the performance standards.

At the student’s completion of study of a subject, the teacher makes a decision about the quality of the student’s learning by:
- referring to the performance standards
- taking into account the weighting of each assessment type
- assigning a subject grade between A and E.

Teachers can use a SACE Board school assessment grade calculator to help them to assign the subject grade. The calculator is available on the SACE website (www.sace.sa.edu.au).
Performance Standards for Stage 1 Economics

<table>
<thead>
<tr>
<th>Knowledge and Understanding</th>
<th>Analysis and Evaluation</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Comprehensive knowledge, clear understanding, and focused application of economic concepts, principles, models, and skills. Thorough and well-informed understanding of the effects of economic interdependence on individuals, business, and government locally, nationally, and globally. Comprehensive understanding that economic decisions involve costs and benefits.</td>
<td>Astute and logical analysis and evaluation of complex economic issues and events (local, national, or global), using economic models and the skills of economic inquiry.</td>
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<tr>
<td>B</td>
<td>Well-considered knowledge, and mostly clear understanding and focused application, of economic concepts, principles, models, and skills. Well-informed understanding of the effects of economic interdependence on individuals, business, and government locally, nationally, and globally. Well-informed understanding that economic decisions involve costs and benefits.</td>
<td>Well-considered and logical analysis and evaluation of a variety of economic events (local, national, or global), using economic models and the skills of economic inquiry.</td>
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<tr>
<td>C</td>
<td>Considered knowledge and understanding, and competent application, of the key economic concepts, principles, models, and skills. Informed understanding of the effects of economic interdependence on individuals, business, and government locally, nationally, and globally. Informed understanding that economic decisions involve costs and benefits.</td>
<td>Considered analysis and evaluation of economic events (local, national, or global), using economic models and the skills of economic inquiry.</td>
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<tr>
<td>Knowledge and Understanding</td>
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<td><strong>D</strong> Superficial understanding and partial application of some basic economic concepts, principles, models, and skills. Some recognition that there are effects of economic interdependence on individuals, business, and government locally, nationally, and globally. Some awareness that economic decisions involve costs and benefits.</td>
<td>Some consideration and description of one or more economic events (local, national, or global), with the use of some skills of economic inquiry.</td>
<td>Communication of some basic economic concepts, principles, and/or models. Some appropriate use of economic terminology, with inconsistencies.</td>
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<tr>
<td><strong>E</strong> Identification and attempted application of one or more basic economic concepts, principles, models, and/or skills. Emerging recognition of the effects of economic interdependence on individuals, business, and government locally, nationally, and globally. Limited recognition that economic decisions involve costs and benefits.</td>
<td>Emerging consideration of one or more economic events (local, national, or global), with limited use of few skills of economic inquiry.</td>
<td>Limited communication of one or more basic economic concepts, principles, or models. Attempted use of a few elements of economic terminology.</td>
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ASSESSMENT INTEGRITY

The SACE Assuring Assessment Integrity Policy outlines the principles and processes that teachers and assessors follow to assure the integrity of student assessments. This policy is available on the SACE website (www.sace.sa.edu.au) as part of the SACE Policy Framework.

The SACE Board uses a range of quality assurance processes so that the grades awarded for student achievement in the school assessment are applied consistently and fairly against the performance standards for a subject, and are comparable across all schools.

Information and guidelines on quality assurance in assessment at Stage 1 are available on the SACE website (www.sace.sa.edu.au).
SUPPORT MATERIALS

SUBJECT-SPECIFIC ADVICE
Online support materials are provided for each subject and updated regularly on the SACE website (www.sace.sa.edu.au). Examples of support materials are sample learning and assessment plans, annotated assessment tasks, annotated student responses, and recommended resource materials.

ADVICE ON ETHICAL STUDY AND RESEARCH
Advice for students and teachers on ethical study and research practices is available in the guidelines on the ethical conduct of research in the SACE on the SACE website (www.sace.sa.edu.au).
Stage 2 Economics
LEARNING SCOPE AND REQUIREMENTS

LEARNING REQUIREMENTS
The learning requirements summarise the knowledge, skills, and understanding that students are expected to develop and demonstrate through their learning in Stage 2 Economics.

In this subject, students are expected to:
1. know, understand, communicate, and apply economic concepts, principles, models, and skills
2. explain the role of economic systems in dealing with the economic problem of scarcity
3. evaluate the effects of interdependence on individuals, business, and governments locally, nationally, and globally
4. evaluate and explain the way in which economic decisions involve costs and benefits
5. critically analyse and evaluate economic issues and events (past and current), using economic models and the skills of economic inquiry
6. critically analyse and evaluate the impact of economic change locally, nationally, and globally.

CONTENT
Stage 2 Economics is a 20-credit subject. It consists of skills in economics developed in the following five key areas of study:
- Key Area 1: The Economic Problem
- Key Area 2: Microeconomics
- Key Area 3: Macroeconomics
- Key Area 4: Globalisation
- Key Area 5: Poverty and Inequality.
Key Area 1: The Economic Problem

Identifying the Economic Problem

A fundamental concept in economics is the ‘economic problem’ — the problem that human wants are unlimited but the resources available to satisfy these wants are limited. The problem is global because all people are faced with it. Since it is not possible to satisfy all wants, choices must be made. Making a choice involves opportunity cost. Students investigate the economic problem, wants, resources, choice, and opportunity cost, and use the production possibility frontier model to illustrate the economic problem, choice, opportunity cost, and efficiency.

As a result of the economic problem, societies are faced with choices about what goods and services are to be produced from scarce resources; the way in which these goods and services are to be produced; and the distribution of these goods and services to members of society. Society uses an economic system to answer the following questions:

- What to produce?
- How to produce?
- For whom are goods and services produced?

Students investigate the traditional, planned, and market economic systems to understand and evaluate how these systems deal with the questions of what, how, and for whom? They develop an awareness that economic systems change over time and are always in transition. Students should have a basic understanding of the causes and effects of major system change, including the transition from planned to market systems.
Key Area 2: Microeconomics

The Price Mechanism

Price is determined in a market economy by the interaction of consumer behaviour, demand, seller behaviour, and supply, and is represented in the demand-supply model. In this key area of study, the demand-supply model is used to determine price and to explain price changes and the effect of price change on quantity traded.

Students use the demand-supply model to understand the determination of equilibrium market price through the interaction of demand and supply, and examine the factors that affect demand and supply, and changes in these factors. Students investigate the determinants of the price elasticity of demand and supply and develop an understanding of the nature of the price elasticity of demand by using the total revenue method. Students examine the use of elasticity to predict the effect of price change on quantity traded.

Markets in Practice

Market structures affect economic outcomes for producers and consumers. Students investigate the features of the following market structures: perfect competition, monopolistic competition, oligopoly, and monopoly. (Note that knowledge of cost and revenue curves is not required.)

Students evaluate market structures in terms of meeting the needs of consumers and producers, using criteria that include price, choice, quality, efficiency, profitability, and the use of new technology.

Students investigate the effects of market failure on consumers and producers, including the under-provision of public goods, the existence of positive and negative externalities, and the impact of uncompetitive markets. Students evaluate measures to redress market failure and investigate a range of market decisions and outcomes that are inconsistent with social, moral, and ethical values.
Key Area 3: Macroeconomics

Macroeconomic Objectives and Their Measurement

Governments identify macroeconomic objectives, which describe desired macroeconomic outcomes related to employment levels, price stability, economic growth, and external balance. Students investigate the macroeconomic objectives listed below and evaluate the effects of their attainment on the economy.

Full Employment of Labour
- The notion of full employment
- Indicators of unemployment, including the unemployment rate and the participation rate
- The causes of unemployment, including cyclical, structural, frictional, and seasonal causes
- Changing employment trends, including casualisation and part-time work
- The effects of unemployment on the economy and the individual

Price Stability
- The notion of price stability
- An indicator of price stability: the percentage change in the consumer price index (note that details of the construction of the consumer price index are not required)
- The causes of inflation
- The effects of inflation on the economy and the individual

Economic Growth
- The notion of economic growth
- An indicator of economic growth: the percentage change in real gross domestic product (GDP)
- An overview of the production, expenditure, and income methods of calculating GDP
- The effects of economic growth on the economy and the individual

External Balance
- The notion of external balance
- The structure of the current account
- The impact of capital flows
- Indicators of external balance
  - the exchange rate and its determination
  - the current account deficit as a percentage of real GDP
  - overseas debt as a percentage of real GDP
- The causes of external imbalance
- The effects of external imbalance on the economy and the individual

Determination of Output and Price Level

A key determinant of the attainment of macroeconomic objectives is the level of output of goods and services. Students examine two macroeconomic models (the circular-flow
model and the aggregate demand – aggregate supply model) to explain what determines the level of output as measured by real GDP; the price level in an economy; and the consequent rate of growth and level of employment. Students develop an understanding of the:

- four phases of the business cycle and the use of key and composite indicators of economic performance: leading, coincident, and lagging
- circular-flow model — two-sector and full — showing consumer expenditure, investment expenditure, government expenditure, export expenditure, import expenditure, saving, and taxation
- components of total expenditure — consumption, investment, government, and net exports — represented by Consumption + Investment + Government + (Exports – Imports), or C + I + G + (X – M)
- role of financial institutions
- effect of leakages and injections on the level of income and expenditure in the circular-flow model
- expenditure multiplier, using the circular-flow model (note that calculations are not required)
- aggregate demand – aggregate supply model, including both short-run and long-run aggregate supply curves, and equilibrium in the model to determine output and price level
- causes and effects of shifts in the aggregate demand and aggregate supply curves.

**Economic Policy**

Government has economic policy instruments that are used to help in the achievement of stated economic objectives. Students analyse the policy instruments available to government and consider the problem of finding the right combination of economic policies, with reference to the current economic situation and current government policies. The two groups of policies used to achieve stated economic objectives are based on demand management and supply management.

**Demand Management**

The definition and impact on the economy of:

- fiscal policy
- monetary policy.

**Supply Management**

The impact on the economy of reforms relating to, for example:

- competition
- the labour market
- the deregulation of industries
- the privatisation of government enterprises
- taxation.

Students apply the aggregate demand – aggregate supply model and the circular-flow model to predict the outcome of demand and supply management policies.
Students examine the problems that government may experience when implementing economic policy, including:

- the conflict between macroeconomic objectives
- the limitations of available measurement
- the implementation and impact lags of policy
- the need to decide on the correct policy mix and the effect of this on the economy
- institutional and political factors
- external influences.
Key Area 4: Globalisation

Students investigate and evaluate:

- the arguments for and against involvement in free trade and the effects of free trade on the internal economy
- the effects of protection on the internal economy
- participation in international trade agreements (e.g. World Trade Organization agreements) and the effects of this on the internal economy
- possible impacts of the operation of transnational corporations and the growth of capital mobility
- possible impacts of the operation of institutions, including the World Bank.
Key Area 5: Poverty and Inequality

Students investigate and evaluate:

- the concept of ecologically sustainable development and the implications for global poverty and human progress of adopting ecologically sustainable development principles
- economic and social indicators of global poverty and inequality, including gross national income and human development indices
- the causes of inequality and poverty, including population pressures; lack of investment in human and physical capital; lack of effective governance; lack of access to international markets; and social and cultural factors
- ways and means of promoting economic and human development (including population policy, access to education, capital accumulation, access to international markets, and foreign aid) through the factors of production.
ASSESSMENT SCOPE AND REQUIREMENTS

All Stage 2 subjects have a school assessment component and an external assessment component.

EVIDENCE OF LEARNING
The following assessment types enable students to demonstrate their learning in Stage 2 Economics:

School Assessment (70%)
- Assessment Type 1: Skills and Applications Tasks (30%)
- Assessment Type 2: Folio (40%)

External Assessment (30%)
- Assessment Type 3: Examination (30%).

Students should provide evidence of their learning through eight to ten assessments, including the external assessment component. Students undertake:
- at least two skills and applications tasks
- at least two directed assessments for the folio
- one examination.

ASSESSMENT DESIGN CRITERIA
The assessment design criteria are based on the learning requirements and are used by:
- teachers to clarify for the student what he or she needs to learn
- teachers and assessors to design opportunities for the student to provide evidence of his or her learning at the highest possible level of achievement.

The assessment design criteria consist of specific features that:
- students should demonstrate in their learning
- teachers and assessors look for as evidence that students have met the learning requirements.

For this subject the assessment design criteria are:
- knowledge and understanding
- analysis and evaluation
- communication.
The specific features of these criteria are described below. The set of assessments, as a whole, must give students opportunities to demonstrate each of the specific features by the completion of study of the subject.

Knowledge and Understanding
The specific features are as follows:
KU1 Knowledge, understanding, and application of economic concepts, principles, models, and skills.
KU2 Understanding of the role of economic systems in dealing with the economic problem of scarcity.

Analysis and Evaluation
The specific features are as follows:
AE1 Analysis and evaluation of economic issues and events (past and current), using economic models and the skills of economic inquiry.
AE2 Evaluation of the effects of interdependence on individuals, business, and government, locally, nationally, and globally.
AE3 Analysis and evaluation of the impact of economic change locally, nationally, and globally.
AE4 Evaluation of the way in which economic decisions involve costs and benefits.

Communication
The specific features are as follows:
C1 Communication of economic principles, models, and concepts.
C2 Use of economic terminology.

SCHOOL ASSESSMENT

Assessment Type 1: Skills and Applications Tasks (30%)
Students undertake at least two skills and applications tasks, which may focus on any of the key areas of the subject content.

Skills and applications tasks may be written, oral, or multimodal. Formats may include assignments, tests, short-answer questions, multiple-choice questions, and responses to stimuli.

For this assessment type, students provide evidence of their learning in relation to the following assessment design criteria:
• knowledge and understanding
• analysis and evaluation
• communication.
Assessment Type 2: Folio (40%)
Students undertake at least two directed assessments for the folio. One folio assessment must focus on Key Area 5: Poverty and Inequality.
Directed assessments may include media analysis, structured investigations, oral presentations, issues studies and case studies, assignments, essays, and reports.
There may be some opportunity for student participation in group work and classroom discussion.
Folio assessments should provide ample opportunity for the interpretation of a range of sources. Students use, interpret, evaluate, and reflect on sources that may include statistics, graphs, journals, newspapers, official reports, case studies, film, cartoons, and articles. Students consider economic viewpoints, concepts, and models presented in the sources.
Content in the sources should focus on issues in the topics studied.
For this assessment type, students provide evidence of their learning in relation to the following assessment design criteria:
• knowledge and understanding
• analysis and evaluation
• communication.

EXTERNAL ASSESSMENT
Assessment Type 3: Examination (30%)
Students undertake a 130-minute examination, which is divided into two parts.
Part A consists of multiple-choice questions, short-answer questions, responses to stimuli, and extended-response questions. It draws on all parts of the following key areas:
• Key Area 1: The Economic Problem
• Key Area 2: Microeconomics
• Key Area 3: Macroeconomics
• Key Area 4: Globalisation.
Part B requires students to write an essay from a range of questions drawn from all parts of the following key areas:
• Key Area 3: Macroeconomics
• Key Area 4: Globalisation.
All specific features of the assessment design criteria for this subject may be assessed in the external examination.
PERFORMANCE STANDARDS

The performance standards describe five levels of achievement, A to E.

Each level of achievement describes the knowledge, skills, and understanding that teachers and assessors refer to in deciding how well a student has demonstrated his or her learning on the basis of the evidence provided.

During the teaching and learning program the teacher gives students feedback on their learning, with reference to the performance standards.

At the student’s completion of study of each school assessment type, the teacher makes a decision about the quality of the student’s learning by:

• referring to the performance standards
• assigning a grade between A+ and E− for the assessment type.

The student’s school assessment and external assessment are combined for a final result, which is reported as a grade between A+ and E−.
# Performance Standards for Stage 2 Economics

<table>
<thead>
<tr>
<th>Knowledge and Understanding</th>
<th>Analysis and Evaluation</th>
<th>Communication</th>
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<tbody>
<tr>
<td><strong>A</strong> Comprehensive knowledge, in-depth understanding, and focused application of complex economic concepts, principles, models, and skills. Comprehensive and well-informed understanding of the role of economic systems in dealing with the economic problem of scarcity.</td>
<td>Astute and logical analysis and evaluation of economic issues and events (past and current), using economic models and the skills of economic inquiry. Perceptive evaluation of the effects of interdependence on individuals, business, and government, locally, nationally, and globally. Incisive analysis and evaluation of the impact of economic change locally, nationally, and globally. Insightful and well-informed evaluation of the way in which economic decisions involve costs and benefits.</td>
<td>Sophisticated communication of economic principles and models, and complex concepts. Consistent, clear, and appropriate use of correct economic terminology.</td>
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<tr>
<td><strong>B</strong> Some depth of knowledge and understanding, and focused application, of a variety of economic concepts, principles, models, and skills. Well-informed understanding of the role of economic systems in dealing with the economic problem of scarcity.</td>
<td>Well-considered analysis and evaluation of economic issues and events (past and current), using economic models and the skills of economic inquiry. Well-considered evaluation of the effects of interdependence on individuals, business, and government, locally, nationally, and globally. Well-informed analysis and evaluation of the impact of economic change locally, nationally, and globally. Well-informed evaluation of the way in which economic decisions involve costs and benefits.</td>
<td>Clear and accurate communication of economic principles and models, and a variety of concepts. Clear and appropriate use of economic terminology.</td>
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<td><strong>C</strong> Considered knowledge and understanding, and competent application, of economic concepts, principles, models, and skills. Informed understanding of the role of economic systems in dealing with the economic problem of scarcity.</td>
<td>Considered analysis and evaluation of economic issues and events (past and current), using economic models and the skills of economic inquiry. Considered evaluation of the effects of interdependence on individuals, business, and government, locally, nationally, and globally. Informed analysis and evaluation of the impact of economic change locally, nationally, and globally. Informed evaluation of the way in which economic decisions involve costs and benefits.</td>
<td>Competent communication of some economic principles, models, and concepts. Appropriate use of economic terminology.</td>
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<tr>
<td>Knowledge and Understanding</td>
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<td><strong>D</strong> Superficial understanding and partial application of some basic economic concepts, principles, models, and skills. Some recognition of the role of economic systems in dealing with the economic problem of scarcity.</td>
<td>Basic consideration and description of one or more economic issues and/or events (past and/or current), using some skills of economic inquiry. Basic consideration and description of one or more of the effects of interdependence on individuals, business, and government, locally, nationally, and globally. Recognition of aspects of the impact of economic change locally, nationally, and globally. Some awareness of the way in which economic decisions involve costs and benefits.</td>
<td>Communication of some basic economic principles, models, and concepts. Some appropriate use of some economic terminology, with inconsistencies.</td>
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<tr>
<td><strong>E</strong> Identification and attempted application of one or more basic economic concepts, principles, models, or skills. Limited recognition of the role of economic systems in dealing with the economic problem of scarcity.</td>
<td>Emerging awareness of one or more economic issues or events (past and/or current), with limited use of skills of economic inquiry. Limited recognition of one or more of the effects of interdependence on individuals, business, and government, locally, nationally, and globally. Emerging recognition of an aspect of the impact of economic change locally, nationally, and globally. Limited awareness of the way in which economic decisions involve costs and benefits.</td>
<td>Attempted communication of one or more simple economic principles, models, or concepts. Limited use of economic terminology.</td>
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ASSESSMENT INTEGRITY

The SACE Assuring Assessment Integrity Policy outlines the principles and processes that teachers and assessors follow to assure the integrity of student assessments. This policy is available on the SACE website (www.sace.sa.edu.au) as part of the SACE Policy Framework.

The SACE Board uses a range of quality assurance processes so that the grades awarded for student achievement, in both the school assessment and the external assessment, are applied consistently and fairly against the performance standards for a subject, and are comparable across all schools.

Information and guidelines on quality assurance in assessment at Stage 2 are available on the SACE website (www.sace.sa.edu.au).
SUPPORT MATERIALS

SUBJECT-SPECIFIC ADVICE
Online support materials are provided for each subject and updated regularly on the SACE website (www.sace.sa.edu.au). Examples of support materials are sample learning and assessment plans, annotated assessment tasks, annotated student responses, and recommended resource materials.

ADVICE ON ETHICAL STUDY AND RESEARCH
Advice for students and teachers on ethical study and research practices is available in the guidelines on the ethical conduct of research in the SACE on the SACE website (www.sace.sa.edu.au).