***Educating Young People Who Will Be***

***Significantly Different!***

# Assessment Schedule – 2015

# Economics: Demonstrate understanding of consumer choices, using scarcity and / or demand (90983)

**Assessment Criteria**

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| **Achievement** | **Achievement with Merit** | **Achievement with Excellence** |
| Demonstrate understanding involves:* defining, identifying, describing, or providing an explanation of consumer choices related to scarcity
* identifying, describing, or providing an explanation of choices a consumer makes in response to a change in price or non-price factors
* identifying, describing, or providing an explanation of flow-on effects for the consumer
* clearly illustrating changes using the demand model.
 | Demonstrate in-depth understanding involves:* providing a detailed explanation of consumer choices related to scarcity
* providing a detailed explanation, using demand, of choices a consumer makes in response to a change in price or non-price factors
* providing a detailed explanation of the flow-on effects for the consumer.
 | Demonstrate comprehensive understanding involves:* providing an integrated explanation of consumer choices related to scarcity
* linking detailed explanations of flow-on effects for the consumer with detailed explanations of choices the consumer makes in response to a change in a price or non-price factors affecting demand
* integrating changes in demand into detailed explanations.
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Each question should be read as a whole before awarding a grade.

## Evidence Statement

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| QuestionOne | Sample answers / Evidence | Achievement | Achievementwith Merit | Achievementwith Excellence |
| (a) | Time is limited because there are only 24 hours in a day (or suggestion of hours after school), and Arianna has more things or unlimited activities she wants to do, such as working in the afterschool French lessons, playing netball, working at the Cafe, etc. This illustrates the idea of scarcity (limited time vs unlimited activities / wants) – more activities to do than can be achieved in one afternoon / evening.Because of scarcity, Arianna must choose which activity(ies) are most important to her, so that she gets to do them within the limited time that she has.When she chooses one activity (eg French lessons) over another (eg netball), she has to give up her next best alternative, which is defined as her opportunity cost (in this instance, playing netball). | Demonstrates understanding by:* describing scarcity
* identifying choice(s)
* explaining opportunity cost
* defining the term ‘values’
* identifying Arianna’s choice for each value
* explaining a conflict or a compromise.
 | Detailed explanation, which includes:* explaining why time is a scarce resource
* explaining choice and opportunity cost
* fully explaining Arianna’s value choice for each
* fully explaining compromise(s) Arianna may make.

Candidate uses detailed explanations, mostly in context. | Comprehensive explanation, which includes:* fully explaining the concepts of scarcity, choice, and opportunity cost in the context of Arianna’s options, and time as a scarce resource
* fully explaining Arianna’s value for each choice and TWO compromises to resolve any conflict she may have.

Candidate uses integrated explanations in context, and uses correct economic terminology. |
| (b) | Values are those ideas / beliefs that people consider important in their lives, and that influence their decisions. When Arianna decides to spend time with her family, her value could be that she feels supporting and helping her family is very important.When deciding to go to France, her value could be that she feels being independent and adventurous is very important. Arianna faces a conflict when deciding to go overseas for the year, as she will be away from her family. In order to resolve this conflict, Arianna take a shorter exchange, say 3 months so she will be away from her family for smaller time, but still be independent for the 3 months. Alternatively she could set up skype on her parents computer, and have regular video calls with her family while in France. |
| **N1** | **N2** | **A3** | **A4** | **M5** | **M6** | **E7** | **E8** |
| Very little Achievement evidence. | Some Achievement evidence, partial explanation. | Most Achievement evidence. | Nearly all Achievement evidence, which includes at least one explanation. | Some Merit evidence. | Most Merit evidence. | Excellence evidence. One part is weaker. | All points covered. |

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

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| QuestionTwo | Sample answers / Evidence | Achievement | Achievementwith Merit | Achievementwith Excellence |
| (a)&(b)(c) | **See Graph in Appendix 1**The law of demand states that as the price decreases, the quantity demanded increases and vice versa, assuming *ceteris paribus*. In this case, as the price of croissant falls from $3.50 (P1) to $3 (P2) per croissant, Arianna will increase her quantity demanded of croissants from 2 croissants a week (Q1) to 5 croissants a week (Q2). This is because with her given income, she can now afford more croissants, i.e. croissants have become more affordable. Arianna might also demand more croissants, because they are now relatively cheaper than substitute goods, such as buying muffins or cakes (or any other food/ pastry she eats rather than croissants).**Possible flow-on effects**:The price decrease may lead Arianna to:* As Arianna is now spending $15 a week on muffins instead of $7, she will find it difficult to save money for her exchange
* She may increase her demand for coffee, a complementary good consumed with croissants and therefore spend more of her limited income programme, and may only be able to go for a shorter time
* have a less healthy lifestyle, as she is eating more croissants, and these are high in fat.
 | Demonstrates understanding by:* drawing the graph with FIVE correct requirements (from: title, price ($), quantity, points correct, D label, scale correct)
* identifying accurate movement down the demand curve
* describing the law of demand
* explaining an increase in number of croissants demanded
* explaining flow-on effect(s).
 | Detailed explanation, which includes fully explaining:* the law of demand, with reference to the information in the table or the graph, or
* the change in the number of croissants consumed by Arianna
* flow-on effect(s) for Arianna.
 | Comprehensive explanation, which includes:* fully explaining the law of demand in the context of the number of croissants consumed by Arianna, (with reference to the graph and / or the table)
* fully explaining TWO flow-on effects for Arianna.
 |
|  | Candidate uses detailed explanations, mostly uses correct data, and in context. | Candidate uses integrated explanations in context, and uses correct data and economic terminology. |

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| **N1** | **N2** | **A3** | **A4** | **M5** | **M6** | **E7** | **E8** |
| Very little Achievement evidence | Some Achievement evidence, partial explanation. | Most Achievement evidence. | Nearly all Achievement evidence, which includes at least one explanation. | Some Merit evidence. | Most Merit evidence. | Excellence evidence. One part is weaker. | All points covered. |

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

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| QuestionThree | Sample answers / Evidence | Achievement | Achievementwith Merit | Achievementwith Excellence |
| (a)(b) |

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| See appendix for graph |  |

Hot Chocolate and Croissant are complements for Arianna, meaning they are goods that she consumes together. When the price of croissants decreases, the quantity demanded of croissants increases. As she is consuming more croissants, Arianna will increase her demand for hot chocolate. The increase in demand for hot chocolate is shown by a shift of the demand curve to the right from D to D1, meaning more hot chocolates will be demanded at each and every price. Possible flow-on effects:* As Arianna is now spending more of her income on hot chocolates, she will have less money to spend on other activities such as netball. This may result in her becoming less fit
* Arianna may spend more time at local cafés consuming the hot chocolates allowing her to spend more time with friends, or meet new friends, improving her social life.
 | Demonstrates understanding by:* identifying complements
* identifying more croissants bought
* stating more hot chocolates are consumed
* shifting demand curve for hot chocolate to the right
* explaining flow-on effect(s) for Arianna.
 | Detailed explanation, which includes:* explaining complements, in terms of being used together
* fully explaining shift of demand curve for hot chocolates with some reference to the graph
* fully explaining flow-on effect(s) for Arianna.
 | Comprehensive explanation, which includes:* fully explaining complements, in terms of being used together in the context of Arianna, with reference to graph changes
* fully explaining TWO flow-on effects for Arianna.
 |
|  | Candidate uses detailed explanations, mostly uses correct data, and in context.  | Candidate uses integrated explanations in context, and uses correct data and economic terminology. |

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| **N1** | **N2** | **A3** | **A4** | **M5** | **M6** | **E7** | **E8** |
| Very little Achievement evidence. | Some Achievement evidence, partial explanation. | Most Achievement evidence. | Nearly all Achievement evidence, which includes at least one explanation. | Some Merit evidence. | Most Merit evidence. | Excellence evidence. One part may be weaker. | All points covered. |

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

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| Question Four | Sample answers / Evidence | Achievement | Achievementwith Merit | Achievementwith Excellence |
| (a) | For Arianna’s family the trip to Akaroa would be seen as an inferior good. Inferior goods are those that are consumed when consumers’ income is low. Their income is insufficient to travel to Paris. The trip to Paris would be perceived as a luxury good. Luxury goods are goods or services consumers demand more of as their income rises. As Arianna’s mother has received a considerable pay increase, it is now possible for them to afford to travel to Paris, so their demand for a Paris holiday would increase while their demand for the Akaroa holiday would decrease. This is because their higher income allows them to demand more luxury goods. Flow on effects:The trip to Paris will be more authentically French Arianna will learn a lot more about French culture. Also this experience will help her when she is applying for a job as she will be able to add the travel experience into her CV. | Demonstrates understanding by:* Defines luxury goods
* Define inferior goods
* Identifies Akaroa as inferior good and Paris trip as the luxury good
* State Demand for Paris trip will increase and demand for Akaroa will decrease
* A flow on effect on Arianna’s career is identified
 | Detailed explanation, which includes:* fully explains luxury and inferior goods in relation to holiday travel choices and income increase in context
* AND flow-on effect explained.
 | Comprehensive explanation, which includes:* fully explains luxury and inferior goods in relation to holiday travel choices and income increase in context
* AND links to changes in circumstances
* AND flow-on effects fully explained.
 |
|  | Candidate uses detailed explanations, mostly uses correct data, and in context.  | Candidate uses integrated explanations in context, and uses correct data and economic terminology. |
| **N1** | **N2** | **A3** | **A4** | **M5** | **M6** | **E7** | **E8** |
| Very little Achievement evidence. | Some Achievement evidence, partial explanation. | Most Achievement evidence. | Nearly all Achievement evidence, which includes at least one explanation. | Some Merit evidence. | Most Merit evidence. | Excellence evidence. One part is weaker. | All points covered. |

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

## Cut Scores

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|  | Not Achieved | Achievement | Achievement with Merit | Achievement with Excellence |
| Score range | 0 – 9 | 10 – 17 | 18 – 24 | 25 – 32 |

Appendix 1: Q2 Graph for (a) and (b)

1. Complete a fully labelled demand curve using the information above.

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| Title:Price($) | **Arianna’s weekly demand schedule for Croissants** |  |
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 **Question 3 (a) Arianna’s weekly demand for Hot Chocolate**

D

Quantity (cups)

Price

($)

D1