Pacific Community
Communauté du Pacifique

EDUCATIONAL QUALITY AND ASSESSMENT PROGRAMME

EQAP

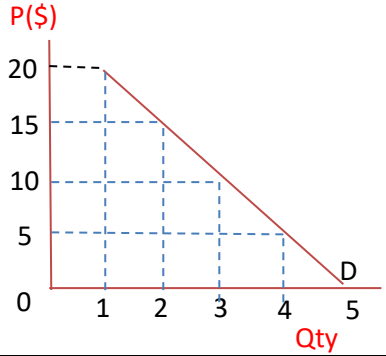
ECONOMICS

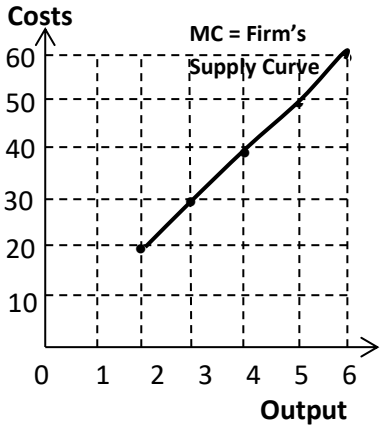
Scoring Schedule 2020

South Pacific Form Seven Certificate

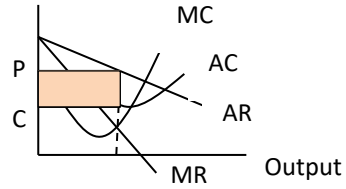
3 Luke Street, Nabua, Private Mail Bag, Suva, Fiji.
Telephone: (679) 3370733 Fax: (679) 3370021

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
1.1a	ECO1.1.1.9	1	Productive efficiency is achieved when all available resources and technology are being used to produce the output at the lowest possible cost and the economy is producing on its PPC.				Productive efficiency is achieved when all available resources and technology are being used to produce the output at the lowest possible cost and the economy is producing on its PPC.
1.1b	ECO1.1.1.14	1	Economic models help us understand what is going on in the real world and allow us to make predictions about the future. Economic models simplify the complex world that we live in.				Economic models help us understand what is going on in the real world and allow us to make predictions about the future. (*Idea is correct)*
1.1c	ECO1.1.2.6	2	- Only two goods are produced - Technology & resources are fixed - Resources are fully utilised			*Any two assumptions provided*	*Any one assumption provided*
1.1d	ECO1.1.2.9	2	Utilization - resources are fully employed and the economy is producing on the PPC (Point A, B, C or D)			*Utilization is described as in the evidence column.* *2 or more ideas.*	*Utilization is defined.* *One idea only.*

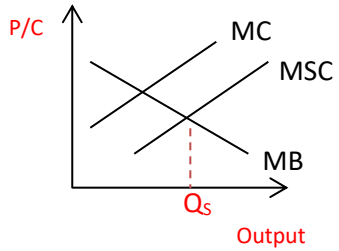
1.2a	ECO1.2.2.1	2	Graph 2. Helava's Demand Curve for Apples  			*Graph correctly drawn and labelled* *Or* *2 or more correct ideas/points.*	*Graph correctly drawn but not labelled* *Or* *Any one correct idea.*
1.2b	ECO1.2.1.1	1	Marginal utility is the extra satisfaction derived from consuming an additional unit of a commodity.				Marginal utility is the extra satisfaction derived from consuming an additional unit of a commodity. *OR* *(Formula given) i.e.* $TU_2 - TU_1$
1.2c	ECO1.2.3.4	3	Movement along a demand curve is caused by a change in price whereas a shift of the entire demand curve is caused by a change in factors other than change in price. E.g. change in consumers' income, change in tastes and fashion, price of substitutes or complements		*A distinguish between the two terms are made and an example of a factor that caused the shift in demand is given.* *2 or more ideas with linkage/relationship between the ideas*	*The two terms are defined but no comparison made.* *Or* *2 or more ideas without linkage.*	*One of the terms is defined correctly.* *Any one correct idea.*

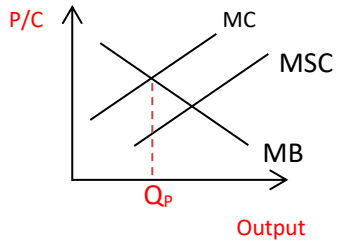
1.3a	ECO1.3.3.14	3	Graph 3. Supply Curve for a Perfectly Competitive Firm  Note: The MC curve that is above minimum AVC is the firm's supply curve.		*Graph drawn correctly and the curve is labelled either S or Supply*	*Graph drawn correctly but not labelled.*	*A graph with a positive slope drawn without labels but not drawn to scale.*
1.3b	ECO1.3.1.13	1	Marginal cost is the extra cost incurred in producing an additional unit of output.				Marginal cost is the extra cost incurred in producing an additional unit of output. *(The idea is correct)*
1.3c	ECO1.3.2.13	2	Subsidy per unit = $12 - $8 = **$4**			Subsidy per unit = $12 - $8 = **$4** OR *Only the correct answer provided without calculation.*	*$8 only.* *Or* *Step one correct.*

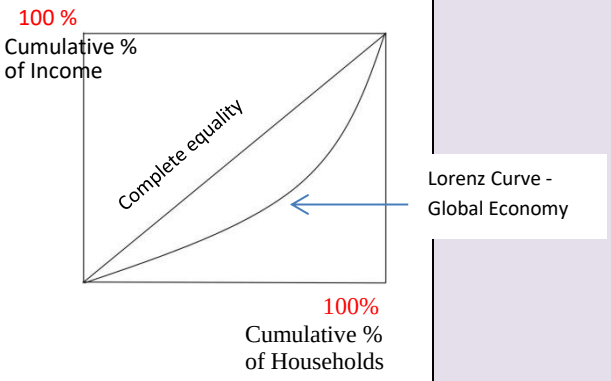
1.3d	ECO1.3.2.12	2	Consumers pay $10 per unit for 80 units before the subsidy. After the subsidy consumers pay $8 per unit for 120 units. Consumers now pay a lower price than before and obtain more quantity.			Consumers pay $10 per unit for 80 units before the subsidy. After the subsidy consumers pay $8 per unit for 120 units. Consumers now pay a lower price than before and obtain more quantity. Or 2 or more correct ideas without linkage.	*Consumers pay a lower price* *OR* *Consumers can buy more after the subsidy.* *Or* *Any one correct idea.*
1.3e	ECO1.3.4.3	4	In the Short run some factor inputs (resources) are fixed. E.g. land. For a sheep farmer, a good example of a fixed factor would be grazing land available. The farmer is only able to make a limited response in terms of the quantity that can be supplied when there is a change in price. This will result in an **inelastic supply**. In the long run all factor inputs are **variable**. It is now possible for the farmer to increase all inputs such as buying more land, breeding more sheep, and hiring more workers. Thus the farmer is able to respond fully to the increase in price. Supply will be more responsive and **more elastic** in the long run.	• *Definition of the short run and long run time periods provided*. • *Description of the elasticity of supply provided for* - short run and - *Long run* • *Explanation of why supply is more responsive in the long run than in the short run.* • *Examples provided* (*Ideas are related and linked to the real world*)	*Any three points provided with explanations.* (*Ideas are related)*	*Any two points provided but ideas are not related.* *<u>Example:</u>* *Definition of the short run and long run time period.*	*Any one idea provided.* *<u>Example :</u>* *Supply is more elastic in the long run.* *OR* *Supply is inelastic in the short run.*

1.4a	ECO1.4.2.8	2	P/Costs  			*All revenue & cost curves drawn correctly and correct profit area shaded.*	*At least 3 curves correctly drawn.*
1.4b	ECO1.4.1.17	1	Supernormal profit is a return to entrepreneurs that is over and above what is required to keep them in their present activity. OR The firm's total revenue is greater than total cost. OR Price is greater than average cost.				Supernormal profit is a return to entrepreneurs that is over and above what is required to keep them in their present activity. OR The firm's total revenue is greater than total cost. OR Price is greater than average cost. *(One correct Idea).*

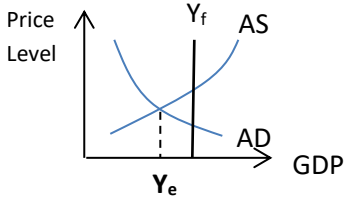
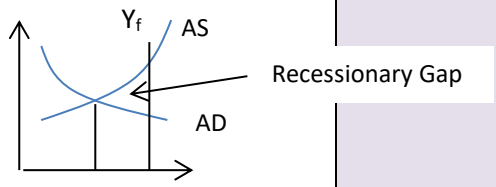
1.4c	ECO1.4.3.13	3	<u>Perfect competitor</u> The demand curve is **horizontal or perfectly elastic** because the firm is a price taker. Because firms are price takers, they can sell all their produce without having to drop the price. Because price does not change in relation to output, marginal revenue will always equal average revenue (MR = AR) <u>Monopolist firm</u> Because the monopolist is the only producer in the market, the firm's demand is also the market demand curve and is downward-sloping. Therefore for the firm to sell more it will have to lower its price, not for just the last good but for all of its output. This means that its MR will be less than its AR. The slope of the MR curve will bisect the area below the AR curve. The monopolist will not be willing to supply where MR is negative because any extra units sold would reduce total revenue, so the monopolist will be operating at some point in the top half.		<u>Perfect competitor</u> - Horizontal or perfectly elastic demand curve - MR always equal AR <u>Monopolist firm</u> - Downward sloping demand curve - MR less than AR - The slope of the MR curve will bisect the area below the AR curve (2 or more ideas. *Any one comparison made and the ideas are related.)*	*(2 or more ideas provided but not related, that is, no comparison made)*	*(One idea provided, i.e. either on the perfect competitor or on the monopoly firm)*

2.1a(i)	ECO2.1.1.8	1	Climate change refers to a change in weather patterns. OR Rise in atmospheric temperature, rise in sea level.				*Correct definition given or the idea is correct.*
2.1a (ii)	ECO2.1.2.6	2	Greenhouse emissions causes the ozone layer to get thinner which leads to a rise in atmospheric temperature or global warming; Industrial pollution burns the ozone layer.			Greenhouse emissions causes the ozone layer to get thinner which leads to a rise in atmospheric temperature or global warming; Industrial pollution burns the ozone layer. *(2 or more correct ideas)*	*One factor mentioned but no description provided.*
2.1a (iii)	ECO2.1.3.5	3	<u>Negative externaiity of production</u> Industrial pollution – emissions from factories pollute the air. The polluted air rises and depletes the ozone layer, resulting in the earth being heated up.		*Correct explanation of either externalities of production or consumption provided and the ideas are related.*	*Description of negative externalities of production provided.* *(2 or more ideas which are independent or not related)*	*Only the externality provided but no description of it.* *E.g. Pollution, smoking, car emissions, industrial wastes released into the atmosphere, etc.* *(one idea)*
2.1b (i)	ECO2.1.1.10	1					*Correct point identified*

2.1b (ii)	ECO2.1.1.11	1					*Correct point identified*
2.1c	ECO2.1.2.7	2	Mixed goods are goods with externalities – will have spill over effects Mixed goods results in market failure, Mixed goods do not have clear price signals.			*Any one feature described.* *2 ore more ideas without linkage.*	*Only definition of mixed goods provided* *(Only one idea provided)*
2.1d	ECO2.1.3.11	3	A Subsidy is a grant by government towards the payment of the firm's cost of production. A subsidy will compensate the firm's cost of production thus enabling an increase in output so that spill overs are diminished and market equilibrium moves towards the social equilibrium.		*2 or more ideas from the evidence column provided.* *Ideas are related.*	*Two or more ideas are provided independently.*	*Only one idea provided.*
2.2a	ECO2.1.1.21	1	Equality is where different people have the same level of economic resources and income available for them. Equality means everyone gets the same amount irrespective of education level or gender. It means everyone gets the same amount.				Equality is where different people have the same level of economic resources and income available for them. *One idea is correct.*

2.2b	ECO2.1.1.22	1	Ten percent of the population should receive 10 percent of the global income.				*Idea is correct.*
2.2c	ECO2.1.2.14	2	(i) Progressive income taxes (ii) Public provision – collective goods (iii) Subsidies Regulations such minimum wages			*Any two ideas provided without linkage.*	*Only one idea provided.*
2.2d	ECO2.1.3.21	3	**Graph 7.** Lorenz Curve  		*All correctly labelled:* - *Line of Complete equality* - *Axes* - *Lorenz curve – Global economy*	*Only Line of complete equality and Lorenz curve for the Global Economy drawn and correctly labelled.*	*Only Line of complete equality and Lorenz curve for the Global Economy drawn but not labelled.*
3.1a(i)	ECO3.1.1.13	1	Exchange rate is the price/ value of one currency in terms of another.				Exchange rate is the price/ value of one currency in terms of another. *(Idea is correct)*
3.1a (ii)	ECO3.1.1.16	1	When the price/ value of a currency increases in terms of another.				When the price/ value of a currency increases in terms of another. *(Idea is correct)*

3.1a (iii)	ECO3.1.4.3	4	A change in exchange would mean either an appreciation or a depreciation of the exchange rate. Impact of an appreciation: 1. Exports become less competitive when priced in other currencies – discourages exporting. 2. Imports – consumers may find that prices of imported goods decrease. Therefore an appreciation of the exchange rate will discourage exporting and encourage importing, leading to a fall in net exports. Impact of a depreciation: The opposite will apply when there is a depreciation of the exchange rate, so the depreciation will increase net exports.	*Discussion of the following:* - *Impact of an appreciation on exports and imports* - *Impact of a depreciation on exports and imports* - *Examples provided using the local or any other currency.* *(2 or more ideas which are related. Uses examples to justify.)*	*An explanation of either an appreciation or depreciation of the exchange rates provided with examples.* *(2 or more ideas which are related)*	*A description of either an appreciation or depreciation of the exchange rates provided without examples.* *(2 or more ideas which are isolated/not linked)*	*Only one idea provided.*
3.1b (i)	ECO3.1.2.4	2	Expenditure Approach: GDP = C+I+ΔR+G+X-M = 55m + 40m +55m +35m +(50m - 55m) = $180m			*Working and correct answer provided* *OR* *Only the correct answer provided*	*Correct working but wrong answer.*
3.1b (ii)	ECO3.1.1.4	1	Real GDP refers to the value of goods and services measured at base year's prices.				*Correct definition* *OR* *Idea is correct.*
3.1b (iii)	ECO3.1.1.5	1	AD = C+I+ΔR+G+X-M				AD = C+I+ΔR+G+X-M

3.2a	ECO3.2.2.16	2	Aggregate supply and aggregate demand model shows total purchases of goods and services in the economy at each price level and the national output that all producers are willing to supply at each price level.			*Correct description of both AD and AS provided.* *2 or more ideas without linkage.*	*Only one idea is correct.*
3.2b	ECO3.2.1.1	1					*Correct point labelled.*
3.2c	ECO3.2.1.15	1	Recessionary gap is the amount that equilibrium national income must increase to reach the full employment level of income. This occurs when Y_e is below Y_f 				*Correct definition* *OR* *The idea is correct.*
3.2d	ECO3.2.2.18	2	1. Unemployment of resources – workers and factories are idle. 2. Excess capacity in the economy – it is operating inside the PPC			*Any two correct factors provided.*	*Any one correct factor provided.*
3.2e	ECO3.2.1.16	1	Increase G Decrease T Budget deficit Decrease OCR				*Any one correct policy provided.*

3.2f	ECO3.2.3.18	3	Increase G – lead to an increase in any component of AD, AD shifts up & closes the gap; Decrease T – consumers will have more disposable income, thus increase in demand for g & services. AD shifts up & closes the gap; Increase G & decrease T is the budget deficit. Decrease OCR – decrease in interest rate will increase borrowing & investment and will shift the AD up to close the gap.		*Any one policy explained correctly.* *2 or more ideas which should be related.*	*Any one policy described but no explanation on how it will close the gap.* *2 or more ideas without linkage.*	*Policy mentioned but how it closes the gap is partly correct.* *Any one correct idea is given.*