



For Supervisor's use only

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90762



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA



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

Level 2 Economics, 2005

90762 Describe economic effects of given issues

Credits: Three

9.30 am Thursday 17 November 2005

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 page(s) provided at the back of this booklet and clearly number the question.

Check that this booklet has pages 2–8 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.

<i>For Assessor's use only</i>		Achievement Criteria	
Achievement		Achievement with Merit	Achievement with Excellence
Describe economic effects of given issues.	<input type="checkbox"/>	Explain economic effects of given issues.	<input type="checkbox"/>
		Evaluate economic effects of given issues.	<input type="checkbox"/>
Overall Level of Performance		<input type="checkbox"/>	

You are advised to spend 30 minutes answering the questions in this booklet.

QUESTION ONE: EMPLOYMENT

Explain how self-employment and emigration would be affected by rising unemployment.

(a) Effect on self-employment: _____

Reason: _____

(b) Effect on emigration: _____

Reason: _____

QUESTION TWO: GROWTH

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(a) Describe what is meant by "a positive outcome of growth".

(b) Use an example to explain how economic growth might have an unequal regional impact.

(c) (i) Identify THREE positive effects of economic growth.

(1) _____

(2) _____

(3) _____

(ii) Identify THREE negative effects of economic growth.

(1) _____

(2) _____

(3) _____

(iii) Refer to the positive and negative effects of growth to evaluate whether the government should encourage increased growth in the New Zealand economy.

QUESTION THREE: TRADEAssessor's
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A study of the possible impact of a limited outbreak of foot and mouth disease in livestock predicted an immediate drop of 4 per cent in economic output in the first three months. It estimated that at least 20 000 jobs would be lost and \$5 billion of exports would be lost over two years following the outbreak.

- (a) Refer to the information above to identify TWO **economic** effects on the farming industry of an outbreak of foot and mouth disease.

(1) _____

(2) _____

- (b) Explain how the loss of exports caused by an outbreak of foot and mouth disease would have flow-on effects on the domestic economy.

QUESTION FOUR: INFLATIONAssessor's
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(a) Identify THREE negative impacts of inflation on households.

(1) _____

(2) _____

(3) _____

(b) Identify THREE negative impacts of inflation on firms.

(1) _____

(2) _____

(3) _____

(c) Explain how an increase in the rate of inflation would impact on overseas trade and on income distribution.

(i) Impact of inflation on overseas trade (exports **and** imports):

(ii) Impact of inflation on income distribution:

QUESTION FIVE: INEQUALITY

(a) Identify THREE positive effects of unequal incomes, profits, or wealth distribution.

(1) _____

(2) _____

(3) _____

(b) Identify THREE negative effects of unequal incomes, profits, or wealth distribution.

(1) _____

(2) _____

(3) _____

(c) Refer to the positive and negative effects of unequal incomes, profits, or wealth distribution to evaluate whether the government should pursue policies of reducing inequality.
