Assessment Schedule – 2017

Economics: Analyse international trade using economic concepts and models (91223)

Assessment Criteria

Achievement	Achievement with Merit	Achievement with Excellence
Analyse involves: • Defining, identifying, or describing international trade concepts • providing an explanation of causes of changes in international trade, using economic models • providing an explanation of the impacts of changes in international trade on various groups in New Zealand society. *Explanation* involves giving a reason for the answer.	*Analyse in depth* involves: • providing a detailed explanation of causes of changes in international trade, using economic models • providing a detailed explanation of the impacts of changes in international trade on various groups in New Zealand society. *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).	*Analyse comprehensively* involves: • analysing causes of changes in international trade by comparing and / or contrasting their impact on international trade • analysing the impacts of changes in international trade by comparing and / or contrasting the impact on various groups in New Zealand society • integrating changes shown on economic models into detailed explanations.

Cut Scores

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

Evidence

Question	Achievement	Achievement with Merit	Achievement with Excellence
ONE			
(a) (i)	(i) Shift of $\mathbf{D_{\$NZ}}$ curve to the left *(see Appendix).* (ii) Explains the shift, e.g.: • A rise in US interest rates will mean less funds coming to NZ banks and would result in falling demand for $NZ.	(i) Shift of $\mathbf{D_{\$NZ}}$ curve to the left *(see Appendix).* (ii) Fully explains the shift, e.g.: • A rise in interest rates in the US would result in more funds going to US banks and less funds coming to NZ banks. As a result, the demand for $NZ would fall. The $\mathbf{D_{\$NZ}}$ curve would shift to the left, to $\mathbf{D_{\$NZ1}}$. The $NZ would depreciate.	(i) Shift of $\mathbf{D_{\$NZ}}$ curve to the left *(see Appendix).* (ii) Fully explains the shift, e.g.: • A rise in interest rates in the US would result in more funds going to US banks and less funds coming to NZ banks. As a result, the demand for $NZ would fall. The $\mathbf{D_{\$NZ}}$ curve would shift to the left, to $\mathbf{D_{\$NZ1}}$. The $NZ would depreciate.
(b)	(i) Shift of $\mathbf{P_W}$ curve upwards *(see Appendix).* (ii) Explains the impact, e.g.: • A fall in the value of the $NZ would result in a rise in the $NZ value of log exports and export receipts • Exporters of logs / poles are better off because exports increase / higher price • Workers are better off because more jobs available / higher incomes.	(i) Shift of $\mathbf{P_W}$ upwards *(see Appendix).* (ii) Fully explains the impact, e.g.: • The depreciation of the $NZ would mean that log exports valued in $US would now return more $NZ to log exporters. As a result, the price ($\mathbf{P_W}$) would rise to $\mathbf{P_{W1}}$. This would cause exports to rise from **X** to $\mathbf{X_1}$. Exporters would sell more at a higher $NZ price *OR* The depreciation of the $NZ would mean that log exports valued in $US would now return more $NZ to log exporters. As a result, the price ($\mathbf{P_W}$) would rise to $\mathbf{P_{W1}}$. This would cause output to rise from **Qs** to $\mathbf{Qs_1}$. Higher output would mean more jobs for forestry workers and they would be better off.	(i) Shift of $\mathbf{P_W}$ upwards *(see Appendix).* (ii) Fully explains the impact, e.g.: • The depreciation of the $NZ would mean that log exports valued in $US would now return more $NZ to log exporters. As a result, the price ($\mathbf{P_W}$) would rise to $\mathbf{P_{W1}}$. This would cause exports to rise from **X** to $\mathbf{X_1}$. Exporters would sell more at a higher $NZ price *AND* The rise in the price from $\mathbf{P_W}$ to $\mathbf{P_{W1}}$ would cause output to rise from **Qs** to $\mathbf{Qs_1}$. Higher output would mean more jobs for forestry workers and they would be better off as well.

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, with a partial explanation.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence.	Most Excellence evidence.

N0 = No response; no relevant evidence.

Question	Achievement	Achievement with Merit	Achievement with Excellence
TWO			
(a)	Explains why New Zealand imports steel and why China exports steel, e.g.: • NZ imports steel from China because NZ can get cheaper steel from China than from NZ producers. China exports steel to NZ because NZ pays a higher price for steel than Chinese producers receive from Chinese consumers.) *Note: resource endowment accepted as evidence, but explanations must include reference to relative prices in the different markets*.	Fully explains why New Zealand imports steel and why China exports steel, with reference to Graph Three *(see Appendix),* e.g.: • NZ imports steel from China because the NZ price without trade ($\mathbf{P_{NZ}}$) is higher than the Chinese price ($\mathbf{P_C}$) and NZ consumers can get cheaper steel from China than from NZ producers. China exports steel to NZ because NZ pays a higher price for steel than Chinese producers receive from Chinese consumers. At the world price of $\mathbf{P_T}$, the surplus is China is exported **(X)** and the shortage in NZ is imported **(M)**.	Fully explains why New Zealand imports steel and why China exports steel, with reference to Graph Three *(see Appendix),* e.g.: • NZ imports steel from China because the NZ price without trade ($\mathbf{P_{NZ}}$) is higher than the Chinese price ($\mathbf{P_C}$) and NZ consumers can get cheaper steel from China than from NZ producers. China exports steel to NZ because NZ pays a higher price for steel than Chinese producers receive from Chinese consumers. At the world price of $\mathbf{P_T}$, the surplus is China is exported **(X)** and the shortage in NZ in imported **(M)**.
(b)	Shows the impact of falling Chinese demand on Graph Three *(see Appendix)*: • $\mathbf{D_C}$ is shifted to the left • $\mathbf{P_T}$ is reduced.	Shows the impact of falling Chinese demand on Graph Three *(see Appendix)*: • $\mathbf{D_C}$ is shifted to the left • $\mathbf{P_T}$ is reduced so that the new level of exports ($\mathbf{X_1}$) is equal to the new level of imports ($\mathbf{M_1}$) – *stated or observable*.	Shows the impact of falling Chinese demand on Graph Three *(see Appendix)*: • $\mathbf{D_C}$ is shifted to the left • $\mathbf{P_T}$ is reduced so that the new level of exports ($\mathbf{X_1}$) is equal to the new level of imports ($\mathbf{M_1}$).
	Explains the impact on NZ steel consumers, e.g.: • The fall in demand in China increases the steel available for export from China or lowers the trade price $\mathbf{P_T}$ of steel. This makes NZ steel consumers better off.	Fully explains the impact on NZ steel consumers, e.g.: • The fall in demand in China would reduce quantity demanded in China to $\mathbf{QDc_1}$, which would increase the steel available for export. The excess supply would result in a lower trade price ($\mathbf{P_{T1}}$) of steel, making NZ steel consumers better off.	Comprehensively explains the impact on NZ steel consumers, e.g.: • The fall in demand in China would result in a lower trade price ($\mathbf{P_{T1}}$) of steel. Consumers of steel will increase their quantity demanded to $\mathbf{QD_{NZ1}}$ as it is more affordable. This will lower their costs of production and make NZ steel consumers better off.
	Explains the impact on NZ steel producers, e.g.: • The lower trade price means that NZ steel producers would be competing against more and cheaper Chinese steel, making NZ steel producers less profitable and worse off.	Fully explains the impact on NZ steel producers, e.g.: • The lower trade price means that NZ steel producers are competing against more and cheaper Chinese steel. They would need to also lower their price and reduce their output to $\mathbf{QS_{NZ1}}$, making NZ steel producers less profitable and worse off.	Comprehensively explains the impact on NZ steel producers, e.g.: • The lower trade price ($\mathbf{P_{T1}}$) means that NZ steel producers are competing against more and cheaper Chinese steel. They would need to also lower their price and reduce their output to $\mathbf{QS_{NZ1}}$, making NZ steel producers less profitable and worse off.

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, with a partial explanation.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence.	Most Excellence evidence.

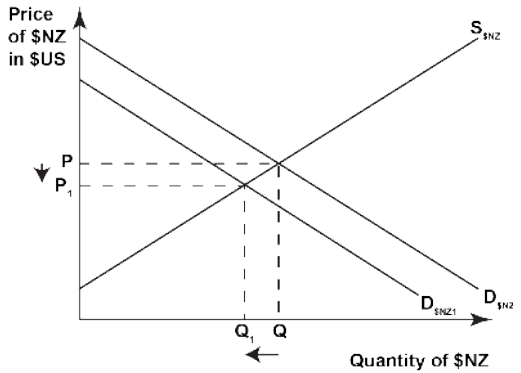
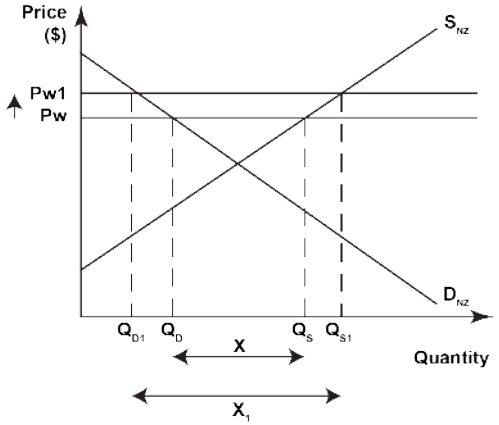
N0 = No response; no relevant evidence.

Question	Achievement	Achievement with Merit	Achievement with Excellence
THREE			
(a)	• Explains TWO advantages of free trade, e.g.: - Free trade allows consumers access to goods that are made in countries where production costs are lower and therefore saves them money. - Free trade allows producers access to inputs that are made in countries where costs are lower and, therefore, saves them money.	• Fully explains TWO advantages of free trade, e.g.: - Free trade allows producers access to inputs that are made in countries where costs are lower. This will make their production costs lower and increase their profitability. - Free trade opens up markets to producers. Rather than selling only to local markets, producers get access to more consumers, and the demand for their output is increased. Greater demand means higher prices and sales for producers. This increases their profitability.	• Fully explains TWO advantages of free trade, e.g.: - Free trade allows producers access to inputs that are made in countries where costs are lower. This will make their production costs lower and increase their profitability. - Free trade opens up markets to producers. Rather than selling only to local markets, producers get access to more consumers and the demand for their output is increased. Greater demand means higher prices and sales for producers. This increases their profitability.
(b)	• Explains an advantage of protectionism, e.g.: - Protectionism can restrict the entry of pests into the country. Preventing foreign pests from entering the country will help maintain the volume and quality of local production.	• Fully explains an advantage of protectionism, e.g.: - Protectionism can restrict the entry of pests into the country. Preventing foreign pests from entering the country would help maintain the volume and quality of local production. By preventing the pea weevil from getting into New Zealand, growers would maintain the output and quality of peas produced without having to pay the additional cost of pest control. This would maintain pea growers' profitability.	• Fully explains an advantage of protectionism, e.g.: - Protectionism can restrict the entry of pests into the country. Preventing foreign pests from entering the country would help maintain the volume and quality of local production. By preventing the pea weevil from getting into New Zealand, growers would maintain the output and quality of peas produced without having to pay the additional cost of pest control. This would maintain pea growers' profitability.
(c)			• Fully explains a preference between protectionism or free trade and explains why it provides greater benefit to agricultural industries, e.g.: - Free trade is preferred because the benefits gained by agricultural industries, such as access to cheaper inputs, usually outweigh the costs.

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, with a partial explanation.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence.	Most Excellence evidence.

N0 = No response; no relevant evidence.

Appendix: Graphs

Question One (a)	*Question One (b)*	*Question Two (a)*
Graph One: Market for the New Zealand dollar  	Graph Two: Market for New Zealand logs and poles  	Graph Two: Market for New Zealand logs and poles