

Achievement Standard

Subject Reference Economics 3.1

Title Demonstrate understanding of the efficiency of market equilibrium

Level 3 **Credits** 4 **Assessment** External

Subfield Economic Theory and Practice

Domain Economics

Status Registered **Status date** 04 December 2012

Planned review date 31 December 2016 **Date version published** 04 December 2012

This achievement standard involves demonstrating understanding of the efficiency of market equilibrium.

Achievement Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> Demonstrate understanding of the efficiency of market equilibrium. 	<ul style="list-style-type: none"> Demonstrate in-depth understanding of the efficiency of market equilibrium. 	<ul style="list-style-type: none"> Demonstrate comprehensive understanding of the efficiency of market equilibrium.

Explanatory Notes

1 This achievement standard is derived from the first Level 8 Economic Achievement Objective of the Social Sciences learning area in *The New Zealand Curriculum*, Learning Media, Ministry of Education, 2007, and is related to the material in the *Teaching and Learning Guide for Economics*, Ministry of Education, 2012 at <http://seniorsecondary.tki.org.nz>.

2 *Demonstrate understanding* involves:

- providing an explanation of:
 - market equilibrium and/or changes in market equilibrium
 - efficiency in the market
- using an economic model(s) to illustrate concepts relating to the efficiency of market equilibrium.

Demonstrate in-depth understanding involves:

- providing a detailed explanation of:
 - market equilibrium and/or changes in market equilibrium
 - impact of changes in markets on efficiency in the market

- using an economic model(s) to illustrate complex concepts and/or support detailed explanations relating to the efficiency of market equilibrium.

Demonstrate comprehensive understanding involves:

- analysing the impact of a change in a market on efficiency by comparing and/or contrasting the different impacts on participants (ie consumer, producer and, where appropriate, government) in that market
- integrating an economic model(s) into explanations relating to the efficiency of market equilibrium that compare and/or contrast the different impacts.

- 3 *Efficiency* refers to allocative efficiency of market equilibrium which occurs when the sum of consumer and producer surpluses are maximised (so 'total surpluses' are maximised). This includes recognising that deadweight loss indicates a market is allocatively inefficient.
- 4 *Market equilibrium* includes:
 - market equilibrium as a result of the operation of market forces; or
 - impact of changes on markets, including the impact on consumer surplus, producer surplus, and total surpluses. This typically includes changes in international trade markets and/or changes imposed on market equilibrium by government.
- 5 Assessment Specifications for this achievement standard can be accessed through the Economics Resources page found at <http://www.nzqa.govt.nz/qualifications-standards/qualifications/ncea/subjects/>.

Replacement Information

This achievement standard and AS91401 replaced AS90630 and unit standard 5864.

Quality Assurance

- 1 Providers and Industry Training Organisations must have been granted consent to assess by NZQA before they can register credits from assessment against achievement standards.
- 2 Organisations with consent to assess and Industry Training Organisations assessing against achievement standards must engage with the moderation system that applies to those achievement standards.

Consent and Moderation Requirements (CMR) reference

0233