



Pacific  
Community  
Communauté  
du Pacifique



No. 101

# *Scoring Schedule*

## *2022*

***South  
Pacific  
For  
Seven  
Certificate  
(SPFSC)***

# **ECONOMICS**

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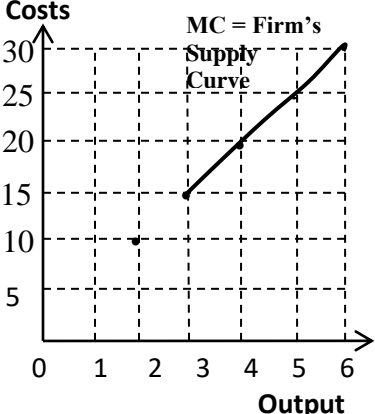
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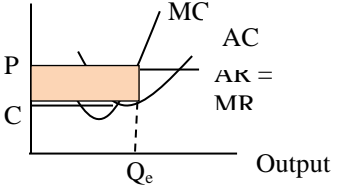
**SPFSC ECONOMICS - 2022**

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
1.1a	ECO1.1.1.9	1	Point F or G or H or I				Any point on the PPC (either Point F, G, H or I)
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. <i>(Idea is correct)</i>
1.1c	ECO1.1.2.6	2	- Only two goods are produced - Technology & resources are fixed - Resources are fully utilised			Any <b>two</b> assumptions provided	Any <b>one</b> assumption provided
1.1d	ECO1.1.2.9	2	Under –utilization: some resources are left idle and the economy is producing inside the PPC (Point J) -inefficient use of resources			Under-utilization is described correctly (the term is defined and reference is made to Point J on the PPC).  <i>2 or more ideas</i>	Under-utilization is defined or point J is mentioned.  <i>Only one idea</i>

1.2a	ECO1.2.2.1	2	<p><u>Graph 2. David's Demand Curve for Guavas</u></p>			Graph correctly drawn and labelled	Graph correctly drawn but not labelled
1.2b	ECO1.2.1.1	1	<p>Marginal utility is the extra satisfaction derived from consuming an additional unit of a commodity.</p> <p><math>TU_2 - TU_1</math></p>				<p>Marginal utility is the extra satisfaction derived from consuming an additional unit of a commodity.</p> <p>OR</p> <p>(Formula given) i.e. <math>TU_2 - TU_1</math></p>
1.2c	ECO1.2.3.4	3	<p>Movement along a demand curve is caused by a change in price <u>whereas</u> a shift of the entire demand curve is caused by a <u>change in factors</u> other than change in price. E.g. change in consumers' income, change in tastes and fashion, price of substitutes or complements</p>		<p>A difference between the two terms is made and an example of a factor that caused the shift in demand is given. (2 or more ideas with linkage between the ideas)</p>	<p>Reason for both the movement along the DC and the shift in the entire DC are given. (2 or more ideas but not linked to each other)</p>	<p>reason for the movement along the DC or the shift in the entire DC is given. (Any 1 correct idea)</p>

1.3a	ECO1.3.3.14	3	<p><b>Graph 3.</b>  <u>Supply Curve for a Perfectly Competitive Firm</u></p>  <p>Note: The MC curve that is above minimum AVC is the firm's supply curve.</p>		Graph drawn correctly and the curve is labelled either S or Supply with a correct title & axis correctly numbered	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	<p>Marginal cost is the extra cost incurred in producing an additional unit of output.</p> <p><math>TC_2 - TC_1</math></p>				<p>Marginal cost is the extra cost incurred in producing an additional unit of output.</p> <p>(The idea is correct)</p>
1.3c	ECO1.3.2.13	2	<p>Subsidy per unit = \$12 - \$11  = <u>\$1</u></p>			<p>Subsidy per unit = \$12 - \$11  = <u>\$1</u></p> <p>OR</p> <p>Only the correct answer provided without calculation.</p>	<p>Working only  or  Subsidy per unit = \$12 - \$11</p>

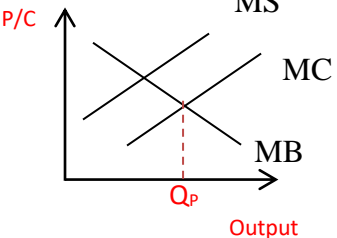
1.3d	ECO1.3.2.12	2	<p>Producers receive \$11 per unit for 45,000 units before the subsidy. After the subsidy producers receive \$12 per unit for 45,000 units.</p> <p>Producers now receive a higher price than before for the same amount of quantity supplied.</p>			<p>Producers receive \$11 per unit for 45 000 units before the subsidy. After the subsidy producers receive \$12 per unit for 45 000 units.</p> <p>Producers now receive a higher price than before for the same amount of quantity supplied.</p>	<p><i>Producers receive a higher price than before.</i></p>
1.3e	ECO1.3.4.3	4	<p>In the Short run some factor inputs (resources) are fixed. E.g land.</p> <p>For a sheep farmer, a good example of a fixed factor would be grazing land available.</p> <p>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 <b>inelastic supply</b>.</p> <p>In the long run all factor inputs are <b>variable</b>.</p> <p>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 <b>more elastic</b> in the long run.</p>	<ul style="list-style-type: none"> <li>• <i>Impact of the elasticity of supply on short run and long run time periods provided.</i></li> <li>• <i>Description of the elasticity of supply provided for</i> <ul style="list-style-type: none"> <li>- short run and</li> <li>- Long run</li> </ul> </li> <li>• <i>Explanation of why supply is more responsive in the long run than in the short run.</i></li> <li>• <i>Examples must be provided to justify.</i></li> </ul> <p><i>(Ideas are related and linked to the real world)</i></p>	<ul style="list-style-type: none"> <li>• <i>Impact of the elasticity of supply on short run and long run time periods provided.</i></li> <li>• <i>Description of the elasticity of supply provided for</i> <ul style="list-style-type: none"> <li>- short run and</li> <li>- Long run</li> </ul> </li> <li>• <i>Gives reason why supply is more responsive in the long run than in the short run.</i></li> </ul> <p><i>Any three points provided with explanations.</i></p> <p><i>Without examples</i></p> <p><i>(Ideas are related)</i></p>	<p><i>Impact of the elasticity of supply on short run and long run time period.</i></p> <p><i>Or Definition of elastic and inelastic supply</i></p> <p><i>(Any two points provided but ideas are not related)</i></p>	<p><i>Supply is more elastic in the long run.</i></p> <p><i>OR</i></p> <p><i>Supply is inelastic in the short run.</i></p> <p><i>(Any one idea provided)</i></p>

1.4a	ECO1.4.2.8	2	<p>P/Costs</p> 			Average cost curve drawn correctly and correct profit area shaded.	AC curve drawn correctly but profit area not shaded.
1.4b	ECO1.4.1.17	1	<p>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.  OR  Average Revenue is greater than Average cost</p>				<p>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.  AR is greater AC  (Idea is correct).</p>

1.4c	ECO1.4.3.7	3	<p>Average revenue represents the average contribution of each unit sold to Total Revenue. Average revenue will be the same as price, and is also represented by the demand curve of the firm.</p> <p>Marginal revenue is the additional revenue earned from selling an additional unit of output. Because price does not change in relation to output, marginal revenue will always equal average revenue (MR = AR=P) Average revenue is calculated by dividing total revenue by total units sold.</p>		<p>Definition of the three revenues (AR, MR, &amp; TR) with comparison made between them.</p> <p><u>Must have the following explanation:</u></p> <ul style="list-style-type: none"> <li>- AR curve is horizontal or perfectly elastic</li> <li>- MR always equal AR because firms are price takers</li> </ul>	<p>Definition of any two revenues (AR, MR, or TR) (Ideas provided but not related, that is, no comparison made)</p>	<p>(One idea provided, i.e. definition of any one of the revenues)</p>
2.1a(i)	ECO2.1.1.8	1	<p>Climate change refers to a change in weather patterns. OR Rise in atmospheric temperature, rise in sea level.</p>				<p>Correct definition given or the idea is correct.</p>

2.1a (ii)	ECO2.1.2.6	2	<p>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, which leads to a rise in atmospheric temperature or global warming. Description of factors such as burning, pollution,CFC or sealevel rise.</p>			<p>Greenhouse emissions causes the ozone layer to get thinner which leads to a rise in atmospheric temperature or global warming;  Or Industrial pollution burns the ozone layer, which leads to a rise in atmospheric temperature or global warming. (Two or more correct ideas)</p>	<p>One factor mentioned but no description provided.  OR  One correct idea</p>
2.1a (iii)	ECO2.1.3.5	3	<p><u>Negative externality 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. <u>Negative externality of consumption</u> -Littering -Emission from cars -Clearing of forest/ farmlands All these result in land / oceans not able to absorb carbondioxide.</p>		<p>Correct explanation of either externalities of production or consumption provided and the ideas are related to climate change.</p>	<p>Description of either externalities of production or consumption provided.  (Ideas are independently described but not related)</p>	<p>Only the externality provided but no description of it. E.g. Pollution, smoking, car emissions, industrial wastes released into the environment. etc.</p>
2.1bi	ECO2.1.1.10	1	<p>P/C</p> <p>Output</p>				<p>Correct point identified or marked</p>

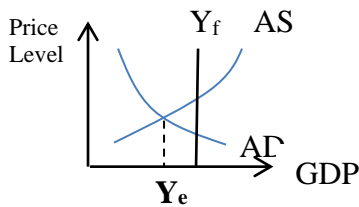
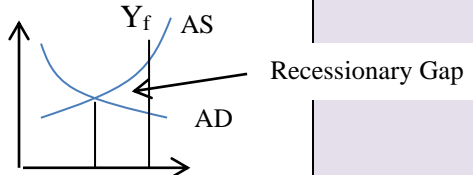


2.1bii	ECO2.1.1.11	1					Correct point identified or labelled
2.1c	ECO2.1.2.7	2	<p>Externalities are spill over effects of either production or consumption.  Market and social equilibrium will differ.  Externalities result in market failure.</p>			Any one feature described.	Only definition of mixed goods provided  (Only one idea provided)

2.1d	ECO2.1.3.11	3	<p>Regulations that limit or ban pollution can be put in place by the government. Any breach of the regulation can involve fines that impose additional costs on the producer. This will involve reducing output so that the spillovers are diminished. The supply curve shifts vertically up so that private preferences move toward social preferences.</p>		<p>Any three points in the evidence column provided:  <i>(i) Fines will impose additional costs on the producer</i>  <i>(ii) The result will be a reduction in output</i>  <i>So, supply decreases and private preferences move towards social preferences</i>  <i>(iii) Spillovers diminished and market equilibrium move towards social equilibrium</i></p> <p><i>Ideas are related</i></p>	<p><i>Two ideas are provided independently.</i></p>	<p><i>Only one idea provided.</i></p>
2.2a	ECO2.1.1.21	1	<p>Equality is where different people have the same level of economic resources and income available for them.</p> <p>Equality means everyone gets the same amount irrespective of education level or gender.</p> <p>It means everyone gets the same amount.</p>				<p>Equality is where different people have the same level of economic resources and income available for them irrespective of education level or gender.</p> <p><i>Idea is correct.</i></p>

2.2b	ECO2.1.1.22	1	To achieve equity, 3 percent of the population/households should receive 3 percent of the income in The United States. Or The same percentage of households (say 5%) should receive 5% of the economy's total income.				Idea is correct.
2.2c	ECO2.1.2.14	2	(i) Progressive income taxes (ii) Public provision – collective goods (iii) Subsidies (iv) Regulations such as minimum wage rate			Any two ideas/strategies provided.	Only one idea/strategy provided.
2.2d	ECO2.1.3.21	3	<p><b>Graph 7 Lorenz Curve</b></p>		<p>All correctly labelled:</p> <ul style="list-style-type: none"> <li>- Line of Complete equality</li> <li>- Axes</li> <li>- Lorenz curve – Global economy</li> </ul>	Only Line of complete equality and Lorenz curve for the Global Economy drawn and correctly labelled.	<p>Only Line of complete equality or Lorenz curve for the Global Economy drawn and labelled.</p> <p>Or</p> <p>Only Line of complete equality and Lorenz curve for the Global Economy drawn but not labelled.</p>
3.1ai	ECO3.1.1.13	1	Exchange rate is the price/ value of one currency in terms of another.				<p>Exchange rate is the price/ value of one currency in terms of another.</p> <p>(Idea is correct)</p>

3.1aii	ECO3.1.1.17	1	The exchange rate has depreciated, The price/ value of the US Dollar has decreased in terms of NZ Dollars.				The exchange rate has depreciated (Idea is correct)
3.1aiii	ECO3.1.4.3	4	A change in exchange rate would mean either an appreciation or a depreciation of the exchange rate. <b>Impact of an appreciation:</b> 1. Exports become less competitive when priced in other currencies – discourages exporting. 2. Imports – consumers may find that prices of imported goods become cheaper. Therefore, an appreciation of the exchange rate will discourage exporting and encourage importing, leading to a <u>fall in net exports.</u> <b>Impact of a depreciation:</b> The opposite will apply when there is a depreciation of the exchange rate, so the depreciation will <u>increase net exports.</u>	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.	An explanation of the effect of exchange rate changes on international trade (an appreciation or depreciation of the exchange rates provided).  (Ideas are related)	A description of either an appreciation or depreciation of the exchange rates provided without examples.  (Ideas are isolated)	Only one idea provided on either: - International trade; or - Exports/imports; or - Exchange rates.
3.1bi	ECO3.1.2.4	2	Expenditure Approach: $GDP = C+I+\Delta R+G+X-M$ $= 550m + 400m +100m +350m$ $+ (500m -550m)$ $= \underline{\$1350m}$			Working and correct answer provided  OR Only the correct answer provided	Correct working but wrong answer.

3.1bii	ECO3.1.1.4	1	Real GDP refers to the value of goods and services measured at base year's prices. -GDP at Constant prices				Correct definition OR Idea is correct.
3.1biii	ECO3.1.1.5	1	$AD = C+I+\Delta R+G+X-M$				$AD = C+I+\Delta R+G+X-M$ Or Anyone, ie. Either C, or I, 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 the model, including both AD and AS.	Only one correct idea.  Either AD or AS
3.2b	ECO3.2.1.1	1					Correct point labelled.
3.2c	ECO3.2.1.15	1	<p>Recessionary gap is the amount that equilibrium national income must increase to reach the full employment level of income. This occurs when <math>Y_e</math> is below <math>Y_f</math></p> 				Correct definition  OR  The idea is correct.

3.2d	ECO3.2.2.18	2	<p>1. Unemployment of resources – workers and factories are idle.</p> <p>2. Excess capacity in the economy – it is operating inside the PPC</p>			<p><i>Any two correct factors provided.</i></p>	<p><i>Any one correct factor provided.</i></p>
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3.2e	ECO3.2.1.16	1	<p>Loose monetary policy (Decrease OCR) or Expansionary fiscal policy (Increase G or decrease T) Where OCR – Official Cash Reserve G – Government Spending T - Taxes</p>				<p><i>Any one correct policy provided.</i></p>
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3.2f	ECO3.2.3.18	3	<p>Increase G – lead to an increase in any component of AD, AD shifts up &amp; closes the gap;  Decrease T – consumers will have more disposable income, thus increase in demand for goods &amp; services. AD shifts up &amp; closes the gap;  Increase G &amp; decrease T is the budget deficit .  Decrease OCR – decrease in interest rate will increase borrowing &amp; investment and will shift the AD up to close the gap.</p>		<p>Any one policy explained correctly, clearly showing the relationship between the policy and how it closes the recessionary gap.</p> <p>Or</p> <p>Provides at least two ideas on how the policy closes the recessionary gap. The ideas are linked/related.</p>	<p>Any one policy described but no explanation on how it will close the gap.</p> <p>Or provides two ideas on how the policy closes the gap.</p>	<p>One policy is mentioned  Or  States one idea on how the policy closes the gap</p>
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