



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Level 2, 2003

Economics: Examine economic issues (90237)

National Statistics

Assessment Report

Assessment Schedule

Economics: Examine economic issues (90237)**National Statistics**

| Number of Results | Percentage achieved | | | |
|-------------------|---------------------|----------|-------|------------|
| | Not Achieved | Achieved | Merit | Excellence |
| 4,550 | 46.9% | 31.1% | 16.0% | 6.0% |

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

Most candidates displayed some understanding of the requirements of this standard. For the first tier, the theme of education and the knowledge-based economy provided an opportunity to the candidates to display their skills and knowledge. The majority of candidates were able to use the models to illustrate aspects or explain changes relating to the issues.

The most frequent problem at this tier was a lack of precision with economic definitions. For example the vast majority of candidates confused the accounting and economic meanings of 'investment' early in the paper and the pivotal role investment contributes to economic growth. A similar number of candidates could not describe the term 'derived demand for teachers' or explain why the supply curve for teachers became vertical. The labour market graph was not well understood despite it being a standard extension of basic supply and demand analysis. Almost all candidates wrote of a 'decrease in demand' instead of a 'decrease in quantity demanded', although this was not directly penalised.

Other common errors were the use of abbreviations, and the failure to illustrate graphs according to standard convention.

For the Merit and Excellence questions at this tier, the candidates were required to 'explain factors which influence economic growth' or 'identify assumptions and explain why an outcome might be different from that of the model'. In these questions many candidates had the correct idea but restated the question or could not write with sufficient precision to gain Achievement with Merit or Achievement with Excellence. The candidates who attained Excellence often showed a great understanding of the economic models and wrote of their New Zealand application with economic fluency.

At the second tier, 'identifying, describing and explaining effects of issues', a larger proportion of candidates exhibited poor understanding of the application of the models, and lacked the methodology to apply them to the New Zealand economic situation.

Many candidates struggled to identify and describe 'social' and 'economic' effects of an event or policy, 'positive' and 'negative' consequences, or how a situation would be affected by or be interpreted by 'environmentalists', or 'households', or 'businesses' or even 'teachers'.

The paper was based on understanding, interpretation and economic literacy skills. It covered the economic models in the achievement standard and gave candidates opportunity to achieve at all levels. Some candidates did little more than answer the first question, with the incorrect letter. Conversely almost one quarter of the candidates showed high levels of skill, and economic literacy, in gaining Achievement with Merit or Achievement with Excellence.

Assessment Schedule

Economics: Examine economic issues (90237)

Evidence Statement

| Question | Evidence | Evidence contributing to Achievement | Evidence contributing to Achievement with Merit | Evidence contributing to Achievement with Excellence |
|----------|---|--------------------------------------|---|--|
| 1(a) | Goods and Services (line D). | A1 | | . |
| (b)(i) | Savings is foregone consumption; Investment is capital creation. <i>Candidate must show the difference between the terms in economic context.</i> | A1 | | |
| (b)(ii) | Increased investment → more capital goods → increased productivity (or production) → economic growth. | A1 | | |
| (c) | increased goods and services increased employment; increased (real) incomes; increased savings; increased leisure <i>Two required</i> | A2 | | |
| (d) | Greater use of resources = faster depletion, more pollution. <i>One required.</i> | A2 | | |
| (e) | Increased education = workers become more productive or innovative so production increases. <i>A clear link between the two concepts is established.</i> | A1 | M1 | |
| (f) | Not all households have the same level of resources, so command different incomes. Or inflation affects different groups unevenly. <i>Clear linkage to growth.</i> | A2 | M2 | |
| G 1 & 2 | Candidates describe how other factors; Government, OCR, Trade, Political, Weather (drought), Migration have an effect. <i>Recognition and attempted explanation for Merit</i> <i>Not I and S – these are included in two sector model</i> <i>Candidates clearly explain how the factors impact on economic growth.</i> | | M1 M1 | E E <i>two chances</i> |
| 2(a) | Curve A shows equality of income distribution but curve B indicates that income distribution is unequal. <i>The candidate should show the difference between the curves in the context of a Lorenz curve.</i> | A1 | | |
| (b) | Positive: desire to succeed/the 'profit motive'. Negative: social division/ 'social ills' <i>Two legitimate effects required.</i> | A2 | | |

| Question | Evidence | Evidence contributing to Achievement | Evidence contributing to Achievement with Merit | Evidence contributing to Achievement with Excellence |
|-------------------|--|--------------------------------------|---|--|
| 2(c) | Curve A <i>Curve B is arguable but needs explanation even for Achieved.</i> Explanation for Curve A. If all have access to education then all should have equal skills and therefore a move towards income equality. <i>Candidate shows understanding of the causes of income inequality and how the problems may be rectified.</i> | A1 | M1 | |
| (d) | Higher incomes in 'sunrise' industries than 'sunset' industries means workers move their skills/labour to the 'sunrise' sector (i.e. income inequalities cause reallocation of resources from 'sunset' to 'sunrise') or other effects of unequal income distribution <i>Must explain economic effects of income inequality.</i> | A2 | M2 | |
| 3(a) | An explanation of how demand for teachers is derived from demand for their teaching. | A1 | | |
| (b) | At some point, supply of teachers becomes finite; no more teachers. <i>Candidate shows understanding of why the supply curve becomes vertical.</i> | A1 | | |
| (c) | It may create a surplus, and some teachers may lose their jobs. | A2 | | |
| (d) | Social effect; poverty trap/loss of self esteem/higher crime rates, poor health indicators Economic effect; wasted resources/Govt budget problems. <i>Note: both effects are needed.</i> | A2 | | |
| (e) | Concerns about the effect on wages rates/inflation/budgets/other government spending priorities/opportunity cost. <i>The candidate can bring a government perspective to wage negotiations.</i> | | M2 | |
| (f) (i) & (ii) | Increased demand; more teachers; higher wages Decreased supply fewer teachers; higher wages <i>Correct shift and indication of change in quantity and wage rate required</i> <i>One correct change</i> <i>Two correct changes.</i> | A1 | M1 | |
| G1 & 2 | Examples such as: • labour not mobile • supply may not be limited (overseas teachers) • teacher supply may not respond to higher wages. <i>Ceteris paribus. Limited answers Merit</i> Good exposition of limitations of the model required for Excellence. <i>Two opportunities for Merit or Excellence.</i> | | M1 M1 | E E |

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 |
|--|---|---|
| <p><i>Use economic models to illustrate aspects of the given issues</i></p> <p>Any 4 × A1</p> | <p><i>Use economic models to explain changes</i></p> <p>Achievement plus any 3 × M1</p> | <p><i>Evaluate the economic models and their limitations in relation to the given issues</i></p> <p>Merit for M1 plus any 2 × E</p> |
| <p><i>Identify and describe economic effects of the given issues</i></p> <p>Any 4 × A2</p> | <p><i>Explain the economic effects of the given issues</i></p> <p>Achievement plus any 1 × M2</p> | |

NOTE:

Professional judgement allows unutilised credit of the same context to be utilised at a lower level of achievement but both aspects of the standard must still be attained.