 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****= 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]** |  |