



Name: _____

2019

Internal Assessment Resource

Achievement Standard 91402

Demonstrate understanding of government interventions to correct market failures

“The Issue of Obesity In New Zealand.”

You are required to carry out an economic analysis on Two Market Failures you will need to...

1. Fully explain the key problem(s) causing the market to fail. Support your explanations by using an economic model to illustrate the market failure.
2. Explain two policy options that the government could use to address the market failure, using an economic model(s).
3. For each policy fully explain:
 - the efficiency of the policy
 - the equity of the policy.
4. Determine which of the two policy options is the most equitable and/or efficient and write a proposal to the government integrating economic models into **the justified recommendation.**

As you write your report, take care to use appropriate economic model(s) and additional information/data to support your explanations.

Credits: 5

Teacher Guidelines:

The following guidelines are supplied to enable teachers to carry out valid and consistent assessment using this internal assessment resource.

Teachers need to be very familiar with the outcome being assessed by Achievement Standard Economics 91402. The achievement criteria and the explanatory notes contain information, definitions, and requirements that are crucial when interpreting the standard and assessing students against it.

Context/setting

This activity requires students to present the case for and against policies that could be used to correct a market failure of their choice and to participate in peer assessing another market failure. They will present an economic analysis, including economic models, and will participate in assessed peer assessment. These discussions will show the student's ability to transfer their understanding of one market failure to another.

Conditions

You will need to determine how long students need to complete each task and what processes they will follow. These will need to be clearly outlined in the student instructions.

The peer review could occur before the student does their own report if suitable exemplars exist. This may help focus students on what they need to do in their own report. Students will need to have practised using the peer assessment so they can understand the type of responses that will show understanding.

Students could prepare and present a wiki, seminar, written report or PowerPoint presentation to the class. Any method of presentation is acceptable provided it can be managed and authenticated.

Resource requirements

Internet access.

Additional information

- An Evidence Statement is provided with this activity to provide examples of appropriate learner responses.
- The evidence provided is not a comprehensive set of learner responses; the assessor must be prepared to consider additional responses in relation to the standard.
- This activity does require students to either attach their collected information OR the collated/summarized results. Secondary data must be referenced so as to enable the assessor the ability to check or verify the data.

2019

Internal Assessment Resource

Subject Reference: **Economics 3.4**

“The issue of obesity in New Zealand”

Supports internal assessment for:

Achievement Standard: 91402 version 1

Title: Demonstrate understanding of government interventions to correct market failures.

Credits: 5

Resource title: Government Interventions

Credits: 5

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of government interventions to correct market failures.	Demonstrate in-depth understanding of government interventions to correct market failures.	Demonstrate comprehensive understanding of government interventions to correct market failures.

Student Instructions Sheet

PART 1:

Recently there has been a lot of concern expressed about the problem of metabolic syndrome and the effects on New Zealand’s economy and future, especially concerning health care.

The Government has set up a task force to confront the issue. They have asked you to write a report identifying the problem and the market failures that exist.

You will need to clearly identify the market failures that are occurring.

Your report should outline the key issues with obesity, looking at the problems, the reasons for the problems and possible solutions that could be found to fix the problems and the equity / efficiency of these solutions.

You are then to make a recommendation/s about what could / should be done to address the issues / problems you have raised and the equity and efficiency of these solutions. You will then make a justified recommendation about which policy to use to try and fix the failure.

DATA

Over the next week you are required to gather a wide range of information relating to obesity. This information is available in newspapers, videos and on the internet e.g.:

- Stuff .co.nz
- New Zealand Herald on line
- TVNZ web site
- YouTube
- Ministry of Social development

And magazines such as:

- The Listener,
- Investigate,
- North & South,
- Time,
- The Economist, (some websites are available)

You are required to make copies of the information which illustrates the impact / issues associated with obesity in New Zealand.

Your report must link economic theory with the 'real world' situation and advise what could / should be done about the issue of obesity in New Zealand.

Collecting and Processing the Information

a) Collecting the information

You must collect and appropriately record sufficient information to analyse the issue of obesity in New Zealand, to complete the investigation and to carry out an economic analysis of the information.

Sufficiency of information is determined by:

- Quantity: enough for you to fully address the issue.
- Relevance: it must be related, appropriate and significant to your economic investigation.
- Accuracy: so that the information can be relied upon.
- Range: a suitable range of sources must be used to also reflect sufficiency.

[Collection of media items i.e. secondary data, must continue from a variety of sources.]

The information collected must also be referenced. See Report Guidelines.

Processing the Information

The data or information collected should be processed according to economic conventions in such a way that relates it to the issue being analysed and stated procedures.

For example:

- Ranking factors
- Classifying items such as Marginal Social Cost or Marginal Social Benefits
- Constructing diagrams and graphs to aid in the analyzing of the information.
- Summarising key points

Processing of the results must follow economic conventions and be accurate.

Economic Analysis and Conclusion(s)

An economic analysis requires:

1. Application of relevant economic ideas / theory to the information collected
2. Make logical and accurate generalisations about trends, relationships, patterns, correlations that you have observed in the processed economic information. These generalisations should be related to the investigation.
3. A conclusion(s) related to the analysis which explore links with economic theory and are justified in related to the issue of obesity.

A full economic analysis will include the requirements for achievement plus:

- The **appropriate** use of **all** of the information collected in the analysis
- A detailed conclusion(s) **related** to the analysis.

A comprehensive economic analysis will include the requirements for achievement with merit plus:

- A thorough and appropriate exploration of the relationships between economic theory and the information collected.
- A thorough and **justified** conclusion(s) related to the analysis.

Suggestions For Your Analysis

Your report may have the following points:

1. What are the market failures?
 - You must provide evidence which clearly demonstrates that market failure exists and explain why it has happened.
2. Explain using appropriate economic terms and conventions why there is a need for the government to correct this market failure.
3. Draw an appropriate diagram, and by applying Marginal Cost / Benefit analysis, analyse the effect on society of this market failure.
 - Fully label your diagram.
 - Identify any spill-over costs or benefits and DWL of the failure. With reference to the information you have collected, fully explain them using your diagram.
4. Identify at least two policy options available to the government to correct the market failure.
Current and past policies could be included. This may include policies in use now and those in use in the past.
5. Based on the policy options suggested in task 4, make a justified recommendation / conclusion as to what exactly you feel is the problem and which policy to implement. Justify your recommendation / conclusion. Redraw the diagram used in task 3, or construct a new diagram, to show the effect of your policy. Explain your diagram/model.
 - Use your answers from tasks 3 and 4 to support your justification / conclusion.
 - illustrating the effects chosen policies will have on the market failure on an economic model(s) – you will need to look at things like DWL – using diagrams to show this.
 - explaining how equitable and efficient the chosen policies are in correcting the market failure.
 - Your conclusion will need to be fully justified – this means that you need to use the information you have collected and your analysis (with reference to both) to make your conclusion.

PART 2:

You are to investigate one other example of a market failure, this could include but not be limited to plastic packaging, alcohol, smoking, marijuana, education, inequality.

You will need to go through the same process as in your study for Metabolic syndrome.

Referencing Guidelines

All sources of data must be specifically and sufficiently referenced so they are able to be verified by a third party.

Referencing Secondary sources:

- Print media: Textbooks, newspapers, magazines, pamphlets etc

Author, date of publication, publication name, other information

e.g. Brown, J. (2000). The changing nature of work, pp15-17

e.g. Elliot, S (22 June, 2003). A job for life, *NZ Gazette*, p3

- Electronic Sources (Internet):

Author/Organisation, date of publication, site name/headline, site address

e.g. Christchurch Tribune, (8 July, 2004). Editorial, The Aging Economy, www.ctp.co.nz

- Television/radio media:

Programme/media name, date/time, topic, programme participants (a summary of the discussion should be included in the appendices)

e.g. Holmes, TV1 (7 July 2004). Item on the Wellington Café Culture, Paul Holmes interviewing the Mayor.

Summary: Paul was reporting the rapid growth of inner city development and the developing culture of inner city living and dining out more often. The mayor was outlining the benefits of inner city growth and the new culture that was supporting the Arts.

Important:

- There is no need to include or attach articles, pamphlets, surveys etc if they have been adequately referenced and collated or summarized.
- Appendices, if used, should be clearly numbered.
- Footnotes should be used to show sources of information or quotes on any page.
- References should be made as endnotes and included in a Bibliography at the end of your report.