



For Supervisor's use only

2

90238



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA



National Certificate of Educational Achievement  
TAUMATA MĀTAURANGA Ā-MOTU KUA TAEA

## Level 2 Economics, 2003

### 90238 Demonstrate an awareness of government policies related to economic issues

Credits: Six

9.30 am Monday 24 November 2003

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 answer ALL the questions in this booklet.

If you need more space for any answer, use the pages provided at the back of this booklet and clearly number the question.

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.**

Achievement Criteria				<i>For Assessor's use only</i>	
Achievement		Achievement with Merit		Achievement with Excellence	
Identify government policies relating to the given issues.	<input type="checkbox"/>				
Describe how the policies achieve objectives related to the given issues.	<input type="checkbox"/>	Explain how the policies achieve their objective in relation to the given issues.	<input type="checkbox"/>	Evaluate the effectiveness of the policies in achieving their objectives.	<input type="checkbox"/>
Identify effects of policies on other economic issues.	<input type="checkbox"/>	Explain the linkages between the policies and their effects on other economic issues.	<input type="checkbox"/>	Evaluate the differing impacts of the policies on other economic issues.	<input type="checkbox"/>
<b>Overall Level of Performance (all criteria within a column are met)</b>					<input type="checkbox"/>

You are advised to spend 60 minutes answering the questions in this booklet.

## QUESTION ONE

- (a) Identify and explain ONE **specific** measure that the Government could use to reduce **unemployment** in New Zealand.

Measure: \_\_\_\_\_

\_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- (b) State and explain how the use of this policy may affect **inequality** in New Zealand.

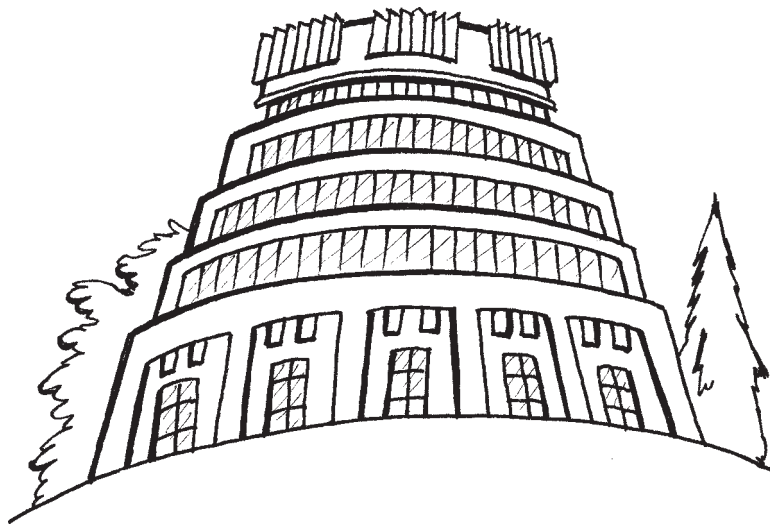
Effect: \_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**QUESTION TWO**

Economic growth is a major economic objective of the Government. To encourage growth, the Government may decide to use fiscal policy and increase Government spending in certain areas.

- (a) Fiscal policies are those to do with Government spending and which other economic variable?

---

- (b) State whether the **increase** in Government spending is an example of expansionary or contractionary policy.

---

- (c) What is the name of the **Act** that imposes controls on Government spending?

---

- (d) (i) Describe ONE objective of this Act **other than** imposing controls on Government spending.

---

---

- (ii) Explain how an increase in Government spending may cause a **conflict** with the objective identified in (d)(i) above.

---

---

---

---

---

### QUESTION THREE

Assessor's  
use only

#### US Opens Trade Door

The United States has opened the door to a free trade deal potentially worth billions of dollars to New Zealand.

... The US will continue to work closely with New Zealand in World Trade Organisation and Asia Pacific Economic Cooperation talks, and bilaterally to promote common interests in trade.

Newspaper extract from *Christchurch Press* 15/10/02

- (a) (i) State ONE **other** free trade agreement that New Zealand is part of.

---

- (ii) Name the country the agreement stated in (a)(i) is with.

---

Some New Zealand politicians will be against the free trade deal with the United States and they will want New Zealand to be more protectionist.

- (b) (i) Describe what **protectionist** means.

---



---

- (ii) What objective(s) would these politicians be hoping to achieve?

---



---

- (iii) Explain how protectionism will help achieve this objective.

---



---



---



---

**QUESTION FOUR**

(a) (i) In New Zealand, what is the name for the type of policy used to control inflation?

\_\_\_\_\_

(ii) Which institution is responsible for administering this policy in New Zealand?

\_\_\_\_\_

(iii) Name the Act that is applicable to the control of inflation in New Zealand.

\_\_\_\_\_

(iv) Describe the key objective of this policy as outlined in the Policy Targets Agreement.

\_\_\_\_\_

(b) Explain how the policy named in (a)(i) above is used to control inflation. In your answer, be sure to explain the process by which inflation will be reduced.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) State and explain how the policy named in (a)(i) will affect employment and trade.

**Employment**

Effect: \_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Balance of Trade**

Effect: \_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**QUESTION FIVE**

Statistics New Zealand census figures indicate a widening gap between rich and poor in New Zealand. The Government has announced that it will be reviewing its policies in an attempt to reduce income inequality in New Zealand.

- (a) Describe ONE policy measure that the Government could use to **reduce** income inequality in New Zealand, and explain how it will reduce inequality.

Measure: \_\_\_\_\_

\_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- (b) Identify and explain ONE effect that this measure will have on economic growth.

Effect: \_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



(c) Consider the policy measure that you stated in (a) on page 6.

(i) Examine the reasons why this policy measure **will** be effective in reducing inequality.

---

---

---

---

---

---

---

---

---

---

---

---

(ii) Examine the reasons why this policy measure **may not** be effective in reducing inequality.

---

---

---

---

---

---

---

---

---

---

---

---

(iii) Use your answers to (i) and (ii) above to make a justified conclusion about the **overall effectiveness** of the policy measure in reducing inequality.

---

---

---

---

---

**QUESTION SIX**

Assume that New Zealand and the United States did agree to the free trade deal mentioned in Question Three.

- (a) In the table below:
- (i) explain ONE positive impact and ONE negative impact for **employment** in New Zealand as a result of the deal
  - (ii) draw a conclusion as to whether or not the deal would be beneficial for **employment** in New Zealand.

Positive Impact	Negative Impact
Conclusion	



(b) In the table below:

- (i) explain ONE positive impact and ONE negative impact for **inflation** in New Zealand as a result of the deal
- (ii) draw a conclusion as to whether or not the deal would be beneficial for **inflation** in New Zealand.

Assessor's  
use only

Positive Impact	Negative Impact
Conclusion	



