

Achievement Standard

Subject Reference Economics 1.4

Title Demonstrate understanding of how consumer, producer and/or government choices affect society, using market equilibrium

Level 1 **Credits** 5 **Assessment** External

Subfield Economic Theory and Practice

Domain Economics

Status Registered **Status date** 9 December 2010

Planned review date 31 December 2019 **Date version published** 20 November 2014

This achievement standard involves demonstrating understanding of how consumer, producer and/or government choices affect society, using the concept of market equilibrium.

Achievement Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> Demonstrate understanding of how consumer, producer and/or government choices affect society, using market equilibrium. 	<ul style="list-style-type: none"> Demonstrate in-depth understanding of how consumer, producer and/or government choices affect society, using market equilibrium. 	<ul style="list-style-type: none"> Demonstrate comprehensive understanding of how consumer, producer and/or government choices affect society, using market equilibrium.

Explanatory Notes

- 1 This achievement standard is derived from the first and second Level 6 Economics achievement objectives of the Social Sciences learning area in *The New Zealand Curriculum*, Learning Media, Ministry of Education, 2007, and is related to material in the *Teaching and Learning Guide for Economics*, Ministry of Education, 2010 at <http://seniorsecondary.tki.org.nz/>.

This standard is also derived from Te Marautanga o Aotearoa. For details of Te Marautanga o Aotearoa achievement objectives to which this standard relates, see the [Papa Whakaako](#).

- 2 Definitions:
Consumer refers to an individual or household that demands a good or service.

Consumer choices refer to decisions made by individuals and households that collectively influence market demand for goods and services. This includes price and non-price factors affecting demand.

Producer choices refer to decisions made by individuals and firms that collectively influence market supply of goods and services. This includes price and non-price factors affecting supply.

Government choices refer to price controls, direct and indirect taxes, and subsidies.

Society refers to the following sectors: consumers, producers and the government.

Market equilibrium refers to the price and quantity determined by the interaction of supply and demand. This includes identifying market reaction to excess demand or excess supply resulting in equilibrium.

3 *Demonstrate understanding* would typically involve:

- identifying, describing or providing an explanation of how producer, consumer and/or government choices affect market equilibrium
- identifying, describing or providing an explanation of how changes in market equilibrium affect different sectors
- clearly illustrating changes using the supply and demand model.

Demonstrate in-depth understanding would typically involve:

- providing a detailed explanation, using the supply and demand model, of how producer, consumer and/or government choices affect market equilibrium
- providing a detailed explanation, using the supply and demand model, of how changes in market equilibrium affect different sectors.

Demonstrate comprehensive understanding would typically involve:

- linking detailed explanations of how producer, consumer and/or government choices affect market equilibrium with detailed explanations of how those changes affect different sectors
- integrating changes in supply and demand into detailed explanations.

4 Further clarification about the relevant knowledge, concepts and skills can be found in the *Teaching and Learning Guide for Economics*.

5 Assessment Specifications for this achievement standard can be accessed through the Economics Resources page found at www.nzqa.govt.nz/ncea/resources.

Replacement Information

This achievement standard replaced unit standard 5858 and AS90198.

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