# Year 10 HASS Economics Cheatsheet

**Units 2.3–2.5: Indicators of Economic Performance, Living Standards, Distribution of Wealth & Income**

# Unit 2.3: Indicators of Economic Performance

## Key Definitions

1. **Economic Growth**

   - Increase in the value of goods/services produced by an economy over time.
   - Measured as **% change in real GDP** (adjusted for inflation).
   - **Target**: 2–4% annual growth (sustainable range for Australia).

2. **Unemployment**

   - % of working-age individuals actively seeking employment but unable to find work.
   - **Formula**:


   - **Excludes**: Students, retirees, caregivers, disabled.

3. **Inflation**

   - Sustained increase in the general price level of goods/services.
   - **Target**: 2–3% annually (Reserve Bank of Australia).
   - Measured via **Consumer Price Index (CPI)** (tracks 1,000 common goods/services).

4. **Quantitative Indicator**

   - Numerically measurable data (e.g., GDP, unemployment rate, CPI).

## GDP & Economic Growth

- **Gross Domestic Product (GDP)**: Total monetary value of all final goods/services produced in a country annually.

  - Components: Consumption + Investment + Government Spending + Net Exports.
  - **Real GDP**: Adjusted for inflation; reflects true economic output.

- **GDP Per Capita**

  - GDP ÷ population.
  - Measures average economic output per person (e.g., Australia: ~$55,000 vs. India: ~$2,100).

**Limitations of GDP**

- Excludes non-market activities (volunteering, housework).
- Includes harmful activities (pollution, weapons production).
- Ignores income inequality and environmental costs.

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## Types of Unemployment

1. **Frictional**: Short-term unemployment between jobs (e.g., recent graduate job-hunting).
2. **Structural**: Skills mismatch due to technological/industry changes (e.g., automation replacing factory workers).
3. **Cyclical**: Linked to economic downturns (e.g., layoffs during recessions).
4. **Seasonal**: Job loss due to seasonal changes (e.g., ski instructors in summer).

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## Inflation & Causes

1. **Demand-Pull Inflation**

   - Excess demand for goods/services (e.g., post-pandemic spending surges).

2. **Cost-Push Inflation**

   - Rising production costs (e.g., oil price hikes increasing transport costs).

**Hyperinflation Example**

- Germany (1923): Prices doubled every 3.7 days due to excessive money printing.

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# Unit 2.4: Living Standards

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## Key Definitions

1. **Standard of Living**

   - Material wellbeing (income, access to goods/services).
   - Measured via **HDI** (Human Development Index).

2. **HDI**: Composite index (0–1) combining

   - Life expectancy.
   - Education (mean/expected years of schooling).
   - Gross National Income (GNI) per capita.
   - *Australia ranked 8th globally (2019)*.

3. **Quality of Life**

   - Subjective wellbeing (e.g., safety, environment, equality, work-life balance).

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## Factors Affecting Living Standards

1. **Historical**

   - Colonial exploitation (e.g., UK, France).
   - War/political instability (e.g., Syria).

2. **Economic**

   - Foreign investment (e.g., China's growth post-1980s).
   - Debt mismanagement (e.g., developing nations in "debt traps").

3. **Social**

   - Wealth inequality (e.g., property ownership in Australia).

**Case Study: Australia's Inequality**

- *Samantha (low SES)* vs. *Andrew (high SES)*: Disparities in education, employment, housing despite GDP growth.

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# Unit 2.5: Distribution of Wealth & Income

## Key Definitions

1. **Wealth**: Stock of assets (property, savings, shares).
2. **Income**: Flow of money from wages, investments, etc.
3. **Gini Coefficient**
   - Measures income inequality (0 = perfect equality; 1 = maximum inequality).
   - *Australia: ~0.33 (relatively low inequality)*.

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## Income Distribution in Australia

- **Top 20%**: Earn 48% of total income.

- **Bottom 20%**: Earn 4% of total income.

- **Wealth Inequality**:

  - Top 20% own 62% of wealth; bottom 20% own less than 1%.

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## Government Redistribution

1. **Progressive Tax System**

   - Higher earners pay higher tax rates (Table 2.3).
     - E.g., $180k+ income taxed at 45%.

2. **Social Welfare Programs**

   - JobSeeker, pensions, Family Tax Benefit, childcare subsidies.

## Key Debate

- **Should Australia tax the wealthy more?**
  - **Pros**: Reduces inequality, funds public services.
  - **Cons**: Disincentivizes entrepreneurship, capital flight.

# Final Notes

- Memorize formulas (unemployment rate, tax brackets).
- Use case studies (e.g., HDI rankings, COVID-19 unemployment spike).
- Link concepts (e.g., high GDP ≠ high quality of life).