

Assessment Report

New Zealand Scholarship Economics 2021

Standard 93402

Part A: Commentary

Overall, the examination provided candidates with good opportunities to demonstrate their economic understanding assisted by highly relevant and accessible contexts.

While the exam was no more difficult than previous years, fewer Scholarships or Outstanding Scholarships were awarded this year. It is noted higher marks could have been awarded if candidates had answered the initial bullet point(s) in more depth, particularly for responses which did not reach Scholarship level.

Question 1 was a straightforward question based around perfect competition. While many candidates could produce the appropriate model and explain why the honey industry could be perfect competition, they were less likely to be able to manipulate the model so as to integrate the context of the question. Equally, while marginal analysis is essential to this topic, candidates regularly failed to incorporate this into their answers. Candidates also had difficulty assessing the impact of low interest rates on business costs.

Question 2 focussed on negative externalities of production. Similar to Question 1, candidates were generally able to produce the appropriate model for analysis but often were unable to explain concepts in detail, instead making general statements without further explanatory notes to support these.

Question 3 focussed on policies to reduce government debt. While in many cases candidates were able to produce and explain basic AD / AS analysis they then tended not to explain and evaluate the effect of these policies on economic goals in detail and with an understanding of the actual New Zealand economic environment.

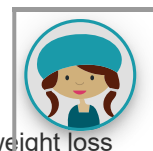
Part B: Report on performance standard

Candidates who were awarded **Scholarship with Outstanding Performance** commonly:

- used economic models accurately and routinely to illustrate economic ideas and policies
- analysed options provided, incorporating, and explaining models in detail as an integral tool to build their explanation
- explained the key aspects of each question completely
- used economic theory to critically analyse scenarios provided from an objective viewpoint, avoiding political or personal views
- utilised information in the resource material in their answers, e.g. using perfectly competitive firms earning supernormal profits as a starting point in Question One based on Resource B
- provided evaluations and conclusions that were economically literate, logical, and well argued.

Candidates who were awarded **Scholarship** commonly:

- analysed by first explaining and giving examples of key terms such as externalities, regulations, deadweight loss



- provided accurate and complete economic graph work to explain changes in markets or the economy, e.g. using complete, labelled MB / MC graph to analyse the effect of regulations on a market or AD / AS models correct including labelling and shapes of curves, with full employment line shown
 - explained changes in markets and graphs / models in detail, e.g. explaining changes in a perfect competitor output by using marginal analysis
 - integrated graphical analysis with detailed explanations, e.g. explaining in full the reasons for a decrease in real GDP following a reduction in government spending
 - explained how changes made to economic models made sense in the context of the question, e.g. that a price increase is a logical outcome for a particular policy (or vice versa), and their written answer matched changes shown in graphs
 - provided answers consistent with the New Zealand economic environment, e.g. referring to the impact of a policy on price level in relation to the current inflation rate
 - incorporated the options specified in the resource material as the basis for their analysis and used resource material details as examples, e.g. cutting education and healthcare as examples of reducing government services
 - evaluated the policies (where appropriate) by carefully weighing up the respective impacts on the relevant criteria
- Candidates who were **not** awarded Scholarship commonly:

Candidates who were **not** awarded Scholarship commonly:

- demonstrated limited knowledge of economic concepts
- provided explanations that were incomplete or undeveloped
- provided statements without detail or in the context
- did not use the correct economic models in their answer or provided economic models with clear mistakes or misinterpretations.

[Economics subject page](#)

Previous years' reports

[2020 \(PDF, 219KB\)](#)

[2019 \(PDF, 87KB\)](#)

[2018 \(PDF, 77KB\)](#)

[2017 \(PDF, 43KB\)](#)