

## Assessment Schedule – 2021

### Economics: Analyse economic growth using economic concepts and models (91224)

#### Assessment Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<p>Analyse economic growth involves:</p> <ul style="list-style-type: none"> <li>• <b>explaining</b> causes of changes in economic growth using economic models</li> <li>• <b>explaining</b> the impacts of changes in economic growth on various groups in New Zealand society and / or the environment</li> <li>• <b>identifying, defining, or describing</b> economic growth concepts.</li> </ul>	<p>Analyse economic growth <b>in depth</b> involves:</p> <ul style="list-style-type: none"> <li>• <b>explaining, in detail</b>, causes of changes in economic growth using economic models</li> <li>• <b>explaining, in detail</b>, the impacts of changes in economic growth on various groups in New Zealand society and / or the environment.</li> </ul>	<p>Analyse economic growth <b>comprehensively</b> involves:</p> <ul style="list-style-type: none"> <li>• <b>assessing</b> causes of changes in economic growth by <b>comparing</b> and / or <b>contrasting</b> their impact on economic growth</li> <li>• <b>assessing</b> the impacts of changes in economic growth by <b>comparing</b> and / or <b>contrasting</b> the impact on various groups in New Zealand society and / or the environment</li> <li>• <b>integrating</b> changes shown on economic models into detailed explanations.</li> </ul>

**Evidence**

Q1	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>The increase in minimum wage will cause full-time workers to gain \$44 before tax a week, resulting in an increase in consumption. This will cause an increase in AD to AD<sub>1</sub>, resulting in an increase in growth (real GDP).</p> <p>The increase in minimum wage will increase the costs of production for many producers. This will cause a decrease in AS to AS<sub>1</sub>, resulting in a decrease in growth (real GDP).</p>	Explains the shift in either AD or AS. Growth or GDP increasing.	Provides a detailed explanation of Graph One. Shifts are explained for both AD and AS. Growth or GDP increasing.	
(b)	<p>Expansion of salmon farming will increase supply in the salmon industry and any other associated industries in the production or retail chain. This will cause an increase in AS to AS<sub>2</sub>, resulting in an increase in growth (real GDP).</p> <p>Expansion of salmon farming will require investment of \$35 million. This will cause an increase in AD to AD<sub>2</sub>, resulting in an increase in growth (real GDP). Alternatively, the expansion of salmon farming will create more (hundreds of) jobs, which will increase consumption by those households employed by the industry.</p>	Explains the shift in either AD or AS. Growth or GDP increasing.	Provides a detailed explanation of Graph Two. Shifts are explained for both AD and AS. Growth or GDP increasing.	
(c)	<p>The increase in minimum wage increases the income of 175 000 full-time workers in New Zealand. It will affect all industries and all regions of New Zealand. Even with a decrease in AS caused by increasing costs, the overall impact will be a greater increase in growth (real GDP) than the expansion of ocean salmon farming, which affects only a relatively small industry (8 000 tons of output) and a small number of workers (hundreds) directly in the region.</p>			<p>Compares and contrasts the shifts in AD / AS with an accurate explanation why part (a) has a greater impact on growth than part (b). Variation in depth can be demonstrated by depth of reference to graphs and resource material.</p>

N1	N2	A3	A4	M5	M6	E7	E8
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.

Q2	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>The computer gaming industry will provide jobs and income for the household sector. This increase in income will increase consumption of goods and services in industries other than computer gaming. The combined increase in income and consumption will increase tax revenue for government in the form of GST and income tax. Households will also be able to increase their savings to the financial sector. This will result in growth, and one of the following:</p> <ul style="list-style-type: none"> <li>• Many of the sales of the computer games (or micro transactions / additional content) will be for the overseas market and will increase export receipts that will increase output in the computer gaming industry, causing growth.</li> <li>• The increased revenue and profits will attract the financial sector to provide investment funds for computer game firms to be created and expanded, causing growth.</li> <li>• The government may provide subsidies or government spending (places at university for programming skills) that help increase the quantity of the computer gaming industry, and cause growth.</li> </ul>	<p>Explains increased growth using either income OR one of the injections (export receipts, investment, subsidies, and government spending).</p>	<p>Provides a detailed explanation of increased growth from income AND one of the injections (export receipts, investment, subsidies, and government spending).</p>	
(b)	<p>Advantages for investing in dairy production are that export receipts are sustainable, it is a large industry with high export receipts of over \$10 billion. It provides over 40 000 jobs directly and thousands more indirectly.</p> <p>Negatives for expanding the dairy industry are that it damages the environment, depends on consumer tastes for its products, and it is difficult to increase global sales of existing products.</p> <p>Advantages for investing in the computer gaming industry are that there is a great deal of room available for expansion, and it is easier to provide additional value-added products. It has little environmental impact because it is technology rather than natural-resource based.</p> <p>Disadvantages are it requires a skilled workforce that are difficult to train, hire, and keep long term. Demand for the product is more inconsistent, and it is easier for other countries to gain an advantage.</p>	<p>Provides an explanation of an advantage OR disadvantage of investing in the dairy industry to generate growth in NZ.</p> <p>Provides an explanation of an advantage OR disadvantage of investing in the computer gaming industry to generate growth in NZ.</p>	<p>Provides a detailed explanation of an advantage AND a disadvantage of investing in the dairy industry to generate growth in NZ.</p> <p>Provides a detailed explanation of an advantage AND a disadvantage of investing in the computer gaming industry to generate growth in NZ.</p>	<p>Compares and contrasts an advantage and a disadvantage of investing in the dairy industry to investing in the computer gaming industry to generate growth in NZ.</p> <p>Reference to comparable figures provided in stimuli material. Numbers employed; total export receipts could benefit answers.</p>

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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.

Q3	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	Nominal gross national production is the value of all goods and services produced in an economy during a single year in current dollars. Real GDP is the nominal GDP adjusted for inflation (impact of inflation removed). The major advantage of real GDP over nominal GDP is that the impact of inflation is removed and actual changes in the quantity of goods and services produced in the economy in a one-year period are shown (actual growth is shown).	<ul style="list-style-type: none"> <li>Defines real and nominal GDP.</li> <li>Explains the advantage of real GDP over nominal GDP.</li> </ul>	Explains in detail: <ul style="list-style-type: none"> <li>Real and nominal GDP</li> <li>the advantage of real GDP over Nominal GDP.</li> </ul>	
(b)	<p><u>Impact on government operating balance</u></p> <p>In a positive output gap, the government's operating balance will improve (increase). The increased demand relative to potential output will cause government revenue to increase either by increased GST due to increased consumption, increased PAYE as incomes increase to make the additional output, or increased company tax as profits increase. Many types of government spending will fall, as social welfare spending, public health, education spending all fall as income increases and members of the public can afford to pay for goods and services such as health and education (any discussion of increased government expenditure caused by pushing output beyond potential must be accurate and justified).</p> <p>In a negative output gap, the government's operating balance will deteriorate (decrease). The lack of demand relative to potential output will cause government revenue to decrease either by decreased GST due to decreased consumption / falls in employment, decreased PAYE as incomes decrease due to increasing unemployment, or decreased company tax as profits decrease. Many types of government spending will increase as social welfare spending, public health, education</p>	Explains: <ul style="list-style-type: none"> <li>the impact on government revenue or expenditure during a positive output gap</li> <li>the impact on government revenue or expenditure during a negative output gap.</li> </ul>	Explains in detail: <ul style="list-style-type: none"> <li>the impact on the government's operating balance (revenue and expenditure) during a positive output gap</li> <li>the impact on the government's operating balance (revenue and expenditure) during a negative output gap.</li> </ul>	Compares and contrasts the impact of a positive output to a negative output gap on the government's operating balance.

<p>spending all increase as income decreases and members of the public are less able to afford to pay for goods and services such as health and education (any discussion of increased government expenditure caused by output below potential must be accurate and justified).</p> <p><u>Impact on workers</u></p> <p>In a positive output gap, workers will have more job opportunities and higher incomes. Workers will then increase their own consumption, increasing demand further beyond the potential output level. They will require less assistance from government in areas such as health, education etc. However, they may experience health issues such as stress and less social and family time. They may also face inflation as demand increases prices on the limited goods and services available.</p> <p>In a negative output gap, workers will have fewer job opportunities and lower incomes. Workers will then decrease their own consumption, decreasing demand further below the potential output level. They will require more assistance from government in areas such as income support, health, education etc. Equally, they may experience health issues such as stress, caused by loss of ability to support themselves and others dependent upon them.</p>	<p>Explains:</p> <ul style="list-style-type: none"> <li>the impact on workers during a positive output gap</li> <li>the impact on workers during a negative output gap.</li> </ul>	<p>Explains in detail:</p> <ul style="list-style-type: none"> <li>the impact on workers during a positive output gap</li> <li>the impact on workers during a negative output gap.</li> </ul>	<p>Compares and contrasts the impact of a positive output to a negative output gap on workers.</p>
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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.

### Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 6	7 – 12	13 – 18	19 – 24