Province of the
EASTERN CAPE
EDUCATION

DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)

HOME SCHOOLING SELF- STUDY ANSWER SHEET

SUBJECT	ECONOMICS	GRADE	12	DATE	27/08/2020
TOPIC	MACROECONOMICS AND ECONOMIC PURSUITS MARKS: 40	TERM 1 REVISION	x	TERM 1 & 3 CONTENT	x

QUESTION 1: MACROECONOMICS AND ECONOMIC PURSUITS   **40 MARKS – 30 MINUTES**

1.1   **Answer the following questions.**

1.1.1   **Name any TWO growth strategies used in South Africa**.
- Growth Employment and Redistribution (GEAR) √
- Accelerated and Shared Growth Initiative for South Africa (Asgisa) √
- Joint initiative on Priority Skills acquisitions (JIPSA) √
- New Growth Path (NGP) √
- National Development Plan (NDP) √
- Small Business Development Promotion Programme √
- Industrial Policy Action Plans (IPAP) √
  (Accept any other correct relevant response)   (Any 2 x 1) .   (2)

1.1.2 **What determines the size of the multiplier?**
The marginal propensity to consume/save / mpc / mps √√ (1 x 2). (2)

1.2 **DATA RESPONSE**

1.2.1 **Identify the nations represented by the ants in the information above.** (1)
Developing √

1.2.2 **Which international organisation above promotes free trade?** (1)
World Trade Organisation (WTO) √

1.2.3 **What are the benefits of import substitution for developing countries?**
- It is <u>easy to implement</u> through the imposing of tariffs and quotas √√
- <u>Industrial development is encouraged</u> which increases economic growth √√
- Increased employment opportunities √√
- A <u>decrease in imports</u> has a positive effect on the BoP √√
- Leads to a <u>broader industrial base</u> as a greater variety of goods are manufactured / <u>more choice</u> √√
- The country is <u>less vulnerable</u> to foreign actions and conditions e.g. sudden price increases and sanctions √√
- The <u>promotion of trade in local agricultural goods</u> √√
- Access <u>to international funds</u> / capital needed for growth and development √√
- Reduced dependence on labour intensive industries as workers become more skilled √√
(Accept any other correct relevant response) (Any 2 x 2) (4)

1.2.4 **Why are developing countries (developing nations) opposed to free trade?** (4)
Developing nations are opposed to free trade because:
- <u>local industries are destroyed</u> √√
- there is <u>increased unemployment</u> and decreased economic growth √√
- developed nations <u>expect</u> developing countries to <u>remove their trade barriers</u> without them doing the same √√
- they find it <u>difficult to compete</u> with developed nations due to subsidies received by industries in developed countries √√
- it causes <u>more poverty</u> √√
- <u>monopolies</u> could be created which dictate prices and trade conditions √√

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- <u>trade dependencies</u> – countries are exposed to economic shocks √√
- <u>undermining cultural diversity</u> – the indigenous culture is lost as the local people are uprooted of culture √√
- the <u>theft of intellectual property</u> – they don't have some protection for patents and inventions√√
- the <u>reduction of tax revenue</u> due to the removal of tariffs √√
- increased production levels lead to <u>large-scale pollution</u> √√
- the developed countries implement <u>strict sanitary and health</u> standards for goods from developing countries √√
- "Poorest countries are pushed aside for a more ambitious corporate agenda…" √√
  (Accept any other relevant correct response)   (Any 2 x 2)

1.3   **DATA RESPONSE**

1.3.1   **Identify the most important sector to jumpstart (grow) the economy in the information above.**
Advanced manufacturing √   (1)

1.3.2   **Name ONE problem in the information above, currently experienced in South Africa, that prevents economic growth.**
- Major job losses √
- Low economic growth levels √
- A lack of confidence by foreign investors √
- Uncertainty in the implementation policies √   (1)

1.3.3   **Briefly describe the main objectives of the National Development Plan.**   **(2 x 2)**
- <u>Uniting all South Africans</u> around a common programme to achieve prosperity and equity √√
- <u>Promoting active citizenry</u> strengthens development √√ through democracy and accountability √√
- <u>Faster economic growth</u> √√ due to high investment leading to greater labour absorption √√
- Focusing on key capabilities of people and the state √√
- Encouraging strong leadership throughout society to work together to solve problems √√
  Building an inclusive economy √√ such as rural development, township revival and stronger African trade √√   (2 x 2)
  (Accept any other correct relevant response)   (4)

1.3.4 How can the government and the private sector join forces to create enough jobs? (2 x 2)
- Government can develop a closer relationship with the private sector √√ e.g. build roads while the private sector maintains them / PPP and NEDLAC
- Both share a common vision and responsibility towards growing the economy √√
- Government develops labour friendly laws that will contribute positively towards labour peace because the private sector will invest more in job creation opportunities√√
- Government provides subsidies to the private sector especially for youth employment √√ e.g. internships / social corporate investment √
(Accept any other correct relevant response) (Any 2 x 2) (4)

1.4 Briefly discuss good governance and competitiveness as appropriate regional development measures in terms of benchmark criteria.
Good governance:
- Regional development strategies should be managed effectively and free of corruption √√
- Democratic decision-making takes into account the views of different role players in the economy √√
- Transparency means engaging freely and openly with people to ensure that they gain a sense of ownership √√
- Proper financial management and control would ensure that resources are not wasted √√
- To exercise control over the limitation, monitoring and performance of industrial policies as well as regular reporting √√ (2 x 2)

Competitiveness:
- Industries or businesses establish as a result of regional policies should be competitive √√
- Will then not need on-going financial aid from government √√
- To promote sustainability so that regions support their own development √√
- Provide the needed infrastructure in all areas so that they can be competitive √√ (2 x 2)

(Allocate a maximum of 4 marks for mere listing of facts/examples)
(Accept any other correct relevant response) (2 x 4) (8)

1.5 Use the GDP data below to explain the importance of moving averages in the forecasting of business cycles.
- A moving average is a tool used to analyse changes that occur in a series of data over a period of

time √√
- It is calculated to iron out small fluctuations and reveal trends in the business cycles √√
- The data given can be used to calculate the moving average for the business cycle for the past three years in order to smooth out any minor fluctuations and to indicate the trend over the past three years √√
- The quantitative method does forecasting based on mathematical models, statistics and historical time series data √√
- It is evident from the historical time series data given, that numbers that were collected at regular intervals or for a certain period showed a specific trend √√
- These can be the GDP figures over the past five years √√
- This method is accurate when used for short-term to medium-term forecasting √√
- Moving averages are calculated over a certain time (e.g. a few months) to smooth out minor fluctuations in the data √√
- By using moving averages determined from the given data, economists get a clearer picture of the general trends in the business cycle √√
- The qualitative method does forecasting based on intuitive judgement, own opinions, market research and subjective probability estimates √√
- It is also known as the judgemental method √√
- This method is appropriate to use when previous data is not available and when long-term forecasting is done √√
- E.g. is when various economics experts use their knowledge and their intuitions about the future to make predictions about the economy √√
- The five year moving average for above table would be:
  - (5 + 8 + 9 + 11 + 4) / 5 = 7.4 √√
  - (8 + 9 + 11 + 4 + 6) / 5 = 7.6 √√
  - (9 + 11 + 4 + 6 + 10) / 5 = 8 √√
- By calculating the moving average, economists or businesses will be able to analyse economic trends (by 7 to 8%) √√
  (Allocate a maximum of 2 marks for mere listing of facts/examples)
  (Accept any other correct relevant response)
  (Accept the graph on moving averages max 2)
  (A maximum of 4 marks may be allocated if no reference was made to the data given)

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(8)

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