

93402R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Scholarship 2010 Economics

9.30 am Wednesday 1 December 2010

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Scholarship Economics 93402.

Check that this booklet has pages 2–10 in the correct order and that none of these pages is blank.

YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

Resources **A–D** are to be used for Question One.

Resource A

Under pressure

Music was the first media business ... to record companies and artists.

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Source (adapted): http://economist.com/businessfinance/displaystory.cfm?story_id=14845087

Resource B

News of the world

There's a fascinating if flawed story in the *Wall Street Journal* ... the number of households with broadband internet connections almost quadrupled.

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Source (adapted): http://www.businessweek.com/investing/insights/blog/archives/207/03/music_cd_im_jus.html

Resource C

Crazy little thing called live

Musicians will make most of their money ... to have the live experience.

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Source (adapted): <http://newmarksdoor.typepad.com/mainblog/2007/08/the-new-economi.html>

Resource D**The show must go on**

In recent years, the economics of pop music ... Ticket prices, especially for A-list artists, have soared.

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Source (adapted): <http://www.prospectmagazine.co.uk/2007/08/offtherecord/>

Resources **E–I** are to be used for Question Two.

Resource E

Extracts from the Tax Working Group report

The tax system should be fair. ... when they earn extra income.

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Source (adapted): <http://www.victoria.ac.nz/sacl/cagtr/pdf/tax-report-website.pdf>

Resource F

Higher GST proposed to shift tax focus from incomes

Increasing GST could negatively impact ... should not be compromised by introducing exemptions.

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Source (adapted): The New Zealand Herald, 18 August 2009;
<http://www.nzherald.co.nz/nz/news/article.cfm?c+id=1&objectid=10591450>

Resource G

Low-income workers likely to be the hardest hit by tax changes

The Prime Minister has said he expects ... which of course they don't.

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Source (adapted): Bill Rosenberg, New Zealand Herald (opinion), 14 May 2010.

Resource H

More winners and losers from GST

When we increase GST and lower income tax, ... from the change in relative taxes.

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Source (adapted): <http://www.tvhe.co.nz/2010/02/11/more-winners-and-losers-from-gst/>

Resource I**Weighing social equality vs income inequality**

University of Chicago's Gary Becker, ... the overall economy.

For copyright reasons, this resource cannot be reproduced here.

Source (adapted): National Public Radio, 8 February 2007; <http://www.npr.org/>

Resources **J–P** are to be used for Question Three.

Resource J

Timber industry supports common currency with Australia

New Zealand Timber Industry Federation President Howard Tonge ... a common currency with Australia is a good start.

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Source (adapted): <http://www.scoop.co.nz/stories/BU0908/S00668.htm>

Resource K

The carry trade

The Reserve Bank expects they will not have to push the official cash rate so high ... and blowing out the trade balance.

For copyright reasons, this resource cannot be reproduced here.

Source (adapted): New Zealand Herald, 18 March 2010;
<http://www.nzherald.co.nz/markets/news/article.cfm?c+id=62&objectid=10632647&pnum=0>

Resource L**Exchange rate regimes**

(**Note:** Currency union would fix the exchange rate between the NZD and AUD, but a new common currency would be free to float against all other currencies.)

For copyright reasons, this resource cannot be reproduced here.

Source: Reserve Bank of New Zealand: Bulletin, vol 68, no 4.

Resource M**Key thinks common currency with Australia 'mildly sensible idea'**

A common currency with Australia ... The honest answer is no," Mr Key said.

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Source (adapted): National Business Review, 24 August 2009;
<http://www.nbr.co.nz/articles/key-thinks-common-currency-with-australia-mildly-sensible-idea-108868>

Resource N**Imbalances that strain the eurozone**

Since the creation of the euro, ... to pay down the debts accumulated during the credit bubble.

For copyright reasons, this resource cannot be reproduced here.

Source: Susan Lund and Charles Roxburgh, "Imbalances That Strain the Eurozone", McKinsey Global Institute;
<http://www.mckinsey.com/mgi/mginews/eurozone.asp>

Resource O

For copyright reasons, this resource cannot be reproduced here.

Source: <http://www.nationalbank.co.nz/economics/exchange/nzdaud.aspx>

Resource P**Targeting doing its job, no need for joint currency**

Reserve Bank Governor Alan Bollard said inflation targeting ... or against the deep recessions that followed.

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Source (adapted): <http://www.interest.co.nz/ratesblog/index.php/2010/01/29/rbnzs-bollard-defends-inflation-targeting-with-supplementary-tools-rejects-anzac-dollar-singapore-approach-or-capital-controls/>

