



91224

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.

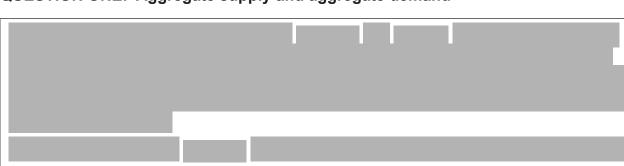
#### You should attempt ALL the questions in this booklet.

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.

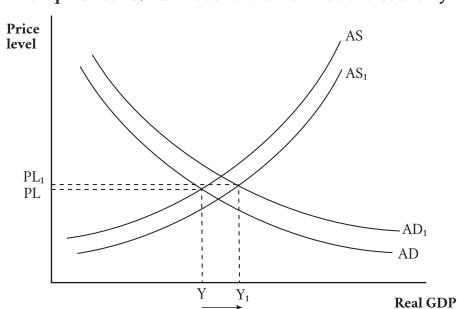
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#### YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.



#### 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/

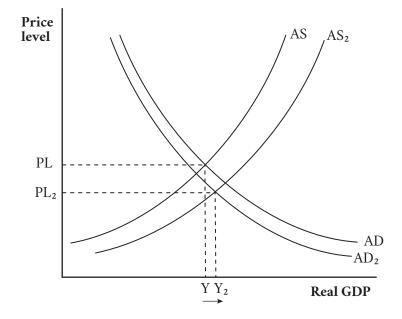


## Graph One: AS/AD model of the New Zealand economy

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



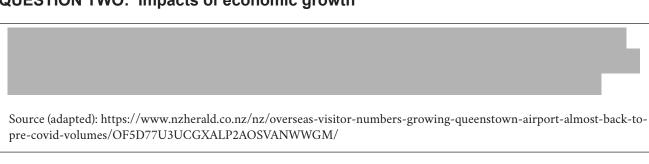
Graph Two: AS/AD model of the New Zealand economy

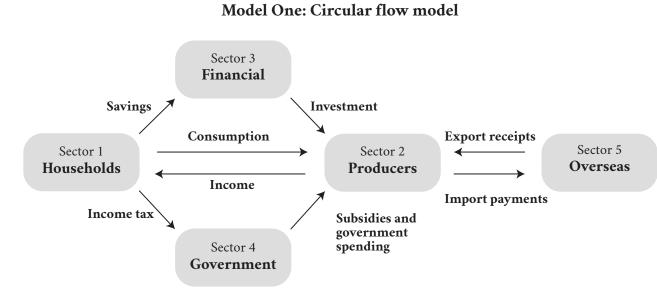


(b) Explain each shift (aggregate supply and aggregate demand curves) shown in Graph Two, due to increased working from home.

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

**QUESTION TWO: Impacts of economic growth** 

As the tourism industry continues to recover, the industry association Tourism Industry Aotearoa (TIA) has committed to sustainable tourism by 2025. Tourist businesses that sign up to the commitment must pledge to meet economic, environmental, community, and quality standards.

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

- (b) Compare and contrast the impact of a successful transition to sustainable tourism on:
  - (i) different regional growth rates in New Zealand.

(ii) workers in different industries, for example the tourism and agricultural sectors.

### **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.

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