

**EDUCATIONAL QUALITY AND
ASSESSMENT PROGRAMME
[EQAP]**



Pacific
Community
Communauté
du Pacifique

**SOUTH PACIFIC FORM SEVEN
CERTIFICATE [SPFSC]**

**ECONOMICS
PRESCRIPTION**

GENERAL INFORMATION

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SOUTH PACIFIC FORM SEVEN CERTIFICATE ECONOMICS

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ECONOMICS

PREAMBLE

The general aim of the South Pacific Form Seven Certificate Economics is to enable students to attain a level of economic literacy and understanding which would allow them to develop a continuing and critical interest in contemporary economic issues.

The objectives are to:

- understand basic economic concepts, principles and simple analytical techniques and apply them to current economic issues;
- inquire into and reason clearly and objectively about economic issues;
- interpret and present economic data and arguments in a clear, concise and coherent manner;
- develop an awareness of the interrelationships between economic, social and political events.

This prescription was originally derived from the University Entrance Bursaries and Scholarship Economics prescription, administered by the New Zealand Qualifications Authority. This has been amended and updated in 2011 to take into account recent changes in skills, content, assessment approaches and relevance to various South Pacific settings. The 2017 alignment ensures that the course is fully outcomes-based and that intentions for learning and assessment tasks are consistent. The 2017 alignment also provides a solid structure or framework upon which teachers and learners can base their teaching and learning processes and strategies such that learning results of students are enhanced.

The course is designed for students who may undertake further studies in a tertiary institution; as well as improve the economic literacy of those students who will complete their formal education at the end of Form 7.

SKILLS

Students are expected to develop the following skills in the course of their studies:

- The thinking skills (of comprehension, processing and evaluation) involved in the application of principles, concepts and simple analytical techniques to current economic issues.
- The inquiry skills involved in investigating local, regional or national topics and issues and the interrelationships between economic, social and political events
- The statistical skills involved in selecting, interpreting, analysing and evaluating statistical data in a variety of forms. Candidates will also be expected to be able to choose and construct appropriate forms of statistical presentation.

The details on the development of these skills from Forms 3 -7 are set out in **Appendix 1**.

CONTENT COMPONENTS

This prescription is divided into three Strands:

1. Resource Allocation via the Market System
2. Resource Allocation via the Public Sector
3. Aggregate Economic Activity and Policy

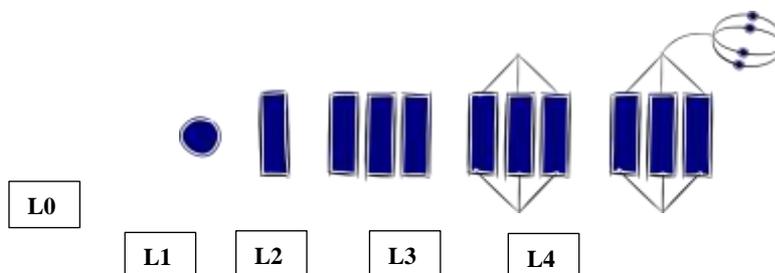
The sub-strands for each of the three strands are provided in the table below:

	Strand	Sub-strands
1	Resource Allocation via the Market System	1.1 Economic Problem of scarcity and allocation
		1.2 Demand
		1.3 Supply and Market Equilibrium
		1.4 Roles of a Form in a market economy
		1.5 Market structures
2	Resource Allocation via the Public Sector	2.1 Market failure and government intervention
		2.2 Merit and demerit goods
3	Aggregate Economic Activity and Policy	3.1 Domestic and external economic activity
		3.2 Monetary and Fiscal Policy

UNPACKING OF LEARNING OUTCOMES

In this prescription, Learning Outcomes are stated at three levels of generality: Major Learning Outcomes (MLOs) are stated at the strand level, Key Learning Outcomes (KLOs) are stated at the sub-strand level, and Specific Learning Outcomes (SLOs) are unpacked from the Key Learning Outcomes. Each SLO is a combination of a cognitive skill and a specific content component. Each SLO is given a skill level, level 1 – 4, and this skill level results from the categorisation of the cognitive skill that is embedded in the SLO using the SOLO taxonomy¹.

The SOLO taxonomy provides a simple, reliable and robust model for three levels of understanding – surface deep and conceptual (Biggs and Collis 1982).



At the **prestructural** level (L0) of understanding, the task is inappropriately attacked, and the student has missed the point or needs help to start. The next two levels, unistructural and multistructural are

¹ Structure of Observed Learning Outcomes by Biggs and Collis (1982)

associated with bringing in information (surface understanding). At the **unistructural** level (L1), one aspect of the task is picked up, and student understanding is disconnected and limited. The jump to the multistructural level is quantitative. At the **multistructural** level (L2), several aspects of the task are known but their relationships to each other and the whole are missed. The progression to relational and extended abstract outcomes is qualitative. At the **relational** level (L3), the aspects are linked and integrated, and contribute to a deeper and more coherent understanding of the whole. At the **extended abstract** level (L4), the new understanding at the relational level is re-thought at another conceptual level, looked at in a new way, and used as the basis for prediction, generalisation, reflection, or creation of new understanding (adapted from Hook and Mills 2011). [[http://pamhook.com/solo-taxonomy/..](http://pamhook.com/solo-taxonomy/)]

The progression from Level 1 to Level 4 is exemplified in the progression from *define* → *describe* → *explain* → *discuss* with each succeeding level indicating a *higher level of understanding*, as follows:

- **define** – to state a basic definition of a concept [Unistructural or L1]
- **describe** – to give the characteristics of, or give an account of, or provide annotated diagrams. [Multistructural or L2]
- **explain** – to provide a reason for a relationship – an event and its impact, a cause and an effect, as to *how* or *why* something occurs. [Relational or L3]
- **discuss** – this means *linking economics ideas* (descriptions, explanations) to make generalisations or predictions or evaluations. It may involve relating, comparing, analysing, and justifying.

LEARNING OUTCOMES

Strand 1: Resource Allocation via the Market System

Major learning outcome 1: Students are able to demonstrate understanding of the key ideas about the operation of the market system, and how decisions are made and their outcome in a modern market economy

The study should draw on specific examples from the Pacific region, including New Zealand, but predominantly from the student's own country, and use a range of contemporary resources.

Sub-strand 1.1 Economic problem of scarcity and allocation

Key Learning Outcome: Students are able to demonstrate understanding of economic problems associated with scarcity and allocation, which include:

- production possibility model;
- economic scarcity, choice, opportunity cost and the underutilization of resources with a production possibility curve; productive and allocative efficiency
- shape of production possibility curves;
- shifts in production possibility curves;
- opportunity cost.
- the concept of real wages, the effects of price level changes and controls in the labour market;

- sales tax and a subsidy on a commodity with a relatively inelastic demand or a relatively elastic demand;
- the market for an internationally traded commodity and exports and imports.

SLO #	Specific Learning Outcomes: Students are able to	Skill Level	SLO Code
1.	state a purpose of a model in Economics	1	Eco1.1.1.1
2.	define economic scarcity, economic choice, opportunity cost, underutilization of resources, productive and allocative efficiency	1	Eco1.1.1.2
3.	identify/state a feature or example of economic scarcity, economic choice, opportunity cost, underutilization of resources, productive and allocative efficiency, in a given context	1	Eco1.1.1.3
4.	describe the production possibilities model	2	Eco1.1.2.1
5.	list the assumptions of a production possibilities model	2	Eco1.1.2.2
6.	explain the relationship between economic scarcity, choice and opportunity cost	3	Eco1.1.3.1
7.	describe the features of economic scarcity, choice and opportunity cost	2	Eco1.1.2.3
8.	illustrate economic scarcity, choice and opportunity cost	2	Eco1.1.2.4
9.	describe utilization & underutilization of resources within a production possibilities model	2	Eco1.1.2.5
10.	illustrate utilization & underutilization of resources with a production possibility curve	2	Eco1.1.2.6
11.	describe the features of productive and allocative efficiency	2	Eco1.1.2.7
12.	illustrate productive and allocative efficiency	2	Eco1.1.2.8
13.	describe the shape of production possibility curves	2	Eco1.1.2.9
14.	explain how a certain factor influences the shape of production possibility curves;	3	Eco1.1.3.2
15.	discuss the implications of the shape of production possibility curves on real life economic situations	4	Eco1.1.4.1
16.	describe the pattern/s in the shifts in production possibility curves	2	Eco1.1.2.10
17.	explain shifts in production possibility curves in relation to effects that influence the shift	3	Eco1.1.3.3
18.	give a range of examples of opportunity cost	2	Eco1.1.2.11
19.	explain using the concept of real wages, the effects of price level changes and controls in the labour market	3	Eco1.1.3.4
20.	identify incidence of sales tax on consumers/producers	1	Eco1.1.1.4
21.	identify incidence of subsidy on consumers/producers	1	Eco1.1.1.5
22.	explain the incidence of a sales tax on a commodity with a relatively inelastic demand and on a commodity having a relatively elastic demand	3	Eco1.1.3.5
23.	compare the incidence of a sales tax on a commodity with a relatively inelastic demand with a commodity having a relatively elastic demand	3	Eco1.1.3.6
24.	describe the market for an internationally traded commodity identifying exports or imports	2	Eco1.1.2.12
25.	explain how the market for an internationally traded commodity works with exports or imports	3	Eco1.1.3.7
26.	discuss the features and processes within the market for an internationally traded commodity with exports and imports, using a case study or specific examples	4	Eco1.1.4.2
27.	state an internationally traded commodity within the country's economy	1	Eco1.1.1.6
28.	calculate price of internationally traded commodities under free trade	2	Eco1.1.2.13
29.	explain the effects of free trade on price of local markets	3	Eco1.1.3.8

30.	explain the effects of free trade on buyers, producers and government of a local product	3	Eco1.1.3.9
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Sub-strand 1.2 Demand

Key Learning Outcome: Students are able to demonstrate understanding of demand and factors that affect demand. These include:

- individual demand curve and marginal utility;
- market demand curve and individual demand curves.
- movements along a demand curve and shifts of the demand curve itself
- price elasticity (negative sign not necessary) and cross-elasticity of demand;
- differing elasticities for various goods;
- income elasticity

SLO #	Specific Learning Outcomes: Students are able to	Skill Level	SLO Code
1.	define the concept of marginal utility	1	Eco1.2.1.1
2.	state the Law of demand	1	Eco1.2.1.2
3.	identify/state a feature or example of marginal utility or law of demand within a given situation	1	Eco1.2.1.3
4.	derive the individual demand curve using the concept of marginal utility	2	Eco1.2.2.1
5.	construct the market demand curve by summing individual demand curves	3	Eco1.2.3.1
6.	explain how movement along demand curve occurs and reasons for this movement	3	Eco1.2.3.2
7.	explain reasons for shift of demand curve	3	Eco1.2.3.3
8.	distinguish between movements along a demand curve and shifts of the demand curve itself	3	Eco1.2.3.4
9.	list reasons for shifts of demand curve	2	Eco1.2.2.2
10.	explain how each reason influences the shifts of demand curve	3	Eco1.2.3.5
11.	define price elasticity of demand	1	Eco1.2.1.4
12.	define cross-elasticity of demand	1	Eco1.2.1.5
13.	identify/state a feature or example of price elasticity or cross-elasticity of demand within a given situation	1	Eco1.2.1.6
14.	relate price elasticity of demand to taxation	3	Eco1.2.3.6
15.	relate price elasticity of demand to total expenditure	3	Eco1.2.3.7
16.	calculate price elasticity and relate it to total expenditure	3	Eco1.2.3.8
17.	calculate cross-elasticity of demand	2	Eco1.2.2.3
18.	list the factors that affect differing elasticities for various goods;	2	Eco1.2.2.4
19.	explain how each factor influences differing elasticities for various goods;	3	Eco1.2.3.9
20.	define income elasticity	1	Eco1.2.1.7
21.	identify/state a feature or example of income elasticity within a given situation	1	Eco1.2.1.8
22.	calculate income elasticity	2	Eco1.2.2.5
23.	explain how the concepts of elasticity will be significant for some firms in their pricing decisions	3	Eco1.2.3.10
24.	identify good as luxury, normal or inferior	1	Eco1.2.1.9

25.	identify/state a feature or example of luxury, normal or inferior goods within a given situation	1	Eco1.2.1.10
26.	describe features of luxury, normal or inferior	2	Eco1.2.2.6
27.	explain how a good is a luxury, normal or inferior	3	Eco1.2.3.11
28.	calculate price elasticity of demand	2	Eco1.2.2.7
29.	calculate total expenditure	2	Eco1.2.2.8

Sub-strand 1.3 Supply and Market Equilibrium

Key learning Outcome: Students are able to demonstrate an understanding of the concept of Supply and Market Equilibrium such as:

- accounting costs and economic (opportunity) costs;
- law of diminishing returns
- short-run average, marginal and total cost concepts;
- supply curve and the marginal cost curve for a perfectly competitive firm
- market supply curves and supply curves of individual firms.
- shifts in supply curve
- elasticity of supply
- market forces and market equilibrium
- consumer surplus and producer surplus
- allocative efficiency (deadweight loss)

SLO #	Specific Learning Outcomes: Students are able to	Skill Level	SLO Code
1.	define accounting costs	1	Eco1.3.1.1
2.	define economic (opportunity) costs	1	Eco1.3.1.2
3.	distinguish between accounting costs and economic (opportunity) costs	3	Eco1.3.3.1
4.	define consumer surplus, producer surplus	1	Eco1.3.1.3
5.	identify/state a feature or example of accounting costs or economic costs within a given situation	1	Eco1.3.1.4
6.	identify/state a feature or example of consumer surplus or producer surplus within a given situation	1	Eco1.3.1.5
7.	identify the gains to sellers or buyers (consumers' surplus) from reaching market equilibrium	1	Eco1.3.1.6
8.	describe the gains to sellers or buyers (producers' surplus) from reaching market equilibrium	2	Eco1.3.2.1
9.	identify the gains to buyers (consumers' surplus) and sellers (producers' surplus) from reaching equilibrium	1	Eco1.3.1.7
10.	discuss the gains from trade to buyers (consumers' surplus) and sellers (producers' surplus) from reaching equilibrium, using examples	4	Eco1.3.4.1
11.	show the gains to buyers (consumers' surplus) and sellers (producers' surplus) from reaching equilibrium	3	Eco1.3.3.2
12.	explain how allocative efficiency is achieved at equilibrium where the sum of consumers' and producers' surplus is maximised	3	Eco1.3.3.3
13.	show how shifts in demand and supply affect equilibrium	2	Eco1.3.2.2
14.	show how shifts in demand and supply affect equilibrium and hence the sum of producers' surplus	2	Eco1.3.2.3

15.	show how shifts in demand and supply affect equilibrium and hence the sum of producers' and consumers' surplus	2	Eco1.3.2.4
16.	show how shifts in demand and supply affect equilibrium and hence the sum of producers' and consumers' surplus	2	Eco1.3.2.5
17.	demonstrate graphically that any change imposed on the market equilibrium will lead to a loss of allocative efficiency	3	Eco1.3.3.4
18.	apply the law of diminishing returns to show its relationship to increasing marginal costs and the shape of the firm's supply curve	3	Eco1.3.3.5
19.	define short-run average cost concept	1	Eco1.3.1.8
20.	define marginal cost or total cost concept	1	Eco1.3.1.9
21.	calculate marginal cost or total costs	2	Eco1.3.2.6
22.	explain the relationships between short-run average, marginal and total cost concepts	3	Eco1.3.3.6
23.	discuss the application of the relationship between short-run average, marginal and total cost concepts in an everyday situation giving examples	4	Eco1.3.4.2
24.	distinguish between short-run average, marginal and total cost concepts	3	Eco1.3.3.7
25.	describe the link between a supply curve and the marginal cost curve for a perfectly competitive firm	2	Eco1.3.2.7
26.	explain the link between a supply curve and the marginal cost curve for a perfectly competitive firm	3	Eco1.3.3.8
27.	construct market supply curves from the supply curves of individual firms	3	Eco1.3.3.9
28.	state the law of supply	1	Eco1.3.1.10
29.	state the law of diminishing returns	1	Eco1.3.1.11
30.	list factors that contribute to movements along the supply curve	2	Eco1.3.2.8
31.	explain how these factors cause movement along supply curve	3	Eco1.3.3.10
32.	list factors that contribute to shifts in the supply curve	2	Eco1.3.2.9
33.	explain how these factors cause the shift of supply curve	3	Eco1.3.3.11
34.	distinguish between movements along a supply curve and shifts in supply curves	3	Eco1.3.3.12
35.	discuss the impact of elasticity of supply by examining why supply is more responsive in the long term than in the short term giving examples	4	Eco1.3.4.3
36.	describe the market forces that will lead to market equilibrium	2	Eco1.3.2.10
37.	derive supply curve from cost information	3	Eco1.3.3.13
38.	identify shutdown point and break-even price in a given situation	1	Eco1.3.1.12
39.	describe an application of shutdown point and break-even price in a given situation	2	Eco1.3.2.11

Sub-strand 1.4 Roles of Firms in a market economy

Key Learning Outcome: Students are able to demonstrate understanding of the role of firms in a market economy, which include:

- average, marginal and total revenue and explain their relationships;
- marginal cost and marginal revenue as the basis of profit maximisation;
- shut-down point and the break-even point.
- monopoly and perfect competition;
- short-run and long-run equilibrium positions for a monopolist and a perfectly competitive firm;
- marginal analysis to determine the output and pricing decisions of a monopolist and a competitive firm;
- monopolistic equilibrium and allocative efficiency.

SLO #	Specific Learning Outcomes: Students are able to	Skill Level	SLO Code
1.	define average revenue	1	Eco1.4.1.1
2.	define marginal revenue	1	Eco1.4.1.2
3.	define total revenue	1	Eco1.4.1.3
4.	identify/state a feature or example of average / marginal / total revenue in a given context	1	Eco1.4.1.4
5.	calculate revenues	2	Eco1.4.2.1
6.	define perfect competition	1	Eco1.4.1.5
7.	identify a case of perfect competition within a given situation	1	Eco1.4.1.6
8.	describe features of competition	2	Eco1.4.2.2
9.	explain how competition advantages consumers	3	Eco1.4.3.1
10.	explain effects of competition on producers	3	Eco1.4.3.2
11.	illustrate effects of competition on consumers	3	Eco1.4.3.3
12.	define Monopolist	1	Eco1.4.1.7
13.	define Oligopoly	1	Eco1.4.1.8
14.	define Monopoly	1	Eco1.4.1.9
15.	Identify/state a feature or example of monopolist, monopoly or oligopoly in a given context	1	Eco1.4.1.10
16.	describe features of monopoly	2	Eco1.4.2.3
17.	make a comparison of output decisions of a monopolist with a perfectly competitive firm	3	Eco1.4.3.4
18.	make a comparison of pricing decisions of a monopolist with a perfectly competitive firm	3	Eco1.4.3.5
19.	discuss the impacts of decisions on output and pricing of a monopolist and that of a perfectly competitive firm giving recommendations on benefits and disadvantages	4	Eco1.4.4.1
20.	define dead weight loss (DWL)	1	Eco1.4.1.11
21.	explain the relationship between monopolistic equilibrium to allocative efficiency	3	Eco1.4.3.6
22.	explain the relationships between average, marginal and total revenue under perfect competition	3	Eco1.4.3.7
23.	discuss the impacts of relationships of average, marginal and total revenue under perfect competition using examples and recommendations	4	Eco1.4.4.2
24.	describe the use of marginal cost and marginal revenue as the basis of profit maximisation	2	Eco1.4.2.4
25.	explain how the use of marginal cost and marginal revenue contributes to profit maximisation	3	Eco1.4.3.8
26.	define normal profit	1	Eco1.4.1.12
27.	calculate normal profit	2	Eco1.4.2.5
28.	Illustrate how normal profit is achieved	2	Eco1.4.2.6
29.	explain and illustrate how normal profit is achieved in the long run	3	Eco1.4.3.9
30.	describe super-normal profit	2	Eco1.4.2.7
31.	explain and illustrate super-normal profit	3	Eco1.4.3.10
32.	describe sub-normal profit	2	Eco1.4.2.8
33.	explain and illustrate sub-normal profit	3	Eco1.4.3.11
34.	identify the shut-down point	1	Eco1.4.1.13
35.	identify the breakeven point	1	Eco1.4.1.14

36.	describe the relationship of average and marginal revenue under monopoly	2	Eco1.4.2.9
37.	explain the relationship of average and marginal revenue under monopoly	3	Eco1.4.3.12
38.	compare average and marginal revenue of a monopoly and a firm under perfect competition	3	Eco1.4.3.13
39.	discuss average and marginal revenue of a monopoly and a firm under perfect competition	4	Eco1.4.4.3
40.	describe the features of short and long run positions under a monopoly and a perfect competition	2	Eco1.4.2.10
41.	compare the effects of short-run and long-run equilibrium positions for a monopolist and a perfectly competitive firm	3	Eco1.4.3.14
42.	discuss the application of short-run and long-run equilibrium positions for a monopolist and a perfectly competitive firm in a real life situation using examples	4	Eco1.4.4.4
43.	describe how marginal analysis works in determining the output and pricing decisions of a monopolist	2	Eco1.4.2.11
44.	explain marginal analysis in determine the output and pricing decisions of a monopolist	3	Eco1.4.3.15
45.	apply marginal analysis to determine the output and pricing decisions of a monopolist	3	Eco1.4.3.16

Sub-strand 1.5 Market structures

Key Learning outcome: Students are able to demonstrate an understanding of market structures through an investigation of the same as applied to local case studies. These include:

- monopoly, perfect competition, duopoly, oligopoly, monopolistic competition and monopsony;
- domestic examples of firms in these market structures;
- non-price marketing strategies that these firms use;
- product differentiation using domestic examples to explain the importance of this to firms in different market structures.

(Teachers may prefer to carry out this assessment after 3.3)

SLO #	Specific Learning Outcomes: Students are able to	Skill Level	SLO Code
1.	state the purpose/hypotheses for the investigation	1	Eco1.5.1.1
2.	state the objectives for the investigation	1	Eco1.5.1.2
3.	outline the background information on the research topic	2	Eco1.5.2.1
4.	summarise procedures using a research schedule (consider alternative procedures)	2	Eco1.5.2.2
5.	plan an appropriate list of activities and procedures to carry out the investigation	2	Eco1.5.2.3
6.	collect relevant information and data from a wide range of sources	2	Eco1.5.2.4
7.	acknowledge sources of information	2	Eco1.5.2.5
8.	process all data collected by using relevant tools and models (tables and graphs)	3	Eco1.5.3.1
9.	interpret and analyse fully / accurately all the information and data showing trends	3	Eco1.5.3.2
10.	discuss findings using a wide variety of economic tools and models related to the objectives of the investigation	4	Eco1.5.4.1

11.	analyse economic tools and models related to the objectives of the investigation	3	Eco1.5.3.3
12.	draw conclusions, clearly related to the objectives and make recommendations for future research	4	Eco1.5.4.2
13.	state the limitations of the research and recommend alternatives for future research	2	Eco1.5.2.6

Strand 2: Resource Allocation via the Public Sector

Major Learning Outcome: Students are able to demonstrate understanding of Resource Allocation via the public sector

Notes:

*A study of this section of the syllabus will enable students to understand the part governments play in allocating resources, particularly where the market does not result in efficient or equitable **outcomes**. It needs to be stressed that in Section A, the study of the market assumes that goods are private goods, i.e. they have no externalities. There is allocative efficiency at the private market equilibrium; any interference by government therefore, is considered undesirable – resulting in a dead weight loss. Section B challenges the assumption that all goods are private goods by recognising that externalities and other market failures may exist; many goods are consequently mixed goods, and this is the basis for government intervention in order to achieve social allocative efficiency. The study should draw on specific examples from the Pacific region, including New Zealand, but predominantly from the student's own country, and use a range of contemporary resources.*

Sub-strand 2.1 Market failure and government intervention

Key Learning Outcome: Students are able to demonstrate understanding of legal frameworks that exist which enables the state to intervene in the market through different policy measures, should market failure be identified. These include:

- conditions of the free market and market failure
- government interventions during market failure
- positive and negative externalities of production
- property rights;
- social marginal cost and benefit curves
- the social equilibrium (social preference) with the private market equilibrium (private preference);
- subsidies, taxes, regulations and public provision
- natural monopolies;
- economies of scale and natural monopolies;
- public goods and private goods;
- equity and equality and examples of each situation;
- inequality of wealth and income distribution using the Lorenz Curve (calculating the Gini coefficient is not required)
- the means by which the state can attempt to achieve greater equality (assuming this is equitable);
- discuss the equity/efficiency trade off with the aid of the PPF/trade-off model.

SLO #	Specific Learning Outcomes: Students are able to	Skill Level	SLO Code
1.	define free market	1	Eco2.1.1.1
2.	describe the features of the free market	2	Eco2.1.2.1
3.	list factors that cause market failure	2	Eco2.1.2.2
4.	explain how any factor can cause market failure	3	Eco2.1.3.1
5.	critique conditions of the free market in order to recognise how market failure can occur	3	Eco2.1.3.2
6.	define market failure	1	Eco2.1.1.2
7.	identify examples of market failure	1	Eco2.1.1.3
8.	explain how market failure is basis for government intervention	3	Eco2.1.3.3
9.	describe conditions under which government decides to intervene in a market failure	2	Eco2.1.2.3
10.	discuss the impact of market failure on the economy thus warranting government intervention giving specific examples of such interventions and their success	4	Eco2.1.4.1
11.	list the range of interventions available to government to intervene against market failure	2	Eco2.1.2.4
12.	explain how each of the range of interventions works	3	Eco2.1.3.4
13.	define and give examples of positive and negative externalities of consumption	1	Eco2.1.1.4
14.	compare positive and negative externalities of production	3	Eco2.1.3.5
15.	describe the features of mixed goods	2	Eco2.1.2.5
16.	relate goods with externalities to mixed goods	3	Eco2.1.3.6
17.	define property right	1	Eco2.1.1.5
18.	explain the significance of property rights	3	Eco2.1.3.7
19.	derive social marginal benefit curve	2	Eco2.1.2.6
20.	use social marginal cost curve to illustrate externalities of production	3	Eco2.1.3.8
21.	use social marginal benefit curve to illustrate externalities of production	3	Eco2.1.3.9
22.	identify the social equilibrium (social preference) in a given situation	1	Eco2.1.1.6
23.	identify the private market equilibrium (private preference) in a given situation	1	Eco2.1.1.7
24.	explain the relationship between social equilibrium (social preference) with the private market equilibrium (private preference)	3	Eco2.1.3.10
25.	explain how subsidies can be used to internalise positive or negative externalities of production	3	Eco2.1.3.11
26.	explain how taxes can be used to internalise positive or negative externalities of production	3	Eco2.1.3.12
27.	explain how regulations can be used to internalise positive or negative externalities of production	3	Eco2.1.3.13
28.	explain how public provision can be used to internalise positive or negative externalities of production	3	Eco2.1.3.14
29.	explain the respective costs of subsidies, taxes, regulations and public provision when used to internalise positive externalities of production	3	Eco2.1.3.15
30.	evaluate the cost implications of subsidies, taxes, regulations and public provision when used to internalise positive or negative externalities of production	4	Eco2.1.4.2
31.	define natural monopolies	1	Eco2.1.1.8
32.	identify examples of natural monopolies in a given situation	1	Eco2.1.1.9
33.	describe the features of natural monopolies	2	Eco2.1.2.7
34.	define economies of scale	1	Eco2.1.1.10
35.	explain how economies of scale can lead to natural monopolies;	3	Eco2.1.3.16

36.	discuss the implications of natural monopolies on an economy and evaluate why natural monopolies may or may not be socially desirable	4	Eco2.1.4.3
37.	explain how natural monopolies can be influenced by the use of subsidies	3	Eco2.1.3.17
38.	explain how natural monopolies can be influenced by the use of regulations	3	Eco2.1.3.18
39.	explain how natural monopolies can be influenced by the use of public ownership	3	Eco2.1.3.19
40.	describe the costs of the use of subsidies, regulations or public ownership to influence natural monopolies	2	Eco2.1.2.8
41.	discuss the costs of the use of subsidies, regulations or public ownership to influence natural monopolies and evaluate the cost-effectiveness of these strategies to government	4	Eco2.1.4.4
42.	discuss the benefits of the use of subsidies, regulations or public ownership to influence natural monopolies	4	Eco2.1.4.5
43.	list the benefits of the use of subsidies, regulations or public ownership to influence natural monopolies	2	Eco2.1.2.9
44.	define public goods, private goods	1	Eco2.1.1.11
45.	describe the features of public goods	2	Eco2.1.2.10
46.	distinguish between public goods and private goods	3	Eco2.1.3.20
47.	identify examples of private goods	1	Eco2.1.1.12
48.	explain why public goods are not normally provided by the market	3	Eco2.1.3.21
49.	identify an alternative method of the collective provision of public goods in a given situation	1	Eco2.1.1.13
50.	list alternative methods of the collective provision of public goods	2	Eco2.1.2.11
51.	explain costs and benefits of alternative methods of the collective provision of public goods	3	Eco2.1.3.22
52.	list the benefits of alternative methods of the collective provision of public goods	2	Eco2.1.2.12
53.	define equity, equality	1	Eco2.1.1.14
54.	identify/state a feature or example of equity or equality in a given context	1	Eco2.1.1.15
55.	distinguish between equity and equality	3	Eco2.1.3.23
56.	explain inequality of wealth and income distribution using the Lorenz Curve	3	Eco2.1.3.24
57.	present inequality of wealth and income distribution using the Lorenz Curve	3	Eco2.1.3.25
58.	identify the means by which the state can attempt to achieve greater equality in a given situation	1	Eco2.1.1.16
59.	list the means by which the state can attempt to achieve greater equality	2	Eco2.1.2.13
60.	discuss the equity/efficiency trade off with the aid of the PPF/trade-off model using examples and evaluate the efficiency of the processes	4	Eco2.1.4.6
61.	define dead weight loss	1	Eco2.1.1.17
62.	identify areas of dead weight loss	1	Eco2.1.1.18
63.	list the factors that cause of dead weight loss	2	Eco2.1.2.14
64.	explain how each factor causes of dead weight loss	3	Eco2.1.3.26
65.	discuss the implications of dead weight loss in an economy giving examples	4	Eco2.1.4.7

Sub-strand 2.2 Merit and demerit goods

Key Learning outcome: Students are able to demonstrate skills in research to collect information that enhances their understanding of merit and demerit goods, the factors that influence this and their influences in an economy. These include:

- research skills
- examples of positive and negative externalities of consumption;
- examples of merit and demerit goods
- social marginal cost and benefit curves and externalities of consumption
- social equilibrium (social preference) and the private market equilibrium (private preference);
- alternative means of internalising externalities of consumption and consumption of merit and demerit goods

SLO #	Specific Learning Outcomes: Students are able to	Skill Level	SLO Code
1.	state the purpose/ hypotheses for the investigation	1	Eco2.2.1.1
2.	state the objectives for the investigation	1	Eco2.2.1.2
3.	outline background information on the research topic	2	Eco2.2.2.1
4.	summarise procedures using a research schedule (consider alternative procedures)	2	Eco2.2.2.2
5.	plan an appropriate list of activities and procedures to carry out the investigation	2	Eco2.2.2.3
6.	collect relevant information and data from a wide range of sources	2	Eco2.2.2.4
7.	acknowledge sources of information	2	Eco2.2.2.5
8.	process all data collected by using relevant tools and models (tables and graphs)	3	Eco2.2.3.1
9.	interpret and analyse fully / accurately all the information and data showing trends	3	Eco2.2.3.2
10.	discuss findings using a wide variety of economic tools and models related to the objectives of the investigation	4	Eco2.2.4.1
11.	analyse economic tools and models related to the objectives of the investigation.	3	Eco2.2.3.3
12.	draw conclusions, clearly related to the objectives and make recommendations for future research	4	Eco2.2.4.2
13.	state the limitations of the research and recommend alternatives for future research	2	Eco2.2.2.6

Strand 3: Aggregate Economic Activity and Policy

Major Learning Outcome: Students are able to demonstrate understanding of aggregate economic activities and policies

*A study of this section will enable students to **understand the workings of the economy as a whole and also to understand the effects of government policy.** The study should draw on recent changes and developments in the economies of the Pacific region, predominately in the student's own country. Understanding of the range of macro-economic theories and policies is required for both external assessment and the internal assessment task.*

Sub-strand 3.1 Domestic and external economic activity

Key Learning outcome: Students are able to demonstrate understanding of domestic and external economic activities and the influences of these on an economy, which include:

- real and nominal values and the CPI;
- nominal and real Gross Domestic Product;
- components of aggregate demand in a typical country's System of National Accounts.
- Balance of Payments on Current Account and the Balance of Payments on Capital account (referred to as the Financial Account some countries like New Zealand);
- supply and demand analysis and the operation of the foreign exchange market with a flexible (floating) exchange rate;
- exchange rate changes on international trade in goods and services;
- factors, other than exchange rate changes, which may influence international trade;
- local trade, and their impact on international trade;
- changes in net exports (X-M) on domestic economic activity.

SLO #	Specific Learning Outcomes: Students are able to	Skill Level	SLO Code
1.	define real values	1	Eco3.1.1.1
2.	define nominal value	1	Eco3.1.1.2
3.	define nominal Gross Domestic Product	1	Eco3.1.1.3
4.	define real Gross Domestic Product	1	Eco3.1.1.4
5.	identify the components of aggregate demand in a typical country's System of National Accounts.	1	Eco3.1.1.5
6.	define Balance of Payments	1	Eco3.1.1.6
7.	define current account Balance of Payments, capital account Balance of Payments	1	Eco3.1.1.7
8.	identify the major items in the balance of payments current or capital account	1	Eco3.1.1.8
9.	identify factors, other than exchange rate changes, which may influence international trade;	1	Eco3.1.1.9
10.	define terms of trade	1	Eco3.1.1.10
11.	define exchange rate, fixed and flexible or floating	1	Eco3.1.1.11
12.	define appreciation, depreciation, devaluation and revaluation of exchange rates	1	Eco3.1.1.12
13.	distinguish between real and nominal values	2	Eco3.1.2.1
14.	calculate GDP, Real GDP	2	Eco3.1.2.2
15.	calculate growth rates	2	Eco3.1.2.3
16.	distinguish between nominal and real Gross Domestic Product	3	Eco3.1.3.1
17.	use the income approach to measure Gross Domestic Product;	2	Eco3.1.2.4
18.	use the expenditure approach to measure Gross Domestic Product;	2	Eco3.1.2.5
19.	use the production approach to measure Gross Domestic Product;	2	Eco3.1.2.6
20.	describe the elements of current account Balance of Payments	2	Eco3.1.2.7
21.	outline how Countries Balance their Current Account	2	Eco3.1.2.8
22.	describe supply and demand analysis in the operation of the foreign exchange market with a flexible (floating) exchange rate;	2	Eco3.1.2.9
23.	use supply and demand analysis to show the operation of the foreign exchange market with a flexible (floating) exchange rate;	2	Eco3.1.2.10
24.	describe movements in terms of trade	2	Eco3.1.2.11
25.	describe impact of movements in terms of trade on international trade	3	Eco3.1.3.2

26.	explore and explain the nature and use of indices, especially the CPI;	3	Eco3.1.3.3
27.	explain income approach to measure GDP	3	Eco3.1.3.4
28.	explain production approach to measure GDP	3	Eco3.1.3.5
29.	explain the relationships between the elements in capital account Balance of Payments	3	Eco3.1.3.6
30.	distinguish between the Balance of Payments on Current Account and the Balance of Payments on Capital account	3	Eco3.1.3.7
31.	explain the relationship between the current account and capital account	3	Eco3.1.3.8
32.	explain the impact of exchange rate changes on international trade in goods and services;	3	Eco3.1.3.9
33.	explain the impact of changes in net export (X-M) on domestic economic activity	3	Eco3.1.3.10
34.	discuss supply and demand analysis to show the operation of the foreign exchange market with a flexible (floating) exchange rate;	4	Eco3.1.4.1
35.	discuss the impacts of exchange rate changes on international trade in goods and services using examples	4	Eco3.1.4.2
36.	discuss the impact of changes in net export (X-M) on domestic economic activity	4	Eco3.1.4.3

Sub-strand 3.2 Monetary and Fiscal policy

Key Learning outcome: Students are able to demonstrate understanding of monetary and fiscal policy such as:

- operation of the credit multiplier and the role that banks play in the process of credit creation;
- the functions of the Reserve (Central) Bank, particularly the implementation of monetary policy;
- supply and demand analysis and the money market;
- effects of real interest rate changes on consumption, investment, exchange rates and net exports.
- major components of a typical Government's budget;
- trends in a Government's revenue, expenditure and operating balance over the past ten years;
- impacts of government revenue, expenditure and surpluses/ deficits on economic activity;
- fiscal constraint on a government in the South Pacific Region that requires responsible management of fiscal policy over time. E.g. New Zealand's Public Finance Amendment Act 2004.
- the aggregate demand curve
- consumption, investment, government expenditure and net exports;
- shifts in the aggregate supply curve as the result of exogenous changes in nominal labour costs, imported material costs, productivity and technology;
- equilibrium level of prices, employment and production and illustrate a recessionary gap and inflationary gap.
- changes in fiscal policy, monetary policy

Note: students will be examined on their ability to use aggregate demand/aggregate supply analysis, not their ability to derive aggregate demand and supply curves.

SLO #	Specific Learning Outcomes: Students are able to	Skill Level	SLO Code
1.	identify the components of the money supply in a country;	1	Eco3.2.1.1
2.	define monetary policy	1	Eco3.2.1.2
3.	identify the major components of a typical Government's budget in a given situation	1	Eco3.2.1.3

4.	identify trends in a Government's revenue or expenditure over the past ten years in a given situation	1	Eco3.2.1.4
5.	identify trends in a Government's operating balance over the past ten years;	1	Eco3.2.1.5
6.	define aggregate supply	1	Eco3.2.1.6
7.	use aggregate demand and aggregate supply curves to identify the equilibrium level of prices,	1	Eco3.2.1.7
8.	use aggregate demand and aggregate supply curves to identify the equilibrium level of production	1	Eco3.2.1.8
9.	use aggregate demand and aggregate supply curves to identify the equilibrium level of prices, employment and production	1	Eco3.2.1.9
10.	define fiscal policy	1	Eco3.2.1.10
11.	name one other factor that can be used to eliminate recessionary gap	1	Eco3.2.1.11
12.	use aggregate demand and aggregate supply curves to identify the equilibrium level of prices, employment and production	1	Eco3.2.1.12
13.	describe the components of the money supply in a country;	2	Eco3.2.2.1
14.	describe the operation of the credit multiplier	2	Eco3.2.2.2
15.	describe the role that banks play in the process of credit creation	2	Eco3.2.2.3
16.	describe the functions of the Reserve (Central) Bank, particularly the implementation of monetary policy;	2	Eco3.2.2.4
17.	describe supply and demand analysis to the money market;	2	Eco3.2.2.5
18.	apply supply and demand analysis to the money market;	2	Eco3.2.2.6
19.	describe the effects of real interest rate changes on consumption	2	Eco3.2.2.7
20.	describe a fiscal constraint on a government in the South Pacific Region that requires responsible management of fiscal policy over time. E.g. New Zealand's Public Finance Amendment Act 2002	2	Eco3.2.2.8
21.	describe monetary measures that to achieve government aims	2	Eco3.2.2.9
22.	describe the aggregate demand curve as showing levels of total demand consistent with given price levels;	2	Eco3.2.2.10
23.	describe Aggregate Demand and Aggregate Supply model	2	Eco3.2.2.11
24.	describe shifts of the aggregate demand curve	2	Eco3.2.2.12
25.	list factors that influence shifts on aggregate demand curve	2	Eco3.2.2.13
26.	list factors that affect shifts in aggregate supply curve	2	Eco3.2.2.14
27.	illustrate a recessionary gap and inflationary gap.	2	Eco3.2.2.15
28.	list factors that cause recessionary gap and inflationary gap	2	Eco3.2.2.16
29.	use aggregate demand/ aggregate supply analysis to show the effect on the price level resulting from a change in monetary policy	2	Eco3.2.2.17
30.	explain how credit multiplier works to increase money supply	3	Eco3.2.3.1
31.	explain the effects of real interest rate changes on consumption and investment	3	Eco3.2.3.2
32.	explain the effects of real interest rate changes on exchange rates and net exports	3	Eco3.2.3.3
33.	explain trends in a Government's revenue or expenditure over the past ten years;	3	Eco3.2.3.4
34.	explain trends in a Government's operating balance over the past ten years;	3	Eco3.2.3.5
35.	explain the impact of government revenue and expenditure on economic activity;	3	Eco3.2.3.6

36.	explain the impact of government surpluses and deficits on economic activity;	3	Eco3.2.3.7
37.	explain the trends on an aggregate demand curve	3	Eco3.2.3.8
38.	examine the effect on the price level resulting from a change in other factors (including business/consumer confidence and external factors)	3	Eco3.2.3.9
39.	use aggregate demand/ aggregate supply analysis to examine the effect on the price level resulting from a change in other factors (including business/consumer confidence and external factors)	3	Eco3.2.3.10
40.	examine the effect on the employment resulting from a change in other factors (including business/consumer confidence and external factors)	3	Eco3.2.3.11
41.	use aggregate demand/ aggregate supply analysis to examine the effect on the employment resulting from a change in other factors (including business/consumer confidence and external factors)	3	Eco3.2.3.12
42.	examine the effect on total output resulting from a change in other factors (including business/consumer confidence and external factors)	3	Eco3.2.3.13
43.	use aggregate demand/ aggregate supply analysis to examine the effect on total output resulting from a change in other factors (including business/consumer confidence and external factors)	3	Eco3.2.3.14
44.	explain how a factor influences or causes of shifts of the aggregate demand curve	3	Eco3.2.3.15
45.	relate aggregate supply to firms' production decisions at each price level;	3	Eco3.2.3.16
46.	intuitively derive an aggregate supply curve	3	Eco3.2.3.17
47.	explain why the supply curve becomes steeper as the economy approaches capacity output	3	Eco3.2.3.18
48.	explain inflationary pressure at full employment	3	Eco3.2.3.19
49.	explain why the economy can temporarily operate beyond full capacity.	3	Eco3.2.3.20
50.	explain how a factor affects or influence shifts in the aggregate supply curve	3	Eco3.2.3.21
51.	explain shifts in the aggregate supply curve as the result of exogenous changes in nominal labour costs	3	Eco3.2.3.22
52.	explain shifts in the aggregate supply curve as the result of exogenous changes in productivity	3	Eco3.2.3.23
53.	explain shifts in the aggregate supply curve as the result of exogenous changes in technology;	3	Eco3.2.3.24
54.	explain how a named factor influences a recessionary gap and inflationary gap.	3	Eco3.2.3.25
55.	use aggregate demand/ aggregate supply analysis to examine the effect on the price level resulting from a change in fiscal policy	3	Eco3.2.3.26
56.	use aggregate demand/ aggregate supply analysis to examine the effect on the employment resulting from a change in fiscal policy	3	Eco3.2.3.27
57.	use aggregate demand/ aggregate supply analysis to examine the effect on the total output resulting from a change in fiscal policy	3	Eco3.2.3.28
58.	use aggregate demand/ aggregate supply analysis to examine the effect on the employment resulting from a change in monetary policy	3	Eco3.2.3.29
59.	use aggregate demand/ aggregate supply analysis to examine the effect on the total output resulting from a change in monetary policy	3	Eco3.2.3.30

60.	discuss the role that banks play in the process of credit creation and the impacts of this role on the economy	4	Eco3.2.4.1
61.	discuss the conditions and influences that responsible management of fiscal policy over time. E.g. New Zealand's Public Finance Amendment Act 2003 had on fiscal constraint on a government in the South Pacific Region	4	Eco3.2.4.2
62.	discuss shifts of the aggregate demand curve as a result of changes in government expenditure in terms of the collective changes in consumption, investment, government expenditure, net exports using examples	4	Eco3.2.4.3

ASSESSMENT

The assessment of the course is in two parts (external and internal assessment) in the following proportions

1. External assessment (EA) : 70%
2. Internal assessment (IA) : 30%

The principal, or his/her nominee, will certify that the prescription requirements have been fulfilled.

Weightings

Strand #	Strand Title	Objectives/ Outcomes	External/ internal	Approximate Weighting (%)	Suggested Time
1	Resource Allocation via the Market System	Demonstrate understanding of the key ideas about the operation of the market system, and how decisions are made and their outcome in a modern market economy.	<i>Internal</i>	15	11 weeks
			<i>External</i>	30	
2	Resource Allocation via the Public Sector	Demonstrate understanding of the part governments play in allocating resources, particularly where the market does not result in efficient or equitable outcomes.	<i>Internal</i>	15	7 weeks
			<i>External</i>	20	
3	Aggregate Economic Activity and Policy	Understand the workings of the economy as a whole and the effects of government policy	<i>External</i>	20	10 weeks
Total				100%	28 weeks

External Assessment

This will be a **3-hour written** examination.

The written external examination will assess students' knowledge and understanding of basic economic concepts, principles and simple analytical techniques outlined in Sections A, B and C of the Economics Prescription. The examination will also assess a variety of thinking and statistical skills prescribed, for example: reasoning clearly and objectively, presenting and interpreting data and arguments clearly, concisely and logically. In examination questions equal credit should be given to economic knowledge, understanding and skills.

The approximate weightings given to each section in the written examination will be as follows:

Section A: Resource Allocation via the Market System 30%

Section B: Resource Allocation via the Public Sector 20%

Section C: Aggregate Economic Activity and Policy 20%

Internal Assessment

As part of the course, students are required to complete two tasks which are assessed by teachers in schools based on aspects of the economies of the students' own countries.

Assessment Tasks

There are two Internal Assessment Tasks.

1. An investigation into an aspect from Strand 1 (15%), and
2. An investigation into an aspect of Strand 2 (15%).

The learning outcomes for IA Task 1 are listed under sub-strand 1.5.

The learning outcomes for IA Task 2 are listed under sub-strand 2.2.

Teachers are urged to refer the students to these learning outcomes to guide their investigations.

NOTE: See **Appendix 2** for a suggested generic Assessment Schedule to be used for each of the tasks.

Weighting: With a score of 30% allocated for the internal assessment tasks, teachers have the responsibility of deciding the weighting of time given to each task in relation to their teaching programme.

Task	Weighting (%)	Suggested % of the teaching programme	Suggested equivalent class time
1. An investigation about market structures from Strand 1	15	No less than 5%	3 weeks
2. An investigation on merit and demerit goods from Strand 2	15	No less than 5%	3 weeks

Notes to the teacher:

General: Course work requirements, the assessment tasks and weightings given to each task should be clearly explained to students at the beginning of the year's course and included in the assessment statement for students. Results must be clearly recorded and maintained by teachers so that accurate information on each student's progress is readily available.

At the beginning of each year, each school presenting students for the Regional Form 7 Economics assessment must complete an **Internal Assessment Summary Form (ECON-IA)** and forward to EQAP by the date set down by the Director. This form is in **Appendix 3**.

It is the teacher's responsibility to ensure that students are provided with all necessary assessment information so that they are guided well towards achievement of learning outcomes that are covered under the IA tasks.

The assessment statement and copies of all assessment tasks and assessment schedules used, as well as a sample of student responses to all internal assessment work undertaken, must be available for verification on request until 30 November of the year of the examination.

The moderation of Internal Assessment will be done in accordance with EQAP policy as specified from time to time.

APPENDIX

Appendix 1: INTERNAL ASSESSMENT TASKS

There are two compulsory inquiry or research-based tasks – one from each of Strands 1 and 2. Each task will comprise 15% of a student’s final grade (a total of 30%) and a suggested generic marking schedule (which can be adapted for each task) is included in the **Appendix 2**. Each of the three tasks will assess various thinking, statistical and investigative skills of the students. Each task will require students to demonstrate their understanding of prescribed economic theory by applying it to data and case studies from their own communities or countries in the South Pacific, as much as possible. Student choice of particular case studies is encouraged to allow the students to study topics of relevance and personal interest.

Each task will require students to carry out a number of inquiry steps (using the following simplified research method common to social science inquiries):

1. Outline the *nature of the investigation*, including specific objectives or hypotheses.
2. Summarise the *procedures* to be followed, including a Research Schedule or milestones.
3. Include a brief summary of the *economic theory* in the prescription relevant to the inquiry. This will include:
 - definitions of relevant economic terms;
 - inclusion of relevant graphs, models and economic formulae
 - summaries of relevant concepts, policies, possible expected relationships etc. as appropriate to the task.
4. *Gather* relevant data from primary and/or secondary sources. These must be acknowledged.
5. *Process/organise* data appropriately e.g. into tables, graphs or charts. The processed data is to be included in the body of the report while the raw data should be included in an Appendix at the end for verification by the assessor.
6. *Interpret and analyse* the processed data against the theory summarised in Step 3 above.
7. Make *conclusions* about the ‘fit’ or relevance of the findings, referring back to the original objectives or hypotheses.
8. *Evaluate* the validity of the investigation, commenting on strengths and weaknesses in the research method; make *recommendations* if appropriate.
9. *Present* the report neatly with appropriate subheadings, labels, referencing etc.

The IA tasks relate to the following areas of the Prescription:

TASK 1 (from Strand 1) Guidelines

Teacher Guidelines

The following guidelines are supplied to enable teachers to carry out valid and consistent assessment using this internal assessment resource. Teachers should refer to the Assessment Schedule in

conjunction with this assessment resource. Note that teachers may need to vary the assignment slightly from year to year to ensure that plagiarism does not become an issue.

Context/setting

This assessment requires the student to collect and process information from primary and secondary sources and carry out an economic analysis. The theory to be investigated will be selected from Strand 1 of the *South Pacific Form Seven Certificate Economics Prescription*.

Purpose:

The purpose of this inquiry is to investigate and determine the existence and nature of a particular market structure in the community.

Hypothesis:

Any of the following scenarios comply with the requirements with regard to the use of a hypothesis as part of the investigation

- No hypothesis is used in the investigation, instead specific objectives are used
- A hypothesis is provided by the teacher for students to base their investigation on
- A hypothesis is developed by the student and approved by the teacher

Planning the investigation:

Any of the following scenarios comply with the requirements with regard to the planning of the investigation.

- Students may plan their own investigation
- Students may plan their investigation in consultation with the teacher
- Teachers could give feed forward guidance to students by requiring them to present material to do with the planning of their investigation at a pre set milestone

Collecting information:

- Collect information from a range of primary and/or secondary sources (A range means from at least three sources; for example, from three different websites, or the use of three different surveys, or the use of a variety of sources such as the internet, yearbook and textbook).
- Sufficient information must be collected so that the economic analysis that is undertaken enables students to demonstrate the use of the Seventh Form statistical skills (if appropriate to the investigation) stated in the Appendix of the *South Pacific Form Seven Certificate Economics Prescription*.
- Students should be directed to collect sufficient information to enable them to carry out a comprehensive economic analysis.

Processing information:

- Information processing involves the transformation of data into tables, graphs, summaries etc.
- Any primary data that is collected is to be compared with published information or secondary data that is available from sources in the public domain, e.g. text book.

Economic Analysis:

- The quality and depth of the economic analysis is the distinguishing feature between work at the level of achievement, merit and excellence (see Assessment Schedule)
- An economic analysis (achievement) requires the application of relevant economic theory to some of the information collected, and a conclusion(s) that is related to the analysis
- a full economic analysis (merit) includes the requirements for achievement and also requires the appropriate use of all of the information collected in the analysis, and a detailed conclusion(s) related to the analysis. Some recommendations are made.
- A comprehensive economic analysis (excellence) includes the requirements for achievement with merit, plus a thorough and appropriate exploration of the relationships between economic theory and the information collected consideration of weaknesses or limitations of the analysis (evaluation), and a thorough and justified conclusion related to the analysis. Relevant recommendations are made.

Presentation:

- Refer to the marking Schedule for guidance on presentation
- Learners should be encouraged to collate or summarise raw data and include the raw data in an appendix to their report for verification.
- This analysis is to be presented as a written report which, as a guide only, may be approximately 10 sides of A4 paper in length, including the Appendix.
- All sources of information and data are to be clearly acknowledged.

Conditions

- Information may be collected from primary and/or secondary sources.
- The information must be appropriately referenced.
- Students should present material at pre-set milestones.

Resource requirements

- School based library and information technology facilities should be made available wherever possible. Teachers may have to assist in the sourcing of some of the data and information.

Internal Assessment Resource: Task 1 - related to Learning Outcomes in Strand 1 of the South Pacific Form Seven Certificate Economics Aligned Prescription.

You are required to investigate and determine the existence and nature of a particular market structure in the community.

Student Instructions Sheet

- (a) Carefully choose an appropriate local firm or industry to investigate.
- (b) Outline the nature of the investigation – essentially to gather, process and analyse data to enable you to classify (demonstrated by the evidence) your chosen firm or industry as being either a duopoly, oligopoly or monopolistically competitive market structure. Include specific objectives or hypotheses.
- (c) Summarise the procedures to be followed (including a Research Schedule with milestones). This investigation will take approximately 2 weeks, with a mixture of in-class and out-of-class activity. Your plan will need to be checked by your teacher before you proceed.
- (d) Include a brief summary of economic theory in the prescription relevant to market structures.
 - (1) definitions of relevant economic terms
 - (2) a table making a brief comparison of the features of the range of market structures including typical examples, number of sellers, competition, degree of control over price, shape of demand curve, existence of barriers to entry, and the presence or otherwise of product differentiation.
 - (3) a summary of typical price and non-price marketing strategies used by the various market structures. (Other theory may also be included if relevant)
- (e) Gather relevant data from primary and/or secondary sources relevant to the nature of your investigation and specific objectives. These must be acknowledged. Primary data may include observations, questionnaires and personal interviews. Secondary sources may include newspapers, documents, websites etc.
- (f) Process/organise data appropriately e.g. into tables, graphs, charts or written summaries. Include any relevant calculations e.g. percentages, ratios etc. The processed data is to be included in the body of the report while the raw data should be included in an Appendix at the end for verification by the assessor.
- (g) Interpret and analyse the processed data against the theory summarised in Step (d) above.
- (h) Make conclusions, including the ‘fit’ or relevance of the findings, referring back to the original objectives or hypotheses.
- (i) Evaluate the validity of your findings and the investigation, including comment on strengths and weaknesses of the research method used. Make any relevant recommendations.

- (j) Present the written report neatly with appropriate subheadings, labels, referencing, use of appendices, etc. and ensure that you submit it by the agreed deadline written in your research schedule. As a guide only, the report may be approximately 10 sides of A4 paper in length, including the Appendix.

TASK 2 (from Strand 2) Guidelines

Teacher Guidelines

The following guidelines are supplied to enable teachers to carry out valid and consistent assessment using this internal assessment resource. Teachers should refer to the Assessment Schedule in conjunction with this assessment resource. Note that teachers may need to vary the assignment slightly from year to year to ensure that plagiarism does not become an issue.

Context/setting

This assessment requires the student to collect and process information from primary and secondary sources and carry out an economic analysis. The theory to be investigated will be selected from Strand 2 of the *South Pacific Form Seven Certificate Economics Prescription*.

Purpose:

The purpose of this inquiry is to investigate the existence of merit and demerit goods in the community and the alternative policies available to alter the consumption levels of these types of goods. (Note: for the purpose of this investigation, assume that all merit goods have positive externalities while all demerit goods have negative externalities of consumption).

Hypothesis:

Any of the following scenarios comply with the requirements with regard to the use of a hypothesis as part of the investigation

- No hypothesis is used in the investigation, instead specific objectives are used
- A hypothesis is provided by the teacher for students to base their investigation on
- A hypothesis is developed by the student and approved by the teacher

Planning the investigation:

Any of the following scenarios comply with the requirements with regard to the planning of the investigation.

- Students may plan their own investigation
- Students may plan their investigation in consultation with the teacher
- Teachers could give feed forward guidance to students by requiring them to present material to do with the planning of their investigation at a pre set milestone

Collecting information:

- Collect information from a range of primary and/or secondary sources (A range means from at least three sources; for example, from three different websites, or the use of three different surveys, or the use of a variety of sources such as the internet, yearbook and textbook).

- Sufficient information must be collected so that the economic analysis that is undertaken enables students to demonstrate the use of the Seventh Form statistical skills (if appropriate to the investigation) stated in the Appendix of the South Pacific Form Seven Certificate Economics Prescription.
- Students should be directed to collect sufficient information to enable them to carry out a comprehensive economic analysis.

Processing information:

- Information processing involves the transformation of data into tables, graphs, summaries etc.
- Any primary data that is collected is to be compared with published information or secondary data that is available from sources in the public domain, e.g. text book.

Economic Analysis:

- The quality and depth of the economic analysis is the distinguishing feature between work at the level of achievement, merit and excellence (see Assessment Schedule)
- An economic analysis (achievement) requires the application of relevant economic theory to some of the information collected, and a conclusion(s) that is related to the analysis
- a full economic analysis (merit) includes the requirements for achievement and also requires the appropriate use of all of the information collected in the analysis, and a detailed conclusion(s) related to the analysis. Some recommendations are made.
- A comprehensive economic analysis (excellence) includes the requirements for achievement with merit, plus a thorough and appropriate exploration of the relationships between economic theory and the information collected consideration of weaknesses or limitations of the analysis (evaluation), and a thorough and justified conclusion related to the analysis. Relevant recommendations are made.

Presentation:

- Refer to the Assessment Schedule for guidance on presentation
- Learners should be encouraged to collate or summarise raw data and include the raw data in an appendix to their report for verification.
- This analysis is to be presented as a written report which, as a guide only, may be approximately 10 sides of A4 paper in length, including the Appendix.
- All sources of information and data are to be clearly acknowledged.

Conditions

- Information may be collected from primary and/or secondary sources.
- The information must be appropriately referenced.
- Students should present material at pre-set milestones.

Resource requirements

- School based library and information technology facilities should be made available wherever possible. Teachers may have to assist in the sourcing of some information.

Internal Assessment Resource: Task 2 - related to Learning Outcomes in Strand 2 of the South Pacific Form Seven Certificate Economics Aligned Prescription.

Guidelines for IA TASK 2

Teacher Guidelines

The following guidelines are supplied to enable teachers to carry out valid and consistent assessment using this internal assessment resource. Teachers should refer to the Assessment Schedule in conjunction with this assessment resource. Note that teachers may need to vary the assignment slightly from year to year to ensure that plagiarism does not become an issue.

Context/setting

This assessment requires the student to collect and process information and carry out an economic analysis. The data and theory to be investigated will be selected from any relevant Strand 2 Learning Outcomes of the *South Pacific Form Seven Certificate Economics Prescription*.

Purpose:

The purpose of this inquiry is to investigate the existence of merit and demerit goods in the community and the alternative policies available to alter the consumption levels of these types of goods. (Note: for the purpose of this investigation, assume that all merit goods have positive externalities while all demerit goods have negative externalities of consumption).

Hypothesis:

Any of the following scenarios comply with the requirements of the standard with regard to the use of a hypothesis as part of the investigation

- No hypothesis is used in the investigation
- A hypothesis is provided by the teacher for students to base their investigation on
- A hypothesis is developed by the student and approved by the teacher

Planning the investigation:

Any of the following scenarios comply with the requirements with regard to the planning of the investigation.

- Students may plan their own investigation
- Students may plan their investigation in consultation with the teacher

- Teachers could give feed forward guidance to students by requiring them to present material to do with the planning of their investigation at a pre set milestone

Collecting information:

- Collect information from a range of secondary sources (A range means from at least three sources; for example, from three different websites, or the use of three different publications, or the use of a variety of sources such as the internet, yearbook and textbook).
- Sufficient information must be collected so that the economic analysis that is undertaken enables students to demonstrate the use of the Seventh Form statistical skills (if appropriate to the investigation) stated in the Appendix of the South Pacific Form Seven Certificate Economics Prescription.
- Students should be directed to collect sufficient information to enable them to carry out a comprehensive economic analysis.

Processing information:

- Information processing involves the transformation of data into tables, graphs, summaries etc.
- The secondary data collected must be able to be compared with published information that is available from sources in the public domain, e.g. text book theories.

Economic Analysis:

- The quality and depth of the economic analysis is the distinguishing feature between work at the level of achievement, merit and excellence (see Assessment Schedule)
- An economic analysis requires the application of relevant economic theory to some of the information collected, and a conclusion(s) that is related to the analysis
- A full economic analysis includes the requirements for achievement and also requires the appropriate use of all of the information collected in the analysis, and a detailed conclusion(s) related to the analysis. Some recommendations are made.
- A comprehensive economic analysis includes the requirements for achievement with merit, plus a thorough and appropriate exploration of the relationships between economic theory and the information collected consideration of weaknesses or limitations of the analysis (evaluation), and a thorough and justified conclusion related to the analysis. Relevant recommendations are made.

Presentation:

- Refer to the Assessment Schedule for guidance on presentation
- Learners should be encouraged to collate or summarise raw data and include the raw data in an appendix to their report for verification.
- This analysis is to be presented as a written report which, as a guide only, may be approximately 10 sides of A4 paper in length, including the Appendix.
- All sources of information and data are to be clearly acknowledged.

Conditions

- Information must be collected from secondary sources.
- The information must be appropriately referenced.
- Students should present material at pre-set milestones.

Resource requirements

- School based library and information technology facilities should be made available wherever possible. Teachers may have to assist in the sourcing of some information.

Student Instructions

You are required to undertake an investigation of the existence of merit and demerit goods in the community and the alternative policies available to alter the consumption levels of these types of goods. (Note: for the purpose of this investigation, assume that all merit goods have positive externalities while all demerit goods have negative externalities of consumption).

- (a) **Carefully** choose an appropriate local example of one merit and one demerit good to investigate.
- (b) Outline the nature of the investigation – essentially to gather, process and analyse data to enable you to examine whether the economic relationships predicted by economic theory occur in macro-economic statistics for your chosen economy over a minimum of 10 time periods. Include specific objectives or hypotheses.
- (c) Summarise the procedures to be followed (including Research Schedule and milestones). This investigation will take approximately 2 weeks, and will predominantly be an in-class activity. Your plan will need to be checked by your teacher before you proceed.
- (d) Include a brief summary of the economic theory in the prescription relevant to your investigation and specific objectives.

This will include, but is not limited to:

- defining and giving examples of positive and negative externalities of consumption for merit and demerit goods;
- deriving and use social marginal cost and benefit curves to illustrate externalities of consumption; identifying and comparing the social equilibrium (social preference) with the private market equilibrium (private preference);
- identifying and evaluating a range of alternative means of increasing (decreasing) the consumption of merit (demerit) goods in order to internalise the externalities and reach the social preference or equilibrium.

- (e) Gather relevant data from secondary sources relevant to the nature of your investigation and specific objectives. These must be acknowledged. Secondary sources may include newspapers, documents, websites and sets of statistics provided to you by your teacher if necessary. The sets of data should be as current as possible and cover a minimum of 10 consecutive time periods.
Note: the data can relate to any combination of the Learning Outcomes from Strand 2 of the Prescription.
- (f) Process/organise data appropriately e.g. into tables, graphs, charts or written summaries. Include any relevant calculations e.g percentage change, etc. The processed data is to be included in the body of the report while the raw data should be included in an Appendix at the end for verification by the assessor. If possible, Excel spreadsheets should be used to assist students process and graph their data and speed up this step. Accurately hand drawn graphs and tables however, are also acceptable.
- (g) Interpret and analyse the processed data against the theory summarised in Step (d) above.
- (h) Make conclusions, focusing on the ‘fit’ or relevance of the findings, referring back to the original objectives or hypotheses. Try to explain unexpected ‘misfits’ in the analysis e.g. the existence of time lags.
- (i) Evaluate the validity of the investigation, including comment on strengths and weaknesses of the research method used and recommend any changes that could be made.
- (j) Present the written report neatly with appropriate subheadings, labels, referencing, use of appendices etc. and ensure that you submit it by the agreed deadline written in your research schedule. As a guide only, the report may be approximately 10 sides of A4 paper in length, including the Appendix.

Appendix 2: Assessment Schedule for the two IA Tasks (15%)

The following is a **generic Assessment Schedule (or Scoring Rubric)** to be used for each of the Internal Assessment tasks. Changes can be made to suit the requirements of the specific investigations or studies used. Scores have been grouped into skill levels and any score within a skill level may be granted according to the teacher's professional judgement – but no half scores may be granted.

Task item	SLO code for IA Task 2	SLO code for IA Task 1	Skill Level	Level 1	Level 2	Level 3	Level 4
state the purpose/hypotheses for the investigation	Eco2.2.1.1	Eco1.5.1.1	1	Purpose is stated			
state objectives for the investigation	Eco2.2.1.2	Eco1.5.1.2	1	Objectives are stated			
outline background information on the research topic	Eco2.2.2.1	Eco1.5.2.1	2	Basic background information is provided	Background information is comprehensive		
summarise the methodology used in the research	Eco2.2.2.2	Eco1.5.2.2	2	Methodology is provided but not complete	Methodology is complete		
plan an appropriate list of activities and procedures to carry out the investigation	Eco2.2.2.3	Eco1.5.2.3	2	Plan is provided but basic only	Plan is comprehensive and workable		
collect relevant information and data from a wide range of sources	Eco2.2.2.4	Eco1.5.2.4	2	Only basic pieces of data collected	Complete sets of data collected		
acknowledge sources of information	Eco2.2.2.5	Eco1.5.2.5	2	One acknowledgement is provided	More than one provided and citation method is correct		

process all data collected by using relevant tools and models (tables and graphs)	Eco2.2.3.1	Eco1.5.3.1	3	Data pieces are organised into simple tables	Data pieces are tabulated and graphs are given but not complete	Data pieces are tabulated and graphs are given and all complete	
interpret and analyse fully / accurately all the information and data showing trends	Eco2.2.3.2	Eco1.5.3.2	3	A simple/basic data trend is provided	More than one data trends are provided but not linked back to findings	Interpretations are provided and well linked to data trends	
discuss findings using a wide variety of economic tools and models related to the objectives of the investigation	Eco2.2.4.1	Eco1.5.4.1	4	Basic discussion that is superficial	A number of relevant ideas are provided but they are distinct/disjointed	Relevant ideas are well linked back to findings with strong links to economic ideas	Related ideas are well linked to findings and to the overall purpose of the investigation
analyse economic tools and models related to the objectives of the investigation.	Eco2.2.3.3	Eco1.5.3.3	3	Economic ideas are given but superficial	A number of reference are made to economic tools	Economic tools mentioned are well linked to the purpose of the investigation	
draw conclusions, clearly related to the objectives and make recommendations for future research	Eco2.2.4.2	Eco1.5.4.2	4	A very basic statement of conclusion is given	More than one statement but not well linked together	More than one concluding statement that are coherently linked to the overall purpose of the investigation	Related concluding statements that are coherently linked to the overall objectives of the investigation with recommendations for future research
state the limitations of the research and recommend alternatives for future research	Eco2.2.2.6	Eco1.5.2.6	2	One limitation is stated	At least one limitation and at least one alternative is recommended		

Appendix 3: IA Summary Form

**SOUTH PACIFIC FORM SEVEN CERTIFICATE
ECONOMICS
IA Summary Form**

Country: _____ *School:* _____

Task	Brief Description of Task	Start Date	Finish Date	Weight (%)
Task 1 (Investigation from Strand 1)				15%
Task 2 (Investigation from Strand 2)				15%
Total				30%

- Note:**
1. Be specific about dates, not just Week 3 Term 1, etc.
 2. Assessment schedules for the tasks are provided in the prescription. Teachers must use these.
 3. All IA Score Capture Sheets will be provided by EQAP to schools.

Teacher's Name and Signature:

Principal's Name and Signature:

A full IA program is to be submitted together with this IA Summary Form.

ECONOMIC SKILLS

The following is a list of thinking, statistical and investigative skills that are relevant to the teaching of Economics in high schools. For statistical and investigative skills, the list shows how the skills can be introduced at an elementary level in junior high school and be developed through the fifth, sixth and seventh form years. Students can generally begin a study of Economics at any level, but need to be aware of the skills expected to be understood or learnt at the particular year level in which they enter. These skills will facilitate the achievement of the Learning Outcomes and provide criteria against which students' achievement can be measured. In addition to the following skills, students should demonstrate an ability to communicate information and ideas using appropriate written, oral and when possible, IT methods.

THINKING SKILLS

Students should continue to develop the following skills as they progress through school and these skills form the basis for the investigative and statistical skills.

- **Recall of knowledge / Selecting data**
The student is able to recall information, definitions and concepts, theories and processes, and select relevant data from a variety of sources.
- **Comprehension**
The student is able to interpret supplied data, translate information from one form to another, and define and explain terms
- **Processing Information**
The student demonstrates the ability to select and organize information, present the information in an appropriate manner, analyse important elements of information and the relationships between them, develop and apply methods and models to problem solving, and synthesise information in order to arrive at relevant conclusions.
- **Evaluation**
The student demonstrates the ability to draw conclusions, make generalizations, judgments and recommendations, and make predictions.

STATISTICAL SKILLS

The development and use of statistical skills is an important component of each level of an economics programme.

- **Junior High School (if offered)**

At this level, students should be able to interpret simple statistical data involving the selection of numbers from paragraphs and tables, the ordering and grouping of numbers,

and understanding simple numeracy (including percentages, using calculators, reading decimals, and understanding ratios).

They should be able to construct and interpret simple graphs, such as unit graphs (pictograms), column graphs, histograms, pie graphs and line graphs.

- **Fifth Form**

As well as being competent in the skills outlined for junior high school, students in form five should be able to rank sizes, work with means, medians and ranges, and calculate percentage changes.

They should also be able to construct and interpret graphs listed for junior high school plus multi-line graphs using common scales, positive/negative column graphs and percentage (bar) graphs, and be able to interpolate from line graphs (i.e. read values from intermediate points).

- **Sixth Form**

At this level, students should be able to analyse, synthesise, and evaluate the data the statistical data and the graphs listed in junior high and form five plus index graphs (e.g. Consumers' Price Index) and cumulative frequency graphs (comprehension only), and be able to use matrices (i.e. arrays of numbers), economic indicators, and price indices, as well as distinguish between real and nominal values.

They should also be able to design and construct the graphs listed for junior high and form five plus compound column graphs and multi-line graphs using two scales.

- **Seventh Form**

At this level, students should be able to select, analyse, synthesise, and evaluate the statistical data and the graphs listed in each of the three previous levels plus scatter diagrams/best fit lines, deviations from the mean, log scale graphs, and normal/positive/negative distributions, as well as calculate elasticities.

They should also be able to design and construct the graphs listed in the previous three levels.

INVESTIGATIVE SKILLS

- **Junior High School (if offered)**
At this level, students should undertake simple investigations involving collecting information and data, analyzing and interpreting the information or results, and presenting conclusions in an appropriate form.
- **Fifth Form**
At this level, students' investigations should involve determining the investigation procedure, selecting and collecting the appropriate information and data, analyzing and interpreting the information or results, and presenting conclusions in an appropriate form.
- **Sixth Form**
At this sixth and seventh form levels investigations would involve defining the task (with assistance), students' determining the investigation procedure, selecting, collecting, and evaluating appropriate information and data, analyzing and interpreting the information or results, and presenting conclusions in an appropriate form.
- **Seventh Form**
At this level, students would be expected to undertake investigations independently.

ADVISORY SECTION

1. Suggested Texts and Workbooks

This is a list (as of June 2011) of some commonly used Economics texts and workbooks that are available and used in teaching the Year 13 (Seventh Form) Economics course in New Zealand. It is important teachers use this as a guide only and check current book lists available through publishers and book retailers.

Texts:

- Senior Economics (Second Edition), 2008, by Geoff Evans (Pearson Education NZ)
ISBN: 978-0-582-54807-7

Student Workbooks

- Senior Economics Workbook, by Geoff Evans, Ben Cahill and John Rogers,
(Pearson Education NZ) ISBN: 0-582-54511-0
- Level 3 Economics workbooks (Books 1, 2 and 3) 2009, by Richard Dykes (ABA Books Ltd)
(Teacher Guides and Solutions are available for each of the 3 workbooks)
- Economics Learning Workbook, 2009, by Phillip Jellyman, (ESA Publications (NZ) Ltd)
ISBN: 978-1-877459-59-7

2. Suggested Other Resources

Look for the following types of reports (hard copy or from websites) relevant to each South Pacific country in which the students are based.

- Reserve (Central) Bank Bulletins
- Central Planning Strategic/Year Plans
 Various specific reports
 Economic Bulletins
- Statistics Department Year Books
 Other reports
- Government Budget Reports
- Banks Period reports
 Newsletters and other publications
 World Bank and IMF Reports
- Various magazines available and appropriate to the region including *Pacific Island Business* and *Island Business*.
- Various newspapers and other periodicals of the region
- Various videos/DVDs and news broadcast (TV/Radio)
- The Internet

Including:

- Secretariat of the Pacific Board for Educational Assessment (SPBEA) www.spbea.org.fj for assessment information, examiner's reports, etc
- The New Zealand Qualifications Authority (NZQA) www.nzqa.govt.nz for information on assessment, examiner's reports (Bursary), etc
- New Zealand Commerce and Economics Teachers Association www.NZCETA.co.nz for resources and other information.
- Te Kete Ipurangi (TKI) www.tki.org.nz for teaching guides, internal assessment tasks and other teaching resources

3. Suggested Teaching Programme

This is an example of a teaching programme (timeline) showing the time that needs to be spent on different learning outcomes on which teachers can base their schemes of work. The programme allows for spare weeks for term holidays, time out, revision, exams, etc. With countries/schools in the region having a variety of term times, teachers will need to plan their own programmes using this as a guide. It is important that time is incorporated into the programme for students to carry out the work necessary for the two internal assessment tasks.

4. Suggested Teaching Programme – Form 7 Economics

Week	Learning Outcome	Assessment
Term I	Strand 1: Resource Allocation via the Market System (11 wks)	
1	Understand the economic problem of scarcity and allocation.	
2	Apply supply and demand analysis to factor and commodity markets	
3	Derive downward-sloping individual and market demand curves and explain shifts in Market Demand	
4	Define and calculate price, income and cross elasticity of demand and show their applications	
5	Continue	
6	Derive an upward-sloping supply curve for an individual perfectly competitive firm and for the market supply curve	
7	Explain shifts in individual firms' supply curves, define and show graphically price elasticity of supply	
8	Continue	
9	Understand the concept of market equilibrium, and explain why markets tend towards that equilibrium	Begin Internal Assessment 1
10	Apply marginal analysis to perfectly competitive firms' output decisions.	
11	Continue	
12	Compare and contrast the firm's behaviour in a monopolistic market with that in a perfectly competitive market.	
13	Investigate the range of market structures	

Term II		
1	Exam Revision	
2	Exam Revision	
3	Exam Revision	
4	Exam Revision	
5	Exam Time	Exam
	Strand 2: Resource Allocation via the Public Sector (7 wks)	
6	Understand that a legal system and framework exists which enables the state to intervene in the market through different policy measures, should market failure be identified	
7	Describe the nature of positive and negative externalities of production, and how they relate to resource allocation in the market	Begin Internal assessment 2
8	Explain how natural monopolies may or may not operate for the good of society	
9	Describe the characteristics of public goods and identify the reasons why the market will not, or cannot, supply them in sufficient quantities	
10	Explain why the free market solution is not always equitable, and show how governments may intervene for greater equity at the cost of efficiency	
11	Describe the nature of positive and negative externalities of consumption and how they relate to resource allocation in the market; link these concepts to merit and demerit goods	
	Strand 3: Aggregate Economic Activity and Policy (10 wks)	
12	Demonstrate an understanding of economic activity in terms of the circular flow of income and spending	
13	Demonstrate an understanding of external influences that affect the economic activity of a country in the South Pacific region	
14	Demonstrate an understanding of the domestic market for money and credit	

Term III		
1	Demonstrate an understanding of the impact of fiscal policy	
2	Use aggregate demand and supply analysis to show the relationship between the general price level, employment and total output	
3	Use the aggregate demand/aggregate supply model to analyse the impact of changes in fiscal and monetary policy and other factors	
4	Demonstrate application of real world macroeconomics data to economic theory and models	
5	Exam Time	Exam
6	Examination review	
7	Continue with application of real world macroeconomics data to economic theory and models	
8	Revision/exam preparation	
9	Revision/exam preparation	