

2023 NCEA Assessment Report

Subject:	Economics
Level:	Level 2
Achievement standards:	91222, 91223, 91224

General commentary

Each of the three achievement standards requires candidates to use economic concepts and models. The examinations test candidates' ability to make the required changes to the economic models and to explain the causes and effects of these changes. These changes should be referred to specifically. Comments such as 'as seen on the graph' do not provide sufficient evidence to award Merit / Excellence grades.

Most questions contain resource material to provide candidates with a context to analyse the specific economic issue. Repeating this resource material without adding any explanation is insufficient to demonstrate achievement.

Report on individual achievement standards

Achievement standard 91222: Analyse inflation using economic concepts and models

Assessment

The examination included three questions and candidates were expected to answer all three. It covered the causes of inflation using the aggregate demand / aggregate supply model, the quantity theory of money, and the impacts of inflation on workers and households.

Commentary

The AD / AS and quantity theory of money models are a consistent feature in this examination, and most candidates who used the models correctly provided explanations that met the achievement criteria.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- demonstrated inflation by shifting the AD curve right and / or the AS curve left
- explained that increased consumer spending would increase AD and / or explained increased costs of production would decrease AS
- identified the components of the quantity theory of money
- linked a decrease in money supply with a decrease in inflation
- defined disinflation and deflation correctly
- described how low-income households or high-income households would be affected by inflation.

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

- explained causes of inflation using the AD / AS model with the concept of profit margins and / or the components of AD
- used the quantity theory of money equation to explain that a decrease in the money supply would decrease inflation by a proportional amount
- explained that inflation was measured by using a weighted CPI
- calculated the impact of inflation on the change in real wages
- explained why inflation will increase income inequality.

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

- explained in detail why the increase in costs of production would impact inflation more than the one-off payments by comparing the effects of each and referring to both graphs
- provided a thorough explanation about how both a decrease in the money supply and a decrease in real output affect inflation, using the quantity theory of money
- explained in detail how low-income earners would be more affected by inflation than high-income earners.

Candidates who were awarded **Not Achieved** commonly:

- shifted the AD or AS curves incorrectly
- linked a lower money supply with higher inflation
- did not correctly identify the components of the quantity theory of money
- stated that GDP (or another measure) was used to measure inflation
- defined disinflation and deflation incorrectly
- left questions blank.

Achievement standard 91223: Analyse international trade using economic concepts and models

Assessment

The examination included three questions and candidates were expected to answer all questions. The main themes covered were the two-country and price taker models of international trade, and the causes and effects of a change in the exchange rate.

Commentary

The two-country and price taker models are a consistent feature in this examination and candidates who were able to correctly show the changes to these models and explain relevant flow-on effects to different groups performed well.

A number of candidates appeared to have limited knowledge of how these economic models could be used to explain international trade and this made it difficult to meet the achievement criteria.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- completed the price taker or two country model correctly
- stated the changes that would occur, for example imports decreasing from M to M_1
- explained why New Zealand is an importer of bananas
- identified one of New Zealand's top imported goods
- showed the impact of higher imports on the exchange rate model.

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

- completed most economic models correctly
- made specific reference to the models in their explanations
- explained how a protectionist measure would assist local producers of bananas
- correctly distinguished between exports and export receipts
- explained a flow-on effect of a change in the price received by exporters or importers
- explained how a change in imports would affect the exchange rate, using the economic model.

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

- completed all economic models correctly with accurate labelling
- integrated the changes on the economic models into detailed explanations
- compared and contrasted the impact of increased demand for beef on New Zealand producers and consumers
- compared and contrasted the impact of a depreciation on New Zealand businesses and households
- used a conclusion to summarise longer answers.

Candidates who were awarded **Not Achieved** commonly:

- did not attempt questions or parts of questions
- showed incorrect movements on the price taker and two-country models
- did not refer to the changes made on the graphs
- could not identify a commonly imported good for New Zealand
- could not explain how the government could protect domestic producers
- did not link a depreciation of the exchange rate with a benefit to exporters or as a cost to importers.

Achievement standard 91224: Analyse economic growth using economic concepts and models

Assessment

The examination included three questions and candidates were expected to answer all questions. The main themes covered were the causes of economic growth using the aggregate demand / aggregate supply model, the impacts of economic growth using the circular flow model, and different ways to measure economic growth.

Commentary

To meet the requirements of the standard, explanations of the causes and effects of economic growth are required. Simple statements, lists, and generic answers are not sufficient to demonstrate achievement.

The link between higher profits and higher wages paid to workers needs to be justified as it does not automatically occur.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- attempted all questions
- used the resource material to support explanations
- correctly defined the key economic terms used in their answers
- referred to specific sectors on the circular flow diagram when explaining how growth will increase
- identified an impact of sustainable tourism on either regional growth rates or workers in different industries.

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

- answered all parts of all questions
- made specific reference to the economic models as part of the explanation
- explained the difference between real and nominal GDP
- wrote fully explained answers about positive and negative impacts on regional growth rates and workers
- explained another measurement of economic growth.

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

- explained their answers based on relevant economic theory and made specific reference to resource material and / or model indicated
- used the aggregate demand / aggregate supply model to make a judgement on the relative impacts of the changes on growth
- explained the impact of growth on two groups in enough depth that allowed effects to be compared and contrasted
- compared and contrasted the usefulness of using real GDP to measure economic growth with one other measure.

Candidates who were awarded **Not Achieved** commonly:

- did not answer one or more of the questions
 - wrote generic answers not relevant to the resource material
 - rewrote the resource material without adding any explanation relevant to the question
 - used the economic concepts of productivity and production as if they were interchangeable
 - wrote statements rather than explanations.
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