

# Economics (Stage 2)

Subject Outline

# Subject outline changes

Below are the current changes to the subject outline. Teachers are encouraged to explore the changes in detail and make relevant adjustments to their teaching, learning, and assessment programs.

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| --- | --- | --- |
| From 2024 | To 2025 onwards | page |
| Stage 2 | | |
| *Some descriptions in the course are brief and do not include examples or demonstrate variety or scope in topics.*  Economic inquiry skills   * Applying principles, models, and terminology appropriately in a variety of contexts.   Data analysis  (Note: students are not required to calculate the coefficient of determination (R2), or linear equations.) | *Add some elaborations to remove ambiguity and offer guidance on economic aspects.*  Multiple elaborations have been added, for example:  Economic inquiry skills   * Applying principles, models, and terminology appropriately in a variety of contexts **including the production possibility curve.**   Data analysis  (Note: Students **should be able to interpret and apply the meanings of R and R2; however, they** are not required to calculate **the correlation coefficient *R.*** | [5](#PAGE5) |

# Subject description

Economics is a 20-credit subject at Stage 2.

Economics is the study of how we exchange scarce resources to satisfy our needs and wants and in doing so we gain insight into human behaviour in a variety of contexts, whether as individuals, firms, governments, or other organisations. An economic system is influenced by the social and political contexts that inform decisions made by the different participants in the economy.

What happens in an economy depends on the choices that millions of people make every day when they interact with each other, with markets, with the government, and with their natural surroundings.

Through the study of Economics, students examine the most significant individual and social problems through the acquisition of analytical and problem-solving skills and the development of a logical, ordered way of looking at issues. These essential life skills promote the ability to balance different narratives, determine what assumptions matter, and build on existing knowledge.

Economics will influence how students understand markets and their importance to the prosperity and sustainability of society, but most importantly, it will develop a long-term perspective and awareness that understanding the economy requires both a solid intellectual framework and openness to new ideas.

In Economics, students explore and analyse a variety of authentic economic contexts to develop, extend, and apply their skills, knowledge, understanding, and capabilities. Students develop an understanding that economic thinking can offer insights into many of the issues faced by society.

In Stage 2 Economics, students use an inquiring, critical, and thoughtful approach to their study and further develop the ability to think like an economist. They apply their economic inquiry skills and their knowledge and understanding of economic concepts, principles, and models to analyse and respond to economic problems.

# Capabilities

The capabilities connect student learning within and across subjects in a range of contexts.

The SACE identifies seven capabilities.

Literacy

In this subject students extend and apply their literacy capability by, for example:

* using communication strategies to engage in collaborative projects and tasks
* constructing reasoned arguments and evidence-based conclusions
* interpreting, analysing, and evaluating economic information
* becoming competent and confident communicators of economic information
* using accurate and appropriate terminology to explain economic concepts
* communicating economic information using a range of formats.

Numeracy

In this subject students extend and apply their numeracy capability by, for example:

* analysing data to discover trends and relationships between variables
* using models to illustrate economic relationships
* exploring the collection and interpretation of data
* analysing data to explain economic activity
* displaying data in a range of graphs and tables
* understanding and interpreting linear regressions, using tables and graphs
* applying mathematical skills to analyse economic data.

Information and communication technology (ICT) capability

In this subject students extend and apply their ICT capability by, for example:

* using digital technologies to locate and access economic information
* using digital technologies to extract, interpret, and analyse economic information
* using digital technologies to present findings
* using digital technologies to work collaboratively.

Critical and creative thinking

In this subject students extend and apply their critical and creative thinking capability by, for example:

* applying economic concepts, principles, and skills in a variety of contexts
* applying economic thinking to consider the cause and effect of economic decisions
* developing skills in anticipating the behaviour of economic agents
* understanding how the behaviour of others affects their decision-making processes
* analysing and evaluating the intended and unintended consequences of economic decisions
* explaining the rationale of economic decisions and their effects on different stakeholders
* predicting the possible effects of economic decisions
* exploring the economic objectives of a nation and how these can be achieved
* exploring the policies that governments and central banks use to meet macroeconomic objectives.

Personal and social capability

In this subject students extend and apply their personal and social capability by, for example:

* understanding that economic reasoning can offer insight into many of the issues that society must deal with
* appreciating how economics influences their daily lives
* investigating macroeconomic issues to understand the causes of these and their effects on individuals
* investigating the factors influencing an individual consumer’s choice
* predicting how the decisions they make today may affect their future quality of life
* understanding how the behaviour of others affects their own decision-making processes
* considering how the needs of consumers, producers, government, and society are affected by economic markets
* sharing and discussing ideas about problems, progress, and innovative solutions
* listening to and respecting the perspectives of others.

Ethical understanding

In this subject students extend and apply their ethical understanding capability by, for example:

* developing an understanding that market outcomes may conflict with social, environmental, and ethical outcomes
* developing responsible attitudes towards using limited resources in a productive, ethical, and sustainable way
* acknowledging and referencing the ideas of others
* considering the consequences of economic decisions from ethical perspectives.

Intercultural understanding

In this subject students extend and apply their intercultural understanding capability by, for example:

* developing an understanding of economics in various cultural contexts
* recognising that engaging with different perspectives enhances their own knowledge, understanding, and perspectives
* exploring links between self and others in local and global economic contexts.

# 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

# 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. understand economic concepts, principles, and models
2. apply economic concepts, principles, and models in a variety of contexts
3. apply communication skills in economic contexts
4. apply economic thinking to construct arguments and make recommendations
5. analyse a range of data and other information using economic concepts, principles, and models
6. analyse and evaluate the intended and unintended consequences of economic decisions.

These learning requirements form the basis of the:

* learning scope
* evidence of learning that students provide
* assessment design criteria
* levels of achievement described in the performance standards.

# Teaching and learning framework

Stage 2 Economics is a 20-credit subject.

The skills and conceptual understandings developed in the core topic ‘Thinking like an economist’ are:

* economic inquiry skills
* data analysis
* microeconomics
* macroeconomics.

Teachers facilitate student learning of these skills and conceptual understandings using problem-based scenarios from two or more different contexts.

Students are provided with opportunities to demonstrate application of their learning to a variety of contexts. When developing teaching programs, teachers determine the depth and breadth for each context.

Core topic: Thinking like an economist

Students develop an understanding that economic systems are viewed through different social and political lenses and that these perspectives determine the decisions of stakeholders.

Students develop economic thinking by using economic inquiry skills and economic concepts, principles, and models in different scenarios. Students apply economic thinking in the analysis of economic issues in a variety of contexts.

Economic inquiry skills

Students use an inquiring, critical, and thoughtful approach to their study of economics. They investigate scenarios and economic problems by:

* applying economic concepts, including scarcity, choice, opportunity cost, and cause and effect of economic decisions, in a variety of economic contexts
* applying principles, models, and terminology appropriately in a variety of economic contexts, including the production possibility curve.
* identifying specific economic objectives and asking relevant questions
* analysing the rationale for economic decisions and evaluating their intended and unintended consequences
* communicating reasoned arguments and evidence-based recommendations.

Data analysis

Students develop an understanding of a range of qualitative and quantitative economic data. They use data to understand economic activity, and the behaviour of people, businesses, markets, and governments.

Students analyse data, identify patterns and propose decisions, based on data contained in tables and graphs. They explore the difference between causality and correlation.

In this way students access economic theory, through the use of real-world data. Students use appropriate graphs, diagrams, and tables to display results and make recommendations based on their data analysis.

Students understand the use of (but are not required to calculate) the following statistical measures to analyse data:

* mean
* median
* quantiles
* variance.

Students develop a basic understanding of how to interpret linear regressions as an introduction to economic modelling. (Note: students should be able to interpret and apply the meanings of *R* and *R2*; however, they are not required to calculate the correlation coefficient *R*, the coefficient of determination (*R2*), or linear equations.)

Microeconomics

Students develop an understanding of different market structures and how the market structure influences the market outcomes for consumers and producers. They explore the features, such as level of competition, market concentration, barriers to entry and exit, nature of product, level of innovation, degree of choice and quality, efficiency, and profit levels (including the nature of the demand curves of individual firms) of:

* monopolies
* oligopolies
* monopolistic competition
* perfect competition.

Students analyse how market structures meet the needs of consumers and producers, using criteria such as price, choice, quality, efficiency, profit, and the use of new technology.

Students develop an understanding of the effects of market failure on consumers, producers, and efficiency, with direct reference to consumer surplus, producer surplus, and deadweight loss (welfare loss) for the market failures of externalities and uncompetitive markets. Market failures include:

* undersupply of public goods
* uncompetitive markets
* externalities — positive and negative, and production and consumption
* asymmetric information – problems of moral hazard and adverse selection.

Students evaluate the measures taken to address market failure and undesirable market outcomes, such as regulations, taxes, subsidies and advertising.

Students analyse the interaction between consumers and producers in a market, and the way in which this can be illustrated in demand and supply diagrams. They use supply and demand curves to identify changes that affect equilibrium prices and quantities.

Students develop an understanding of the concept of price elasticity of demand and the price elasticity of supply, including the capacity to interpret the meaning of the coefficients, an ability to identify the factors contributing to the elasticity of the good, service, or resource and the capacity to illustrate differing elasticities using demand and supply curves.

Students predict the pricing behaviour of producers, using the total revenue method in relation to price elasticity of demand.

Students analyse and evaluate the intended and unintended consequences of the following government interventions in markets, including consumer and producer surplus and deadweight loss using supply and demand diagrams:

* price ceilings
* price floors
* subsidies
* taxes.

Students develop an understanding of the duopoly market structure through a basic study of game theory. Game theory is a way of understanding how people interact based on their actions, motives, and beliefs about what others will do and the actions available to them. They solve simple 2 × 2 games and explore and understand the concepts of payoff, preferences and Nash equilibrium.

Macroeconomics

Students develop an understanding of macroeconomic objectives and their measurement. This should include the objectives’ meanings, the interrelationship of each objective, the factors impacting their attainment, and the limitations of their indicators as a measure. Students learn to identify and interpret trends in data and analyse the potential causes and impacts of these. The macroeconomic objectives are:

* full employment — unemployment rate (U/E rate), labour force participation rate (LFPR), and the Non-Accelerating Inflation Rate of Unemployment (NAIRU)
* price stability — inflation rate measured by the percentage change in the consumer price index (CPI)
* economic growth — the percentage change in real gross domestic product (RGDP).

Students apply their understanding of a range of leading, lagging, and coincident indicators such as the unemployment rate, inflation rate, economic growth rate, retail sales, new motor vehicle registrations, consumer confidence, business investment intentions, building approvals, and inventory levels to determine the phase of the business cycle for an economy.

Students use the five-sector, circular-flow model to understand the relationship between different sectors of the economy. Students analyse the effect of leakages and injections on the equilibrium level of income and expenditure in an economy. They evaluate the significance and impact of the expenditure multiplier, including the significance of the marginal propensity to consume (mpc).

Students analyse the potential cause and effect of changes in aggregate demand (AD) and long run and short run aggregate supply (LRAS, SRAS) in the Monetarist AD–AS model. They evaluate the impact of these changes against the macroeconomic objectives in both the short run and long run.

Students analyse the Monetarist AD–AS model (including both short-run and long-run aggregate supply curves) to identify equilibrium in the model and determine output and price level.

Students explore the demand and supply management policies that governments and central banks use to meet macroeconomic objectives in different phases of the business cycle. They evaluate the intended and unintended consequences of these policies against macroeconomic objectives and the business cycle. Students evaluate which demand and supply management policies are most effective in managing the economy.

Students analyse the causes and impact of changes in the exchange rate, in a floating exchange rate system, on the macroeconomic objectives, and on demand and supply management policies.

Economic contexts

Teachers integrate problem-based scenarios from two or more different contexts to facilitate development of students’ skills and conceptual understandings.

Teachers select scenarios for inquiry based on the interests of their students so that economic skills, concepts, principles and models from the core topic (thinking like an economist) are integrated in authentic ways. Teachers determine the depth and breadth of each context for their teaching programs.

The following contexts may form the basis for teachers to design scenarios for inquiry:

* firms
* macroeconomic management
* trade and globalisation
* wealth, poverty, and inequality
* the environment
* health
* sport and entertainment
* school-developed context.

Firms

Students apply economic thinking to develop an understanding of how firms use economics in their daily operations. Students investigate how firms determine what resources they will use for production, and analyse the productivity of the labour force and the efficient use of capital resources. They investigate the markets for different products, and the cost of selling in domestic and/or international markets. Students explore market failure, including potential responses to market failure.

Examples of possible scenarios:

* examining how game theory can be applied to the ways in which consumers and producers act and behave
* examining ways in which governments can encourage firms to innovate, and analysing the impact of externalities
* investigating how firms influence buyer behaviour in order to maximise revenue
* evaluating the measures taken to address undesirable market outcomes.

Macroeconomic management

Students apply economic thinking to analyse demand management (fiscal, monetary) and supply management policy settings within a specified economic context.

Students analyse and evaluate the effect of different fiscal and monetary policy settings and make recommendations for policy change. They analyse the intended and unintended consequences of recommended policy changes and evaluate these against the macroeconomic objectives.

Examples of possible scenarios:

* exploring policies that the government could implement in order to improve current economic conditions
* analysing the impact of a policy decision when the economy is in a particular phase of the business cycle
* evaluating the effectiveness of the current fiscal and monetary policies in achieving a macroeconomic objective
* evaluating the impact of changes in the external balance on the economy.

Trade and globalisation

Students develop an understanding of trade and globalisation. They apply economic thinking to analyse the advantages and disadvantages of free trade, the impact of externalities, and the impact of trade and globalisation on consumers, producers, the economy, and society.

Examples of possible scenarios:

* analysing the change in the direction, composition, and value of a nation’s trade in response to globalisation
* using absolute and comparative advantage theory to examine which goods a country should produce for export
* analysing the contribution that free-trade policies have in the prosperity of an economy.

Wealth, poverty, and inequality

Students apply economic thinking to explore the ways in which wealth, poverty, and inequality are measured, and how individuals, institutions, and governments can develop effective solutions to the problem.

Students analyse the impact of wealth, absolute and relative poverty, and inequality on economic and social systems. They consider the ways and means of promoting economic and human development.

Examples of possible scenarios:

* analysing why development has many dimensions that must be assessed through a variety of individual and composite indicators, both economic and social.
* examining the causes of inequality and the distribution of income and wealth in a country
* evaluating the costs and benefits of pursuing redistribution of income and wealth in a country
* evaluating the insights that poverty reports within a country provide regarding the concept of poverty in comparison to the United Nations Human Development Index Report.
* evaluating whether inequality matters not only for those at the poorest end of the distribution, but for society as a whole.

The environment

Students apply economic thinking to develop an understanding of the relationship between economic activities and the environment. They analyse the impact of economic decisions on the environment, analyse the trade-off between economic growth and economically sustainable development, evaluate strategies to address environmental issues.

Examples of possible scenarios:

* examining the importance of resources and the economic impact of environmental disasters
* analysing the costs and benefits of economic activities on the environment
* analysing the conflicts between macroeconomic objectives and environmental sustainability
* analysing whether it is possible to reconcile economic development with environmental sustainability.

Health

Students develop an understanding of health economics. They investigate how resources are allocated in the health industry, analyse the factors behind health economic decisions, and develop an understanding of how costs and benefits are evaluated in the decision-making process. Students apply economic thinking to investigate issues of market failure in health economics and potential responses to market failure in health care.

Examples of possible scenarios:

* investigating the decision models used in providing effective health care
* analysing the long-term economic impact of providing universal primary health care
* analysing the factors influencing demand and supply in the health-care market.

Sport and entertainment

Students develop an understanding of the connections between economics and the sport and/or entertainment industry.

Students apply economic thinking to investigate how sport and/or entertainment markets operate. They consider the domestic and international markets for: players or performers, sponsorship, and audiences; market failure; and the intended and unintended consequences for externalities.

Examples of possible scenarios:

* evaluating the need for a salary cap for sports teams
* evaluating various strategies used to determine ticket prices
* investigating how economic resources are used in sport or entertainment
* analysing the economic impacts on an economy of hosting a major sporting, entertainment, or cultural event.

School-developed context

Teachers may collaborate with students to develop a scenario in which students have the opportunity to apply economic concepts, principles, models, and skills.

Possible scenarios include, but are not limited to:

* education
* housing and urban development
* Indigenous market systems
* international economies
* stock markets and finance
* the networked economy
* economic development.

# Evidence of learning

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

The following assessment types enable students to demonstrate their learning in Stage 2 Economics

School assessment (70%)

* Assessment Type 1: Folio (40%)
* Assessment Type 2: Economic Project (30%)

External assessment (30%)

* Assessment Type 3: Examination (30%).

Students provide evidence of their learning through five or six assessments, including the external assessment component. Students complete:

* three or four folio tasks
* one economic project
* 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 they need to learn
* teachers and assessors to design opportunities for students to provide evidence of their 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:

* understanding
* application
* analysis and evaluation.

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.

## Understanding

The specific features are as follows:

U1 Understanding of economic concepts, principles, and models.

## Application

The specific features are as follows:

A1 Application of economic concepts, principles, and models in a variety of contexts.

A2 Application of communication skills in economic contexts.

A3 Application of economic thinking to construct arguments and make recommendations.

## Analysis and Evaluation

The specific features are as follows:

AE1 Analysis of a range of data and other information using economic concepts, principles, and models.

AE2 Analysis and evaluation of the intended and unintended consequences of economic decisions.

# School assessment

The school assessment component for the Stage 2 Economics consists of two assessment types:

* Assessment Type 1: Folio
* Assessment Type 2: Economic Project.

## Assessment Type 1: Folio (40%)

Students undertake three or four tasks for the folio.

The folio should consist of a balanced program of tasks that assess the skills and conceptual understandings from the core topic that have been developed through different scenarios.

Students should demonstrate their ability to transfer understanding of economic concepts, principles, and models to a variety of contexts. They apply economic thinking to demonstrate their skills of economic inquiry. They use inquiry skills and data analysis skills to interpret and analyse evidence.

At least one folio task could be a collaborative task. While collaboration is encouraged for the benefits it brings to the learning environment, students will only be assessed on their individual contribution. For example, students may work in groups to conduct the initial research of a topic which they use to prepare and submit an individual report for assessment.

Evidence may be presented as, but is not limited to:

* an essay, blog, or analytical report
* a multimodal presentation
* an interview or viva
* short and/or extended responses
* annotated graphs or diagrams.

Each folio task is allocated a word limit. The total word count for the three or four tasks combined should be a maximum of 4000 words if written, or the equivalent in oral or multimodal form, where 6 minutes if equivalent to 1000 words.

For this assessment type, students provide evidence of their learning in relation to the following assessment design criteria:

* understanding
* application
* analysis and evaluation.

## Assessment Type 2: Economic Project (30%)

Students undertake one individual economic project.

Students conduct an in-depth analysis of an economic question or issue. Students collect quantitative and qualitative data related to their question or issue and analyse it using relevant economic concepts, principles and models. Information can be collected from a variety of sources such as statistics, graphs, journals, newspapers, official reports, case studies, film, cartoons, and articles. Students make well-reasoned recommendations for relevant stakeholders and explain the rationale for their decisions.

Student evidence may be presented in written, oral, or multimodal form. In whichever form, the economic project should enable students to:

* apply economic concepts, principles, and models
* analyse a range of data and other information using economic concepts, principles, and models
* analyse and evaluate the intended and unintended consequences of economic decisions
* communicate reasoned arguments and evidence-based recommendations using appropriate terminology.

The economic project should be a maximum of 2000 words if written, or the equivalent in oral or multimodal form, where 6 minutes is equivalent to 1000 words.

For this assessment type, students provide evidence of their learning in relation to the following assessment design criteria:

* application
* analysis and evaluation.

# External assessment

The external assessment component for Stage 2 Economics consists of an examination.

Assessment Type 3: Examination (30%)

Students undertake a 130-minute written examination.

In the examination, students apply their economic thinking to analyse and respond to one or more economic scenarios.

Students demonstrate economic thinking by applying economic inquiry skills, knowledge, and understanding of economic concepts, principles, and models in the analysis of and response to economic scenarios.

The examination consists of short-answer questions, open-ended questions, responses to stimuli, and extended-response questions. It draws on all skills, knowledge, and understanding of economic thinking from the core topic:

* economic inquiry skills
* data analysis
* microeconomics
* macroeconomics.

For this assessment type, students provide evidence of their learning primarily in relation to the following assessment design criteria:

* understanding — U1
* application — A1, A2, A3
* analysis and evaluation — AE1, AE2.

# 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 students have demonstrated their 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— 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

|  |  |  |  |
| --- | --- | --- | --- |
| - | Understanding | Application | Analysis and Evaluation |
| A | Deep and broad understanding of economic concepts, principles, and models | Highly effective application of economic concepts, principles, and models in a variety of contexts.  Highly effective application of communication skills in economic contexts.  Highly effective application of economic thinking to construct well-reasoned arguments and make insightful recommendations. | Astute analysis of a range of data and other information using economic concepts, principles, and models.  Comprehensive analysis and evaluation of the intended and unintended consequences of economic decisions. |
| B | Well-developed understanding of economic concepts, principles, and models. | Mostly effective application of economic concepts, principles, and models in a variety of contexts.  Mostly effective application of communication skills in economic contexts.  Mostly effective application of economic thinking to construct reasoned arguments and make thoughtful recommendations. | Well-considered analysis of a range of data and other information using economic concepts, principles, and models.  Well-considered analysis and evaluation of the intended and unintended consequences of economic decisions. |
| C | Adequate understanding of economic concepts, principles, and models. | Generally effective application of economic concepts, principles, and models in a variety of contexts.  Generally effective application of communication skills in economic contexts.  Generally effective application of economic thinking to construct arguments and make recommendations. | Considered analysis of a range of data and other information using economic concepts, principles, and models.  Considered analysis and evaluation of the intended and unintended consequences of economic decisions. |
| D | Basic understanding of economic concepts, principles, and models. | Some application of economic concepts, principles, and models.  Some application of communication skills in economic contexts.  Some application of economic thinking to construct some arguments and recommendations. | Some analysis of data and other information using economic concepts, principles, and models.  Some analysis and evaluation of the intended and/or unintended consequences of economic decisions. |
| E | Limited understanding of one or more economic concepts, principles, and models. | Attempted application of one or more economic concepts, principles, and models.  Attempted application of communication skills in an economic context.  Attempted application of economic thinking to make one or more arguments and/or recommendations. | Attempted analysis of data and other information using economic concepts, principles, or models.  Attempted analysis and evaluation of an intended and/or unintended consequence of an economic decision. |