 Province of the

EASTERN CAPE

EDUCATION

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

**HOME SCHOOLING SELF-STUDY WORKSHEET ANSWER SHEET**

|  |  |  |  |  |  |
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| **SUBJECT** | **ECONOMICS** | **GRADE** | **12** | **DATE** | **01/04/2020** |
| **TOPIC** | **MACROECONOMICS** | **TERM 1**  **REVISION** | **X** | **TERM 2 CONTENT** | (Please tick) |

**QUESTION 1 30 MARKS − 20 MINUTES**

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| 1.1 | **MULTIPLE-CHOICE QUESTIONS** | | |  |
|  | 1.1.1 | D√√ | endogenous |  |
|  | 1.1.2 | B√√ | extrapolation |  |
|  | 1.1.3 | A√√ | short term |  |
|  | 1.1.4 | D√√ | a lack of accountability |  |
|  | 1.1.5 | C√√ | exports and imports |  |
|  | 1.1.6 | C√√ | Economies of scale |  |
|  | 1.1.7 | B√√ | Regulation |  |
|  |  |  | (8 x 2) | (16) |

|  |  |  |
| --- | --- | --- |
| 1.2 | **MATCHING ITEMS** |  |
|  | |  |  |  | | --- | --- | --- | | 1.2.1 | D √ | Prices actually paid by consumers and producers for goods and services plus taxes minus subsidies | | 1.2.2 | E √ | Caused by changes in net investments by government and businesses | | 1.2.3 | F √ | Anyone can use these whether they are prepared to pay for them or not | | 1.2.4 | B √ | Money received without any productive service rendered | | 1.2.5 | C √ | Deepening of the recession | | 1.2.6 | D √ | Member countries agree to the removal of all tariffs | | 1.2.7 | A √ | Public good | | 1.2.8 | I √ | National product at constant price |   (8 x 1) | (8) |
| 1.3 | **ONE-WORD ITEMS** |  |
|  | 1.3.1 Real flow √  1.3.2 Business cycle √  1.3.3 Laffer curve √  1.3.4 Direct taxes /direct √  1.3.5 Special Drawing Right √  1.3.6 Disinvestment √ (6 x 1) | (6) |
|  | **TOTAL MARKS** | **[30]** |

**QUESTION 2 40 MARKS – 30 MINUTES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2.1** | **Answer the following questions.** | | |  |
|  | **2.1.1** | **Name TWO characteristics of fiscal policy**.   * Cyclical √ * Goal bound √ * Demand biased √ (2 x 1) | | (2) |
|  | **2.1.2** | **How can the appreciation of the rand affect exports of goods and services?**   * There will be reduction in exports √√ * It makes goods and services more expensive √√   (Accept any other correct relevant response.) (Any 1 x 2) | | (2) |
|  |  |  |  |  |
| **2.2** | **DATA RESPONSE** | | |  |
|  | **2.2.1** | **Multiplier/multiplier effect √** | | (1) |
|  | **2.2.2** | 70 percent √ | | (1) |
|  | **2.2.3** | **Briefly describe the term multiplier**  Occurs when a small increase in spending produces a larger increase of their income √√  (Accept any other correct relevant response) | | (2) |
|  | **2.2.4** | **What impact will a tax increase have on the multiplier**?   * It means that less money will be available to spend √√ * Contribution of all sectors in the country. The expectation is that the multiplier will decrease and thus the total value of the multiplier will decrease as well √√   (Accept any other correct relevant answer) | | (2) |
|  | **2.2.5** | **Calculate the size of the multiplier. Show ALL calculations**  **= 1/mp √ = 1/1—mpc √**  **= 1/ 0,2 √ OR = 1/1--0,8 √**  **= 5 √√ = 5 √√** | | (4) |
|  |  |  |  |  |
| 2.3 | Study the graph below and answer the questions that follow | | |  |
|  | 2.3.1 | **Identify the original equilibrium point on the above graph**.  At point e | | (1) |
|  | 2.3.2 | **What happens to the value of the Rand when the demand curve shifts from DD to D1D1?**  Depreciate/Decline/Decrease  (Accept any other correct relevant answer) | | (1) |
|  | 2.3.3 | **Briefly explain the floating exchange rate systems.**  Is when the forces of supply and demand are used to maintain the exchange rate in equilibrium**. √√**  (Accept any other correct relevant response.) (1 x 2 | | (2) |
|  | 2.3.4 | **What effect does globalisation have on international trade?**   * It stimulates international trade √√ * Allows a greater variety of goods and services between countries √√   (Accept any other correct relevant response.) (Any 1 x 2) | | (2) |
|  | 2.3.5 | **How will demand influence foreign exchange?**  The demand will influence the foreign exchange by:   * Importing goods √√ * Payment for services from foreign countries √√ * Tourists spending money overseas √√ * Buying shares in another country √√   (Accept any other correct relevant response.) (Any 2 x 2) | | (4) |
| 2.4 | **Briefly discuss any TWO arguments in favour of privatisation**.   * Privatisation attracts more foreign investors to South Africa. √√ * Capital skills, technology and foreign exchange flow into the country. √√ * Privatisation relieves pressure of the budget √√ deficits on the budget will decrease. √√ * Promote black economic empowerment. √√ * Shares in public companies can be made available to black entrepreneurs. √√ * Private enterprises are more efficient than public enterprises. √√ * The profit motive in the private sector ensures that firms operate efficiently and at the lowest possible price √√ * SOE’s are bureaucratic, inefficient, unresponsive to consumer needs, poorly managed. √√ * Tax base will be broadened √√ creating more income for government √√ * Privatisation ensures additional funds (income) for government √√ this will help them to maintain and manage state-owned enterprises. (Any 4 x 2) | | | (8) |
| 2.5 | **What effect does the term of trade have on the balance on the current account?**  The terms of trade compare a country’s export prices with its import prices by means of indexes. √√  **The terms of trade decline when**:   * A decrease in export prices, less income is erased with the same expenditure. √√ * An increase in import prices, welfare is lost because expenditure on imports is more. √√ * For a surplus balance exports should be encouraged √√ and imports limited. √√   **The terms of trade will improve when:**   * An increase in export prices, more revenue is earned with the same expenditure. √√ * A decrease in import prices, welfare increases because expenditure on imports is less. √√ * Larger injection into the economy, balance on the current account will improve. √√   (Accept any other correct relevant response.) (Max. 8) | | | (8)  **[40]** |
|  | **TOTAL MARKS [70]** | | |  |