Kelston Boys High School

A GUIDE FOR STUDENTS

2014

# Introduction

# Congratulations on your great subject choosing ability!!

The aim of this guide is to fully inform you about this course and thus make it easier for you to achieve your aims. It should be kept in the front of your economics folder for easy reference.

The general aim of NCEA Level 3 Economics is to enable you, the student to attain a level of economic literary and understanding which would allow you to develop a continuing and critical interest in contemporary economic issues.

The objectives are to:

understand basic economic concepts, principles and simple analytical techniques and apply them to current economic issues;

inquire into and reason clearly and objectively about economic issues;

interpret and present economic data and arguments in a clear, concise and coherent manner;

develop an awareness of the inter-relationships between economic, social and political events.

Course of Study

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| Level 3 |
| AS91399 3.1 TERM 1/2  **Demonstrate understanding of the efficiency of market equilibrium** External 4 credits |
| AS91400 3.2 TERM 1  **Demonstrate understanding of the efficiency of different market structures using marginal analysis**  4 credits External |
| AS91401 3.3 TERM 2/3  **Demonstrate understanding of micro-economic concepts**  5 credits Internal |
| AS91402 3.4 TERM 3/4  **Demonstrate understanding of government interventions to correct market failures**  5 credits Internal |
| AS91403 3.5 TERM 3  **Demonstrate understanding of macro-economic influences on the New Zealand economy**  6 credits External |

Students work toward gaining Level Three credits for the National Certificate of Educational Achievement. The work done throughout the year is assessed in two ways:

* **Internal assessment (10 credits)**  - ***assignment carried out in TERM 3/4 approximately***
* **External assessment (14 credits)** - an exam sat at the end of the year.

Skills

You will be expected to develop the following skills during the year.

1. The thinking skills (of comprehension, processing and evaluation) involved in the

application of principles, concepts and simple analytical techniques to current economic issues.

2. The investigative skills involved in investigating a local, regional or national issue and the interrelationships between economic, social and political events.

3. The statistical skills involved in selecting, interpreting, analysing and evaluating statistical data in a variety of forms. You will also be expected to be able to choose and construct appropriate forms of statistical presentation.

Student Resources

Issued Texts

Evans G (2007) *Senior Economics*. Longman Paul.

You are required to purchase:

Rennie Dan (2007) *Understanding Economics Workbook NCEA Level 3.* Cost approx $25 each

During the year there is also the opportunity to purchase revision guides including past questions/answers of Level 3 questions.

Newspapers, magazines, news broadcasts and other current events coverage will be valuable sources of information. You will need to keep your ears and eyes open if you are to make the important connection between the theory and the real world.

Assessment Expectations (Refer to the school policy)

Overdue assignments/work handed in late

It is very important that you hand work in on the due date. These dates will be well advertised and procedures discussed in class.

Work must be submitted to your teacher on the due date. **Extensions are only considered for major issues.**  It is your responsibility to be sufficiently well organised to meet the deadline. **Extension requests must be in writing to the Associate Principal before the due date.** Failure to hand work in by the due date or after the due date will require a letter of explanation also to the Associate Principal.

Reassessment

There will be no reassessment opportunities offered in Level 3 Economics.

Authentication

All work that you submit for assessment must be your own. When you complete assignment work at home, you and your parents/guardians must sign a declaration that the work that you submit is your own.

Homework

Homework will be set most days and will complement work done in the classroom.Keeping up with the economic skills and content is *most important*, because as we progress through the course you are expected to be able to apply what you have learned previously.

Always catch up on missed work immediately.

NCEA Level 3 Economics Student Achievement

You can record the results you achieve throughout the year on the sheet below. This information will help you to monitor your progress towards the externally assessed standards and will allow you to check the results recorded by your teacher for the internally assessed achievement standards.

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| --- | --- | --- | --- |
| External | Approximate Dates | Class test | Practice Exam |
| AS91399 3.1  4 credits | Term 1 |  |  |
| AS91400 3.2  4 credits | Term 2 |  |  |
| AS91403 3.3  6 credits | Term 2 |  |  |
|  |  |  |  |
| Internal |  | Grade | |
| AS91401 3.3  5 credits  AS91402 3.4  5 credits | Term 2/3 approx  Term 3/4 approx |  | |

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| 91399 Demonstrate understanding of the efficiency of market equilibrium  4 credits (External) |

This achievement standard involves demonstrating understanding of the efficiency of market equilibrium.

Achievement Criteria

| Achievement | Achievement with Merit | Achievement with Excellence |
| --- | --- | --- |
| * Demonstrate understanding of the efficiency of market equilibrium | * Demonstrate in-depth understanding of the efficiency of market equilibrium | * Demonstrate comprehensive understanding of the efficiency of market equilibrium |
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1. *Demonstrate understanding* involves:
   * providing an explanation of:
     + market equilibrium and/or changes in market equilibrium
     + efficiency in the market
   * using an economic model(s) to illustrate concepts relating to the efficiency of market equilibrium.

*Demonstrate* *in-depth understanding* involves:

* + providing a detailed explanation of:
    - market equilibrium and/or changes in market equilibrium
    - impact of changes in markets on efficiency in the market
  + using an economic model(s) to illustrate complex concepts and/or support detailed explanations relating to the efficiency of market equilibrium.

*Demonstrate comprehensive understanding* involves:

* + analysing the impact of a change in a market on efficiency by comparing and/or contrasting the different impacts on participants (ie consumer, producer and, where appropriate, government) in that market
  + integrating an economic model(s) into explanations relating to the efficiency of market equilibrium that compare and/or contrast the different impacts.

1. *Efficiency* refers to allocative efficiency of market equilibrium which occurs when the sum of consumer and producer surpluses are maximised (so ‘total surpluses’ are maximised). This includes recognising that deadweight loss indicates a market is allocatively inefficient.
2. *Market equilibrium* includes:
   * market equilibrium as a result of the operation of market forces; or
   * impact of changes on markets, including the impact on consumer surplus, producer surplus, and total surpluses. This typically includes changes in international trade markets and/or changes imposed on market equilibrium by government.

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| 91400 Demonstrate understanding of the efficiency of different market structures using marginal analysis  4 credits (External) |

This achievement standard involves demonstrating understanding of the efficiency of different market structures using marginal analysis

Achievement Criteria

| Achievement | Achievement with Merit | Achievement with Excellence |
| --- | --- | --- |
| * Demonstrate understanding of the efficiency of different market structures using marginal analysis. | * Demonstrate in-depth understanding of the efficiency of different market structures using marginal analysis. | * Demonstrate comprehensive understanding of the efficiency of different market structures using marginal analysis. |

*1 Demonstrate understanding* involves:

* + providing an explanation of:
    - pricing and output decisions for perfectly competitive and/or monopolist firms using marginal analysis
    - efficiency of a market structure
    - impact of a change in a market on the short and/or long run pricing and/or output decisions of a firm using marginal analysis
    - a government policy to improve the efficiency of a monopoly market
  + using an economic model(s) to illustrate concepts relating to the efficiency of different market structures.

*Demonstrate* *in-depth understanding* involves:

* + providing a detailed explanation of:
    - pricing and output decisions for perfectly competitive and/or monopolist firms using marginal analysis
    - the efficiency of a market structure
    - the impact of a change in a market on the short and/or long run pricing and/or output decisions of a firm using marginal analysis
    - a government policy to improve the efficiency of a monopoly market
  + using an economic model(s) to illustrate complex concepts and/or support detailed explanations relating to the efficiency of different market structures.

*Demonstrate* *comprehensive understanding* involves:

* + comparing and/or contrasting:
    - the efficiency of market structures
    - the impact of a change in a market on the short and long run pricing and/or output decisions of a firm using marginal analysis
    - the effectiveness of government policies to improve the efficiency of a monopoly market
  + integrating an economic model(s) into explanations relating to the efficiency of different market structures.

*2 Efficiency* refers to allocative efficiency of market equilibrium which occurs when the sum of consumer and producer surpluses are maximised (so ‘total surpluses’ are maximised). This includes recognising that deadweight loss indicates a market is allocatively inefficient.

3A *market structure* refers to monopolies (including natural monopoly) and perfectly competitive firms. This may include the distinguishing features of monopoly and/or perfectly competitive markets.

1. *Marginal analysis* refers to using marginal revenue and marginal cost to determine the output and pricing decisions of firms. This includes demonstrating understanding:
   * that perfectly competitive firms operate at the profit maximising output where P(=MR) = MC and are allocatively efficient; and/or
   * that monopoly firms operate at the profit maximising output where marginal revenue equals marginal cost (MR = MC) but are allocatively inefficient.

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| 90401 Demonstrate understanding of micro-economic concepts  5 credits (Internal) |

This achievement standard involves demonstrating understanding of micro-economic concepts

Achievement Criteria

| Achievement | Achievement with Merit | Achievement with Excellence |
| --- | --- | --- |
| * Demonstrate understanding of micro-economic concepts | * Demonstrate in-depth understanding of micro-economic concepts. | * Demonstrate comprehensive understanding of micro-economic concepts |
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1. *Demonstrate* *understanding* involves:
   * providing an explanation of micro-economic concepts
   * using an economic model(s) to illustrate micro-economic concepts
   * processing and/or presenting data or information related to micro-economic concepts.

*Demonstrate* *in-depth understanding* involves:

* + providing a detailed explanation of micro-economic concepts
  + using an economic model(s) to support detailed explanation
  + using data or information to support detailed explanation.

*Demonstrate* *comprehensive understanding* involves:

* + using a detailed explanation, supported by models and data, and/or information to justify implications of micro-economic concepts for a consumer(s), producer(s) and/or government.

1. *Micro-economic concepts* refer to: marginal utility and demand, diminishing returns and supply, elasticity of demand, elasticity of supply, market structures (excluding perfect competition and monopoly), and role of prices and profits in determining resource allocation.

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| 90402 Demonstrate understanding of government interventions to correct market failures  5 credits (Internal) |

This achievement standard involves demonstrating understanding of government interventions to correct market failures.

Achievement Criteria

| Achievement | Achievement with Merit | Achievement with Excellence |
| --- | --- | --- |
| * Demonstrate understanding of government interventions to correct market failures | * Demonstrate in-depth understanding of government interventions to correct market failures | * Demonstrate comprehensive understanding of government interventions to correct market failures |
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1. *Demonstrate* *understanding* involves, for different market failures:
   * providing an explanation of:
     + each market failure
     + government interventions to correct each market failure in terms of efficiency or equity
   * using an economic model(s) to illustrate each market failure and the government interventions to correct it.

*Demonstrate* *in-depth understanding* involves, for different market failures:

* + providing a detailed explanation of:
    - each market failure
    - government interventions to correct each market failure in terms of efficiency or equity
  + using an economic model(s) to support detailed explanations.

*Demonstrate* *comprehensive understanding* involves, for different market failures:

* + making a justified recommendation on the more efficient or equitable government intervention to use in order to correct each market failure
  + integrating an economic model(s) into the justified recommendation.

1. *Market failure* refers to situations when a market fails to deliver an efficient or equitable outcome. Efficiency occurs when Social Marginal Cost equals Social Marginal Benefit. Equity occurs if a situation or outcome is considered to be fair. The different market failures relate to: consumption externalities, production externalities, public goods, imperfect information, inequitable income distribution.
2. *Government interventions* refer to interventions in a market by central or local government. For example, these may include, for each market failure, a selection from:
   * subsidies, taxes, regulations, property rights and government provision (consumption externalities)
   * subsidies, taxes, regulations, property rights and government provision (production externalities)
   * government provision (public goods)
   * regulation (imperfect information)
   * progressive taxes, welfare benefits, collective provision and minimum wage (inequitable income distribution).

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| 90403 Demonstrate understanding of macro-economic influences on the New Zealand economy  6 credits (External) |

This achievement standard involves demonstrating understanding of macro-economic influences on the New Zealand economy.

Achievement Criteria

| Achievement | Achievement with Merit | Achievement with Excellence |
| --- | --- | --- |
| * Demonstrate understanding of macro-economic influences on the New Zealand economy. | * Demonstrate in-depth understanding of macro-economic influences on the New Zealand economy. | * Demonstrate comprehensive understanding of macro-economic influences on the New Zealand economy. |
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1. *Demonstrate* *understanding* involves:
   * providing an explanation of the current state of the New Zealand economy in relation to macro-economic goals
   * identifying, defining, calculating, and describing or providing an explanation of macro-economic influences on the New Zealand economy
   * using an economic model(s) to illustrate concepts relating to macro-economic influences on the New Zealand economy.

*Demonstrate* *in-depth* *understanding* involves:

* + providing a detailed explanation of macro-economic influences on the New Zealand economy
  + using an economic model(s) to illustrate complex concepts and/or support detailed explanations of macro-economic influences on the New Zealand economy.

*Demonstrate* *comprehensive understanding* involves:

* + comparing and/or contrasting:
    - the effectiveness of one government policy in achieving different macro-economic goals and/or the effectiveness of different government policies in achieving one macro-economic goal
    - the impacts of one macro-economic influence on the New Zealand economy in relation to different macro-economic goals and/or the impacts of different macro-economic influences on the New Zealand economy in relation to one macro-economic goal
  + integrating an economic model(s) into explanations of macro-economic influences on the New Zealand economy that compares and/or contrasts the impacts on macro-economic goal(s).

1. *Macro-economic* *influences* refer to internal factors (eg changes in government policies, consumption, savings and investment) and external factors (eg changes in net exports, terms of trade, exchange rates, trade agreements and the world economy) that affect the economy.
2. *Economy* refers to the system of production, distribution, and consumption of goods and services in a country. This includes:
   * relevant macro-economic indicators used to describe the current state of the economy (eg inflation rate, growth rate, current account balance, unemployment rate) and/or the current position on the business (trade) cycle; and/or
   * macro-economic goals of government (eg price stability, balanced current account, economic growth and full employment).

## Achievement objective 8.1

Students will gain knowledge, skills, and experience to:

* understand that well-functioning markets are efficient but that governments may need to intervene where markets fail to deliver efficient or equitable outcomes.

### Indicators

* Uses micro-economic concepts (for example, marginal utility, demand and supply curves, elasticity, or deadweight losses) to illustrate the efficiency of market equilibrium.
* Provides convincing evidence that markets tend towards equilibrium and market equilibrium can be allocatively efficient (where total surpluses are maximised).
* Illustrates how price signals determine resource allocation in the market.
* Uses micro-economic concepts (for example, marginal cost and revenue, profit maximisation, normal profits, perfect competition, monopoly, or allocative efficiency) to derive the levels of profit, output, and efficiency of different market structures.
* Uses economic model(s) to support explanations about why governments are justified in intervening in the market where the outcome is inefficient or inequitable.
* Uses economic model(s) to support the analysis of policies governments can use to improve efficiency and/or equity in the event of market failure.

## Achievement objective 8.2

Students will gain knowledge, skills, and experience to:

* understand how the nature and size of the New Zealand economy is influenced by interacting internal and external factors.

### Indicators

* Uses relevant macroeconomic indicators to describe the current situation of the New Zealand economy.
* Uses macroeconomic models (for example, aggregate supply and demand) to illustrate and analyse the New Zealand economy.
* Analyses the impacts on the New Zealand economy of domestic influences.
* Analyses the impacts on the New Zealand economy of external influences.
* Identifies that the government has a range of economic goals and explains why there may be trade-offs between these goals and their equity and efficiency objectives.
* Analyses the appropriateness of government policies that relate to stabilisation and/or economic development.