

Assessment Report

New Zealand Scholarship Economics 2025

Performance standard 93402

General commentary

The number of scholarships awarded this year was higher than in previous years. This reflected the higher proportion of candidates who completed all three essays in the examination. Evaluations were more sophisticated, and some candidates weighed-up multiple criteria, providing evidence for an Outstanding grade.

In Question One, the analysis of allocative efficiency changes in the avocado export market was consistently accurate and comprehensive. However, many candidates did not show both a decrease in price and increase in costs on the same economic model. Similarly, using marginal analysis to explain changes to output levels was often omitted.

In Question Two, most candidates effectively manipulated the public goods model provided to show the impact of three government policies on reducing congestion. Stronger responses also integrated relevant economic theory and quoted the resource and the candidate's own knowledge to argue the effectiveness of policies.

In Question Three, many candidates could have achieved a higher grade by explaining contractionary monetary policy in detail, rather than providing a short paragraph.

It was noted that some candidates would have likely achieved scholarship if they had attempted a third question after completing two strong questions, or had they not left the examination early.

Report on performance standard

Candidates who were awarded Scholarship with **Outstanding Performance** commonly:

- used the multiplier to explain both the increase in consumer spending and the decrease in government spending and evaluated the relative changes to injections and leakages
- recommended a combination of policies to reduce congestion, and evaluated the combined effect on allocative efficiency and equity
- produced convincing communication and a high degree of insightful analysis across all questions

Candidates who were awarded **Scholarship** commonly:

- analysed the impact of a low Marginal Propensity to Consume (MPC) on consumer spending following tax cuts
- when discussing both policies, justified the overall decrease in Aggregate Demand (AD) despite an increase in Government spending (G)
- linked economic theory to models to explain the market failure and impact of policies, e.g. allocative efficiency occurs where marginal cost (MC) = marginal benefit (MB), increase in demand shifts MB

- constructed multiple accurate economic models to illustrate change eg shifted both AC and MC, shaded subnormal profit and used numbers to identify changes to consumer surplus (CS) and producer surplus (PS) in Question One
- used marginal analysis to explain change to output levels
- quoted appropriate material from the resource material to justify a point or further an argument.

Candidates who were **not awarded Scholarship** commonly:

- produced an incomplete discussion of contractionary monetary policy, only discussed changes in consumption and investment
- used the marginal social benefit / marginal social cost (MSB / MSC) model and discussed externalities instead of the public goods model
- illustrated either a change in price or costs for avocado growers rather than a combined change
- did not quote from the resource booklet
- did not attempt all questions.