

SENIOR SECONDARY IMPROVEMENT PROGRAMME 2013



education

Department: Education

GAUTENG PROVINCE

GRADE 12

ECONOMICS

LEARNER HOMEWORK SOLUTIONS

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SOLUTIONS TO HOMEWORK: SESSION 8**TOPIC: CONSOLIDATION EXERCISES****QUESTION 1**

1.1 $Y = C + I + G + (X - Z)$

Y = Aggregate income ✓✓

C = Consumption by households ✓✓

I = Investment spending by businesses ✓✓

G = Government spending ✓✓

X = Spending by foreigners on SA goods (exports) ✓✓

Z = Spending by South Africans on foreign goods (imports) ✓✓

(12)

1.2 $Y = C + I + G + (X - Z)$

$Y = 120 + 140 + 80 + (20 - 30)$ ✓✓

$Y = R330m$ ✓✓

(4)

1.3 $k = 1/(1 - mpc)$ ✓

$k = 1/(1 - 0.5)$ ✓

$k = 1/0.5$ ✓

$k = 2$ ✓

(4)

[20]**QUESTION 2**

- To stimulate the economy, the government can decrease taxes, ✓✓
- increase social grants and ✓✓
- increase its spending on public works. ✓✓
- All these measures ensure that households have extra money. ✓✓
- This will prevent demand from dropping too dramatically. ✓✓
- This will give businesses a reason to maintain or increase production levels and ✓✓
- maintain or increase employment levels which have a multiplier effect. ✓✓
- This will then lead to an increase in aggregate demand which will stimulate growth. ✓✓

[16]**QUESTION 3**

3.1 False ✓✓

3.2 True ✓✓

3.3 False ✓✓

3.4 True ✓✓

3.5 True ✓✓

3.6 False ✓✓

3.7 False ✓✓

3.8 False ✓✓

3.9 True ✓✓

3.10 False ✓✓

(2 x 10) **[20]****QUESTION 4**

4.1 Free-floating exchange rate system ✓✓

Managed floating exchange rate system ✓✓

Fixed exchange rate system ✓✓

(6)

4.2 Direct investments ✓✓

Portfolio investments ✓✓

Other investments ✓✓

(6)

[12]

SOLUTIONS TO HOMEWORK: SESSION 9
TOPIC: CONSOLIDATION

QUESTION 1:**24 minutes***(Taken from The Answer Series)*

- 1.1 False✓✓
 1.2 True✓✓
 1.3 False✓✓
 1.4 False✓✓
 1.5 True✓✓
 1.6 False✓✓
 1.7 True✓✓
 1.8 True✓✓
 1.9 True✓✓
 1.10 True✓✓
 1.11 True✓✓

- 1.12 False✓✓
 1.13 False✓✓
 1.14 True✓✓
 1.15 False✓✓
 1.16 True✓✓
 1.17 True✓✓
 1.18 False✓✓
 1.19 False✓✓
 1.20 True✓✓

(20 x 2)[40]**QUESTION 2:****20 minutes***(Taken from The Answer Series)*

2.1

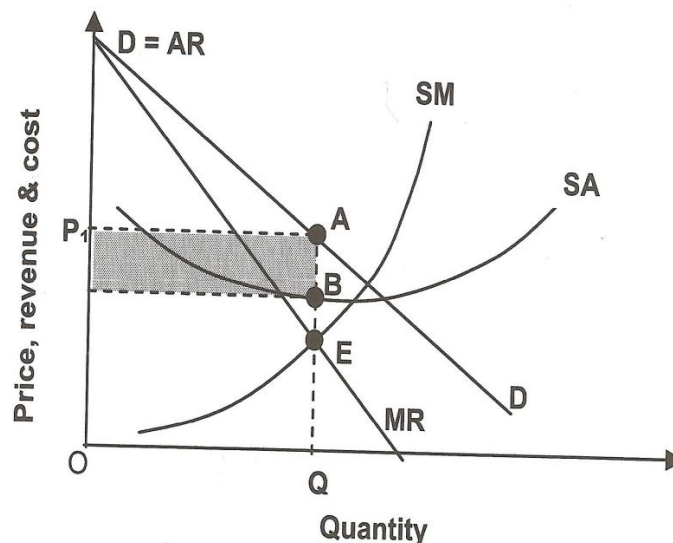
Characteristics	Perfect market	Monopoly
Number of businesses	Many✓✓	One business✓✓
Nature of the product	Homogeneous✓✓	Unique product with no close substitutes✓✓
Entry	Completely free✓✓	Blocked✓✓
Price maker/taker	Taker✓✓	Maker✓✓
Information	Complete✓✓	Complete✓✓

(4 x 2 = 8 x 2)[16]

2.2 Price quantity combination in an imperfect market

- To determine the price-quantity combination, one first has to determine the quantity. ✓✓
- To determine the production level at which profit is maximised, the business expands production up to the point where short-term marginal cost (SMC) is equal to marginal revenue (MR). ✓✓
- The point where the SMC intersects the MR is the quantity that should be produced in order to generate the maximum profit (this is represented by point E on the graph). ✓✓
- Then to determine the price one moves vertically upwards from that point to point B on the demand curve. ✓✓
- The price that corresponds with this point (A) is the price (P1) at which the product would be sold. ✓✓

(2 x 8)



[16]

QUESTION 3:

10 minutes

(Taken from The Answer Series)

- 3.1 They will first measure the cost of production including cost of negative externalities. ✓✓ Then they will measure the benefit to society from consuming the specific goods including any positive externalities. ✓✓ (4)
- 3.2 Cost of designing and building the school ✓✓
 Opportunity cost (of using resources elsewhere) ✓✓
 The cost of running a school ✓✓
 Noise that the school learners would create ✓✓
 Traffic congestion created by the development process ✓✓
 Traffic congestion when parents drop off their children ✓✓
 Environmental damage created by building process ✓✓ (Any 3 x 2)(6)
- 3.3 The number of children in the area that would be able to attend the school ✓✓
 Improved facilities for learning and sports ✓✓
 Jobs created by building the school ✓✓
 Jobs created by running the school ✓✓
 Children will receive an education ✓✓
 The school can be used by the community ✓✓ (Any 3 x 2)(6)

[16]

SOLUTIONS TO HOMEWORK: SESSION 10**TOPIC: CONSOLIDATION****QUESTION 1:****12 minutes***(Taken from The Answer Series)*

- 1 A ✓✓
 2 B ✓✓
 3 C ✓✓
 4 A ✓✓
 5 B ✓✓
 6 B ✓✓

- 7 A ✓✓
 8 A ✓✓
 9 A ✓✓
 10 C ✓✓

[20]**QUESTION 2:****12 minutes***(Taken from The Answer Series)*

- 2.1 Create a dynamic economy that can create new jobs ✓✓
 Alleviate poverty ✓✓
 Address low wages ✓✓
 Address extreme inequality ✓✓
 Meet basic needs ✓✓

(Any 3 x 2) (6)

- 2.2 Maputo Development Corridor ✓✓
 Lumbombo ✓✓
 Richards Bay ✓✓
 Wild Coast ✓✓
 Fish River ✓✓
 West Coast Investment Initiative ✓✓

(Any 3 x 2) (6)

- 2.3 Administration and implementation of multilateral trade agreements. ✓✓
 Acting as a forum for multilateral trade negotiations. ✓✓
 Seeking to resolve trade disputes. ✓✓
 Supervising the review of national trade policies. ✓✓

(Any 3 x 2) (6)

[18]

SOLUTIONS TO HOMEWORK**TOPIC 1: ECONOMIC INDICATORS****QUESTION 1:** 17 minutes (Source: Economics For All)

1.1 GDP✓✓
 Monetary conditions✓✓
 Inflation✓✓
 Productivity✓✓

(Any 3 x 2) (6)

1.2 Nominal GDP includes inflation✓✓✓ and Real GDP excludes inflation.✓✓✓ (6)

1.3

- a. Slow economic growth✓✓
- b. A drop in the rate of capital formation✓✓
- c. Oversupply of unskilled labour✓✓
- d. Net emigration of skilled labour✓✓
- e. Restructuring of the economy✓✓
- f. Relatively high wages (as compared to inflation) ✓✓
- g. Labour legislation✓✓
- h. Influence of the unions✓✓
- i. Labour unrest and strikes✓✓

(Any 5 x 2) (10)

1.4 CPI includes interest rates on mortgage bonds✓✓✓ and CPIX excludes the interest rates on mortgage bonds.✓✓✓ (6)
[28]

QUESTION 2: 15 minutes (Taken from The Answer Series)

2.1 GDP✓✓
 Full employment✓✓
 Inflation rate✓✓
 Foreign trade✓✓
 Productivity✓✓
 Monetary conditions✓✓
 (Any 3 x 2) (6)

2.2 *GDP (Gross Domestic Product)*

- GDP: Total value of all final goods and services produced within the borders of a country in one year.✓✓
- An increase in GDP will cause economic growth.✓✓
- GDP gives us an indication of:
 - Economic growth
 - High economic growth is one of the main economic objectives of a country.✓✓

An increase in GDP is not *always* an indication of economic growth. It could be because of a rise in prices (inflation).✓✓

- Therefore, instead of working with GDP at current prices we need to adjust GDP to constant prices (Real GDP).✓✓
- Calculate GDP per capita to calculate whether an increase in economic welfare has occurred, i.e. if an increase in real GDP has kept up with population growth.✓✓

(4 x 2)

Full Employment

- The aim of providing everyone who is willing to work at the current wage rate with a job.✓✓
- Unemployment rate = $\frac{\text{Number of unemployed}}{\text{EAP}} \times 100$ ✓✓
- Factors that have impacted negatively on the South African labour market:
 - Slow economic growth✓✓
 - A drop in the rate of capital formation✓✓
 - Oversupply of unskilled labour✓✓
 - Net emigration of skilled labour✓✓
 - Restructuring of the economy✓✓
 - Relatively high wages (as compared to inflation)✓✓
 - Labour legislation✓✓
 - Influence of the unions✓✓
 - Labour unrest and strikes✓✓

(4 x2)(16)

[22]