





Province of the
EASTERN CAPE
EDUCATION

DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)

HOME SCHOOLING SELF-STUDY WORKSHEET ANSWER SHEET

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

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

$$\begin{array}{ll}
 = 1/0,2 \checkmark & = 1/1 - mpc \checkmark \\
 = 5 \checkmark & = 1/1 - 0,8 \checkmark \\
 & = 5 \checkmark
 \end{array}
 \quad \text{OR} \quad
 \begin{array}{l}
 (4)
 \end{array}$$

2.3 Study the graph below and answer the questions that follow

2.3.1 **Identify the original equilibrium point on the above graph.** (1)

At point e

2.3.2 **What happens to the value of the Rand when the demand curve shifts from DD to D1D1?** (1)

Depreciate/Decline/Decrease

(Accept any other correct relevant answer)

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. $\checkmark\checkmark$

(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 $\checkmark\checkmark$
 - Allows a greater variety of goods and services between countries $\checkmark\checkmark$
- (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 $\checkmark\checkmark$
 - Payment for services from foreign countries $\checkmark\checkmark$
 - Tourists spending money overseas $\checkmark\checkmark$
 - Buying shares in another country $\checkmark\checkmark$
- (4)

(Accept any other correct relevant response.)

(Any 2 x 2)

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 earned 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]