

**Assessment Schedule – 2019****Economics: Analyse economic growth using economic concepts and models (91224)****Assessment Criteria**

| <b>Achievement</b>   | <b>Achievement with Merit</b>   | <b>Achievement with Excellence</b>   |
|--|---|--|
| <p><i>Analyse</i> involves:</p> <ul style="list-style-type: none"> <li>identifying, defining, or describing economic growth concepts</li> <li>providing an explanation of causes of changes in economic growth using economic models</li> <li>providing an explanation of the impacts of changes in economic growth on various groups in New Zealand society and / or the environment.</li> </ul> <p><i>Explanation</i> involves giving a reason for the answer.</p> | <p><i>Analyse in depth</i> involves:</p> <ul style="list-style-type: none"> <li>providing a detailed explanation of causes of changes in economic growth using economic models</li> <li>providing a detailed explanation of the impacts of changes in economic growth on various groups in New Zealand society and / or the environment.</li> </ul> <p><i>Detailed explanation</i> involves giving an explanation with breadth (more than one reason for the answer) and / or depth (e.g. using flow-on effects to link the main cause to the main result).</p> | <p><i>Analyse comprehensively</i> involves:</p> <ul style="list-style-type: none"> <li>analysing causes of changes in economic growth by comparing and / or contrasting their impact on economic growth</li> <li>analysing the impacts of changes in economic growth by comparing and / or contrasting the impact on various groups in New Zealand society and / or the environment</li> <li>integrating changes shown on economic models into detailed explanations.</li> </ul> |

**NB:** Explanation involves giving a reason for the answer. Detailed explanation involves giving an explanation with breadth (e.g. more than one reason for the answer) and / or depth (e.g. using flow-on effects to link the main cause to the main result).

| <b>N1</b>                         | <b>N2</b>                  | <b>A3</b>                  | <b>A4</b>                        | <b>M5</b>            | <b>M6</b>            | <b>E7</b>                 | <b>E8</b>                 |
|-----------------------------------|----------------------------|----------------------------|----------------------------------|----------------------|----------------------|---------------------------|---------------------------|
| Very little Achievement evidence. | Some Achievement evidence. | Most Achievement evidence. | Nearly all Achievement evidence. | Some Merit evidence. | Most Merit evidence. | Some Excellence evidence. | Most Excellence evidence. |

**N0** = No response; no relevant evidence.

**Evidence**

| Question ONE | Achievement   | Achievement with Merit   | Achievement with Excellence   |
|--------------|---|--|---|
| (a)(i)       | <ul style="list-style-type: none"> <li>Illustrates and labels an increase in aggregate demand (see <i>Appendix, Graph One</i>).</li> </ul>  |  |   |
| (ii)         | <ul style="list-style-type: none"> <li>Explains that an increase in tourist numbers will either increase consumption, increase investment or increase export receipts, which increase the AD. This results in economic growth, and the AD curve shifts to the right.</li> </ul> | <ul style="list-style-type: none"> <li>Fully explains the impact on economic growth if visitor arrivals continue to increase.</li> <li>The increase in tourist arrivals results in an increased export income, consumption and investment. These are components of and result in an increase of aggregate demand and, therefore, growth. Answer makes full references to Graph One. The depth of a full explanation can be identified as, but not being restricted to, why two components of AD have increased from consumption / investment / export receipts.</li> </ul> | <ul style="list-style-type: none"> <li>Fully explains the impact on economic growth if visitor arrivals continue to increase.</li> </ul> <p>AND</p> <p>The answer for (b)(ii) and (b)(iii).</p>   |
| (b)(i)       | <ul style="list-style-type: none"> <li>Illustrates and labels an increase in aggregate demand and / or a decrease in aggregate supply (see <i>Appendix, Graph Two</i>).</li> </ul>  |  |   |
| (ii)         | <ul style="list-style-type: none"> <li>Explains that an increase in the minimum wage will increase consumption which increases the AD. These result in economic growth and the AD curve shifts to the right.</li> </ul> <p><b>AND / OR</b></p>                                  | <ul style="list-style-type: none"> <li>Fully explains the impact on economic growth of an increase in the minimum wage of workers in New Zealand.</li> </ul>   | <ul style="list-style-type: none"> <li>Fully explains the impact on economic growth of an increase in the minimum wage of workers in New Zealand.</li> </ul>  |
| (iii)        | <ul style="list-style-type: none"> <li>Explains that an increase in the minimum wage will increase nominal wages, which decreases the AS. These result in reduced</li> </ul>  | <ul style="list-style-type: none"> <li>The increase in the minimum wage results in an increase in household income and therefore an increase in consumption, which results in an increase in aggregate demand. Increasing the minimum wage also increases nominal wages, which therefore decreases profit margins and reduces aggregate supply.</li> </ul>   | <ul style="list-style-type: none"> <li>Fully explains why the impact on economic growth of increasing visitor numbers may be greater than that from an increase in the minimum wage.</li> <li>The injection of export receipts and investment may be greater because the</li> </ul> |

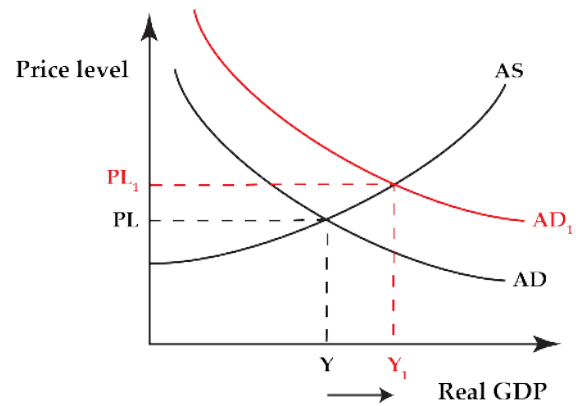
|  |   |  |  |
|--|---|--|--|
|  | <p>economic growth and the AS curve shifts to the left.</p> | <p>Answer makes full references to Graph One. The depth of a full explanation can be identified as (but not restricted to) why two components of AD / AS have increased.</p> | <p>significant increase in visitors and the significance of tourism to the New Zealand economy may make the rise in economic growth larger. In comparison, an increase in the nominal wage may raise prices of goods and services and diminish the impact on output and economic growth.</p> |
|--|---|--|--|

| Question TWO  | Achievement  | Achievement with Merit   | Achievement with Excellence   |
|---------------|--|--|---|
| (a)(i)        | <ul style="list-style-type: none"><li>Illustrates an outward shift in the Production Possibility Frontier (PPF). See <i>Appendix, Graph Three</i>.</li></ul>   | <p>An increase in infrastructure will cause an increase in the stock of capital goods – which pushes out the frontier. As the stock of capital goods increases the increase in potential capacity / productivity will allow the potential output of consumer goods to increase shown by whole frontier shifting out</p>  | <ul style="list-style-type: none"><li>Fully explains the impact on economic growth of an increase in government infrastructure spending.</li></ul> <p><b>AND</b></p> <ul style="list-style-type: none"><li>Fully explains why the impact on economic growth of increased government infrastructure spending may be greater than that from an increase in government spending to reduce unemployment.</li><li>The increase in government infrastructure spending may have a greater impact on economic growth because it impacts on output of capital goods significantly. This raises productivity and future production capacity, enabling greater output of all goods and services in the future. In comparison, the spending to reduce unemployment and underemployment may raise current output of goods and services, but this increase is limited by the current productive capacity, which will diminish the impact on output and economic growth in the future.</li></ul> |
| (ii)          | <ul style="list-style-type: none"><li>Explains that an increase in government infrastructure spending will increase productive capacity, shift the PPF outwards and result in economic growth.</li></ul> | <ul style="list-style-type: none"><li>Fully explains the impact on economic growth of an increase in government infrastructure spending.</li><li>The increase in government infrastructure spending results in an increase in capital goods production, which results in an increase in future productive capacity, and, therefore, economic growth. Answer makes full reference to <i>Appendix, Graph Three</i>.</li></ul>                              |   |
| (b)(i)        | <ul style="list-style-type: none"><li>Illustrates and labels an outward shift of Point X, within the PPF. See <i>Appendix, Graph Four</i>.</li></ul>   | <ul style="list-style-type: none"><li>Fully explains the impact on economic growth of a fall in unemployment and underemployment.</li><li>The fall in unemployment and underemployment results in a decrease in under-utilisation of existing resources, which results in an increase in current output of both capital and consumer goods output, and therefore, economic growth. Answer makes full reference to <i>Appendix, Graph Four</i>.</li></ul> |   |
| (ii)<br>(iii) | <ul style="list-style-type: none"><li>Explains that a fall in unemployment and underemployment will cause a movement outward of Point X, closer to the PPF, and result in economic growth.</li></ul>     |  |   |

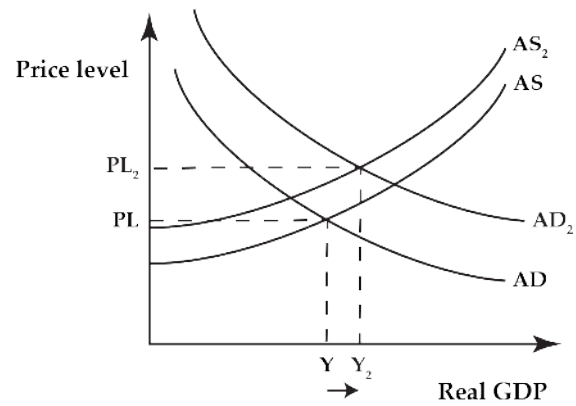
| Question THREE | Achievement   | Achievement with Merit   | Achievement with Excellence   |
|----------------|---|--|---|
|                | <ul style="list-style-type: none"> <li>Two costs OR two benefits OR one cost and one benefit to businesses AND / OR households in the Southland region are provided.</li> <li>Business benefits: A greater population / growth will result in, a larger market and greater demand for goods and services. Higher-skilled workers. International and regional business links.</li> <li>Business costs include increased costs of production, such as increased wages, rents and congestion</li> <li>Household costs: higher rates / rents, higher property prices, increased congestion.</li> <li>Household benefits: greater employment opportunity, higher wages, greater skills / education.</li> </ul> | <ul style="list-style-type: none"> <li>Two costs AND two benefits to businesses AND / OR households in the Southland region are provided.</li> <li>Business benefits: Because of the strategy's success (increased population / growth) there will be, a larger market and greater demand for goods and services. Higher skilled workers. International and regional business links.</li> <li>Business costs: Increased quality of workers may result in higher wages to keep them in the region. Increased congestion and growth may increase production costs, such as delivery costs and environmental compliance.</li> <li>Household costs: Because of greater population there are higher rates / rents, higher property prices, increased congestion.</li> <li>Household benefits: Because of business growth there are greater employment opportunities, higher wages, greater skills / education.</li> </ul> | <ul style="list-style-type: none"> <li>Two costs AND two benefits to businesses AND households in the Southland region are provided.</li> <li>Business benefits: Because of the success of the strategy there will be a higher population / growth, a larger market and greater demand for goods and services. Potentially higher skilled workers. International and regional business links.</li> <li>Business costs: Increased quality of workers may result in higher wages to keep them in the region. Increased congestion and growth may increase production costs, such as delivery costs and environmental compliance.</li> <li>Household costs: Because of greater population there are higher rates / rents, higher property prices, increased congestion.</li> <li>Household benefits: Because of business growth there are greater employment opportunities, higher wages, greater skills / education. Because they are skilled workers there will be higher incomes (from growing GDP per capita).</li> <li>Compares and contrasts the impact of the SRDS on economic growth in the Southland community, referring to the resource material (this can include present and future impacts).</li> <li>The SRDS will achieve higher incomes (increasing GDP per capita), increased resources (skilled workers / higher population; workforce / consumers) and low unemployment. The Southland economy has a record of strength and this has created the potential for further growth in population and Real GDP per capita. The overall impact has been positive for Southland as the benefits far exceed the costs.</li> </ul> |

## Appendix

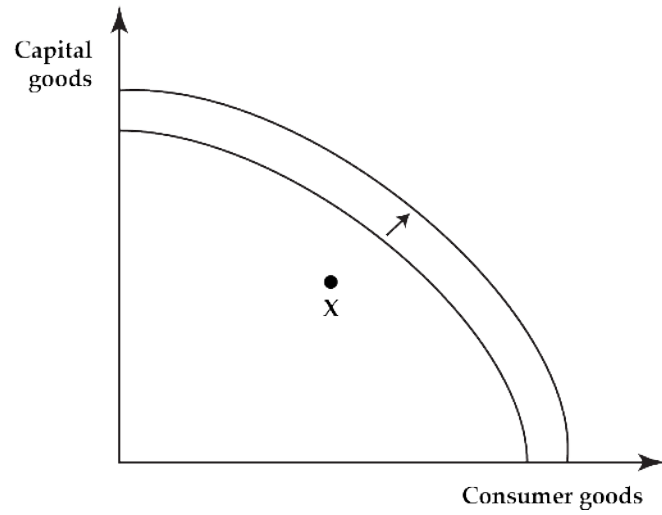
Graph One: AD / AS model of the New Zealand economy



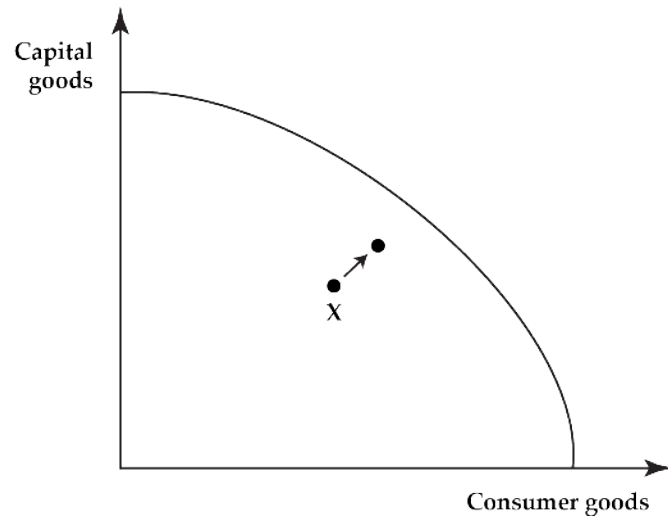
Graph Two: AD / AS model of the New Zealand economy



Graph Three: Production Possibility Frontier



Graph Four: Production Possibility Frontier



**Cut Scores**

| <b>Not Achieved</b> | <b>Achievement</b> | <b>Achievement with Merit</b> | <b>Achievement with Excellence</b> |
|---------------------|--------------------|-------------------------------|------------------------------------|
| 0 – 6               | 7 - 12             | 13 - 18                       | 19 – 24                            |