

Assessment Schedule – 2012**Economics: Analyse international trade using economic concepts and models (91223)****Evidence Statement**

Question One		Expected coverage	
Not Achieved	NØ	No response; no relevant evidence.	
	N1	1/5 requirements for Achievement is met	Evidence of analysis include: (a) TWO of: Australia, China, USA, Japan (b) D\$NZ shifted to the left and labelled. Drop in Price of \$NZ fully labelled (see Appendix One) (c) Explaining that a decrease in export commodity prices will reduce the demand for the \$NZ / depreciate the \$NZ due to exporters' revenue decreasing. (d) (i) Explaining that a depreciation of the New Zealand dollar (\$NZ) will improve the current account by increasing export revenue <i>OR</i> reducing import payments <i>OR</i> improving the balance on goods <i>OR</i> improving the balance on services (ii) Explaining that an increase in overseas visitors will improve the current account by increasing export service receipts <i>OR</i> by improving the balance on services.
	N2	2/5 requirements for Achievement are met	
A3	3/5 requirements for Achievement are met		
Achievement	A4	4/5 requirements for Achievement are met	
Merit	M5	2/3 requirements for Merit is met	Evidence of in-depth analysis include: (b) and (c) – D\$NZ shifted to the left and labelled. Drop in Price of \$NZ fully labelled (see Appendix One) with a detailed explanation for why the demand for the New Zealand dollar drops / \$NZ depreciates; as exporters' revenue will decrease, so they will have less foreign currency earnings to exchange for \$NZ, <i>OR</i> overseas buyers require less of their own currency to exchange for \$NZ, <i>OR</i> less \$NZ needed to buy NZ products (d) (i) Detailed explanation for why a depreciation of the New Zealand dollar will improve the current account . Must give a valid reason for exporters' revenue increasing <i>OR</i> the balance on goods/services improving (eg exports more price competitive) <i>OR</i> a valid reason for import payments decreasing (eg imports less price competitive) (ii) Detailed explanation for why an increase in overseas visitors would improve the current account . Must give a valid reason for export service receipts increasing <i>OR</i> the balance on services increasing (eg increased spending on accommodation due to more tourists).
	M6	3/3 requirements for Merit are met	

Excellence	E7	Compares and contrasts with ONE valid reason for the difference	<p>Evidence of comprehensive analysis include:</p> <p>(d) Comparing and contrasting the impact on the current account of a depreciation with an increase in overseas visitors. Must give a detailed explanation for why a depreciation could improve the current account and why it would increase it more than an increase in overseas visitors. The detailed explanation must include:</p> <p>(i) a valid reason for export receipts increasing by more for a depreciation (eg as a depreciation would affect all exports, whereas more visitors only increases service exports)</p> <p>(ii) reference to the idea that a depreciation could increase export receipts AND reduce import payments, whereas an increase in overseas visitors would only affect export receipts.</p>
	E8	Compares and contrasts with TWO valid reasons for the difference	

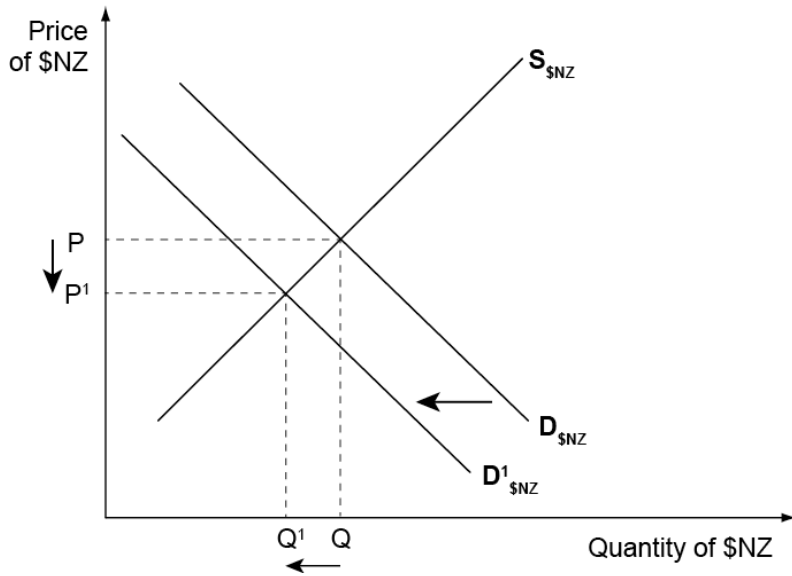
Question Two		Expected coverage	
Not Achieved	NØ	No response; no relevant evidence.	
	N1	1/6 requirements for Achievement is met	Evidence of analysis include: (a) Balance on goods. (b) (i) Level of exports after the change in world price clearly labelled plus higher world price labelled (see Appendix Two). (ii) Explaining that New Zealand consumers will be worse off due to having to pay higher prices for lamb OR because they can afford less lamb. (iii) Explaining that sheep farmers will be better off due to increased revenue OR profits OR exports OR higher prices for their lamb OR greater ability to expand/invest. (iv) Explaining that farm employees will be better off due to having more income or work or jobs. (v) Explaining that the New Zealand government will be better off as it will receive more company tax from sheep farmers OR more income tax from workers who earn more OR more indirect tax from increased spending by farmers and employees OR better off as it will spend less on unemployment benefits.
	N2	2/6 requirements for Achievement are met	
Achievement	A3	4/6 requirements for Achievement are met, including:	
	A4	5/6 requirements for Achievement are met, including:	
Merit	M5	TWO of (b) (i) to (iv)	Evidence of in-depth analysis include: (b) (i) Detailed explanation for why New Zealand consumers will be worse off due to higher prices for lamb. Must also include reference to the idea of less lamb being purchased due to higher prices (ii) Detailed explanation for why sheep farmers will be better off as they will have more revenue / profit / ability to expand due to increased exports / sales of lamb / price received for lamb (iii) Detailed explanation for why farm employees may have more income or work or jobs. Must give a valid reason for employees having more work or income (eg due to increased production requirements, or exporting firms giving pay increases due to increased profits) (iv) Detailed explanation for why the New Zealand government will be better off as it will receive more tax revenue OR it will spend less on unemployment benefits. Must refer to TWO different ways the government may benefit and establish a valid link between the cause stated and the effect on tax revenue / government spending, eg more company tax as exporters will be earning more profits.
	M6	THREE of (b) (i) to (iv)	
Excellence	E7	(b) (i)	Evidence of comprehensive analysis include: (b) Comparing and contrasting the impact of an increase in the world price of lamb on various groups by: (i) Explaining in detail why one group is worse off (eg, New Zealand consumers) and all of the other groups are better off (ii) Using Graph Two to support the explanation. Must specifically refer to at least TWO changes made on the graph in the explanation Eg, sheep farmers' revenue increases as they are receiving a higher price (Pw_1) and selling a higher quantity (Qs_1) (See Appendix Two).
	E8	(b) (i) and (b) (ii).	

Question Three		Expected coverage	
Not Achieved	NØ	No response; no relevant evidence.	
	N1	1/6 requirements for Achievement is met	Evidence of analysis include: (a) Explaining that New Zealand is a price taker, because it has to accept the world price determined overseas <i>OR</i> because it is too small to influence the world price. (b) (i) – (ii) Qd AND Qs correctly labelled (see Appendix Three). (iii) S shifted left and M1 correctly labelled (see Appendix Three). (c) Explaining that New Zealand consumer spending on imported clothing would increase as more clothing is being imported <i>OR</i> more clothing is imported due to the decrease in supply of New Zealand-made clothing. (d) Explaining that consumer spending on imported clothing may increase because more is being imported <i>OR</i> more imported clothing is demanded <i>Or</i> less New Zealand-made clothing is supplied. – Pw shifted down and labelled and M2 correctly labelled (see Appendix Four).
	N2	2/6 requirements for Achievement are met	
Achievement	A3	4/6 requirements for Achievement are met	
	A4	5/6 requirements for Achievement are met	

Merit	M5	2/3 requirements for Merit met	<p>Evidence of in-depth analysis include:</p> <p>(a) Detailed explanation of why NEW ZEALAND is a price-taker because it has to accept the world price determined overseas as it is too small to influence the world price.</p> <p>(b) (iii) and (c) S shifted left and M1 correctly labelled plus detailed explanation of why consumer spending on imported clothing would increase. Must give a valid reason for imports increasing by referring to the decrease in supply.</p>
	M6	3/3 requirements for Merit met	<p>Eg, consumer spending on imported clothing would increase as less New Zealand-made clothing is being supplied, so more clothing will be imported to meet the New Zealand consumers' demand for clothing.</p> <p>(d) Pw shifted down and labelled and M2 correctly labelled, plus detailed explanation for why consumer spending on imports will increase. Must give a valid reason for imports increasing.</p> <p>Eg consumer spending on imports will increase as the reduction in the world price will increase the quantity imported due to the increase in the quantity demanded and reduction in New Zealand quantity supplied.</p>
Excellence	E7	(d) (i)	<p>Evidence of comprehensive analysis include:</p> <p>(d) Comparing and contrasting the effect on New Zealand consumer spending on imported clothing of a decrease in the New Zealand supply with a reduction in the world price by:</p> <p>(i) Explaining in detail as to why one of the two events will increase New Zealand consumer spending on imported clothing by more than the other.</p> <p>Eg, a decrease in the New Zealand supply would significantly increase New Zealand consumer spending on imported clothing, as more clothing is being imported and the world price of clothing is not changing. Hence price times quantity sold is increasing. However, a reduction in the world price would offset the increase in imports (in terms of the effect on price times quantity sold) so the increase in consumer spending could be less, <i>OR</i> as the decrease in world price will increase QD <i>AND</i> reduce QS, the increase in quantity imported will be greater than a decrease in New Zealand supply – which just reduces QS at Pw. So the increase in consumer spending will be greater.</p>
	E8	(d) (i) AND (d) (ii).	<p>(ii) Use at least TWO specific references to the changes made to Graph Three <i>OR</i> Four to support the explanation.</p> <p>Eg the decrease in the world price (P_w to P_{w1}) will offset the effect on consumer spending of the increase in imports (M to M2) (see Appendix Four) <i>OR</i> Eg, the decrease in world price will increase the quantity demanded (Qd and to Qd1) and reduce the New Zealand quantity supplied (Qs to Qs1) (see Appendix Four).</p>

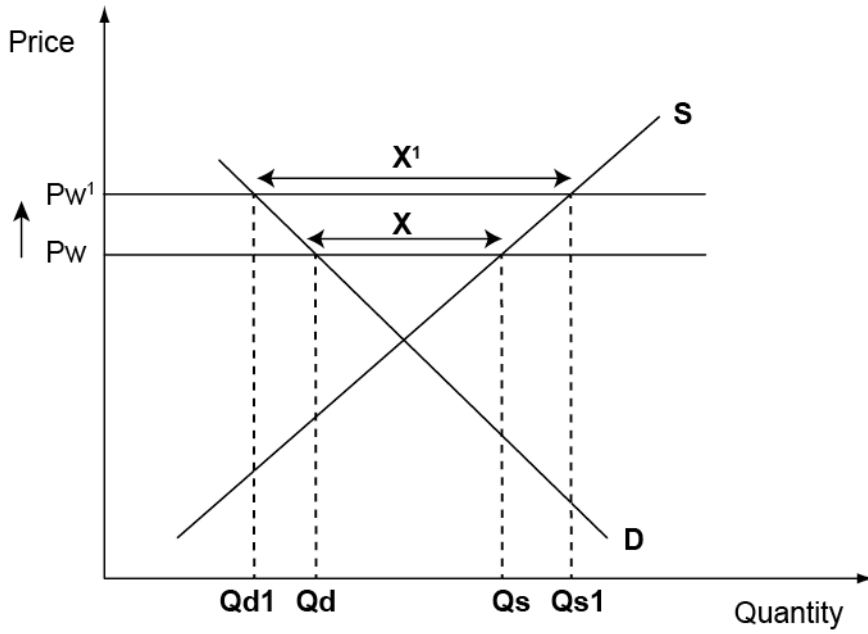
Appendix One – Question One (b)

Graph One: Market for the New Zealand dollar



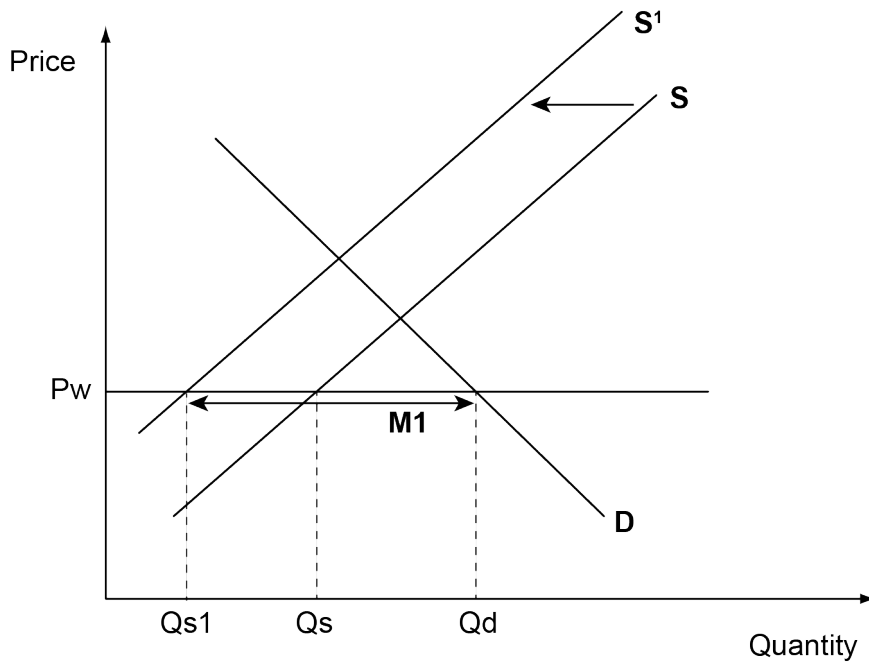
Appendix Two – Question Two (b)

Graph Two: New Zealand lamb market



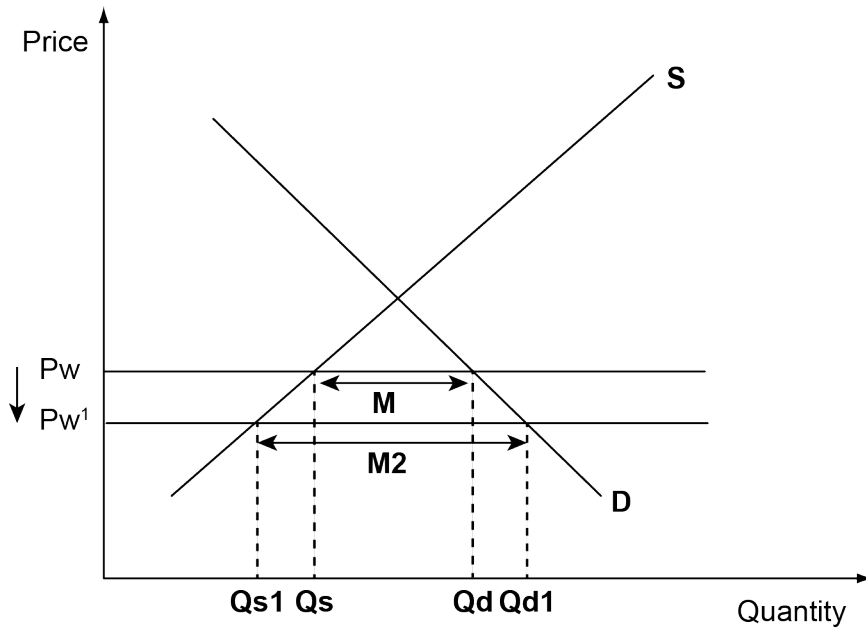
Appendix Three – Question Three (b)

Graph Three: New Zealand market for clothing with New Zealand as a price-taker



Appendix Four – Question Three (d)

Graph Four: New Zealand market for clothing with New Zealand as a price-taker



Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 6	7 - 12	13 - 18	19 - 24