

**Assessment Schedule – 2013****Economics: Analyse international trade using economic concepts and models (91223)****Assessment criteria**

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

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 (eg using flow-on effects to link the main cause to the main result).

**Evidence Statement**

<b>Question ONE</b>		<b>Evidence</b>	
<b>Not Achieved</b>	N1	1/6 requirements for Achievement are met.	Analysis includes: (a) <ul style="list-style-type: none"> <li>(i) <math>D_{\\$NZ}</math> shifted to the right. Price increases to <math>P_1</math> labelled (see <b>Appendix One</b>)</li> <li>(ii) Explanation that the NZ currency will appreciate due to an increase in the demand for \$NZ</li> </ul> (b) <ul style="list-style-type: none"> <li>(i) <math>D_{\\$NZ}</math> shifted to the right (see <b>Appendix Two</b>)</li> <li>(ii) Explanation that the NZ currency will appreciate due to an increase in the demand for the \$NZ</li> <li>(iii) <math>S_{\\$NZ}</math> shifted to the right (see <b>Appendix Two</b>)</li> <li>(iv) Explanation that the NZ currency will depreciate due to an increase in the supply of the \$NZ</li> </ul>
	N2	2/6 requirements for Achievement are met.	
<b>Achievement</b>	A3	3/6 requirements for Achievement are met including at least ONE explanation.	
	A4	4/6 requirements for Achievement are met, including at least TWO valid explanations.	

Achievement with Merit	M5	2/3 requirements for Achievement with Merit are met	Analysis in depth includes: (a) $D_{\$NZ}$ shifted to the right and price increases to $P_1$ fully labelled. Detailed explanation of why the $\$NZ$ appreciates, because American investors will be exchanging more $\$US$ for $\$NZ$ to buy, eg land, shares in New Zealand so the demand for the $\$NZ$ will increase
	M6	3/3 requirements for Achievement with Merit are met	(b) (i) $D_{\$NZ}$ shifted to the right. Detailed explanation of why increased New Zealand exports to the USA will appreciate the $\$NZ$ because New Zealand exporters will have more earnings in $\$US$ to exchange for $\$NZ$ so the demand for the $\$NZ$ will increase OR American importers will have to exchange more of their own currency for $\$NZ$ , if they are purchasing more New Zealand exports, so the demand for the $\$NZ$ will increase (ii) $S_{\$NZ}$ shifted to the right. Detailed explanation of why increased New Zealand imports from the USA will depreciate the $\$NZ$ , as New Zealand importers will have to exchange more $\$NZ$ for $\$US$ to pay for more imports from the USA so the supply of the $\$NZ$ will increase.
Achievement with Excellence	E7	(b) (i),(ii) and (iii) One of (i) and (ii) can be lacking in detail	Comprehensive analysis includes: (b) Compare and contrast the impact on the $\$NZ$ due to an increase in US investment, and an increase in trade with the USA by: (i) detailed explanation of why increased New Zealand exports to the USA will appreciate the $\$NZ$ (ii) detailed explanation of why increased New Zealand imports from the USA will depreciate the $\$NZ$ (iii) explanation that the increase in supply of the $\$NZ$ , due to increased imports, will offset the effects of an increase in the demand for the $\$NZ$ due to increased exports, <b>compared to</b> an increase in US investment, which only increases the demand for $\$NZ$ OR the value of the $\$NZ$ may not change, or even decrease if the value of increased imports matched or exceeded the value of increased exports, so the overall increase in the value of the $\$NZ$ may be minimal <b>compared to</b> the effects of the increase in US investment, which increases demand but has no effect on supply
	E8	(b) (i), (ii), (iii) and (iv) One of (i) and (ii) can be lacking in detail	(iv) Specific reference to Graphs One and Two, eg the value of the $\$NZ$ doesn't change in Graph Two, due to the combined effects of increased demand ( $D_{\$NZ}$ to $D_{\$NZ1}$ ) and increased supply ( $S_{\$NZ}$ to $S_{\$NZ1}$ ), whereas in Graph One, the $\$NZ$ increases from $P$ to $P_1$ .

**N0** = No response; no relevant evidence.

Question TWO		Evidence	
Not Achieved	N1	1/5 requirements for Achievement are met.	<p>Analysis includes:</p> <p>(i) Shows a decrease in Indian demand for coal and New Zealand coal exports on Graph Three OR shows a decrease in Indian imports and <math>Pw_1</math> on Graph Three (see Appendix Three)</p> <p>(ii) Identifies or explains that New Zealand coal exporters will be worse off due to lower exports/price/sales/output/revenue/profit</p> <p>(iii) Identifies or explains that New Zealanders employed in the coal industry will be worse off due to less work/income/employment</p> <p>(iv) Identifies or explains that New Zealand consumers of coal, such as the Glenbrook steel mill, will be better off due to lower prices of coal</p> <p>(v) Explanation that the New Zealand Government will be worse off due to less tax revenue (from coal exporters/employees) or increased spending on benefits/to keep Solid Energy running or less profits/dividends from Solid Energy OR Explanation that the New Zealand Government will be better off due to more tax revenue (from coal consumers or their employees)</p>
	N2	2/5 requirements for Achievement are met.	
Achievement	A3	3/5 requirements for Achievement are met including at least TWO valid explanations	
	A4	4/5 requirements for Achievement are met including at least THREE valid explanations.	

Achievement with Merit	M5	TWO of (i) to (iv) including a valid detailed explanation of whether consumers of coal OR the Government will be worse off or better off.	<p>Analysis in depth includes:</p> <ul style="list-style-type: none"> <li>(i) detailed explanation why New Zealand coal exporters will be worse off due to less exports and receiving a lower price. Hence their revenue and profits will be lower. Must give a valid reason for revenue or profits being lower</li> <li>(ii) detailed explanation why people employed in the coal industry will be worse off due to having less work or less income, eg due to reduced production levels / lower profits for exporters. Must give a valid reason for employees having less work or income</li> <li>(iii) detailed explanation why consumers of coal – such as the Glenbrook steel mill – will be better off, as their costs will be lower, due to lower coal prices, hence higher profits</li> <li>(iv) detailed explanation why the New Zealand Government will be worse off and/or better off, because of at least TWO of the following: <ul style="list-style-type: none"> <li>• receiving less company/direct tax from coal exporters due to lower profits/revenue</li> <li>• less income/direct tax from coal workers who earn less or lose their jobs</li> <li>• increased spending on benefits due to increasing unemployment</li> <li>• increased company/direct tax from consumers of coal due to their higher profits</li> <li>• reduced GST/indirect tax revenue from decreased <b>spending</b> by coal workers</li> <li>• increased GST/indirect tax revenue from increased <b>spending</b> by employees of coal consumers</li> <li>• increased spending to keep Solid Energy running as it may close down/stop producing/go bankrupt</li> <li>• reduced profits/dividends/revenue from Solid Energy as it is a SOE.</li> </ul> </li> </ul> <p>If referring to tax; must establish a valid link between the cause stated and the effect on a specific type of tax revenue.</p>
	M6	THREE of (i) to (iv)	
Achievement with Excellence	E7	(i)	<p>Comprehensive analysis includes:</p> <p>Compare and contrast the impact of a decline in the Indian demand for New Zealand coal by:</p> <ul style="list-style-type: none"> <li>(i) detailed explanation why <i>ONE</i> or <i>TWO</i> groups could be better off (eg New Zealand consumers of coal, and the New Zealand Government ) and why <b>all of the other</b> groups are worse off</li> <li>(ii) using Graph Three to support the explanation. Must make two specific references to the changes made on Graph Three in the explanation, eg New Zealand coal exporters will export less (<math>X_1</math> compared to <math>X</math>), at a lower price, <math>Pw_1</math> so their revenue will drop (see <b>Appendix Three</b>).</li> </ul>
	E8	(i) AND (ii)	

**N0** = No response; no relevant evidence.

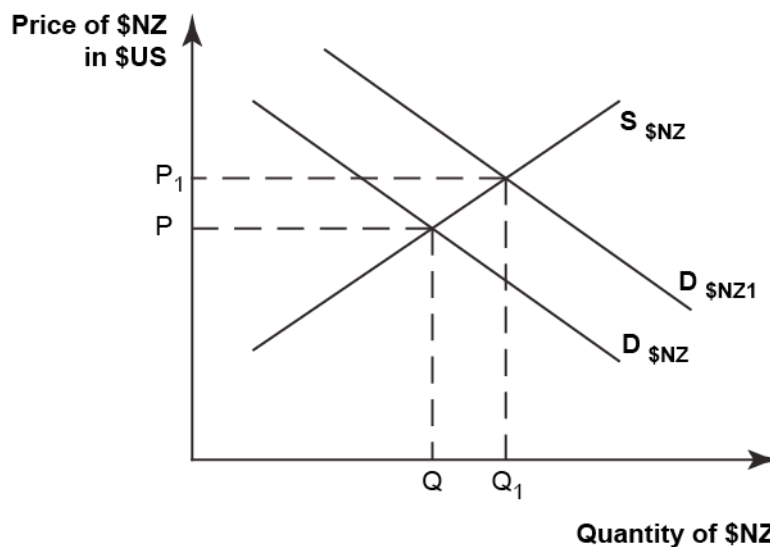
Question THREE		Evidence	
Not Achieved	N1	1/5 requirements for Achievement are met	<p>Analysis includes:</p> <p>(a)</p> <p>(i) <math>P_w</math> shifted down and <math>M_1</math> is correctly labelled (see <b>Appendix Four</b>)</p> <p>(ii) explanation that the quantity of furniture imported would increase as <math>P_w</math> decreases.</p> <p>(b)</p> <p>(i) Demand curve shifted to the right (see <b>Appendix Five</b>)</p> <p>(ii) <math>M_2</math> correctly labelled (see <b>Appendix Five</b>)</p> <p>(iii) explanation that the quantity of furniture imported will increase, because New Zealand consumers are demanding more imported furniture.</p>
	N2	2/5 requirements for Achievement are met	
Achievement	A3	3/5 requirements for Achievement are met including at least ONE valid explanation	
	A4	4/5 requirements for Achievement are met	
Achievement with Merit	M5	ONE of (a) OR (b)	<p>Analysis in depth includes:</p> <p>(a)</p> <p><math>M_1</math> correctly labelled at a lower world price</p> <p><b>AND</b></p> <p>Detailed explanation why a reduction in tariffs on imported furniture would increase the quantity of furniture imports, as the world price would decrease, so there would be an increase in the quantity demanded / decrease in quantity supplied – and importers would import more furniture to satisfy the increased quantity demanded / excess demand. Must explain the link between lower <math>P_w</math> and more imports.</p> <p>(b)</p> <p>Demand curve shifted to the right, and <math>M_2</math> correctly labelled</p> <p><b>AND</b></p> <p>Detailed explanation why an increase in New Zealand income levels would increase the quantity of furniture imported, as importers would have to import more to meet the increased New Zealand demand for furniture. Must explain the link between increased demand for New Zealand furniture and increased imports.</p> <p><b>OR</b></p> <p>as consumers can afford / are able to buy more furniture, which will increase the demand for imported furniture</p>
	M6	(a) AND (b)	

Achievement with Excellence	E7	(b) (i) AND (ii)	<p>Comprehensive analysis includes:</p> <p>(b)</p> <p>Compare and contrast the effect on New Zealand furniture imports due to a reduction in furniture tariffs, with an increase in income levels for New Zealand consumers by:</p> <p>(i) detailed explanation why an increase in New Zealand income levels will increase the quantity of furniture imported</p> <p>(ii) detailed explanation why one of the two events will increase New Zealand furniture imports more than the other, eg many New Zealand consumers may choose not to spend their increased income on imported furniture, so the increase in demand for imported furniture may not be significant <b>compared to</b> a reduction in tariffs which will significantly increase <math>Q_d</math> <b>OR</b> an increase in demand, due to increased incomes will only increase quantity demanded at <math>P_w</math>, <b>compared to</b> a reduction in furniture tariffs which will increase quantity demanded <b>AND</b> reduce quantity supplied, which will result in a larger increase in furniture imports</p> <p>(iii) using <b>Graphs Four and Five</b> to support the explanation, eg reducing furniture tariffs will increase quantity demanded from <math>Q_d</math> to <math>Q_{d1}</math>, and reduce quantity supplied from <math>Q_s</math> to <math>Q_{s1}</math>, whereas an increase in income will only increase <math>Q_d</math> to <math>Q_{d2}</math> at <math>P_w</math>.</p>
	E8	(b) (i), (ii) AND (iii)	

## Appendix One

### Question One (a) (i)

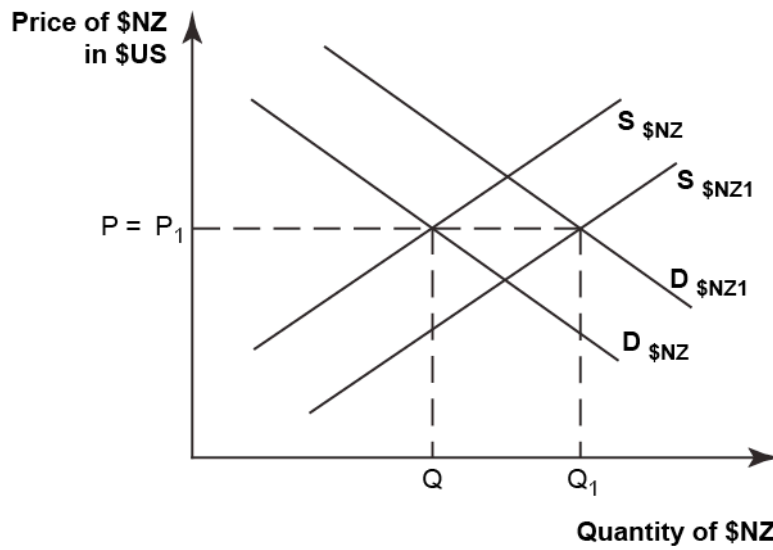
**Graph One: Market for the New Zealand dollar**



## Appendix Two

### Question One (b) (i) and (iii)

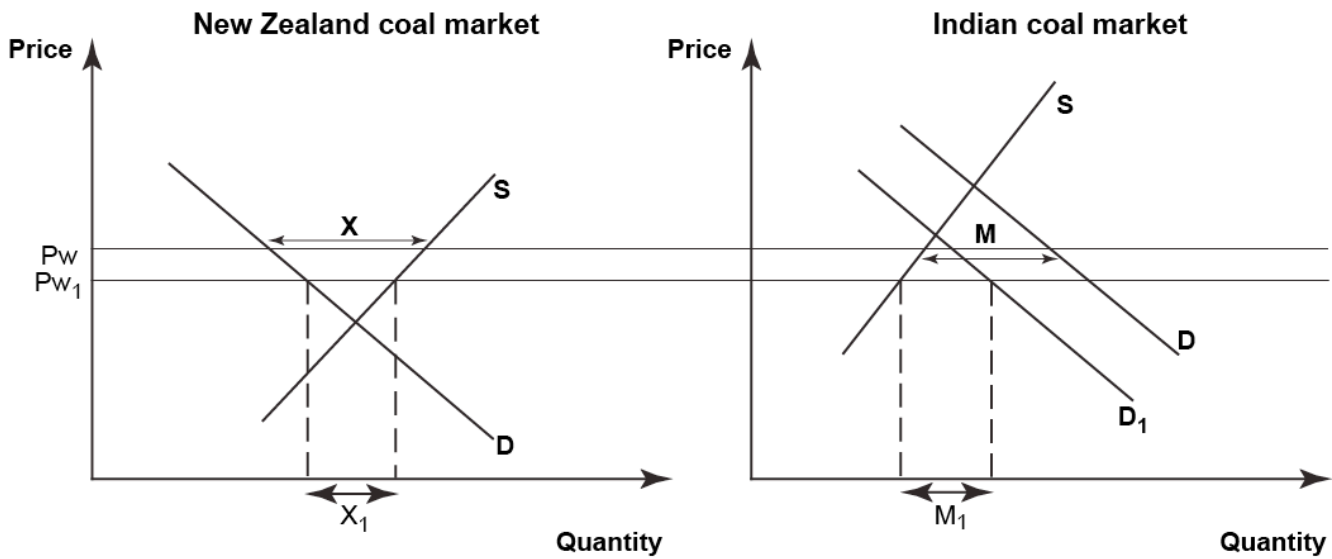
**Graph Two: Market for the New Zealand dollar**



## Appendix Three

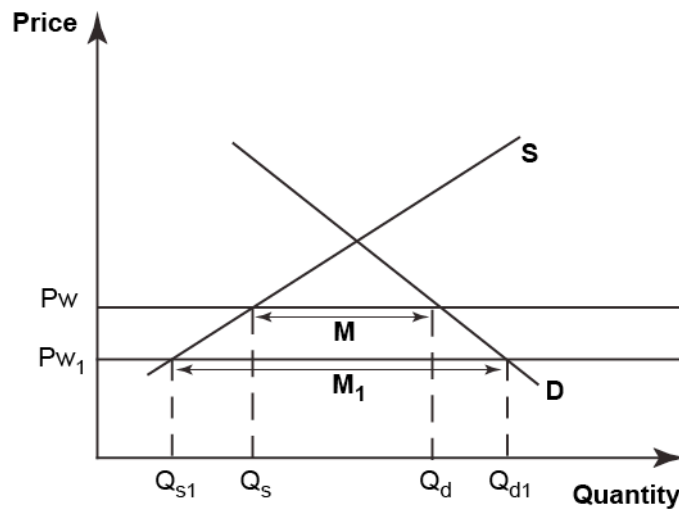
### Question Two (i) and (ii)

**Graph Three: Two-country model**



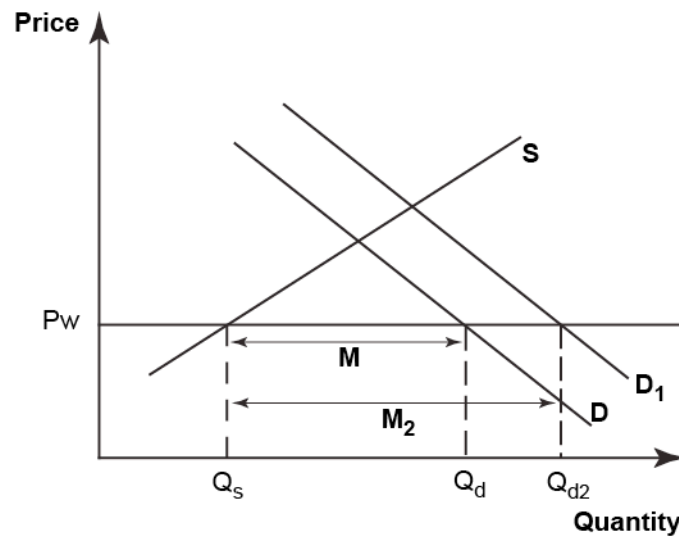
**Appendix Four**  
**Question Three (a) (i)**

**Graph Four: New Zealand market for furniture with New Zealand as a price taker**



**Appendix Five**  
**Question Three (b)**

**Graph Five: New Zealand market for furniture with New Zealand as a price taker**





**Judgement Statement**

	<b>Not Achieved</b>	<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
<b>Score range</b>	0 – 6	7 – 12	13 – 18	19 – 24