

## Assessment Report

# Level 2 Economics 2017

Standards [91222](#) [91223](#) [91224](#)

### Part A: Commentary

The Achievement Standard and the Teaching and Learning guide for Economics together provide guidance as to the possible range of contemporary issues and economic objectives that may be covered in the examination.

Examination techniques can distinguish candidates, especially at the grade border. Candidates who made clear reference to appropriate economic models and graphs, and integrated the resource material and applied the economic theory to the contemporary real-world context, scored higher.

Candidates were rewarded if they attempted all parts of all questions as evidence is collected throughout the paper to count towards the overall result. Candidates who left blank pages found themselves with overall scores just below the cut-score needed for a higher grade.

### Part B: Report on standards

#### 91222: Analyse inflation using economic concepts and models

Candidates who were awarded **Achievement** commonly:

- shifted the economic model in the correct direction
- applied the correct economic concepts in their explanations
- referred to components of aggregate demand and/or aggregate supply when using the AD/AS model
- identified the positive or negative impact of a steady increase in inflation on different groups in society giving an appropriate reason for this impact
- explained the effect of inflation on 'nominal' and 'real' concepts
- explained that different groups had different inflation rates due to the goods they purchased.

Candidates who were assessed as **Not Achieved** commonly:

- incorrectly shifted or did not shift aggregate demand or aggregate supply
- incorrectly referred or did not refer to components of aggregate demand or aggregate supply in their explanation
- failed to correctly identify or could not explain the impact of a steady increase in inflation on various groups in society

- discussed the effect of interest rates or exchange rates on various groups in society rather than inflation
- incorrectly defined nominal and real concepts
- did not answer parts of or whole questions.

Candidates who were awarded **Achievement with Merit** commonly:

- fully explained the causes of inflation, referring to multiple components of aggregate demand and/or aggregate supply using an AD/AS model
- referenced both the economic model and/or resource material specified in the question
- fully explained the positive or negative impact of a steady increase in inflation on different groups in society giving an appropriate reason and flow on effect for this impact
- used real and nominal concepts to explain the effect of inflation on household purchasing power
- fully explained that different inflation rates for groups in society are created from different spending patterns.

Candidates who were awarded **Achievement with Excellence** commonly:

- comprehensively explained the causes of inflation comparing the relative impact of each cause on at least two economic models
- integrated evidence from economic models and resource material to support their answer
- provided detailed explanations of the impact of a steady increase in inflation for multiple groups in society
- fully explained, supported by appropriate evidence from resource material, the impact of different inflation rates on various groups in society.

### **Standard specific comments**

Candidates demonstrated a strong understanding of the AD/AS model and questions derived from it. Most can identify and explain changes to either aggregate demand and aggregate supply with reference to the model. Achieved and Merit candidates are distinguished by the depth of their answer, with Merit candidates giving multiple reasons for changes and/or thinking beyond the immediate impact.

Questions that ask for the effect of inflation on various groups are less well understood by candidates. For Merit and Excellence, candidates are required to go beyond a reason for the positive or negative effect of inflation and examine a flow on effect on the affected group.

Students who studied exclusively from recent examination papers can find some of the concepts examined and the structure of the question unfamiliar. Being prepared for the full range of objectives in the Teaching and Learning requires students to understand the whole concept and not concentrate on the 'topics' within the standard.

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## **91223: Analyse international trade using economic concepts and models**

Candidates who were awarded **Achievement** commonly:

- showed and explained the effect of a change in relative interest rates on the demand for the NZ dollar
- explained that differing local prices in NZ and China was the reason why NZ and China trade in steel
- gave explanations as to the effect of free trade agreements on consumers and/or producers

- attempted all questions.

Candidates who were assessed as **Not Achieved** commonly:

- could not show the effect of a change in relative interest rates on the demand for the NZ dollar (often shifting the supply curve)
- were unable to explain the effect of change in relative interest rates on the demand for the NZ dollar
- did not mention local prices in NZ and China as the reason why NZ and China trade in steel
- did not mention specific effects (demand, costs, prices, revenue) when giving explanations as to the effect of free trade agreements on consumers and/or producers
- did not attempt all questions.

Candidates who were awarded **Achievement with Merit** commonly:

- fully explained the effect of a change in relative interest rates on the demand for the NZ dollar and referred to a correctly drawn Graph One in their explanations
- fully explained that differing local prices in NZ and China was the reason why NZ and China trade in steel and referred to Graph One (Pw, shortages, surpluses) in their explanations
- gave full explanations on the effect of free trade agreements on consumers and/or producers by mentioning specific effects (demand, costs, prices, affordability, revenue, profit) and/or gave a full explanation of the effect of protectionism on local agricultural industries by mentioning specifics (production, costs, revenue, profit).

Candidates who were awarded **Achievement with Excellence** commonly:

- comprehensively explained the causes of inflation comparing the relative impact of each cause on at least two economic models
- integrated evidence from economic models and resource material to support their answer
- provided detailed explanations of the impact of a steady increase in inflation for multiple groups in society
- fully explained, supported by appropriate evidence from resource material, the impact of different inflation rates on various groups in society.

### **Standard specific comments**

Candidates' results typically derive from a combination of examination technique and understanding of the content. In terms of examination technique, candidates should attempt all three questions as often a correct curve shift can be the difference between an NA or A.

Reference to graphs in answers is vital to achieving at Merit or Excellence levels. Many candidates wrote detailed explanations, however non-reference to graphs meant many capable candidates were restricted to an Achieved grade.

Candidates should fully explain by giving reasons for curve shifts. The word 'because' is very helpful.

Candidates should be specific as possible when explaining effects. Using precise economic terms correctly such as 'costs', 'revenue', 'profits', 'demand' and 'affordability' typically meant candidates scored higher grades in their answers.

## **91224: Analyse economic growth using economic concepts and models**

Candidates who were awarded **Achievement** commonly:

- attempted all the questions
- referenced the fully labelled graph or model
- correctly labelled and shifted the graph provided with the question
- explained why growth increased in a specific situation or model
- could define basic economic terms
- linked their explanations back to growth as asked in the question
- understood how capital goods / investment could improve economic growth
- understood the difference between nominal and real GDP
- explained a limitation of nominal GDP and / or a benefit of real GDP
- attempted all parts of the questions, though some were only statements rather than explanations
- explained a benefit or cost for workers or producers.

Candidates who were assessed as **Not Achieved** commonly:

- attempted only part of the questions or left a full question blank
- could not define common economic terms, such as capital goods
- incorrectly shifted a curve in a graph or did not fully label the graph
- could not identify injections and withdrawals in the circular flow diagram
- could not distinguish between money and real flows in a circular flow diagram
- did not extend factual statements to an explanation
- used inappropriate or non-economic terms
- nominal and real GDP and / or current and constant values were the wrong way around
- rewrote the question
- referred to the impact on inflation, instead of growth.

Candidates who were awarded **Achievement with Merit** commonly:

- could write a detailed explanation or could link two explanations together
- understood Domestic Demand could be applied to households, producers and the government
- referenced correctly drawn graphs in their detailed explanations
- understood that other workers and producers in the region can be indirectly affected by impacts experienced by workers and producers in the cruise industry
- incorporated the stimuli material into their detailed explanation
- provided relevant examples to support initial statements.

Candidates who were awarded **Achievement with Excellence** commonly:

- gave detailed explanations for all questions
- provided relevant examples to the contemporary economic issue instead of general non-specific examples from a textbook or workbook
- explained the impact of withdrawals on the additional revenue / production and / or income generated by increased export receipts
- fully explained costs and benefits for workers and / or producers
- wrote detailed explanations that could be compared and contrasted
- did not contradict detailed explanations when comparing or contrasting them
- did not include incorrect or irrelevant concepts within their detailed explanations
- linked causes and impacts within their detailed explanations
- included all the bullet points in their coherent and logically developed explanations.

### **Standard specific comments**

There is an expectation that contemporary New Zealand issues will be addressed within the paper; candidates who were aware of these issues or demonstrated the ability to incorporate relevant real-world examples into their answers were rewarded.

The ability to clearly define economic terms, including capital goods, real GDP and import payments benefited the candidate. A definition such as real GDP is GDP that is adjusted, does not state what GDP is, what is being adjusted, in what direction or magnitude is that adjustment, meaning the ability to explain the benefit of the adjustment will be more difficult.

Candidates' explanation of some causes, effects or groups are not consistent. Candidates show more depth when explaining consumers or workers compared to producers or industries and benefits compared to costs.

Many candidates could not explain or identify opportunity cost within a production possibility frontier and thought this model measured living standards

The difference between production and productivity was not understood, with candidates thinking they are interchangeable words.

## **[Economics subject page](#)**

### **Previous years' reports**

[2016 \(PDF, 0KB\)](#)

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