



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Level 2, 2003

Economics: Explore issues using economic concepts and statistical data (90236)

National Statistics

Assessment Report

Assessment Schedule

Economics: Explore issues using economic concepts and statistical data (90236)

National Statistics

Number of Results	Percentage achieved			
	Not Achieved	Achieved	Merit	Excellence
4,522	42.7%	47.8%	7.1%	2.4%

Assessment Report

Every candidate for a National Certificate of Educational Achievement examination paper is expected to:

- read the question and do what the question asks
- allow adequate time to complete answers
- be accurate: check and/or proofread
- use appropriate technical terms
- bring the correct equipment
- write and/or draw clearly
- use pen if work is to be eligible for reconsideration.

General Comments

The standard gives clear guidelines of the level of economic literacy required and candidates who gained Achievement with Merit or Achievement with Excellence were able to provide evidence for the two essential strands.

The first strand required candidates to define and describe economic concepts and terms in relation to the issues:

- candidates must focus on writing precise definitions that use a synonym, more than simply repeating the word required to be defined
- candidates must also focus on using the definition to apply to an issue. Those who did well in this aspect read the question carefully and applied the definition as required eg explain why real GDP is a better measure of a country's economic well being than nominal GDP – Real GDP takes into account changes in the price level and therefore measures changes in real output.

This paper focused on definitions and applications clearly outlined in the achievement standard.

The second strand of the standard required candidates to process and interpret statistical data in relation to the issues. To do this at an appropriate level

- candidates had to be able to read simple graphs and tables. Good candidates recognised and used the appropriate units associated with these graphs/tables eg unemployment rates were shown as a percentage on a graph, and these candidates discussed rates rather than numbers
- candidates must focus on interpreting data with objective and relevant statements
- good candidates recognised that all statistics have limitations; those required for this examination were the limitations of growth, employment and inflation statistics
- candidates must have a sound knowledge of how to complete the required mathematical calculations for this particular achievement standard. This examination required percentage change, real GDP, inflation rate and trade balance calculations. All of these are specified in the standard and candidates who could complete them, gained Achievement easily.

Candidates must follow the instructions about the amount of information required. Some candidates gave one point if this was what the question required or two if required. It is very important that this instruction is followed.

Achieved – candidates who attempted all questions generally achieved the standard. These candidates were able to define terms and complete basic skills relating to reading of graphs and statistical data.

Merit – candidates who gained Achievement with Merit were generally strong in both strands of the paper. They paid particular attention to the detail supplied and made reference to this information.

Excellence – candidates who gained Achievement with Excellence were able to evaluate and analyse clearly, precisely and effectively in both strands of the paper.

Assessment Schedule

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Evidence Statement

PART A

A, M, E	Question	Evidence	Evidence contributing to Achievement	Evidence contributing to Achievement with Merit	Evidence contributing to Achievement with Excellence
A ₁	1	Regional trade is between provinces or cities in NZ, eg Canterbury farmer selling wheat to a North Island bread manufacturer International trade is between countries, eg NZ exporting dairy products to Australia.	Difference between regional and international trade is described.		
A ₁	2a	Equality – idea of people being treated the same.	Definition required		
M ₁	2b	Example: both Latai and Hania get paid the same amount per container of fruit they pick.		Example required from text given	
A ₁	2c	Equity – is the idea of fairness.	Definition required		
M ₁	2d	Example: it is unfair that Latai gets less overall pay as she picks only ripe fruit and has helped other people.		Example required from text given	
A ₁	3(a)	Disinflation – fall in the inflation rate (must indicate that it is rate and not say inflation is falling).	Definition required.		
M ₁	(b)	The kumara is an individual market. The CPI measures average price changes across a number of individual markets. So while the price of kumara is falling, the price of most goods and services is rising.		Idea of price in individual markets versus average price change over a number of markets	
A ₁	4(a)	(i) Frictional (ii) Structural (iii) Cyclical	All three identified.		
M ₁	(b)	Structural unemployment is the worse type as people have the wrong skills for the jobs that need to be filled. This requires some retraining. Frictional unemployment is only temporary, as people are between jobs or seasonally unemployed. The Government will be more concerned about structural unemployment.		Correctly explains why the government would consider structural to be more serious.	
A ₁	5(a)	Money value of all goods and services produced in NZ in one year (value, where, time period).	Definition required.		
M ₁	(b)	Real GDP takes into account changes in the price level (inflation), therefore it measures changes in real output (output comment critical to show well-being).		Required.	

PART B

A, M, E	Question	Evidence	Evidence contributing to Achievement	Evidence contributing to Achievement with Merit	Evidence contributing to Achievement with Excellence
A ₂	1(a)	A valid trend or observation identified which must relate to the rate not the number of unemployed eg: (1) Young people are more likely to be unemployed (2) Maori males and females are more likely to be unemployed than Pakeha males and females (3) Maori women aged 15–45 are most likely to be unemployed. (4) The rate of unemployment decreases as age increases	Trend identified.		
M ₂	(b)	eg: Young people are less qualified/ people become more qualified, experienced as they get older/valid location reason		Reason correctly explained, must relate to the correct trend being identified	
M ₂	(c)	Census data is recorded only every 5 years so the data is often out of date and less useful.		A limitation is explained.	
A ₂	2(a)	2000 – \$74 000 Real GDP 2001 – \$78 585 Real GDP	Both required.		
A ₂	(b)	Had to identify one quarter only for the answer (i) June 2000 (ii) September or December 1998 (iii) September–December 1998, June 1997–June 1998, June 2000 to Sept 2001	2 of 3 required.		
M ₂	(c)	Eg (Not essential to relate to Samoa) Income and wealth distributions: Real GDP does not allow for level of non-market activity, eg in Samoa many people/families may grow their own food Quality of life/environment – Samoa may be a better place to live as it has a more relaxed lifestyle and less pollution etc. What is produced – NZ may produce many goods/services that do not increase people's standard of living, such as defence.		2 limitations are explained.	

A, M, E	Question	Evidence	Evidence contributing to Achievement	Evidence contributing to Achievement with Merit	Evidence contributing to Achievement with Excellence
A ₂	3(a)	3.5% 2.9%	One required.		
M ₂	(b)	Eg (1) The CPI assumes an average basket of goods and services which households consume, for a typical household. What is a typical household? (2) Only prices in urban areas are surveyed so the CPI does not truly reflect all prices in the economy. (3) Weightings can change over time (4) Goods can change over time (5) Quality of goods can change over time because of improvements in technology, and become cheaper but the CPI may not reflect that change		Limitation is identified and the limitation is explained.	
A ₂	4(a)	988 –1329 or (1329)	Both required (including negative).		
A ₂	(b)(i)	Australia	Required.		
M ₂	(ii)	People's Republic of China. Idea of it having had the biggest percentage increase from the previous year. The answer should indicate the idea of rate not numerical amounts.		Explains why China is fastest growing.	
A ₂	(c)	If the current upward trend continues then this means the NZ dollar is appreciating.	Description of the trend		
M ₂		This will make exports less price competitive overseas and reduce export receipts. Imports will become cheaper and NZ is likely to import more. Less export receipts and more import payments will have a negative impact on the trade balance.		Explanation gives the idea of a negative impact on the trade balance and one reason (exports or imports) why.	

PART C

A, M, E	Question	Evidence	Evidence contributing to Achievement	Evidence contributing to Achievement with Merit	Evidence contributing to Achievement with Excellence
M ₁ , E ₁	1	<p>Definition 1 <i>Strengths:</i> 1. easiest to measure 2. recognises that some people are not able to work – disabled etc 3. at equilibrium 4. no involuntary unemployment.</p> <p><i>Weaknesses:</i> 1. unlikely to occur in real life and therefore is not as meaningful 2. doesn't show underemployment 3. extent of voluntarily unemployed at this wage rate is not known.</p> <p>Definition 2 <i>Strengths:</i> 1. logical as some unemployment will always exist and this definition accepts that.</p> <p><i>Weaknesses:</i> 1. jobs advertised are unlikely to match the skills 2. the unemployed jobs are located 3. many jobs will not be advertised.</p> <p>Definition Three <i>Strengths:</i> 1. accepts that some unemployment will always occur and politicians can decide for society what is an acceptable level.</p> <p><i>Weaknesses:</i> 1. debatable what is politically acceptable 2. politicians can use this definition for their benefit 3. could change when the Government changes – not consistent.</p>		Explains at least TWO of the possible strengths or weaknesses of the four required.	Explains THREE or more strengths or weaknesses of the four required
E ₁	1	<p>Conclusion eg Definition 3 is the best as it accepts that some unemployment will always exist, and it has flexibility in that it allows politicians to decide what is an acceptable level of unemployment for society. eg Definition 1 is more useful than 3 because it is less a matter of opinion and more a matter of fact. There will always be people who won't/can't work and this statement accepts this fact and it is not a judgement or an opinion.</p>			Must make a decision. Clearly justifies their choice of the best definition. This should not be just a restatement of the strengths and weaknesses.

A, M, E	Question	Evidence	Evidence contributing to Achievement	Evidence contributing to Achievement with Merit	Evidence contributing to Achievement with Excellence
M ₂ ,	2 (a)	<p>Real GDP and the Unemployment Rate</p> <p>Relationship: an increase in real GDP will cause a decrease in unemployment</p> <p>Reason: increase in GDP means more goods and services are being produced so this will increase demand for labour and employment.</p>		Must clearly explain the expected relationship	
E ₂	(b)	<p>Extent to which graph shows relationship: from 1986 to 1992 the % change in real GDP was falling and at the same time unemployment was rising. When the % change in real GDP rose from 1992 to 1996 unemployment rate fell. Again, 1998–99 % change in real GDP fell and at the same time unemployment rose.</p> <p>Must have a statement that assesses the extent of the relationship. That there are variation in the data and that the relationship may not always be consistent</p>			Must explain the EXTENT to which the data shows the expected relationship
E ₂	(c)	<p>Idea of it sometimes being difficult to clearly identify relationships between variables. In this case a rise in GDP may not lead to more employment as greater productivity may mean the same workers can produce more.</p> <p>Must have specific reasons.</p>			Comprehensively analyses the data by explaining the expected relationship and then identifying periods on the graphs when this relationship does or does not hold and suggests some reasons why.

A, M, E	Question	Evidence	Evidence contributing to Achievement	Evidence contributing to Achievement with Merit	Evidence contributing to Achievement with Excellence
M ₂ ,	2(a)	<p>Real GDP and Balance on Goods & Services</p> <p>Relationship: an increase in balance on goods and services will cause an increase in real GDP.</p> <p>Reason: an increase in balance on goods and services will mean NZ exporters are earning more revenue from the sale of goods and services overseas. This will increase their income and therefore real GDP will rise also.</p>		Must clearly explain the expected relationship.	
E ₂	(b)	<p>Extent to which graph shows relationship: when balance on goods and services declined in 1994 to 1996, the % change in real GDP is falling. In 1998–99 the balance on goods and services is in the negatives and the % change in real GDP is low. When the Balance of Trade improved from 2000 onwards, the % change in real GDP was higher.</p> <p>Must have a statement that assesses the extent of the relationship, there must be some acknowledgement that the relationship may not always be consistent.</p>			Must explain the EXTENT to which the data shows the expected relationship
E ₂	(c)	<p>Idea of it sometimes being difficult to clearly identify a relationship between real GDP and Balance on Goods and Services as other factors such as consumer spending, investment will influence GDP.</p> <p>Must have specific reasons.</p>			Comprehensively analyses the data by explaining the expected relationship and then identifying periods on the graphs when this relationship does or does not hold and suggests some reasons why.

Judgement Statement

Judgement statements (formerly referred to as sufficiency statements) help candidates understand how their overall results for each standard were arrived at.

Achievement	Achievement with Merit	Achievement with Excellence
PART A		
<p><i>Define and describe economic concepts and terms in relation to the issues</i></p> <p>Any 4 × A₁ or better</p>	<p><i>Explain and apply economic concepts and terms in relation to the issues</i></p> <p>Achievement plus any 4 × M₁ or better</p>	<p><i>Evaluate economic concepts and terms in relation to the issues</i></p> <p>Merit plus any 1 × E₁</p>
PART B		
<p><i>Process and interpret statistical data in relation to the issues</i></p> <p>Any 5 × A₂ or better</p>	<p><i>Analyse statistical data in relation to the issues and recognise limitations of the data</i></p> <p>Achievement plus 4 × M₂ or better</p>	<p><i>Comprehensively analyse statistical data in relation to the issues</i></p> <p>Merit plus any 1 × E₂</p>