2022 Economics Subject Assessment Advice

Overview

Subject assessment advice, based on the 2022 assessment cycle, gives an overview of how students performed in their school and external assessments in relation to the learning requirements, assessment design criteria, and performance standards set out in the relevant subject outline. They provide information and advice regarding the assessment types, the application of the performance standards in school and external assessments, and the quality of student performance.

Teachers should refer to the subject outline for specifications on content and learning requirements, and to the subject operational information for operational matters and key dates.

Across the Assessment Types for this subject, students can present their responses in oral or multimodal form, where 6 minutes is the equivalent of 1000 words. Students shouldnot speed-up the recordingof their videos excessivelyin an attempt to condense more contentinto the maximum time limit**.**

From 2023, if a video is flagged by markers/moderators as impacted by speed,schools will be requested to provide a transcriptand markers/moderators will be advised to mark/moderate based on the evidence in the transcript, only considering evidence up to the maximum word limit (e.g. up to 2000 words for AT3).

If the speed of the recording makes the speech incomprehensible, it affects the accuracy of transcriptions and it also impacts the ability of markers/moderators to find evidence of student achievement against the performance standards.

School Assessment

Assessment Type 1: Folio

Students are required to submit three or four tasks with a maximum word count of 4000 words. The most popular submissions consisted of three assignments/investigations etc and one test.

Teachers can elicit more successful responses by:

* designing tasks that include routine and more complex questions and issues that allow effective differentiation of knowledge and understanding, application and analysis and evaluation of economic concepts and models across all grade bands
* providing students with a variety of assessment tasks to demonstrate their knowledge and skills of analysis and evaluation
* including opportunities to demonstrate application and analysis and evaluation in every task.

The more successful responses commonly:

* included appropriate and accurate use of economic terminology
* included accurate and fully labelled diagrams
* integrated and used data and/or economic models to support analysis and evaluation
* assessed opposing arguments to reach a conclusion and/or make recommendations
* referred to both intended and unintended consequences.

The less successful responses commonly:

* did not include accurate and/or fully label diagrams
* made errors and omissions when explaining and applying economic concepts and models
* listed answers where explanations were required
* were unable to clearly demonstrate the ability to use data to explain economic scenarios
* described economic issues without application, analysis or evaluation of data or information provided.

Assessment Type 2: Project

The economic project must be completed individually and have a maximum word count of 2000 words. A well framed question that allows opportunities for data analysis as well as evaluation of opposing economic perspectives will allow students to demonstrate the required specific features at higher performance standards.

Teachers can elicit more successful responses by:

* designing questions or assisting students to design questions that allow opportunities for data analysis as well as assessment of opposing economic perspectives
* ensuring that the Project allows students to demonstrate the required specific features at higher grade levels.

The more successful responses commonly:

* included accurate use of economic terminology and definitions
* included accurate and fully labelled diagrams and used these to assist analysis and evaluation
* used a wide range of sources to support analysis and recommendations
* analysed economic data and suggested causes and effects as required
* were able to reach synthesised, well-rounded conclusions.

The less successful responses commonly:

* discussed issues in general terms and included limited analysis and evaluation
* included inaccurate and/or incomplete models
* provided descriptive narrative about data without discussion of possible causes or effects
* lacked depth of evaluation or failed to consider opposing viewpoints before reaching conclusions
* did not utilise data or economic models in explanations/support of conclusions
* focussed on a limited range of sources.

External Assessment

Assessment Type 3: Examination

Booklet One

Question 1

(a) (i)/(ii) Most students identified an increase in the demand for masks and a decrease in the supply of masks. The more successful responses concluded that because the change in demand was greater than the change in supply the final equilibrium price would be higher, and the final equilibrium quantity was also likely to be higher.

(b) More successful responses outlined that the PES for masks was highly inelastic because of the shortage of resources (e.g. specialised fabric). Unsuccessful responses incorrectly discussed factors influencing PED.

(c) (i) Most students correctly shifted the supply curve to the right and clearly labelled the new market equilibrium.

(ii) Most students were able to identify one intended and one unintended consequence of offering subsidies. More successful responses explained how these consequences supported or did not support the case that subsidies were likely to be effective.

(d) (i)/(ii) The majority of students correctly selected D4 to represent the demand curve for healthcare workers. The most common justification for D4 was that masks are mandated/necessary for these workers leading to a very inelastic demand.

(iii) Most students were able to explain that when demand is very inelastic a given percentage change in price will result in a smaller percentage change in quantity demanded. Total revenue of producers is therefore likely to increase.

(e) (i) This proved to be a challenging question. More successful responses included data from the payoff matrix to show that each firm’s strategy is optimal, considering the decision of the other firm, when both firms increase spending.

(ii) Most students explained that profits could be maximised if both firms-maintained spending. Most students also stated that this could lead to collusion which is illegal.

(f) (i) Most students were able to explain that the wearing of a medical grade mask increases the wellbeing of others and leads to marginal social benefits of consumption exceeding marginal private benefits.

(ii)/(iii) More successful responses drew a MPB curve to the left of the MSB curve and accurately labelled the socially optimal price and quantity and DWL. They also explained that in a free-market consumption will be at Qe which is socially inefficient and leads to underconsumption.

Question 2

(a) The number of buyers and sellers and barriers to entry were the most referred to features used to classify market structures. More successful responses linked the feature to one or more of the market structures identified in the source.

(b) The majority of responses referred to the fact that farmers were price takers with very little market power whereas processors as oligopolists had a lot of market power.

(c) (i)/(ii) More successful responses explained that a surplus will exist if a price floor is set above the market price. These responses also correctly labelled the surplus and DWL on the diagram.

(iii) This question was not well answered. Successful responses explained that if the market price was above the price floor, market equilibrium would be achieved and there would not be any surplus or shortage.

(d) (i) This question was not well answered. The setting of a price floor and a government guarantee to purchase raw milk at the floor price would lead to a Consumer Surplus of a and Producer Surplus of b+c+d+e+f

(ii) Consumer surplus has decreased by b+d and Producer Surplus has increased by b+d+f.

(e) More successful responses included an informed judgement about government intervention using evidence from the graphs and information provided. Best responses showed evidence of a balanced consideration of the issue.

Booklet Two

(a) Less successful responses made little reference to the circular flow model and had difficulty explaining the multiplier.

(b) The majority of students were able to show a decrease in AD resulting from decreased dollar value of exports.

(c) (i) Most students correctly outlined that a floating exchange rate is determined by demand and supply (market forces).

(ii) More successful responses drew an accurate and fully labelled FOREX diagram to reflect a decrease in demand for the currency and a resulting depreciation.

(iii) More successful responses showed both an increase in AD (exports are relatively cheaper) and a decrease in SRAS (imports increase in price) because of a depreciation. Best responses also discussed possible increases in production costs (imported components increase in price) and lower price competition as factors putting upward pressure on inflation.

(iv) The majority of students were able to explain that an increased price level and constant nominal wages would lead to a reduction in real wages.

(d) (i) Most students identified retail sales as a coincident indicator.

(ii) More successful responses analysed the data and used this analysis to link the indicator identified to the movement in the cash rate.

(e) Less successful responses were unable to use the data to justify the phase of the business selected.

(f) (i) More successful responses successfully used the data provided for analysis, evaluation, and justification of their suggested fiscal policy response. Less successful responses often confused fiscal policy with monetary policy and/or supply side policies.

(ii) More successful responses were able to justify the limitation chosen whilst less successful responses simply listed a limitation. Lags and the political nature of fiscal policy were commonly listed as limitations.

(g) (i) Successful responses moved LRAS, SRAS and AD to the right and moved the pp curve outwards.

(ii) More successful responses explained that spending on infrastructure could quickly increase both AD and employment. It could also avoid the possible short-term increase in unemployment that is often associated with other supply management policies.

(h) More successful responses explained that because public goods are non-rival and non-excludable, private firms are unlikely to be able to earn sufficient profits from providing infrastructure.