

91224



912240



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2

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Level 2 Economics, 2018

91224 Analyse economic growth using economic concepts and models

2.00 p.m. Wednesday 21 November 2018
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Analyse economic growth using economic concepts and models.	Analyse economic growth in depth using economic concepts and models.	Analyse economic growth comprehensively using economic concepts and models.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL the questions in this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

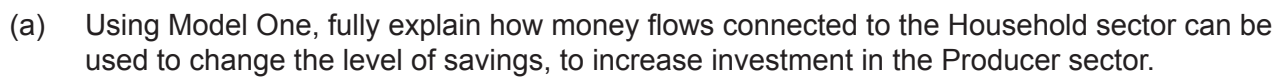
Check that this booklet has pages 2–11 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

TOTAL

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Model One: Circular flow model



Source (adapted): <https://www.stuff.co.nz/business/opinion-analysis/82590047/Peter-Townsend-Lyttelton-Port-of-Christchurch-investing-for-growth>.

In the boom phase of the Business Cycle, growth is shown by an increase in Real Output.

The diagram illustrates the AS-AD model. The vertical axis is labeled 'Price level' and the horizontal axis is labeled 'Real GDP'. An upward-sloping curve is labeled 'AS' and a downward-sloping curve is labeled 'AD'. The two curves intersect at an equilibrium point. Dashed lines from this intersection point lead to 'PL' on the vertical axis and 'Y' on the horizontal axis.

- (b)
 - (i) On Graph One above, illustrate and label the shifts of Aggregate Demand and Aggregate Supply that result in an increase in Real Output.
 - (ii) Using Graph One, compare and contrast the causes of economic growth from investment in the port and harbour facilities. In your answer, fully explain the causes of a shift in Aggregate Demand, and the causes of a shift in Aggregate Supply, that would result in an increase in Real Output.

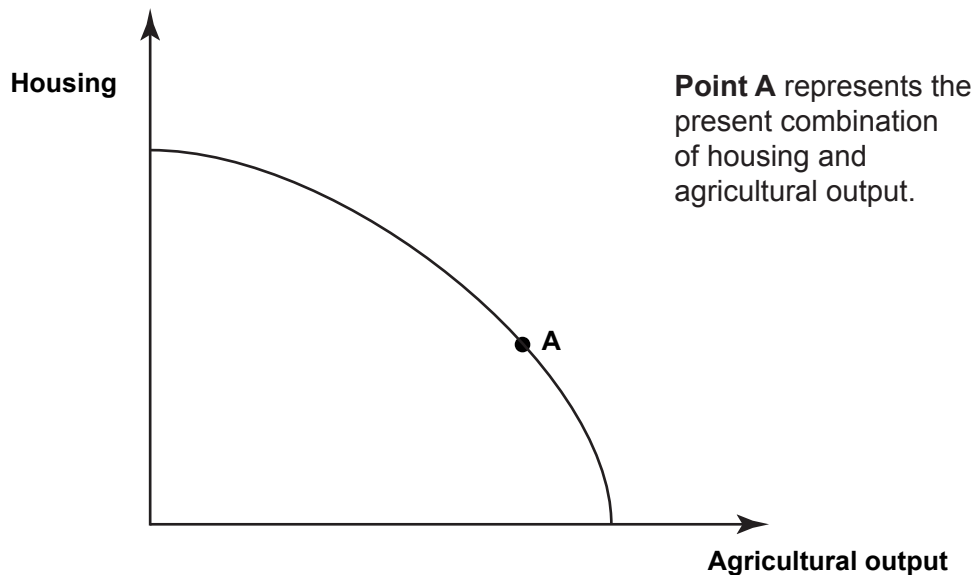
Economics 91224, 2018

QUESTION TWO: IMPACTS OF ECONOMIC GROWTH

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The government's KiwiBuild programme, to build 100 000 affordable houses over the next 10 years, will require some existing agricultural land to be reallocated to meet housing needs.

Graph Two: Production Possibility Frontier



- (a) (i) On Graph Two above, illustrate and label the opportunity cost of the KiwiBuild programme on the Production Possibility Frontier. Label the new combination **B**.
- (ii) Using Graph Two, fully explain how in the future it is possible for the Production Possibility Frontier to show a potential increase in housing AND agricultural output.

In 2017, the Living Standards Framework indicated growth has resulted in households feeling they are:

- Source (adapted): <http://www.treasury.govt.nz/abouttreasury/higherlivingstandards/lst-pres-13dec17.pdf>.

Between 2014 and 2015, GDP per capita:

- decreased by 5.6% in West Coast
- decreased by 10.7% in Southland
- increased by 2.5% in Hawke's Bay
- increased by 5.5% in Canterbury.

Note: Per capita is per head of population

Based on figures from: <http://www.mbie.govt.nz/info-services/business/business-growth-agenda/regions/published-report>.

Compare and contrast the impact of uneven economic growth between New Zealand regions. In your answer, referring to the resource material above, fully explain:

- the impact of uneven economic growth on workers in high and low growth regions
- the impact of uneven economic growth on producers in high and low growth regions
- how these impacts could lead to human and physical capital moving between the regions in the future.

Extra space if required.
Write the question number(s) if applicable.

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Extra space if required.
Write the question number(s) if applicable.

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