

Assessment Schedule – 2016**Economics: Analyse international trade using economic concepts and models (91223)****Assessment criteria**

Achievement	Achievement with Merit	Achievement with Excellence
<p><i>Analyse</i> involves:</p> <ul style="list-style-type: none"> identifying, describing, or defining international trade concepts providing an explanation of causes of changes in international trade using economic models providing an explanation of the effects of changes in international trade on various groups in New Zealand society. 	<p><i>Analyse in depth</i> involves:</p> <ul style="list-style-type: none"> providing a detailed explanation of causes of changes in international trade using economic models providing a detailed explanation of the effects of changes in international trade on various groups in New Zealand society. 	<p><i>Analyse comprehensively</i> involves:</p> <ul style="list-style-type: none"> analysing causes of changes in international trade by comparing and/or contrasting their effect on international trade analysing the effects of changes in international trade by comparing and/or contrasting the effect on various groups in New Zealand society integrating changes shown on economic models into detailed explanations.

Explanation involves giving a reason for the answer.

Detailed explanation involves giving an explanation with breadth (more than one reason for the answer) and/or depth (e.g. using flow-on effects to link the main cause to the main result).

Question ONE		Evidence					
Achievement	(a)	<ul style="list-style-type: none"> Correctly draws and labels on Graph One an increase in supply, $Q_{S_{NZ}}$ increasing, and level of exports increasing (no change in P_w). (See Appendix One.) Explains that the increased irrigation will increase the supply of powdered milk, resulting in an increase in exports/export receipts. 					
	(b)	<ul style="list-style-type: none"> Correctly labels on Graph Two an increase in world price, resulting in a decrease in $Q_{d_{NZ}}$ and an increase in $Q_{s_{NZ}}$ – causing overall exports from New Zealand to increase. (See Appendix Two.) Explains that removal of export subsidies in our major export markets would lead to an increase in world price, from P_w to P_{w1}. Explains that if world price increases, New Zealand market will export more / exports receipts will increase. 					
Merit	(a)	<ul style="list-style-type: none"> Fully explains that the increased irrigation increases supply of powdered milk (with a reason, e.g. increased productivity, lower costs of production), with all changes referenced correctly with Graph One. And reference that because New Zealand is a price taker, we can sell all the extra production / exports at the existing world price. 					
	(b)	<ul style="list-style-type: none"> Fully explains that eliminated export subsidies increase costs of production and cause world supply to fall and world price to increase. The increase in world price results in a decrease in quantity demanded in New Zealand and an increase in quantity supplied (therefore more exports at the higher world price), all referenced to Graph Two. (Since New Zealand output is so small compared to total world supply, we are price takers.) 					
Excellence	(a) and (b)	<ul style="list-style-type: none"> Provides full explanations for (a) and (b), referenced to graphs. Link between detailed explanations from (b). Fully explains that the elimination of agricultural export subsidies in our major export markets has a greater effect on increasing the exports of receipts from powdered milk, as New Zealand sells more at a higher price. Compared to increased irrigation leading to increased exports of receipts from powdered milk but at the existing world price, suggesting increased export receipts will be smaller. 					
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanation.	Some Achievement evidence. At least ONE explanation.	Nearly all Achievement evidence. At least TWO explanations.	Some Merit evidence. (a) or (b) with reference to graph. Minor errors.	Most Merit evidence. (a) or (b) with reference to graph.	Some Excellence evidence. All detailed explanations (minor errors) OR detailed compare and contrast of effects using most Merit evidence.	Most Excellence evidence. All detailed explanations (minor errors) AND detailed compare and contrast of effects AND price taker idea / concept included.
<p>N0 = No response; no relevant evidence.</p>							

Question TWO		Evidence
A	(a)	<ul style="list-style-type: none"> • Correctly draws on Graph Three a decrease in demand for New Zealand dollars resulting in a depreciation against the Japanese yen. (See Appendix Three.) • Explains ONE possible reason why the demand for New Zealand dollars has decreased, from this list: <ul style="list-style-type: none"> – decreased demand for New Zealand exports – decrease in investment in New Zealand – decrease in investment in monetary assets in New Zealand or decrease in interest rates in New Zealand – decrease in tourists or decreased immigration into New Zealand.
	(b)	<ul style="list-style-type: none"> • Correctly draws on Graph Four an increase in demand in the Japanese market, causing level of imports at existing price to be higher than what New Zealand is exporting. (See Appendix Four.) • Correctly labels on Graph Four an increase in price in the New Zealand market, resulting in an increase in exports (See Appendix Four.)
	(c)	<ul style="list-style-type: none"> • Explains that Japanese consumers will increase demand because New Zealand aluminium is now relatively cheaper OR there is a shortage in the Japanese market due to increased demand, causing price to increase. • Explains that in the New Zealand market, the increased price results in more exports from New Zealand (or more imports into the Japanese market).
M	(a)	<ul style="list-style-type: none"> • Fully explains why demand for New Zealand dollars has decreased, resulting in currency depreciating against the Japanese yen (¥), referenced to Graph Three from the following: <ul style="list-style-type: none"> – decreased demand for New Zealand exports by Japanese economy – decrease in investment in New Zealand by Japanese firms – decrease in investment in monetary assets in New Zealand by Japanese investors or decrease in interest rates in New Zealand compared to other interest markets – decrease in Japanese tourists or decreased immigration into New Zealand by Japanese migrants. (Candidates may use the idea of exchanging/ converting fewer Japanese yen for New Zealand dollars)
	(b) and (c)	<ul style="list-style-type: none"> • Fully explains why Japanese demand increases. As the New Zealand dollar depreciates, Japanese consumers / businesses / importers can purchase more aluminium with each Japanese yen, resulting in an increase in demand. This causes imports to be higher than exports at existing price, causing price in Japan to increase. Japanese market graph referenced in answer. • Fully explains that in the two-country model, the increase in price in Japan causes an increase in exports from New Zealand, as the increase in price causes a decrease in quantity demanded in New Zealand and an increase in quantity supplied UNTIL exports again equal imports. New Zealand market graph referenced in answer. (Because $X = M$.)
E	(b) and (c)	<ul style="list-style-type: none"> • Fully explains why Japanese demand increases. As the New Zealand dollar depreciates, Japanese consumers / businesses / importers can purchase more aluminium with each Japanese yen, resulting in an increase in demand. This causes imports to be higher than exports at existing price, causing price in Japan to increase. Japanese market graph referenced in answer, AND • Fully explains that in the two-country model, the increase in price in Japan causes an increase in aluminium exports (since $X \neq M$) from New Zealand, as the increase in price causes a decrease in quantity demanded in New Zealand and an increase in quantity supplied UNTIL exports again equal imports. New Zealand market graph referenced in answer. (Because $X = M$.)

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanation.	Some Achievement evidence. ONE explanation with model.	Most Achievement evidence. At least TWO explanations.	Some Merit evidence. (a) or (c). Reference to graph.	Most Merit evidence. (a) and ONE of (c). One part may be weaker. Reference to graphs.	Some Excellence evidence. Answer has detailed explanations for both markets in part (c) based on depreciation of currency OR solving the issue of disequilibrium of exports and imports. Fully referenced to graphs.	Most Excellence evidence. Answer has detailed explanations for both markets in part (c) based on depreciation of currency AND solving the issue of disequilibrium of exports and imports. Fully referenced to graphs.
<p>N0 = No response; no relevant evidence.</p>							

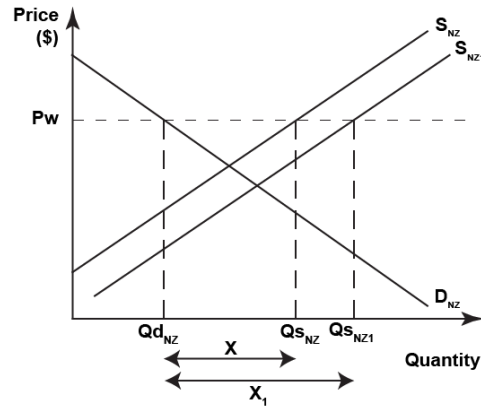
Question THREE		Evidence					
A	(a)	Two from: crude oil or mineral fuel; vehicles; machinery; electronics; plastics; aircraft.					
	(b)	<ul style="list-style-type: none"> Explains that New Zealand lacks the natural resources/expertise/economies of scale to (competitively/efficiently) make these products compared to other countries. 					
	(c)	<ul style="list-style-type: none"> Explains that New Zealand export industries will be better off with higher output/revenue/profits. Explains that non-export industries will be better off with higher output/revenue/profit due to growing economy. Explains an effect on domestic workers in export industries (e.g. higher exports will lead to higher incomes/more jobs). Explains an effect on workers in import industries (e.g. higher exports will lead to higher incomes/higher standard of living or more job opportunities). 					
M	(b)	Fully explains using example from part (a), with specific, and relevant understanding/evidence, such as New Zealand lacks the specific resources/expertise/economies of scale to (competitively/efficiently) make these products compared to other countries.					
	(c)	<ul style="list-style-type: none"> Fully explains that New Zealand's greater access to 11 countries/800 million customers (or less protectionist barriers such as tariffs) will lead to domestic firms selling more exports (or lower costs) and, therefore, higher revenue/profit levels. Fully explains that a flow-on effect of greater export receipts or consumer spending will positively affect domestic non-export industries, resulting in higher output/revenue/profits. (May include examples of industries that supply export industry). Fully explains that the greater access to 11 countries/800 million customers (or less protectionist barriers such as tariffs) will lead to more exports and, therefore, higher income levels/living standards and/or job opportunities for domestic workers in export industries. Fully explains that the increase in economic activity from exports will lead to an increase in job opportunities and/or income in import industries due to increased consumption and/or increased need to use imported raw materials for export industry. (Since we have little or no protectionism on goods we import from these countries, negative effects will need to be economically justified in detail). 					
E	(c)	<ul style="list-style-type: none"> Fully explains that the greater access to 11 countries/800 million customers (or less protectionist barriers such as tariffs) will lead to domestic firms selling more exports (or lower costs) and, therefore, higher revenue/profit levels AND a flow-on effect of greater export receipts or consumer spending will positively affect domestic non-export industries, resulting in higher output/revenue/profits. Fully explains that the greater access to 11 countries/800 million customers (or less protectionist barriers such as tariffs) will lead to more exports and, therefore, higher income levels/living standards and/or job opportunities AND that the increase in economic activity from exports will lead to an increase in job opportunities and/or income in import industries due to increased consumption and/or increased need to use imported raw materials for export industry. (Since we have little or no protectionism on goods we import from these countries, negative effects will need to be economically justified in detail). 					
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanation.	Most Achievement evidence. ONE explanation.	Nearly all Achievement evidence. TWO explanations.	Some Merit evidence. ONE detailed explanation.	Most Merit evidence. TWO detailed explanations from (b) and/or (c).	Some Excellence evidence. Full explanations of effect on TWO related groups.	Most Excellence evidence. Full explanations of effect on THREE groups.
N0 = No response; no relevant evidence.							

Cut Scores

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

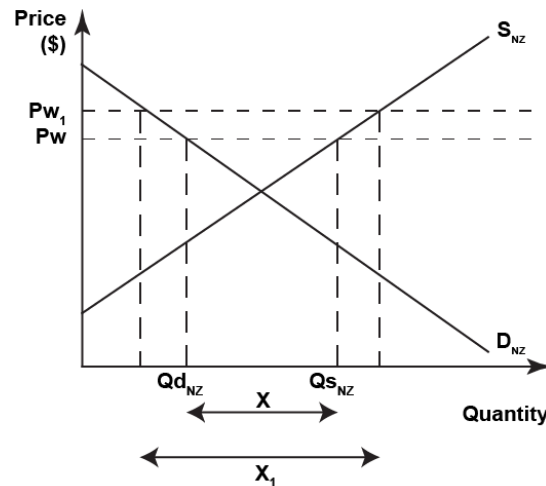
Appendix One – Question One (a)

Graph One: Market for New Zealand Powdered Milk



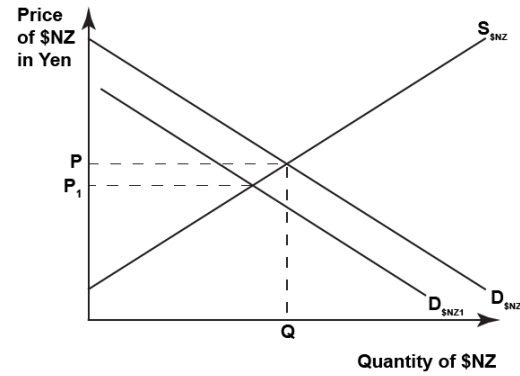
Appendix Two – Question One (b)

Graph Two: Market for New Zealand Powdered Milk



Appendix Three – Question Two (a)

Graph Three: Market for the New Zealand dollar



Appendix Four – Question Two (b)

Graph Four: Two-country model for Aluminium

