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Draw a cross through the box (X) if you have NOT written in this booklet

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Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 2 Economics 2023

91224 Analyse economic growth using economic concepts and models

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.

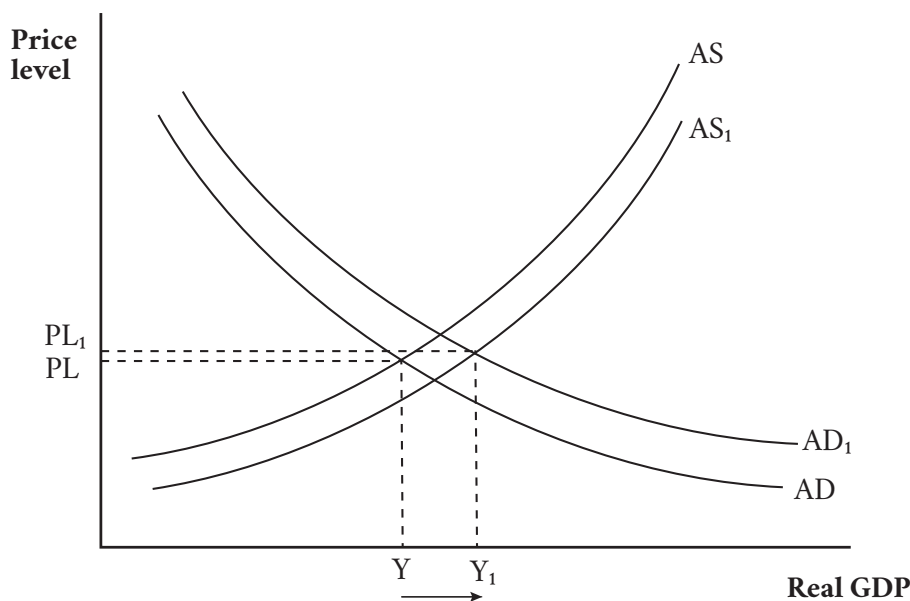
Do not write in any cross-hatched area (DO NOT WRITE). This area will be cut off when the booklet is marked.

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

QUESTION ONE: Aggregate supply and aggregate demand

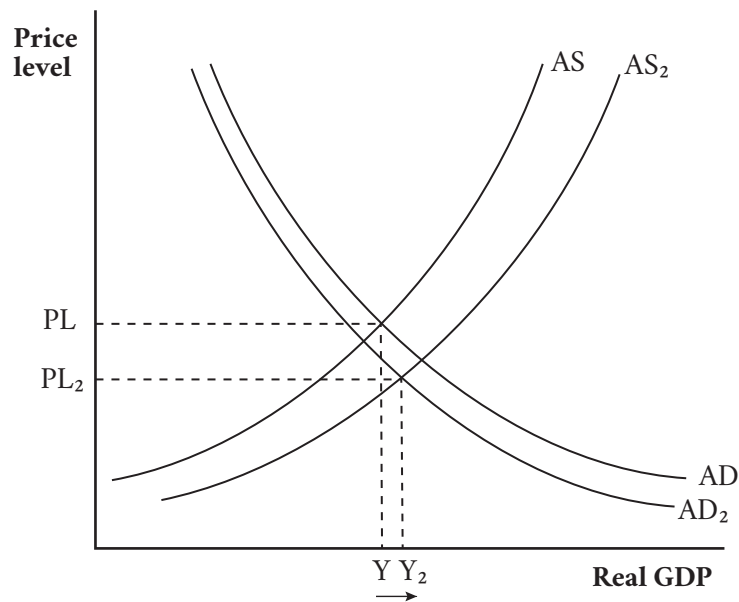
Source (adapted): <https://www.nzherald.co.nz/business/microsofts-giant-new-data-centre-in-northwest-auckland-what-at-reckons-itll-save/>

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



- (a) Explain each shift (aggregate supply and aggregate demand curves) shown in Graph One, due to the investment in large data centres.

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



- (b) Explain each shift (aggregate supply and aggregate demand curves) shown in Graph Two, due to increased working from home.

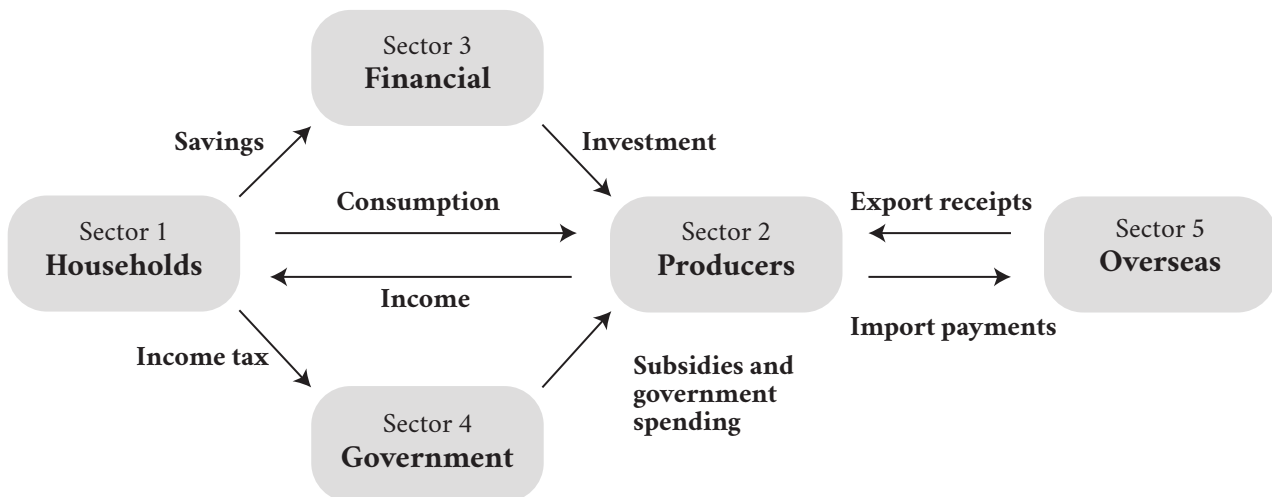
- (c) Explain why growth in the New Zealand economy may be greater due to the investment in data centres compared to increased working from home.
Refer to Graphs One and Two, on pages 2 and 3, in your answer.

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The assessment continues on the following page.

QUESTION TWO: Impacts of economic growth

Source (adapted): <https://www.nzherald.co.nz/nz/overseas-visitor-numbers-growing-queenstown-airport-almost-back-to-pre-covid-volumes/OF5D77U3UCGXALP2AOSVANWWGM/>

Model One: Circular flow model



- (a) Referring to Model One above, explain how an increase in the number of tourists in Queenstown would increase growth in New Zealand.

This is expected to further increase the number of international tourists visiting New Zealand, due to the growth in worldwide demand for sustainable tourism.

- (i) different regional growth rates in New Zealand.

QUESTION THREE: Measures of economic growth

Real GDP grew by 3.5% in the December quarter of 2021.

This compared to a 0.6% decrease in real GDP in the December quarter of 2022.

Source (adapted): www.stats.govt.nz/indicators/gross-domestic-product-gdp (CC-BY-4.0)

(a) What do the letters GDP stand for?

(b) Explain two reasons why an increase in real GDP is better for the New Zealand economy than a decrease in real GDP.

1)

2)

(c) Why is using real GDP to measure economic growth better than using nominal GDP?

Other measures of growth will include a range of economic and quality of life indicators, for example the Human Development Index.

- (d) Compare and contrast the usefulness of using real GDP to measure overall changes in growth with one other measure of economic growth.

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

QUESTION
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