 Province of the

EASTERN CAPE

EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF- STUDY ANSWER SHEET**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SUBJECT** | **ECONOMICS** | **GRADE** | 11 | **DATE** | 21/04/2020 |
| **TOPIC** | **MACROECONOMICS** | **TERM 1**  **REVISION** | X | **TERM 2 CONTENT** |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **QUESTION 1:** | | |  |  |
|  |  | | |  |
| 1.1 | 1.1.1 | Short questions  List two methods of determining GDP. | |  |
|  |  |  | |  |
|  |  | * Production method🗸 * Income method🗸 * expenditure method🗸 (2x1) | | (2) |
|  |  |  | |  |
|  | 1.1.2 | **Why are intermediate goods and services excluded when calculating the value of GDP?** | |  |
|  |  | * Counting them would lead to double counting and inaccurate figures.🗸🗸   (Accept any other correct relevant response) | | (2) |
|  |  |  | |  |
| 1.2 | 1.2.1 | **Data Response**  **Identify ONE injection in the diagram above** | |  |
|  |  | Government expenditure / government purchases 🗸 | | (1) |
|  |  |  | |  |
|  | 1.2.2 | **Name the type of economy portrayed by the above diagram**. | |  |
|  |  |  | |  |
|  |  | Closed economy / three sector economy 🗸 | | (1) |
|  |  |  | |  |
|  | 1.2.3 | **Briefly describe the term *circular flow.*** | |  |
|  |  |  | |  |
|  |  | The circular-flow model of the economy is a simplification showing how the economy works and the relationship between income, production and spending in the economy as a whole 🗸🗸 | | (2) |
|  |  |  | |  |
|  | 1.2.4 | **What is the main objective of social transfers?** | |  |
|  |  |  | |  |
|  |  | * Redistribution of income/poverty alleviation/correct imbalances of the past/promote equality/close the gap between rich and poor 🗸🗸 | | (2) |
|  |  |  | |  |
|  | 1.2.5 | **Of what importance is the factor market in the circular flow?** | |  |
|  |  | * Factor markets help the economy grow by providing a mechanism where factors of production are traded. 🗸🗸 * The households own the factors of production and sell the factors on the input market and receive an income (wages, rent, interest and profit) in return to use in buying goods and services 🗸🗸 * Businesses purchase the factors of production from the household in the factor market to be used in the production of goods and services 🗸🗸   (Accept any other correct relevant response) (2x2) | | (4) |
|  |  |  | |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **1.3** |  | **Data Response** |  |
|  | 1.3.1 | **Give an example of a primary income from the rest of the world.** |  |
|  |  | South African citizen working and earning money abroad🗸  South African investing money and receiving dividends abroad🗸 | (1) |
|  | **1.3.2** | **What is the main function of GDP?** |  |
|  |  |  |  |
|  |  | To measure the performance /economic growth of a country 🗸 | (1) |
|  |  |  |  |
|  | **1.3.3** | **Briefly describe the concept *market prices*** |  |
|  |  | Prices actually paid by consumers for goods and services plus all taxes less subsidies. 🗸🗸  Accept any relevant correct response | (2) |
|  |  |  |  |
|  | 1.3.4 | **Explain the difference between current prices and constant prices.** |  |
|  |  |  |  |
|  |  | * Current prices do not take into account changes in the general price level, whereas constant prices take changes in the general price level into account.🗸🗸.   Accept any relevant correct response. | (2) |
|  | 1.3.5 | **Calculate the value of primary income to the rest of the world (A) in the table. Show all calculations** |  |
|  |  | (R2 964 805 + R48 501 – R2 978 806) 🗸🗸 = R34 500🗸🗸  (award 2 marks only for correct answer)  (No mark for incorrect addition/subtraction) | (4) |
|  |  |  |  |
|  |  |  |  |
| **1.4** | **Explain the importance of final consumption expenditure by households.** | | (8) |
|  |  | |  |
|  |  | |  |
|  | * Households are the most important unit in the economy as they provide the factors of production🗸🗸 * The spending by households is an injection into the circular flow of income 🗸🗸 * Increases in consumer spending indicate that the economy is doing well🗸🗸 * Consumption is positive even if income is zero, so consumption is a driver important driver of economic growth🗸🗸 * Consumption spending by households makes a large percentage of GDP🗸🗸   Accept any other correct relevant response. ( 4 x 2) | |  |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| 1.5 | **What is the purpose of subsidies on production?** |  |
|  | * To reduce cost of production 🗸🗸 * to encourage the production for exports🗸🗸 * subsidies will benefit the consumer (pay lower prices) 🗸🗸 * increase the production of certain goods 🗸🗸   (Accept any other correct relevant response) | (8) |
|  | | **[40]** |
|  | **TOTAL: 40 MARKS** | **[40]** |