





Province of the
EASTERN CAPE
EDUCATION

DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)

HOME SCHOOLING SELF-STUDY WORKSHEET ANSWER SHEET

SUBJECT	ECONOMICS	GRADE	12	DATE	27/03/2020
TOPIC	MACROECONOMICS	TERM 1 REVISION	X	TERM 2 CONTENT	(Please tick)

Question 1

1.1 Identify ONE injection in the diagram above.

Government expenditure / government purchases ✓ (1)

1.2 Name the type of economy portrayed by the above diagram?

Closed economy / three sector economy ✓ (1)

1.3 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)

(Accept any other correct relevant response)

1.4 What is the main objective with social transfers? (2)

1.5 Redistribution of income/poverty alleviation/correct imbalances of the past/promote equality/close the gap between rich and poor
√ √ (2)

(Accept any other correct relevant response)

[10]

Question 2

2.1 Identify a trough in the business cycle above.

T1 / T2 / T3 √ (1)

2.2 During which year was the first business cycle fully completed in the graph above?

2007 / 2001 – 2007 √ (1)

2.3 Briefly describe the term real (actual) business cycle.

A real business cycle occurs when the effects of irregular events / seasonal / long-term growth trends are removed from the time series data √ √ (2)

(Accept any other correct relevant response)

2.4 How can the South African government use government spending as fiscal measure to stimulate the economy?

Governments can increase economic activity by increasing government spending √ √ (2)

2.5 How could the South African Reserve Bank have prevented the business cycle from plunging to T3?

The Reserve bank can:

- adjust the repo rate downwards, that will lead to lower interest rates √ √
- decrease cash reserve requirements to make more money available at banks, for loans √ √
- buy securities in the open market (open market transactions) √ √
- stabilise the exchange rate √ √
- increase the money supply √ √

(Accept any other correct relevant response)

(2 x 2)

(4)

[10]

Question 3

3.1 Identify ONE form of an indirect tax in the information above.

- Fuel levies ✓
- Excise duties ✓
- Custom duties ✓
- VAT ✓

(1)

3.2 What type of tax that will contribute most to state revenue during the 2016/17 financial year?

Personal income tax/PAYE ✓

(1)

3.3 Briefly describe the term budget. A document showing anticipated revenue and estimated expenditure ✓✓

(Accept any other correct relevant response)

(2)

3.4 Give ONE reason why the government increased taxation (excise duties) on demerit goods during the 2016/17 financial year.

- To discourage consumer not to buy or consume the products ✓✓
- To discourage producers to produce them ✓✓

(2)

(Accept any other correct relevant response)

3.5 How will an increase in corporate income tax impact negatively on economic growth? An increase in corporate income tax will:

- reduce the amount that companies can put back into business as investment which will limit expansions and reduce jobs ✓✓
- reduce the amount of money that companies can use to become more efficient which will reduce growth ✓✓

(Accept any other correct relevant response)

(2 x 2)

(4)

[10]

Question 4

4.1 Which sub-account in the Balance of Payments includes reserve assets?

Financial account ✓

(1)

4.2 Which institution is responsible for the publishing of the balance of payments?

South African Reserve Bank / SARB ✓

(1)

4.3 How can South Africa ensure a net inflow of capital?

A net inflow of capital is ensured by:

- promoting exports via subsidies to producers ✓✓
- reducing imports through import substitution and increased tariffs ✓✓
- encouraging foreign direct investment ✓✓
- reforming structural policy that might maximise the long-term gains from international capital movements ✓✓
- e.g. financial and product market regulation – have a large impact on net foreign capital positions ✓✓
(Accept any other correct relevant response) (2 x 2) (4)

4.4 Use figures in the table to calculate the trade balance (A). Show ALL calculations.

$$\begin{aligned}\text{Trade balance} &= \text{Merchandise exports} = 276\,349 \checkmark \\ &+ \text{Net gold exports} = 13\,777 \checkmark \\ &- \text{Merchandise Imports} = 270\,258 \checkmark \\ &= \text{R}19\,868\text{m} \checkmark\end{aligned}$$

OR

$$(276\,349 \checkmark + 13\,777 \checkmark - 270\,258 \checkmark = 19\,868 \checkmark) \quad (4) \quad [10]$$

TOTAL MARKS [40]