Economics

2012 Chief Assessor's Report

Government of South Australia

SACE Board of SA

ECONOMICS

2012 CHIEF ASSESSOR'S REPORT

OVERVIEW

Chief Assessors' reports give 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, the quality of student performance, and any relevant statistical information.

SCHOOL ASSESSMENT

For some assessment groups, moderators noted variances to the submission requirements for Economics:

- non-submission of task sheets
- omission of the approved learning and assessment plan
- student work missing without inclusion of the Variations — Moderation Materials form.

Teachers are reminded that four of the specific features of the assessment design criteria (specifically KU1, AE1, C1, and C2) require students to use economic models, and students need to be actively encouraged to use these to support their communication, explanation, and analysis.

Assessment Type 1: Skills and Applications Tasks

Teachers continued to provide students with a variety of tasks, covering the breadth of course content. Tests were the most commonly used type of assessment. It is recommended that, if teachers are using tests as preparation for the external assessment, they consider the nature and scope of questions included. It was pleasing to see that teachers were including tasks completed under supervision in this assessment type to most effectively allow A-level students to demonstrate their achievement.

While some schools assessed the key area of poverty and inequality as part of this assessment type, teachers are reminded that the poverty and equity focus is better directed to Assessment Type 2.

Teachers are encouraged to consider the performance standards carefully when setting tasks, and to ensure that questions will provide opportunity for students to demonstrate understanding across the various levels of the performance standards. For example, tests that are heavily weighted towards multiple-choice and very short answers often provided little opportunity to differentiate between students' abilities to communicate. Inclusion of extended-response questions made the difference between 'basic', 'competent', 'clear and accurate', and 'sophisticated' much more evident. Teachers need to consider what will be the evident differences between

responses at each level, and consider whether aspects of the task provide scope for the difference.

When designing tasks, teachers are encouraged to consider how to best ensure students include the various specific features of the analysis and evaluation assessment design criterion. While many learning and assessment plans indicated that students would address all of these features in each task, it was evident that tasks were often set more effectively, and students were able to demonstrate achievement at a higher level, when only one or two features of analysis and evaluation became the focus of the task.

Using marks to grade tests is quite appropriate, although teachers must ensure that the task was designed with the learning outcomes and performance standards in mind, and they must reflect on these when making a decision about the students' final performance. For example, in a test where 80% of the marks are allocated for knowledge and understanding, and 20% for analysis and evaluation, a student could numerically achieve a high B or A result, but have shown quite limited analysis and evaluation skills.

Assessment Type 2: Folio

Teachers are encouraged to consider more than two assessment tasks in this type, as sometimes students had limited opportunities to demonstrate a range of evidence against specific features that were identified by teachers on their learning and assessment plan.

Analysis and evaluation was observed to be an element of the folio tasks that could be met to the higher grade bands; that is, students could show (against the performance standards) that they were 'astute and logical', could evaluate 'perceptively', could analyse and evaluate in an 'incisive' manner, and undertake 'insightful and well-informed evaluation'. Students were observed to perform well at knowledge and understanding, and communication performance standards when they were able to access multiple sources of information and articulate the relevance of the various ideas presented.

It was pleasing to note that teachers had acted on advice and included opportunities for individually assessed elements in group tasks.

Some tasks in this assessment type were unnecessarily lengthy. Teachers are reminded that research skills are not an identified performance standard in the subject, and therefore the focus of folio tasks should emphasise the identified performance standards. It is quite appropriate for teachers to provide some of the initial materials and/or specific advice to assist students to locate quality resources. Research-based tasks on poverty and inequality did provide scope for students to effectively demonstrate high levels of achievement across the range of performance standards.

Students showing 'sophisticated communication' showed evidence of appropriate referencing of source materials.

Where students did an oral presentation and utilised a PowerPoint presentation, it is recommended that students submit not only the electronic version of the slides but also their speech notes.

Some students were producing ‘fact-rich but analysis-poor’ evidence, and teachers are encouraged to consider the structure and scaffolding provided for the task to minimise this outcome. Detailed and well-explained knowledge does not equal high-level analysis and evaluation.

EXTERNAL ASSESSMENT

Assessment Type 3: Examination

PART A (Short-answer Questions)

Question 1 (mean: 8.39/14 marks)

(a) Most students were able to identify one economic problem China might experience during its transition, such as higher inflation, higher unemployment, environmental issues, or lower growth.

(b) The majority of students were unable to correctly identify the correct answer — the third option — and chose either the second or fourth option.

(c) Most students were able to state output, income, or expenditure as a method of calculating gross domestic product.

(d) Only a few students defined ‘real’ in this context as meaning being adjusted for price changes/inflation.

(e) The majority of students correctly identified that volunteers moving into paid work would lead to an increase in GDP

(f) The majority of students were able to identify that a rapid slow-down in the Chinese economy would have a detrimental impact on world economic growth and on those countries that exported to China.

(g) Most students were able to identify that the movement from monopoly to oligopoly would bring about an increase in competition. However, not enough looked at the possible costs of this occurring, such as collusion, duplication, and the possibility of a natural monopoly.

(h) Overall, this question was well done. Better responses discussed the impact of increased competition leading to increased efficiency and increased choice for consumers as arguments for signing the trade agreement. Most students discussed the impact of increased competition on infant industries and therefore unemployment as a possible argument against the trade agreement.

Question 2 (mean: 8.36/13 marks)

(a) (i) Better responses correctly defined the price elasticity of supply as the responsiveness of quantity supplied to a change in price.

(ii) This question required students to consider supply factors, such as available capacity and the concept of time in the production period.

(b) Overall, most students were able to correctly draw a decrease in supply in the market for petrol and a decrease in demand in the market for family holidays.

(c) The majority of students correctly identified the first option as the correct answer.

(d) (i) Overall, this diagram was very poorly completed. Better students were able to correctly show a decrease in the short run aggregate supply (SAS) curve.

(ii) Students needed their answer to refer to their diagram in part (d)(i).

(iii) Weak responses just defined policy types and/or did not apply the chosen policy to the diagram that they had drawn in part (d)(i). Better responses included a justification of policy choices.

Question 3 (mean: 9.63/18 marks)

(a) The greater majority of students were able to look at the trends over the 3-year period and identify recovery/upturn as the correct phase of the business cycle.

(b) While the majority of students were able to discuss factors such as business confidence, profit expectations, and interest-rate changes as factors that would impact on investment decisions, less successful responses incorrectly defined investment as putting money in the bank to earn interest.

(c) Government was the component of aggregate demand not shown in the table.

(d) The majority of students could identify either the increase in world demand or the depreciating exchange rate as the reason for the increase in exports.

(e) The majority of students identified a depreciating exchange rate, but a smaller number were able to explain that the increase in imports or the growing Current Account Deficit (CAD) was responsible for the change in the exchange rate.

(f) This question proved to be the most difficult. However, there were some very good answers that were able to fully explain the impact of the reverse multiplier on the economy and economic activity.

(g) (i) Better responses correctly defined net foreign debt as a percentage of GDP as the missing indicator.

(ii) Better responses discussed the impact of contractionary policies on lowering aggregate demand and therefore spending on imports, or the impact of supply management policies on improving the competitiveness of exports internationally.

(iii) Most students were able to discuss the impact of lowering aggregate demand to achieve external balance and the subsequent negative impact on full employment and economic growth.

PART B (Essay Questions)

General

Each of the essays required the students to *evaluate* the *statement with reference to examples*.

The best responses were those that made an attempt to weigh up the arguments that were inherent in the statements.

A characteristic of the answers which was looked for was the ability of students to clearly address the question that had been asked.

Question 4 (300 responses; mean: 12.45/20 marks)

This was the best-answered question, with better responses being able to address both positive and negative effects of the growth of international trade and capital mobility, as well as being able to reach a qualified conclusion about the issue. Better responses were also able to distinguish between international trade and capital mobility, allowing them to effectively identify the effects of each.

Some students used a more theoretical approach — referring to the logic of comparative advantage, and the arguments that may be advanced for protection. The higher-quality responses were able to integrate real-world examples into the theoretical framework, referring to the consequences of trade agreements, and the effects of particular bilateral and multilateral trade arrangements. Less successful responses tended to name a trade agreement, as if this spoke for itself; however, the question clearly required an *evaluation*, with reference to real-world examples.

Weaker responses included a rote-learned list of points for and against the effects of globalisation, with little attempt to develop an argument.

Question 5 (349 responses; mean: 11.78/20 marks)

This question required students to address the *relative effectiveness* of monetary and fiscal policy in achieving the macroeconomic objectives of full employment and price stability.

Weaker responses simply described how each of the policies could be used in an expansionary or contractionary form, without addressing the essence of the question. The final paragraph often reasserted the claim that 'monetary policy is more effective' even though little or no evidence was given to address the issue.

The best responses included examples, especially the effective use of fiscal policy in Australia in response to the global financial crisis. Better responses tended to address a range of comparative effectiveness dimensions, building to some kind of qualified conclusion about the nature of the appropriate policy mix. The use of the general problems of economic management (magnitude of the action, external factors, and so on) was sometimes skillfully included. A few students argued that there was little difference between the effects of monetary and fiscal policy, such as an inability to deal with conflicts in the achievement of both of the specified objectives, and that, consequently, supply-side *solutions* were appropriate. Some credit was given for this, notwithstanding the omission of points raised above and the uncritical acceptance of the effectiveness of supply management policies.

Question 6 (257 responses; mean: 7.97/20 marks)

This question was the least popular of the three. The responses were generally of poorer quality and perhaps the question appeared to be the most straightforward.

Few students were able to begin to *evaluate* the claim that full employment is the *most important* macroeconomic objective. The other three macroeconomic objectives were rarely mentioned, and when they were it was usually only in a definitional sense. The subject outline makes it clear that students must be able to understand the effects of the non-achievement of all four of the macroeconomic objectives on the economy and the individual.

Most answers simply accepted that full employment is the most important objective, but even then most of the effects of unemployment discussed were very general.

OPERATIONAL ADVICE

Teachers generally used the learning and assessment plan addendum to indicate changes made over the duration of the course. Teachers are also reminded of the importance of using the addendum when variations to assessment have been made for any individual student.

Any information that supports the assessment decision made by the teacher is most useful to the moderation process. Some teachers do this by clearly identifying evidence of achievement of performance standards when assessing work, while others clearly indicate on the task sheet which performance standards are being assessed in particular aspects of the task.

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Economics