Revision – Economics

**Teacher note:** In the following activities, students will apply their economic content knowledge to contemporary economic issues. They will then apply this knowledge to answering an HSC examination style question.

# 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.

## 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.

## Outcomes

The 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.

Outcomes referred to in this document are from [Economics Stage 6 Syllabus](https://educationstandards.nsw.edu.au/wps/portal/nesa/11-12/stage-6-learning-areas/hsie/economics) © NSW Education Standards Authority (NESA) for and on behalf of the Crown in right of the State of New South Wales, 2009.

# The global economy

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

## Teaching and learning activities

* Use your knowledge of a global economy or country to complete brief summary details on the contemporary global economic situations in the table below. Your response should cover:
	+ implications of this situation or action for your chosen country
	+ possible strategies for managing this situation.

|  |  |  |
| --- | --- | --- |
| **Contemporary global economic situation** | **Area of syllabus**(add your own notes) | **Implications on management of the economy and possible strategies (make a specific reference to a global economy)** |
| The government (of your chosen country) wants to increase its presence and interactions in the global economy | International economic integration |  |
| The government (of your chosen country) decides to leave a trading bloc | Trade, financial flows and foreign investment |  |
| The government (of your chosen country) is being pressured by its (stronger) neighbouring country to enter into a trade agreement. | Trade, financial flowsand foreign investment |  |
| The government of (your chosen country) wants to reintroduce protection of some of its industries | Protection |  |
| The government (of your chosen country) wants to ensure that its global economic policies create economic development within its nation, not just economic growth. | Globalisation and economic development |  |
| The government (of your chosen country) wants to only trade with countries that have active policies to reduce environmental impacts  | Globalisation and economic development |  |

* Using your content knowledge and your economic examples from the table above, write brief summary notes for each of the following syllabus areas.

|  |  |
| --- | --- |
| Outcome | Key points |
| explain the role of markets within the global economy |  |
| discuss the effects of protectionist policies on the global economy |  |
| assess the potential impact on the environment of continuing world economic development |  |
| examine the effects of globalisation on economic growth and the quality of life, levels of unemployment, rates of inflation and external stability |  |
| assess the consequences of an unequal distribution of global income and wealth  |  |
| assess the impact on the global economy of international organisations and contemporary trading bloc agreements |  |

## Extended response

* Use the information you have compiled and your economic knowledge and skills to complete an extended response for the following question: ‘For an economy other than Australia, evaluate the extent to which strategies used to promote economic growth and development have achieved their objectives’.
* Check your response against the marking guidelines below. Make any required changes before seeking peer feedback.
* Peer feedback can be very useful in improving writing skills. However, before you ask for feedback, think about why and how you will use it.
* Devise a feedback strategy to gain advice on how to improve the extended response from 3 of your peers before emailing to your teacher. Feedback should be based on whether the answer meets the marking guidelines below and if it is able to:
	+ demonstrate knowledge and understanding relevant to the question
	+ apply relevant economic information, terms, concepts, relationships and theory
	+ present a sustained, logical and cohesive response

## The global economy marking guidelines

**Teacher note:** The marking guidelines are to assist students in writing their response, and teachers in marking the response. The question is ‘For an economy other than Australia, evaluate the extent to which strategies used to promote economic growth and development have achieved their objectives.’

|  |  |
| --- | --- |
| **Criteria** | **Marks** |
| * Extensive integration of relevant economic terms, concepts, relationships and theories
* Provides comprehensive economic information in a sustained, logical and cohesive response
* Provides clear and comprehensive arguments to make a judgement about various strategies implemented in another economy and their effectiveness based on economic criteria
 | 17-20 |
| * Integrates relevant economic terms, concepts, relationships and theories
* Provides sound economic information in a logical and cohesive response
* Provides sound arguments to make a judgement about various strategies implemented in another economy and makes a reasoned case about their relative success with reference to economic criteria
 | 13-16 |
| * Applies economic terms, concepts and relationships
* Develops a coherent response
* Sketches in general terms strategies implemented in another economy and makes some judgement about them
 | 9-12 |
| * Uses some economic terms, concepts and relationships
* Provides a generalised response
* States some of the strategies implemented in another economy and identifies some of the effects
 | 5 - 8 |
| * Uses some economic terms and/or concepts
* Presents a limited response
* Lists strategies implemented in another economy
 | 1- 4 |

# Australia’s Place in the Global Economy

The focus of this topic is an examination of Australia’s place in the global economy and the effect of changes in the global economy on Australia.

## Teaching and learning activities

* Use the resources below as well as current information and your economic knowledge, to complete bullet point responses on Australia’s place in the global economy to the questions in the table.

Resources for this task:

* + [RBA explainers, ‘Trends in Australia’s balance of payments’](https://www.rba.gov.au/education/resources/explainers/trends-in-australias-balance-of-payments.html)
	+ [Department of Foreign Affairs and Trade, investment](https://www.dfat.gov.au/trade/Pages/trade-and-investment)
	+ [Worldbank country snapshot](https://wits.worldbank.org/countrysnapshot/en/AUS)
	+ [ABS, Australian National Accounts](https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/latest-release)

|  |  |  |
| --- | --- | --- |
| Question | Area of syllabus(add your own notes) | Response (include specific data) |
| What have been the trends in Australia’s trade patterns? | Australia’s trade and financial flows Value, composition and direction of Australia’s trade and financial flows |  |
| Outline the current structure of Australia’s Balance of Payments (BOP) | Australia’s trade and financial flowsAustralia’s Balance of Payments |  |
| Describe how Australia’s BOP has changed over the last 50 years. | Australia’s trade and financial flows trends in the size and composition of Australia’s Balance of Payments |  |
| Describe the factors that affect the demand for and supply of Australian dollars. | Exchange rates |  |
| What are Australia’s current multilateral and bilateral free trade agreements? | Free trade and protection |  |
| Which industries/products in Australia are currently protected and what form does protection take? | Free trade and protection |  |
| Outline global events and trends in trade that have implications for Australia’s place in the global economy | Free trade and protection |  |

* Now use your content knowledge and the economic examples above to write bullet point notes for each of the following syllabus areas.

|  |  |
| --- | --- |
| Outcome/Learn to | Key note making points |
| analyse the impact of global markets on the Australian and global economies |  |
| assess the impact of recent changes in the global economy on Australia’s trade and financial flows |  |
| examine the effects of changes in trade and financial flows on Australia’s economic performance |  |
| analyse the effects of changes in the value of the Australian dollar on the Australian economy |  |
| evaluate the consequences of contemporary economic problems and issues on individuals, firms and governments (in terms of free trade and protection) |  |
| propose likely changes to the structure of industry within Australia as a result of current trends in the global economy |  |

## Extended response

* Use your economic knowledge and skills and the information that you have just compiled, to complete an extended response for the following question: ‘Explain the consequences of current trends in the global economy and changes in the value of the Australian dollar to the Australian economy’.
* Check your response against the marking guidelines below. Make any required changes before seeking peer feedback.
* Peer feedback can be very useful in improving writing skills. However, before you ask for feedback, think about why and how you will use it.
* Devise a feedback strategy to gain advice on how to improve the extended response from 3 of your peers before emailing to your teacher. Feedback should be based on whether the answer meets the marking guidelines below and if it is able to:
	+ demonstrate knowledge and understanding relevant to the question
	+ apply relevant economic information, terms, concepts, relationships and theory
	+ present a sustained, logical and cohesive response

## Marking guidelines - Australia’s place in the global economy

**Teacher note:** The marking guidelines are to assist students in writing their response, and teachers in marking the response. The question is: ‘Explain the consequences of current trends in the global economy and changes in the value of the Australian dollar to the Australian economy.

|  |  |
| --- | --- |
| **Criteria** | **Marks** |
| * Extensive application and integration of relevant economic terms, concepts, relationships and theories
* Provides comprehensive economic information in a sustained, logical and cohesive response
* Demonstrates a clear and comprehensive understanding of the effects of global trends and changes in the value of the Australian dollar to the Australian economy
 | 17-20 |
| * Integrates relevant economic terms, concepts, relationships and theories
* Provides sound economic information in a logical and cohesive response
* Demonstrates a sound understanding of the effects of global trends and changes in the value of the Australian dollar to the Australian economy
 | 13-16 |
| * Applies economic terms, concepts and relationships
* Develops a coherent response
* Sketches in general terms points the effects of global trends and changes in the value of the Australian dollar to the Australian economy
 | 9-12 |
| * Uses some economic terms, concepts and relationships
* Develops a generalised response
* States some aspects relevant to global economic trends and some of the effects.
 | 5-8 |
| * Uses some economic terms and/or concepts
* Presents a limited response
* Lists any effects that may arise.
 | 1-4 |

# Economic issues

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

## Teaching and learning activities

* In economics, it is important to be aware of relevant and current economic statistics and trends especially in relation to economic issues as they will add depth to your writing. Complete brief bullet point responses to the economic issue questions in the table below by including current data.
* Resources for this task:
	+ [ABC, ‘Australia's economy 1.1 per cent bigger than at the start of the COVID pandemic, GDP data shows](https://www.abc.net.au/news/2021-06-02/gdp-march-quarter-economic-growth-covid-rebound/100184004)
	+ [ABC, ‘March quarter economic growth march quarter covid rebound’](https://www.abc.net.au/news/2021-06-02/gdp-march-quarter-economic-growth-covid-rebound/100184004)
	+ [abs ‘employment and unemployment’](http://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release)
	+ [RBA, ‘unemployment its measurement and types’](https://www.rba.gov.au/education/resources/explainers/unemployment-its-measurement-and-types.html)
	+ [RBA, ‘long term unemployment in Australia’](https://www.rba.gov.au/publications/bulletin/2020/dec/long-term-unemployment-in-australia.html)
	+ [ACOSS, ‘faces of unemployment 2020](https://www.acoss.org.au/faces-of-unemployment-2020/)’
	+ [abs ‘consumer price index Australia’](https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release)
	+ [RBA, ‘Australia’s inflation target’](https://www.rba.gov.au/education/resources/explainers/australias-inflation-target.html)
	+ [RBA, ‘household income and wealth’](https://www.abs.gov.au/statistics/economy/finance/household-income-and-wealth-australia/2017-18#articles)
	+ [ACOSSandUNSW, ‘Inequality in Australia 2020’](http://povertyandinequality.acoss.org.au/wp-content/uploads/2020/12/Inequality-in-Australia-2020-Part-2-Who-is-affected-and-why_FINAL.pdf)
	+ [Australian Parliament, ‘Inequality and disadvantage’](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook46p/Inequality)
	+ [TERN, Australia’s environment in 2020](https://www.tern.org.au/australias-environment-2020/)

|  |  |  |
| --- | --- | --- |
| Economic issue question | Area of syllabus | Answer (provide relevant data) |
| What is the current state of economic growth in Australia? Identify the influences on this growth? | * Economic growth
* sources and effects of economic growth in Australia
* trends in business cycle
 |  |
| What are the current labour force figures and how do they compare to the last ten years?  | * Unemployment
	+ measurement
	+ labour force
	+ participation rate
	+ unemployment rate
	+ trends
 |  |
| What are the main reasons for current unemployment? How has this changed over the past twenty years? | * Unemployment
	+ trends
	+ types and causes
	+ cyclical
	+ structural
	+ frictional
	+ seasonal
	+ underemployment
	+ hidden
	+ long term
 |  |
| Who are the main groups affected by unemployment? Provide reasons. | * Unemployment
	+ trends
	+ types and causes
	+ cyclical
	+ structural
	+ frictional
	+ seasonal
	+ underemployment
	+ hidden
	+ long term
 |  |
| What are the current inflation figures and how do they compare to the last ten years? | * Inflation
* Measurement: headline and underlying trends
 |  |
| What are the main causes of inflation? How has this changed over the past twenty years? | * Inflation
* Measurement – headline and underlying
	+ trends
	+ causes
	+ demand inflation
	+ cost inflation
	+ imported inflation
	+ inflationary expectations
 |  |
| What targets does the government set around inflation and why do they set these targets? | * Inflation
	+ positive and negative effects
 |  |
| What are the main sources of income and wealth in the current economy? How has this changed over the past twenty years? | * 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
 |  |
| What factors influence the distribution of income and wealth in society? | * Distribution of income and wealth
	+ dimensions and trends, according to gender, age, occupation, ethnic background and family structure
 |  |
| Identify the costs of income inequality.  | * Distribution of income and wealth
	+ economic and social costs and benefits of inequality
 |  |

* Now using your content knowledge and your economic examples, identify 4-5 key points for each of the following syllabus areas.

|  |  |
| --- | --- |
| Outcome | Key note making points |
| examine the arguments for and against increasing economic growth rates |  |
| investigate the economic and social problems created by unemployment |  |
| analyse the effects of inflation on an economy |  |
| 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 |  |
| evaluates the consequences of contemporary economic problems and issues on individuals, firms and governments |  |

## Extended response

* With reference to your economic knowledge and skills and the information that you have just compiled, complete an extended response for the following question: ‘Analyse the changing causes of unemployment in Australia and their effects on individuals, firms and governments. In your response, you should refer to economic data’.
* Peer feedback can be very useful in improving writing skills. However, before you ask for feedback, think about why and how you will use it.
* Devise a feedback strategy to gain advice on how to improve the extended response from 3 of your peers before emailing to your teacher. Feedback should be based on the marking guidelines below and whether the answer is able to:
	+ demonstrate knowledge and understanding relevant to the question
	+ apply relevant economic information, terms, concepts, relationships and theory
	+ present a sustained, logical and cohesive response

## Marking guidelines

**Teacher note -** The marking guidelines are to assist students in writing their response, and teachers in marking the response. The question is, ‘analyse the changing causes of unemployment in Australia and their effects on individuals, firms and governments. In your response, you should refer to economic data.’

|  |  |
| --- | --- |
| Criteria | Marks |
| * Synthesises own knowledge and understanding with the information provided, to develop a sustained, logical and cohesive response
* Integrates relevant economic terms, concepts, relationships and theories and data
* Demonstrates a clear and comprehensive understanding of the changing sources of Australia’s unemployment AND their effects on the individuals, firms and governments.
 | **17-20** |
| * Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response
* Applies relevant economic terms, concepts, relationships and theories and data
* Demonstrates sound knowledge and understanding of the changing causes of Australia’s unemployment AND their effects on individuals, firms and governments OR
* Demonstrates a clear and comprehensive understanding of either the changing causes of Australia’s unemployment OR its effects on individuals, firms and governments and sketches in general terms the other
 | **13-16** |
| * Uses own knowledge and understanding with the information provided, to develop a coherent response
* Uses some economic terms, concepts and data and shows some relationships
* Sketches in general terms the causes of Australia’ s unemployment and their effects on parts of the Australian economy OR
* Demonstrates sound knowledge and understanding of either the changing causes of Australia’s unemployment OR their effects on parts of the Australian economy and identifies some aspects of the other
 | **9-12** |
| * Develops a generalised response
* Uses some economic terms and concepts
* Identifies some aspects of the changing causes and effects of Australia’s unemployment OR
* Sketches in general terms EITHER the causes of Australia’s unemployment OR their effects on the general Australian economy
 | **5 - 8** |
| * Presents a limited response
* Uses some economic terms or concepts
* Lists some aspects of the causes and / or effects of Australia’s unemployment
 | **1- 4** |

# Economic policies and management

This topic focuses on the aims and operation of economic policies in the Australian economy and hypothetical situations.

## Teaching and learning activities

* Write notes about how the following contemporary economic situations could be managed and possible economic policies to deal with them. Include one advantage and one disadvantage of the strategy.
* The following table will help you to organise your notes.

|  |  |  |
| --- | --- | --- |
| Economic issue  | Area of syllabus | Economic management policy and advantage and disadvantage |
| The economy is showing signs of a prolonged downturn  | Economic objectives Macroeconomic policiesPotential conflicts among objectivesPolicy responses and their effects in dealing with the economic objectives |  |
| A strong economy is pushing up prices | Economic objectives Macroeconomic policiesMonetary policyPotential conflicts among objectivesPolicy responses and their effects in dealing with the economic objectives |  |
| The government needs to fund the construction of a new airport | Macroeconomic policiesFiscal policyPotential conflicts among objectivesPolicy responses and their effects in dealing with the economic objectives |  |
| A strong economy is making it difficult for some industries to find workers | Economic objectives Microeconomic policiesLabour market policiesPotential conflicts among objectivesPolicy responses and their effects in dealing with the economic objectives |  |
| The telecommunications sector is getting more and more complaints from the public | Economic objectivesMicroeconomic policiesPotential conflicts among objectivesPolicy responses and their effects in dealing with the economic objectives |  |
| The income gap between rural and urban areas is widening | Economic objectives Microeconomic policiesPotential conflicts among objectivesPolicy responses and their effects in dealing with the economic objectives |  |
| A trading partner has insisted that production techniques show greater environmental management for future trade to continue | Economic objectivesNational and global context for environmental managementPotential conflicts among objectivesPolicy responses and their effects in dealing with the economic objectives |  |

* Now using your content knowledge and your economic examples, write notes that respond to the following syllabus areas.

|  |  |
| --- | --- |
| Outcome | Key note making points |
| identify limitations of the effectiveness of economic policies |  |
| analyse the opportunity cost of government decisions in addressing specific economic problems or issues |  |
| apply economic theory to explain how a government could address an economic problem or issue in hypothetical situations |  |
| explain the impact of key economic policies on an economy |  |
| explain how governments are restricted in their ability to simultaneously achieve economic objectives |  |
| explain, using economic theory, the general effects of macroeconomic and microeconomic policies on an economy |  |
| evaluates the consequences of contemporary economic problems and issues on individuals, firms and governments |  |

## Extended response

* With reference to your economic knowledge and skills and the information that you have just compiled, complete an extended response for the following question – ‘assess the role of macroeconomic policies in achieving equity within the Australian economy’.
* Peer feedback can be very useful in improving writing skills. However, before you ask for feedback, think about why and how you will use it.
* Devise a feedback strategy to gain advice on how to improve the extended response from 3 of your peers before emailing to your teacher. Feedback should be based on whether the answer is able to:
	+ demonstrate knowledge and understanding relevant to the question
	+ apply relevant economic information, terms, concepts, relationships and theory
	+ present a sustained, logical and cohesive response

## Marking guidelines

The marking guidelines are to assist students in writing their response, and teachers in marking the response. The question is – assess the role of macroeconomic policies in achieving equity within the Australian economy.

|  |  |
| --- | --- |
| **Criteria** | **Marks** |
| * Synthesises own knowledge and understanding with the information provided, to develop a sustained, logical and cohesive response
* Integrates relevant economic terms, concepts, relationships and theories and data
* Demonstrates factually precise and extensive knowledge of issues and provides points for and/or against the role of macroeconomic policies in achieving equity within the Australian economy
 | 17-20 |
| * Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response
* Applies relevant economic terms, concepts, relationships and theories and data
* Demonstrates thorough knowledge of issues and provides points for and/or against the role of macroeconomic policies in achieving equity within the Australian economy
 | 13-16 |
| * Uses own knowledge and understanding with the information provided, to develop a coherent response
* Uses some economic terms, concepts and data and shows some relationships
* Demonstrates general knowledge of some issues and provides some points for and/or against the role of macroeconomic policies in achieving equity within the Australian economy
 | 9-12 |
| * Develops a generalised response
* Uses some economic terms and concepts
* Sketches some aspects of the role of macroeconomic policies in achieving equity within the Australian economy
 | 5 - 8 |
| * Presents a limited response
* Uses some economic terms or concepts
* Lists some aspects of macroeconomic policy
 | 1- 4 |