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93402

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TOP SCHOLAR

NZQA

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MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
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Scholarship 2021
Economics

Time allowed: Three hours
Total score: 24

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.

Pull out Resource Booklet 93402R from the centre of 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 2–28 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.

INSTRUCTIONS: Write an essay in response to EACH of the THREE questions in this paper. Question Two is on page 10, and Question Three is on page 18.

QUESTION ONE: The New Zealand honey market

Use information from **Resources A** to **C**, and your knowledge of micro-economic theory, to answer this question.

> The beekeeping industry has seen significant growth over the past decade in response to strong demand and high prices for honey. However, over the past year honey prices dropped by as much as 25–50% on the previous season.

Analyse and evaluate the recent changes in the market for raw honey and the impact of these on individual beekeepers in the short run and long run.
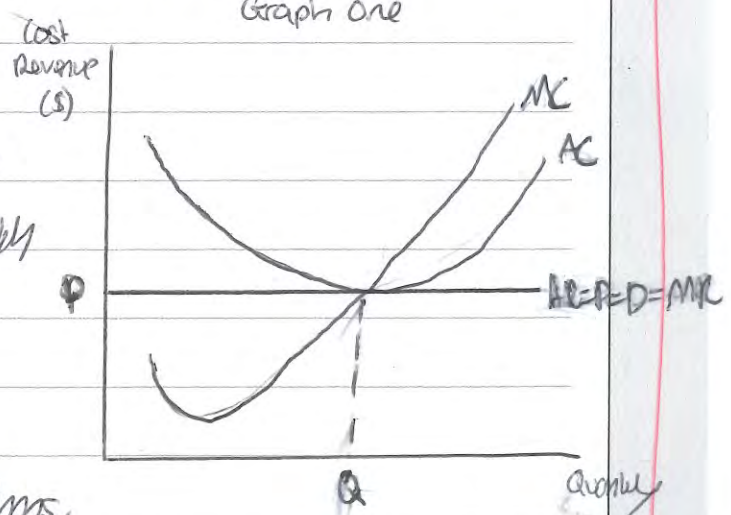
In your answer:

- use appropriate economic models throughout
- explain why the raw honey production industry could be considered to be an example of perfect competition
- analyse and illustrate the impact of the recent changes in the market for raw honey on individual beekeepers and why some beekeepers may shut down in the short run
- evaluate the differing impacts of increased supply and low interest rates on the market for honey and on individual beekeepers in the short run and long run.

Use this space for planning your essay. This plan will NOT be marked.

PLANNING

(handwritten planning notes)

- Perfect Comp
  - homogenous
  - perfect knowledge
  - lots of small individuals
  - said to 'big prod(ucers)'

(handwritten supply/demand diagram)

- ↑ supply due to previous supernormal
  - ↓ P
  - so made subnormal
  - (or) normal

- ↑ S(upply) low interes(t) — cons ↑?
  - inv ↑
  - depreciate
  - sell overseas

Perfect competition is a market structure made up of many small firms who sell homogeneous products, are price takers and have perfect knowledge. The raw honey industry could be considered an example of perfect competition as it is made of a large number of individual firms with, as source B explains, 'nearly 925000' hives. This is a huge number of firms, of which they are selling a near identical product as the all raw honey is the same, and consumers do not know from with the beekeepers care what hive it comes from job just to 'filter the honey to remove small bits of debris; including pollen, beeswax'. Thus this raw honey is a homogeneous product, not becomes slightly differentiated until it reaches 'packers' industry. There is also perfect knowledge and raw honey producers are thus price takers as they are likely to sell to 'big packers' who are involved in 'further processing. Thus, as seen on graph one, they face a horizontal demand curve, having to accept the market price but being able to sell as much quality at this price. Thus, since the beekeeping industry has become quite competitive' (Source A) with a large number of small individual firms,

Graph one

a homogeneous product as no consumer cares which hive raw honey comes from and are price takers as a result. There are also weak/very low barriers to entry as any individual with a hive or backyard could decide to start selling raw honey. Thus the raw honey industry
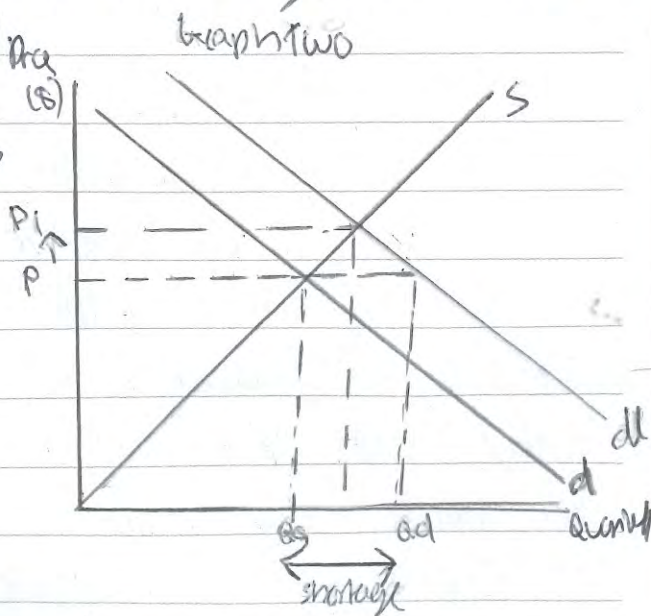
is perfectly competitive. Thus it has a horizontal $MR=P=AR=D$ curve due to being a price taker, a marginal cost curve (MC) forming the law of diminishing marginal returns and an average cost curve. The perfectly competitive beekeepers will operate at $MR=MC$, earning a normal profit as this is equal to AC, and operating at the profit maximising position with no deadweight loss.

As source B states there has been 'huge growth in honey production over the past decade'. This is because the weak barriers to entry in the perfectly competitive market has made it very easy for more firms to set up and increase supply. This was a result of the 'market being corrected' as ⌗ and as potential producers saw 'the price of honey increase sharply over the previous two years' they were attracted to the 'above normal profits.' The price of honey is likely to have risen if a shortage occurred in the market. This could
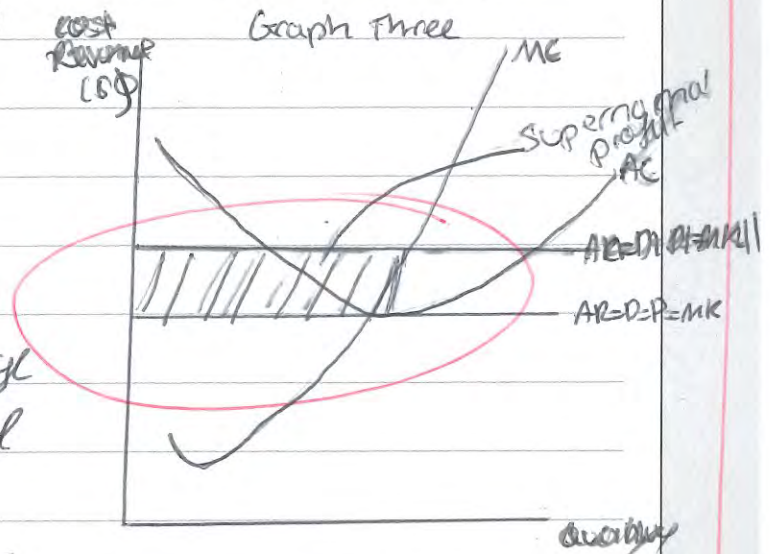
have been caused by an increase in demand or decrease in supply. For example an increase in demand from D to P1 would result in quantity demanded being greater than quantity supplied. As some consumers miss out on chosen the product they bid up prices and as price increases,
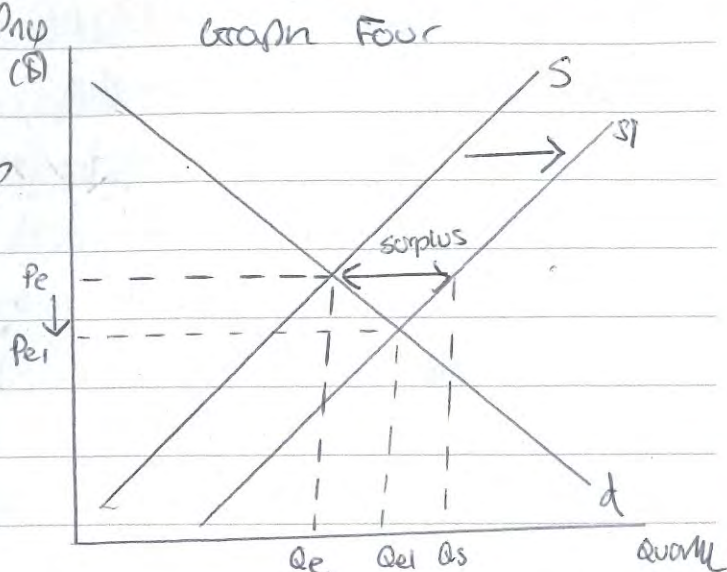

graph two

quantity supplied increases as it is now relatively more profitable, increasing supply as producers are now more willing and able to produce raw honey. No matter the reason for the increase in price, this increase in price would have been attractive to producers, as supernormal profits were now being made. As seen on graph three price increases due to the upwards shift from $AR=D=P=MR$ to $AR1=D1=P1=MR1$ meaning that were $MR=MC$, average cost is less than average revenue, a supernormal profit, a return more than sufficient to keep the entrepreneur in the market. This attracted more firms who, due to the low barriers to entry were able to enter the market and set up hives.

Graph Three

This increase in supply with an 'abundance of honey' honey increased from 343 000 hives to 925 000 hives over the past decade has resulted in a surplus. This is because the increase in supply means that at the original equilibrium quantity (Qs) supplied is now greater than quantity demanded (Qd), as seen on graph four. This has meant that firms are left with 'overstocking'. Honey reserves' have allowed them to cope. This
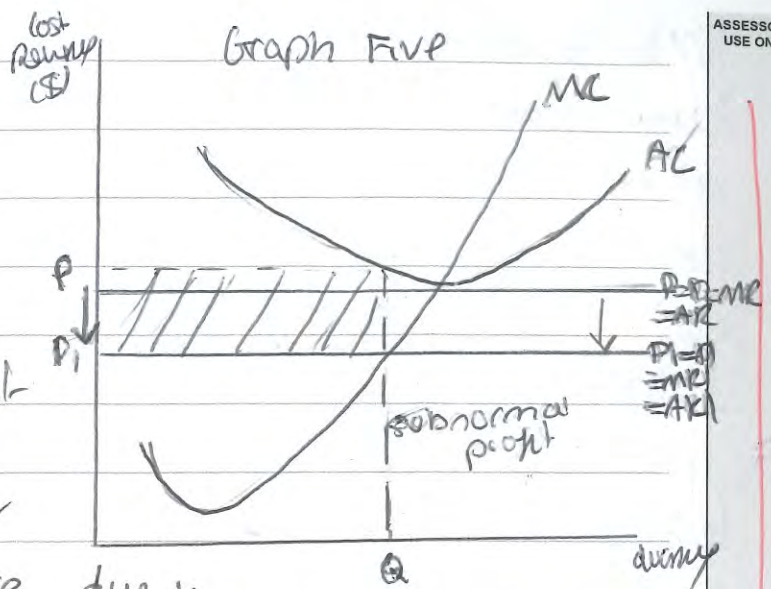
indicates that the price elasticity of supply is relatively elastic as firms have the ability to stockpile. As supply has increased from S0 to S1 and firms have been left with excess stock with a surplus at the original equilibrium. To get rid of excess stock firms have had to lower price, as demonstrated as the price of honey has fallen to $3.50 to $4 a budget from $8 or $9 previously. As price decreases, quantity supplied falls as it is now relatively less profitable for firms, quantity demanded will increase as consumers are more willing and able to buy it resulting in a new equilibrium at Pe1, Qe1, eliminating the surplus.

Graph Four

However, these lower prices having dropped as much as 25-50% has led to some beekeepers making a subnormal profit, a return insufficient to keep firm in the market. This is because at the profit maximising output where MR = MC, average cost is now greater than average revenue due to the price decrease causing a downwards
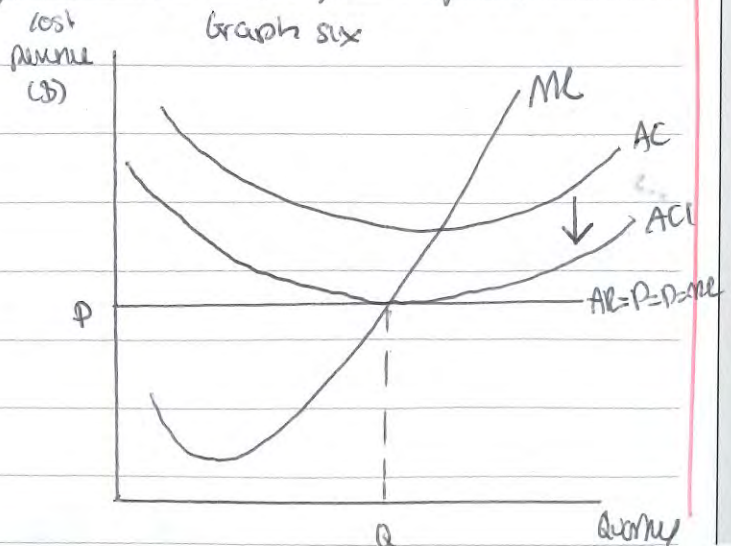
shift from P=D=AR=MR to P1=D1=MR1=AR1. This subnormal profit is seen by the shaded area. Since this is a market structure of perfect competition, firms will be forced to lower prices or miss out on market share due to being price takers. This subnormal profit AR is a return insufficient to cover costs leading to many beekeepers shutting down or leaving the market in this 'difficult time' as 'big players were taking advantage of the situation'. Thus, some beekeepers may shut down in the short run.)

Graph Five

However, the the economy is also experiencing low interest rates with a 'sharp decline in interest rates in recent years' (Source C) which is likely to stay at this low amount for a significant amount of time. These low interest rates means there is a lower cost of borrowing and lower reward for savings. For beekeepers who have debt this will reduce debt servicing servicing costs for businesses and households'. This may lead to a decrease in costs of production and average costs for some firms, allowing some beekeepers to earn normal profits. Additionally, low interest will improve the macroeconomy, especially

since it may lead to greater demand for
loan money as consumption spending increases
and investment spending rises as saving is
discouraged. Since the decrease in supply is
said to only be 'temporary' (source) with
'long-term global demand for health and welfare
products very positive' the demand for
money could be expected to rise in the future.
Since 'New Zealand has superb honey' global
demand may remain high. This will
be furthered by lower interest rates causing
a depreciation of the New Zealand dollar
(NZD) as demand decreases and supply
increases on the foreign exchange market
as New Zealand is now a less attractive
place for investors to save their money. Thus
honey will become relatively more price
competitive overseas, further increasing
demand for it. Thus, in the long-run
the lower interest rates may lead to a lowering
of average costs for firms as debt repayments
on loans fall. This
causes a downwards
shift of the average
cost curve from AC to
AC1, many firms will
be able to operate at
normal profits rather
than subnormal profits.

Graph six

9

possibly even supernormal depending on relative changes. Additionally, lower interest rates increase demand in NZ as consumer spending rises due to a lower incentive to save and lower mortgage repayments, increasing discretionary incomes. The lower interest rates also cause a depreciation, which adds to the already positive global demand for money and will increase demand, increasing price. Thus In the long-run, even without a change in interest, as firms left the beekeeping industry the subnormal profits due to the increase in supply would turn into normal profits due to price rising. Combined with the lower interest rates increased demand this is likely to result in a positive long term situation for beekeepers as they earn a normal or supernormal profit in the long term. Overall, a normal profit in this market will be maintained due to being perfectly competitive. Overall in the short run, the decrease in supply will result in ~~Anathake~~ beekeepers earning subnormal profits, leading to some firms shutting down and uses resources to produce a related good. However, in the long-term a normal profit will be maintained as costs fall due to lower interest rates and d'mand *price increases due to lower firms and increasing demand.

profits could be obtained in the short term

Economics 93402, 2021

QUESTION TWO: New Zealand waterways

Use information from **Resources D** to **H**, and your knowledge of micro-economic theory, to answer this question.

> Recent research has highlighted issues with the water quality in New Zealand lakes and waterways, particularly as a result of urban development, farming, and forestry.

Analyse the externalities created from these industries for New Zealand waterways, and evaluate economic policy options that could be used to improve the quality of New Zealand waterways over time.

In your answer:
- use appropriate economic models throughout
- explain why waterways in New Zealand could be considered to be an example of public goods, and how free-rider behaviour impacts the ability to control waterway quality in New Zealand
- analyse the externalities associated with waterways as a result of waterway-polluting industries and the impact on the allocative efficiency of these markets as a result
- evaluate THREE options from **Resource E** for addressing these externalities and improving the quality of New Zealand waterways in terms of equity, efficiency, and likely effectiveness.

Use this space for planning your essay. This plan will NOT be marked.

PLANNING

Public good - no one has incentive to take into account costs involved

non-rival
non-excluded
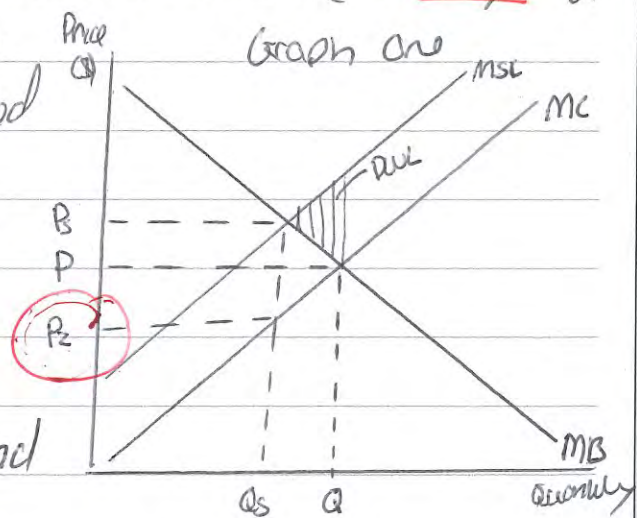non-depletable

negative externalities of consumt
prodcutn

capacity limits
subsidy
fines

A public good is one that is non-excludable
by price, non-rival and non-depletable, and it *according to above* usually
has no cost usually being *cared* for by the ~~those~~
government. Waterways in New Zealand could be
considered a public good because they are non-excludable
by price, as one consumer cant pay and thus
stop someone else from using it, non-rival, as one
individual using it does not prevent another
individual using it and non-depletable as it
is assumed to not run-out and be abundant
in society due to the huge number of
waterways in New Zealand (NZ). It is considered
not-depletable as rain and other environmental
movements fill it up again. The huge amount
of waterways in NZ with '70 major river
systems', '249 776 hectares of wetland' and `440 billion
cubic metres of water flew in our rivers and streams'
as well as many more mean it is very hard for
one producer or consumer to make it rival, excludable
or depletable. Thus it is an example of a public
good and will ~~enle~~ encounter the free rider
problem as no producer or consumer has
the incentive to take into account the costs
production or consumption have on waterways
being able to use them for free. This free rider
behaviour makes it very hard to control waterway
quality in NZ as no one individual is responsible
or likely to own up and pay to clean up our
waterways due to it being a public good. Thus

The government may find it very hard to control NZs waterways.

This is very significant considering the negative externalities of production that are affecting NZs waterways. Negative externalities of production are negative spillover costs on a third party, such as those affected by polluted waterways, due to the production of a good or service, such as urban development, farming and forestry. This is because NZs 'diverse and unique range of freshwater species, habitats and ecosystems' and coming 'under threat' due to the 'converting land to cities, towns, farms and plantation forests by clearing native forests and wetlands', reducing flow' and 'changing waterways from the natural km' such as building dams. More specifically how we live and use our land can result in excess nutrients 'entering freshwater and causing harm', pollute harm. This is done in the production of farming through 'increasing the number of cattle per hectare', 'felling and planting trees and 'applying pesticides and fertiliser' as a part of the production process. These water polluting industries are one thus resulting in negative externalities of production as '76% of our native freshwater fish were either threatened' or at risk of extinction 46% of lakes in poor health. This has very negative effects on society, especially to

urban areas where pollution is worse due to being viewed
as 'drainage networks' (source G) as these pollutants
fall and harm our ecology and environment,
causing sickness in humans with contact or drinking
and hence flushed out to sea and further harming
individuals as they swim in it and have negative
health affects as a result, a drain on the healthcare
sector. We rely on our ecology and environment to
Survive and if our water and living things in it
are killed by these pollutants our environment could
change drastically, not allowing society to act
and live as it did before, or Thus water polluting
industries are resulting in negative externalities of production.
This can be seen on graph one where the marginal
social cost is greater than
the marginal cost, hence shifted
inwards from MC to MSC as
it is a result of those negative
externalities of production. This
results in the market not equally
as the social equilibrium price and
quantity at Qs and Ps as the
market does not take those costs into account. Thus
the good is under-priced and overconsumed at the
market equilibrium. This results in a deadweight
loss (DWL) occuring, as seen by the shaded area, as
the good is under priced and overconsumed so
there is the misallocation of resources and
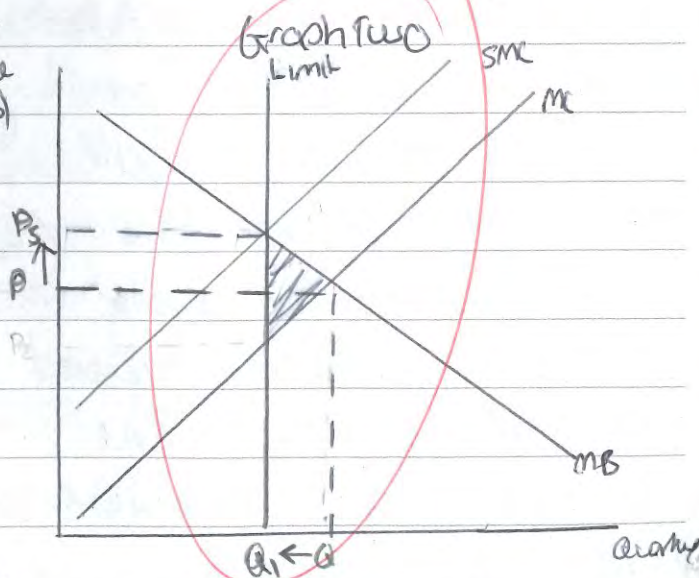consumer and producer surplus isn't maximised.

Graph one

Price
($)

Graph one

MSC

MC

DWL

B
P

P₂

MB

Qs   Q

Quantity

This means that allocative efficiency hasn't been achieved as the private equilibrium does not take into account the costs involved.

This externality means market failure is occurring, justifying the use of government intervention and overriding the idea of consumer sovereignty.

One option for addressing these externalities is by implementing restrictions or setting limits on intesificain or growth of farming types that are nitrogen and effluent intensive. This would act as a sort of capacity that would limit the industries involved in polluting waterways from growing. This could be seen on graph two by the limit/capacity line that would decrease the quantity from Q to Q1. On the graph this is seen to restore the socially optimum quality at Qs, but this is unlikely to occur as it is just a restriction on

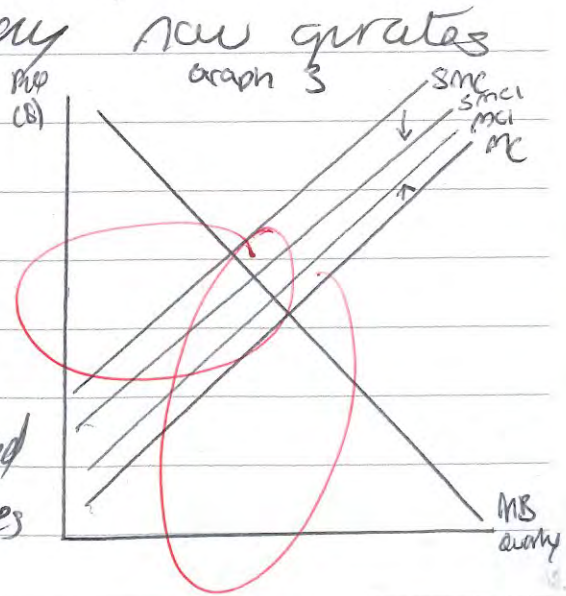expansion, with firms already operating at the social quantity amount. Thus it would the harg to fall quantly to fall by the right amount and may instead just stop it from increasing in the future. In the long-term as firms are no longer able

to expand price is likely to rise due to the limited quantity available for the products these firms produced, raising price for P tops. However, this may not be the socially optimum price, depending on the amount of the limit set. This goal is equitable in that it will only reflect and be set on firms who are nitrogen and effluent intensive and thus makes only the producers who cause this cost pay. It will also increase price, but this may reduce equity as low-income consumers are less able to attain it. However it will decrease efficiency as a deadweight loss is likely to be created. If the social equilibrium price and quantity is reached allocative efficiency may be achieved as the good is no longer over-consumed and under-priced. However, since this quantity is not likely to be reached due to only limiting further expenses the good will not be at the socially optimum price and efficiency will not be achieved. In the long run it will be effective in reducing expansion but in short run will not have too large of an impact as these measures can cause policies of unnit states, reducing effectiveness.
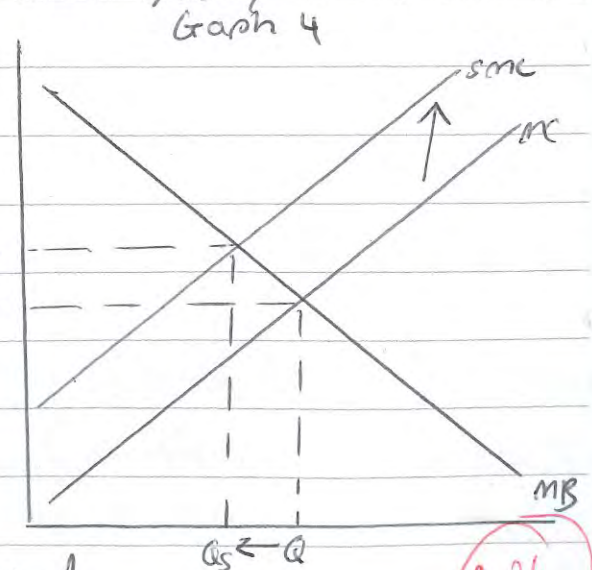
A second option is increased regulations on waterway effluent industries. This could require firms to take greater steps to reduce water pollens and minimise nitrogen and effluent runoff including preventative measures in place

and development. This would add to the cost of production as they now have to try and reduce water pollution and, minimise their impact. As costs increase, as seen by the increase in marginal costs from MC to MC1 on graph 3 the social marginal cost position will be moved closer to as the externality is internalised, achieved by requiring developers and carries to new developments to better protect and reduce quality (Source E) the externality of production will be reduced as these developers will not produce in areas that will have the biggest impact on the environment. This will reduce the negative externality of production, as seen by the outwards shift from MSC1 ie MSC1. This means the economy now operates closer to its marginal social cost. Depending on the size of these shifts will determine whether efficiency is achieved. However, since the costs are now internalised and firm preventative measures in place there is a good choice the economy will operate at social equilibrium and price, achieving efficiency. This option is also equitable as only firms involved in polluting are charged. although it may lead in higher costs that pass to low-income households

Graph 3

firm getting it. It is likely to the effects costs will add to costs, a price signal and will prevent the externality firm continuing to occur as much.

A third option is assigning property rights to local iwis. As done to Whanganui River this includes recognising, legally, the iwi as a 'person' and a $1 million contribution has been set up to support it. With representatives in the eyes of the law, these individuals can ensure the negative externalities of production don't occur. For example polluting firms could be taken to court to pay a charge, and since the waterways are considered 'people' would would force Industries to treat it better, preventing the free rider problem from occuring. This could also involve the representatives placing a fee for its use, making it no longer a public good, and internalising its externalities. As firms encounter more costs for polluting these rivers the social marginal cost may be reached. As seen on graph four. This would allow the socially optimum P4 and quantity to be reached, removing the deadweight loss and allowing efficiency. This is also equitable, only the firms hurting the waterways will be impacted, increasing fairness. It will be reasonably effective

Graph 4

QUESTION THREE: Repayment of government debt

Use information from **Resources I** to **O**, and your knowledge of the New Zealand economy and macro-economic theory, to answer this question.

Net core Crown debt is forecast to hit more than 50% of gross domestic product over the next five years as the Government expects to pump more than $60 billion into the economy to offset the impact of COVID-19. By way of comparison, net core Crown debt was 19% of GDP in the year to June 2019.

Source: https://www.nzherald.co.nz/business/budget-2020-debt-set-to-soar-as-govt-looks-to-recover-and-rebuild/ XW7VASZN23IGTOWTGRSBRQMS74/ (14 May 2020)

Analyse the reasons for the significant increase in government (net core Crown) debt and the economic impact of potential government policies to reduce debt levels. Evaluate the extent to which the New Zealand Government should be focused on reducing government debt to "prudent" levels.

In your answer:
- use appropriate economic models throughout
- explain reasons for the 2020 budget deficit and how this has impacted net core Crown debt
- analyse THREE policies from **Resource L** that the New Zealand Government could use to reduce government debt and the impact that each would have on the New Zealand economy
- evaluate the case for the Government pursuing a policy to rapidly reduce government debt while also focusing on the key macro-economic goals of economic growth, full employment, and price stability.

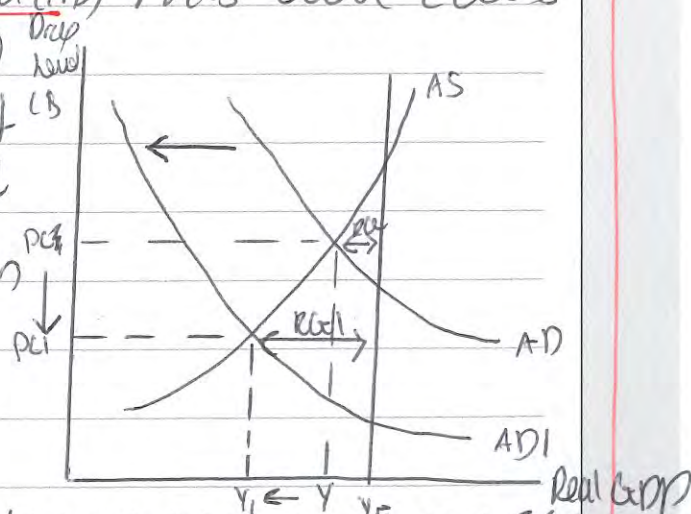Use this space for planning your essay. This plan will NOT be marked.

PLANNING

[handwritten planning notes]

- COVID   wage sub
              -sing
           - ↓ tax anme   debt high
             + expet

- ↑ tax   ↓AD   ↓ IS
     ↑ hardne ↑ cost collee'
     ↑ renum aid
     cut

A budget deficit ~~occurs~~ occurs in the govering balance when the Government is spending more than it is receiving. This is most likely to occur in times of low or stagnant economic growth. The 2020 budget deficit has been brought around due to, generally the huge impacts of the COVID pandemic, a 'one-in-one-hundred year shock' (Source M). The pandemics huge health impacts and in order to protect New Zealand (NZ) the government significantly injected spending of '$50 billion' in the COVID Response and Recovery Fund (CRRF). This huge increase in spending was needed in 2020 to deal with the immediate and economic effects of COVID and largely consisted of the wage subsidy. However, this increase in ~~government~~ spending arises also combined with lower tax revenue and thus income for the government. This was because 2020 and COVID result in lower service exports, fewer international visitors, weak domestic demand, lower incomes and lower confidence as the pandemic spread, with borders restrictions cutting off international tourism, and decrease exports and high unemployment decrease incomes and thus income tax, ~~spending~~ decreasing consumption spending due to lower confidence, decreasing GST and decrease company profits, decrease company tax as

output fell in long lockdowns. Thus as the economy needed a recession, decreasing economic growth and price level tax run for the government fell. This increase in supply and decrease in revenue has created a large operating budget deficit, and since a deficit is funded by borrowing from overseas, increased net core crown debt, as seen in source J, as tax revenue is forecasted as 27.2% and expenses at a much higher 38.6% in 2021. Thus core crown debt has needed to be expanded to reach ~$190 billion in 2024/25. This is due to the deficit, a loan from overseas racking up interest and furthering foreign ownership in New Zealand. This increase in core crown debt may result in NZ breaching the 'responsible fiscal management' specified in the act. To stay within this the government will need to reduce debt to 'prudent levels' to provide a buffer against adverse economic shocks and try and obtain a operating surplus, with a current goal of getting crown debt to ~15% and 25% of GDP. Thus this operating deficit, which is funded by borrowing overseas by the government actually will reduce debt and result in the improvement of policies to try and reduce it.

One option the government could use to reduce debt is to cut government spending. Government spending is largely in the form of transfer payments to low income households and subsidies. This could also include a decrease in funding for services like healthcare and education. A decrease in government spending means this money could be used to reduce debt levels, and in the long term have a very positive impact on society, as debt is reduced and went continue to increase. However, in the short term this is very negative, as this decrease in government spending is a withdrawal from the economy. Since government spending is a large component of aggregate demand (AD) this will cause a large decrease in AD from AD to AD1. This leakage could result in a negative multiplied effect on the economy as it results in lower incomes for low income households or individuals who may have been involved
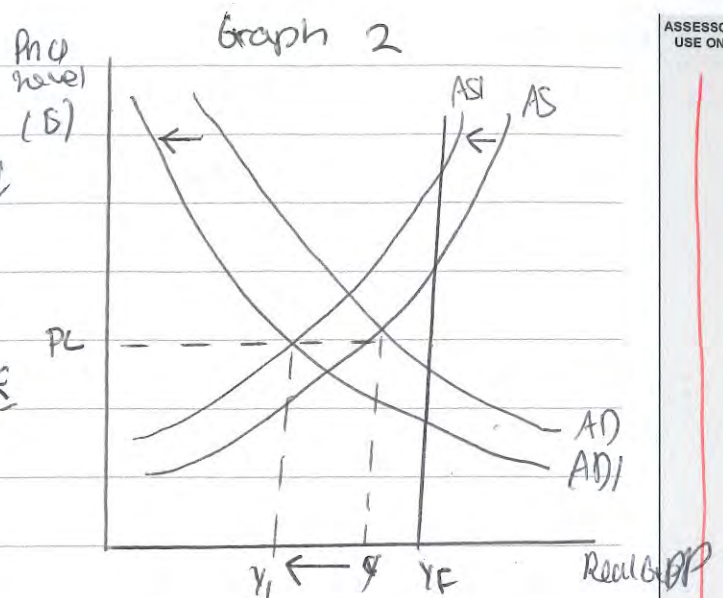

in government projects decreasing consumer spending and investment spending as confidence on incomes fall. Overall this large decrease in AD results in a large decrease in price level from pL to pL4, possibly pushing the economy out of the Policy Target Agreement (PTA) amount of 1-3%, and a large decrease in economic growth as Real GDP falls from Y10 Y1. This decreases employment

as labour is a derived demand, increasing
the size of the recessionary gap from YRGe
to RGe1 and moving closer from full employment
at Ye.

A second policy that could be used to reduce
debt levels is to increase taxation. This could
involve an increase in income tax brackets
and/or goods and service tax. An increase
in income tax will cause consumers disposable
incomes to decrease meaning they can afford
to buy less goods and services then
before, decreasing living standards and decrease
consumption spending. This decrease in consumption
could reduce business confidence and lead
to decreasing investment spending. As components
of AD this will cause AD to decrease from
AD to AD1 as seen on graph two. Additionally
cost rates could increase. A further expense
to producers this would cause producers
cost of production to rise, decreasing profit
margins and causing aggregate supply
to decrease and supply is now producers are
less being willing and able to supply. This
aggregate supply decreas from As to AS1.
These shifts cause a decrease in real
GDP from Y to Y1, a decrease in economic growth.
Depending on the size of the shifts price level may
increase or decrease or stay a negligibly impact

on inflation. since labour is a derived demand this causes a decrease in employment as the economy moves further away from the level of full employment at Y_F*
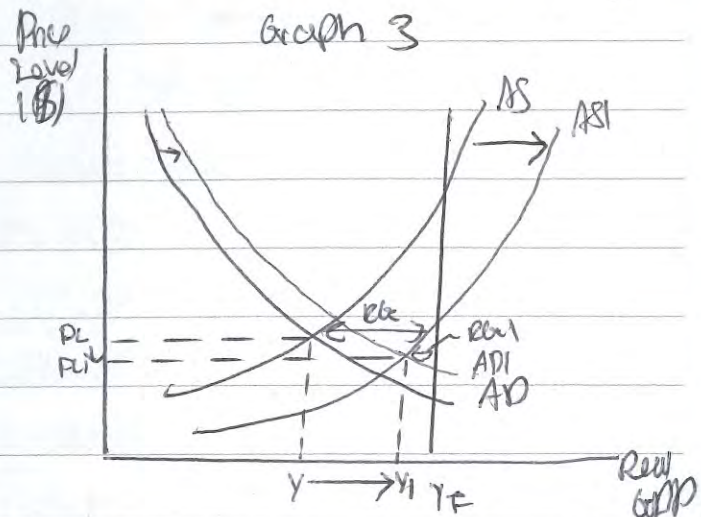
A third policy option is to implement supply-side policies to stimulate economic growth. This could involve upgrading key infrastructure and the apprenticeship scheme; which would involve a small increase in government spending. However, this is likely to improve productivity in the economy as upgrades to infrastructure reduce transport costs and apprenticeship schemes increase the quality of labour. This increase in productivity means the same amount of workers and resources can produce more, decreasing costs of production. As profit margins rise supplying the good or service becomes relatively less more profitable, increasing aggregate supply as seen on graph two from AS to AS1. Although these are supply side policies they may involve increases in government spending.

Graph 2

* This increased taxation will result in greater tax revenue the government can use to repay debt and will act as a further leakage for the economy. —

to occur. This may have a multiplied effect
on the economy and lead to subsequent rounds
of spending taking place as this spending
becomes incomes for other firms and households.
Thus, a small increase in aggregate demand
may occur, shifting from AD to AD1. Overall, this
decreases price level
from PL to PL1, a
decrease in the rate
of inflation which
may push the economy
out of the PTA 1-3%,
but this is unlikely due
to the shifts offsetting
one another. There is also a large increase
in real GDP from Y to Y1, increase economic
growth. Since labour is a derived demand this
results in a increase in employment as any
increase in production means more labour is
needed, as seen in the reduction of the size
of the recessionary gap from Rb to RG1.

Graph 3

Out of these fiscal policies an increase in taxation and
reduction in spending will most rapidly be
able to allow the government to reduce debt
levels. Supply side policies are much
larger in time to implement and thus may not
have as rapid of a response. Both a reduction
in spending and increase in taxation decrease

economic growth and increase unemployment, moving away from the two macro economic goals. In contrast, supply side policies will increase economic growth and this increases government tax revenue as an increase in economic growth means there is greater output so greater profits from businesses and thus company tax, and also likely to to increased spending so increased GST and income tax revenue as employment rises. This allows the government to earn more revenue of which they can use to repay debt. This has a positive effect on the economy with its only downside the long time it takes to implement. It also has no smallest reduction in price level overall meaning price stability is likely to be achieved. The other 2 policies result in a significant reduction in price level which may go below 1-3% as outlined in the PTA. However, in 2020 inflation is likely to be high so this may not occur as costs have risen overall. Thus the government is justified in pursuing repaying debt levels as high levels of debt nearly $200 billion has interest costs and will mean the economy is less prepared for future shocks. However, with low interest rates (source m) meaning this debt is low meaning it is not having too much of a drain on society. However it would be better to reduce this now to put

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Or as effective as it is legislature which will force firms to act with no way around it but could be hard to implement as there are a lot of rivers and waterways that would need protecting.

Overall, the regulation on firms being implemented will be the best option. This is because it is the most equitable, only impacting firms who are involved, the most effective as it will directly impact these firms and prevent future negative production externalities from occurring while both decreasing the externality and increasing the costs. It may or may not be efficient but will lead to the better use of resources and a output level closer to the social optimum. This is better than the limit on expansion as this will only have a long-term impact and won't affect current pollution and will be easier to implement than property rights which might take a long time to achieve considering the extensiveness of NZ waterways. All policies are reasonably equitable and use of may not be efficient depending on the size of there impact. This since as regulation is most effective it is the best option.

Extra space if required.
Write the question number(s) if applicable.

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QUESTION
NUMBER

Q3 The economy in the best possible position for the future and allow an ongoing surplus to eventually be achieved. By paying off the debt foreign ownership or NZ is prevented. However, to an extent repaying debt conflicts with the goals of full employment, price stability and economic growth as seen with the first two policy options. However, supply side policies will allow economic growth, price stability are employment to be maintained while collecting revenue to reduce debt. Thus, this is the best policy to achieve all goals. However, it will take a long time to implement so may not be the 'rapid' redress the government is looking for. ~~If this~~ However, supply side policies will keep the economy in the healthiest position to succeed in the future while allowing debt to be reduced by achieving the macroeconomic goals. //

QUESTION
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