

Assessment Schedule – 2009**Economics: Describe economic growth and its causes and effects using economic models (90796)****Evidence Statement**

Q	Evidence	Code	Achievement	Merit	Excellence
ONE (a)	Net Social Welfare	A	Correct answer.		
(b)	<ul style="list-style-type: none"> Net Social Welfare includes non-economic factors. so it is a better measure of the quality of life/standard of living. 	A or M	ONE point correct.	BOTH points correct.	
(c)	(i) PPF shifts outwards (See Appendix One .) (ii) Shift to new point further out from origin (See Appendix Two .)	A	BOTH points correct.		
(d)	<ul style="list-style-type: none"> Real GDP has the effect of inflation removed. Nominal GDP is the total market value of all final goods and services produced in a year measured in current dollars. Real GDP is the total market value of all final goods and services produced in a year measured in constant dollars. so changes in real GDP reflect changes in real output but increases in nominal GDP may be caused by inflation without any increase in output. 	A or M or E	TWO points correct.	TWO points correct, including FOURTH OR FIFTH point.	THREE points correct, including FOURTH OR FIFTH point.

Q	Evidence	Code	Achievement	Merit	Excellence
TWO (a)	Creation of new capital, or purchase of capital goods.	A	Idea of more capital.		
(b)	<ul style="list-style-type: none"> • Eg climate change/increase in greenhouse gases due to more forests being destroyed so more land is made available. • Eg non-renewable/natural resources being exhausted due to overuse because of the drive to achieve economic growth. • Eg pollution due to more waste created from production. 	A or M	ONE outcome correct.	ONE outcome correct AND correct reason.	
(c)	Improved technology will: <ul style="list-style-type: none"> • increase productivity so • productive capacity increases so • more can be produced, resulting in economic growth. 	A or M	ONE point correct.	TWO points correct (one must be the first point).	
(d)	<ul style="list-style-type: none"> • By forgoing consumer goods, the country can produce more capital goods (investment) with the available resources eg moving from point A to point B. • Therefore, the productive capacity of the economy will increase and the production possibility curve will shift outwards, so • more output can be produced in the future. (See Appendix Three.) 	A or M or E	Shows more capital goods and less consumer goods on PPF AND ONE point correct.	Shows more capital goods and less consumer goods on PPF plus PPF shifting outwards AND TWO points correct.	Shows more capital goods and less consumer goods on PPF plus PPF shifting outwards AND ALL THREE points correct.

Q	Evidence	Code	Achievement	Merit	Excellence
<p>THREE</p> <p>(a)</p>	<p>(i) Injection: Government spending, or transfer payments, subsidies</p> <p>(ii) Withdrawal: Direct or indirect taxes</p>	<p>A</p>	<p>BOTH points correct.</p>		
<p>(b)</p>	<ul style="list-style-type: none"> • The government would receive more company/ income/ direct tax because profits would increase for exporting firms. • The government would receive more income/ direct tax because more jobs would be created. • The government would receive more income/ direct tax because higher incomes would move workers into higher tax brackets. • The government would receive more GST/ indirect tax because higher incomes result in more spending. 	<p>A or M</p>	<p>States the correct change in tax.</p>	<p>States the correct change in a specific tax and correctly explain it.</p>	
<p>(c)</p>	<ul style="list-style-type: none"> • Export receipts would increase because exporters would be selling/exporting more goods to China. • Import payments would increase because importers would be buying/importing more goods from China. 	<p>A or M</p>	<p>States correctly how export receipts / import payments are affected.</p>	<p>States correctly how export receipts / import payments are affected AND correctly explains it.</p>	
<p>(d)</p>	<ul style="list-style-type: none"> • With increased demand for imports in China, New Zealand firms are encouraged to produce more/meet the demand. • With greater exports to China, firms would need to produce more for export. • With greater export revenue and hence profits, exporters could afford to invest more, increasing productivity and output. • Also, those involved in the exporting industry would spend their extra earnings so consumption and AD would increase, causing more output in other industries. • Cheaper imported raw materials/components will lower costs of production. This will improve profitability 	<p>A or M or E</p>	<p>ONE valid point.</p>	<p>TWO valid points.</p>	<p>THREE valid points.</p>

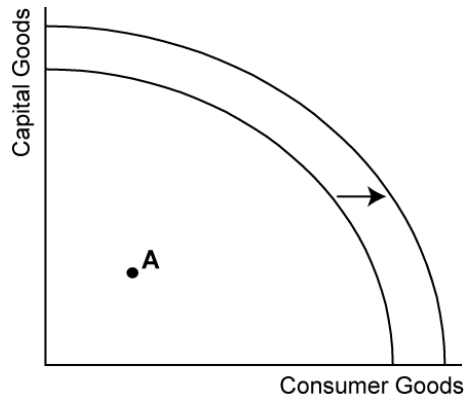
	<p>and encourage firms to produce more.</p> <ul style="list-style-type: none"> • With free trade, firms can concentrate on producing those goods they have a comparative advantage in, building up a surplus/ output. 				
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Judgement Statement

Achievement	Achievement with Merit	Achievement with Excellence
6 A	3 M 6 A	1 E 3 M 6 A

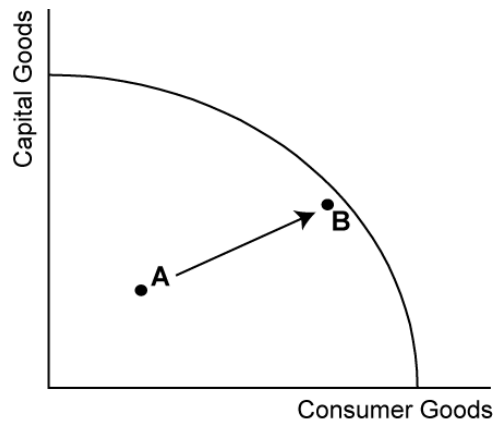
Appendix One – for Question One (c) (i)

Graph 1: The New Zealand Economy



Appendix Two – for Question One (c) (ii)

Graph 2: The New Zealand Economy



Appendix Three – for Question Two (d)

Graph 3: The New Zealand Economy

