National Certificate of Educational Achievement

2014 Assessment Report

Economics Level 2

91222   **Analyse inflation using economic concepts and models**

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

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

COMMENTARY

The majority of candidates had sufficient time to complete all questions in all papers. Many filled the available writing space and the additional pages. Candidates are reminded that the best quality answers are usually written in a concise, coherent manner. By addressing bullet points in the order that they are presented, candidates will write more structured answers. When answering questions emphasis should be placed on content and comprehension, not length. Candidates should avoid repetition as this can lead to contradictory answers.

It is important to remember that the examination papers are based on the Achievement Standards. The Teaching and Learning Guide for Economics also provides some guidance. Relying upon commercially produced material as the sole indicator of examination expectations will leave candidates short of the necessary contemporary contexts.

Candidates have clearly learnt definitions of terms, but often incorrectly applied the term to the context of the question. It is important for candidates to recognise that they are required to apply concepts to contemporary contexts.

Candidates who left whole questions, or parts of questions blank, penalised themselves sometimes to the point where a definition could have been the difference between Achievement and Not Achieved.

In order to explain in detail candidates need to link, in context, the definition of the concept to their answer. This will then provide the why with the what.

Most candidates now understand that integrating models into answers is essential for Achievement with Excellence as the number of candidates falling short of Excellence because of this omission is decreasing.

STANDARD REPORTS

91222   Analyse inflation using economic concepts and models

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They commonly:
- identified and defined economic terms
- made accurate changes to the AD/AS model
- explained changes to the AD/AS model
- identified or explained the impact of economic events on different groups in New Zealand society.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They commonly:

• mislabelled points on models

• shifted curves in the wrong direction or shifted the wrong curves on the AD/AS model

• provided an explanation that did not match the shift that they drew

• omitted labelling of changes on the AD/AS model

• applied a definition incorrectly when identifying the impact of economic events on different groups.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit commonly:

• provided detailed explanations of changes that they made to the AD/AS model

• linked an event or situation to an economic effect and then linked that effect to an impact on AD or AS

• referenced the change in the price level in the model when making an explanation

• explained in detail the impact of an economic event on a group within New Zealand society.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

• integrated the change in the model into the detailed explanation

• provided a valid detailed explanation of different impacts on the AD/AS model

• compared and contrasted the impact of an economic event on different groups within New Zealand.

OTHER COMMENTS

Candidates frequently knew where on the business cycle a recovery or a boom occurred but they were less able to discuss the impact of the business cycle on inflation.

Candidates were also often able to clearly define disinflation but then proceeded to incorrectly make reference to falling prices.

91223 Analyse international trade using economic concepts and models

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They commonly:
- correctly shifted curves and/or lines to indicate world prices
- explained reasons for changes identified
- explained effects/impacts on the groups listed, typically mentioning changes to exports and imports, revenue, profit, world prices, employment and incomes
- explained the effect/impact on the Current Account, typically mentioning the effect on exports and imports.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They commonly:
- incorrectly shifted curves
- provided an incorrect explanation of changes to the model
- provided an incorrect explanation of the impact/effect on the groups listed, typically confusing effects on exports and imports and world prices
- provided an incorrect explanation of the impact/effect on the Current Account.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit commonly:
- gave detailed explanations or reasons for changes
- explained in detail effects/impacts on the groups listed
- explained in detail effects/impacts on the Current Account, typically mentioning export receipts, import payments and/or the components of the Current Account.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence commonly:
- compared and contrasted the effects/impacts on the Current Account or the groups listed by giving detailed explanations, typically mentioning exports receipts, import payments, currency exchange, prices, effects on quantity demanded or quantity supplied, costs of production and/or profit
- integrated the models given into detailed explanations by referring to them in detail in their answers.

OTHER COMMENTS

Candidates generally structured their answers well using the bullet points given in the question as a guide.

91224   Analyse economic growth using economic concepts and models

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They commonly:

- defined Real GDP and provided a limitation
- fully labelled changes to models
- correctly identified causes of changes in growth based on the resource, but often did not include the context and/or fully referenced the model in the written response.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They commonly:

- confused the terms nominal and real GDP
- defined what real GDP does, rather than explaining a limitation of it
- confused changes in AD with changes in AS, especially changes resulting from Government spending and business confidence
- shifted the incorrect curve on the AD/AS model
- referred to changes in microeconomic model (demand and supply) rather than a macroeconomic model
- could not demonstrate changes caused by government spending on the Production Possibility Frontier model.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit commonly:

- explained in detail the difference between nominal and real GDP with reference to the resource material
- explained in detail a limitation of Real GDP or HDI as a measure of economic growth using the resource material
- explained a cause of economic growth in context, and then explained in detail the impact of this growth on different groups in the short and long term
- explained in detail why there would be an increase in exports (due to a recovery in the US economy) which would then lead in economic growth, incorporating the AD/AS model
- explained in detail how increased business confidence would lead to increased investment spending, and how this allows for increased output levels and incorporated the AD/AS model.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence commonly:

- gave a clear and valid reason why HDI would be a preferred measure of growth with reference to the resource material
- fully integrated accurate models into their explanations
- explained in detail that an increase in productive capacity caused by government investment would increase both consumer and capital goods in the long term.

OTHER COMMENTS

Few candidates demonstrated clear understanding of the basic concepts of economic growth. Many did not understand that HDI includes GNI – a measure of economic growth, and instead commented that HDI only used non-economic factors. Many candidates were also unaware of the advantages and disadvantages of the different measures of economic growth.

Many candidates demonstrated a lack of understanding of the components of AD and often confused these with AS. It should be stressed that an increase in investment (from the government or private sector) in the short-term only changes AD (there is a movement along the AS curve, which results in an increase in Real Output) and that long-term changes may cause an increase in AS, if the investment raises productivity.