Tutorial Letter 101/3/2018

Economics 1B
ECS1601

Semesters 1 and 2

Department of Economics

This tutorial letter contains important information about your module.
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Dear Student

1 INTRODUCTION

We welcome you to Economics 1B. We hope that you will find this module interesting, mentally stimulating and rewarding. We shall do our best to make your study of this module successful. You will be well on your way to success if you start studying early in the semester and keep up the hard work throughout the semester. We also encourage you to interact with your tutors and with us, your, lecturers from the beginning of the semester.

We trust that you will enjoy this module and wish you success in your studies!

2 PURPOSE AND OUTCOMES

2.1 Purpose

The purpose of Economics 1B is to introduce you to fundamental macroeconomic theory. This module will expose you to different macroeconomic variables that explain the functioning of the economy. It will therefore provide essential knowledge for those of you who intend following a career (academic or otherwise) in economic analysis or wish to understand the functioning of a macroeconomic system.

2.2 Outcomes

After you have studied this module, you should be able to:

■ explain the functioning of the economy as a whole
■ assess the performance of the economy

You can find detailed outcomes at the beginning of each learning unit in your study guide.

3 LECTURER(S) AND CONTACT DETAILS

3.1 Lecturer(s)

We are available to assist you with any enquiries concerning the prescribed contents. If you have enquiries about administrative matters, contact the relevant administrative department.

You may contact us during weekdays between 08:00 and 16:00 through the Department’s Administrator:
Mrs Mpho Mudau 012 433 4686
Alternatively, you are welcome to contact us using the following e-mail address:

<table>
<thead>
<tr>
<th>REGISTRATION PERIOD</th>
<th>E-MAIL ADDRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Semester</td>
<td><a href="mailto:ecs1601-18-s1@unisa.ac.za">ecs1601-18-s1@unisa.ac.za</a></td>
</tr>
<tr>
<td>Second Semester</td>
<td><a href="mailto:ecs1601-18-s2@unisa.ac.za">ecs1601-18-s2@unisa.ac.za</a></td>
</tr>
</tbody>
</table>

If you use postal mail, address letters to us as follows:

The Head
Department of Economics
PO Box 392
UNISA
0003

Please note that we expect Unisa personnel and all of you to communicate courteously with each other. If you write an e-mail or a letter, start with a proper salutation, for example, Dear Mr Mzangwa. If you are not certain to whom you are writing, start with a neutral greeting such as Good day. Indicate the purpose of your e-mail or letter very clearly. Use a proper form of leave-taking, for example, Yours sincerely or, Kind regards. When you write your name, you may use your first and last name or your title and surname. This will indicate how you prefer to be addressed when we reply. As we are in the business of education, we need to ensure that you become used to communicating in a proper manner at all times. Therefore, we will not answer e-mails and letters, which do not comply with these guidelines, even if they are sent from a cell phone.

3.2 Department

The lecturer for this module will be available to take phone calls on academic matters and/or to attend to students who may prefer to visit personally for academic engagement. However, the days and times of lecturer’s availability will be communicated in the module page on myUnisa. These days and times are subject to change from time to time in order to accommodate the lecturer’s work schedule and other commitments. The changes on the days and times will be communicated by the lecturer in advance through the announcement option on myUnisa as and when this happen. Students are advised to check the module page on myUnisa before making phone calls or visiting the lecturer’s office for academic enquiries/engagements.

For general enquiries regarding the administrative procedures of the Department of Economics, you may contact the Administrator:
Mrs Mpho Mudau
Tel: 012 433 4686
E-mail: lekwams@unisa.ac.za
3.3 University

Below you will find some important e-mail addresses for the departments that you might need to contact. Please note that you should send all administration-related enquiries directly to the following addresses:

- assign@unisa.ac.za, for assignment queries
- despatch@unisa.ac.za, for study material queries
- exams@unisa.ac.za, for queries on the examination
- finan@unisa.ac.za, for account queries
- study-info@unisa.ac.za, for application and registration queries
- myLifeHelp@unisa.ac.za, for assistance with myLife e-mail accounts
- MyUnisaHelp@unisa.ac.za, for assistance with myUnisa
- undergrad@unisa.ac.za, or econ@unisa.ac.za, for registration matters, applications, change of address, and course exemptions

4 RESOURCES
4.1 Prescribed books


You can obtain the prescribed book from the official booksellers of the University. Refer to the list of official booksellers and their addresses, which are listed in the *Study@Unisa* brochure. If you have difficulty locating your book at these booksellers, contact the Prescribed Book Section at 012 429 4152 or send an e-mail to vospresc@unisa.ac.za

Those of you, who were registered for ECS1501 and ECS1601 previously and who have a copy of the fourth edition (2008) of the prescribed textbook, may still use this textbook. However, the Studyguide containing the study instructions for each learning unit, which you will receive in hard copy, is based on the fifth edition of the prescribed textbook. We will publish a document under Additional Resources on myUnisa that reconciles the page numbers of the fourth edition with the Studyguide. However, note that this is the only study material that we will supply based on the fourth edition. We have all other study material on the fifth edition of the prescribed textbook. This includes the 200 series of tutorial letters that contain the answers to the assignments, as well as the Power Point slides for each learning unit. If you decide to use the fourth, edition of the textbook, keep in mind that the page references used in these documents will not correspond to those of your prescribed textbook.
4.2 Recommended books

There are no officially recommended books for ECS1601.

4.3 Electronic reserves (e-reserves)

There are no electronic reserves for ECS1601.

4.4 Library services and resources information

For brief information, go to www.unisa.ac.za/brochures/studies

For detailed information, go to http://www.unisa.ac.za/library. For research support and services of personal librarians, click on "Research support".

The library has compiled a number of library guides:

- finding recommended reading in the print collection and e-reserves – http://libguides.unisa.ac.za/request/undergrad
- requesting material – http://libguides.unisa.ac.za/request/request
- postgraduate information services – http://libguides.unisa.ac.za/request/postgrad
- finding, obtaining and using library resources and tools to assist in doing research – http://libguides.unisa.ac.za/Research_Skills
- how to contact the library/finding us on social media/frequently asked questions – http://libguides.unisa.ac.za/ask

5 STUDENT SUPPORT SERVICES

Face-to-face tutors

We will not present any discussion classes for this module but there will be face-to-face (F2F) tutor classes. Unisa offers F2F tutor services for you as additional academic support at the various Unisa regional learning centres throughout the country.

An F2F tutorial is an organised session in which you and tutor(s) will meet regularly at a common venue and at scheduled times to discuss course material. If you are interested in such sessions, consult a learning centre closest to you to enrol for tutorials. The necessary notes for the F2F tutorials are available under Additional Resources on myUnisa.
To enrol for F2F tutorials, contact the Unisa regional learning centre nearest to you directly. The Department of Economics cannot assist you with enrolling. Note that tutors are not necessarily available for all modules and/or at all learning centres. The Department of Economics has no means of providing you with any tutorial support if you did not follow the abovementioned steps.

**E-tutors**

Except for the main webpage, each of you will also be allocated to an e-tutor webpage. You will find your e-tutor webpage on myUnisa. It will be named ECS1601-18-S1-xxE, where the xx refers to your e-tutor group number. E-tutors have been appointed to assist you with any academic problem that you may encounter. You can expect the following from us and from the e-tutor:

- a weekly e-mail sent from us to your myLife e-mail address, informing you about your study instructions for that week. You can also find these instructions under Announcements on the main module webpage.

- Power Point slides on each learning unit, which will become available under Additional Resources on the main module site. We have developed the slides to take you through each learning unit and have provided additional explanations where necessary.

- together with the above-mentioned slides, a quiz on each learning unit, which will be made available on the main module site. You are encouraged to discuss these questions with your fellow students under the Discussion Forum on your e-tutor site. Your e-tutor will also provide feedback under the Discussion Forum, but only if you initiate the discussion, for example, by providing your suggested answer.

- academic support. If you have any questions about the contents of the module, discuss them with your e-tutor and fellow students under the Discussion Forum of your e-tutor site.

Should you find that your e-tutor is not providing these services, contact one of your lectures so that we can investigate the issue. The Discussion Forum on the main ECS1601-18-S1 webpage will only be monitored until you are allocated to e-tutor groups.

**6 STUDY PLAN**

We encourage you to study in line with the proposed study programme right from the beginning to the end of the semester. We drew up the following study programme to help you work through the module systematically. We will also work according to this study programme.
### First Semester

<table>
<thead>
<tr>
<th>WEEK STARTING</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 January</td>
<td>Study learning unit 1 and do the activities at the end of each section. Work on Assignment 01.</td>
</tr>
<tr>
<td>5 February</td>
<td>Study learning unit 2 and do the activities at the end of each section. Work on Assignment 01.</td>
</tr>
<tr>
<td>12 February</td>
<td>Study learning unit 3 and do the activities at the end of each section. Work on Assignment 02.</td>
</tr>
<tr>
<td>19 February</td>
<td>Study learning unit 4 and do the activities at the end of each section. Work on Assignment 02.</td>
</tr>
<tr>
<td>26 February</td>
<td>Study learning unit 5 and do the activities at the end of each section. Work on Assignment 02.</td>
</tr>
<tr>
<td></td>
<td><strong>Assignment 01 is due on 2 March.</strong></td>
</tr>
<tr>
<td>5 March</td>
<td>Study learning unit 6 and do the activities at the end of each section. Work on Assignment 03.</td>
</tr>
<tr>
<td>12 March</td>
<td>Study learning unit 7 and do the activities at the end of each section. Work on Assignment 03.</td>
</tr>
<tr>
<td>19 March</td>
<td>Study learning unit 8 and do the activities at the end of each section. Work on Assignment 04.</td>
</tr>
<tr>
<td></td>
<td><strong>Assignment 02 is due on 23 March.</strong></td>
</tr>
<tr>
<td>26 March</td>
<td>Study learning unit 9 and do the activities at the end of each section. Work on Assignment 04.</td>
</tr>
<tr>
<td>2 April</td>
<td>Study learning unit 10 and do the activities at the end of each section. Work on Assignment 04.</td>
</tr>
<tr>
<td>9 April</td>
<td>Study learning unit 11 and do the activities at the end of each section. Work on Assignment 04.</td>
</tr>
<tr>
<td></td>
<td><strong>Assignment 03 is due on 9 April.</strong></td>
</tr>
<tr>
<td>16 April</td>
<td>Revise learning units 1, 2, 3 and 4. Work on Assignment 04.</td>
</tr>
<tr>
<td>23 April</td>
<td>Revise learning units 5, 6, and 7. Work on Assignment 04.</td>
</tr>
<tr>
<td>30 April</td>
<td>Revise learning units 8, 9, 10 and 11. Work on Assignment 04.</td>
</tr>
<tr>
<td></td>
<td><strong>Assignment 04 is due on 23 April.</strong></td>
</tr>
<tr>
<td>7 May</td>
<td>Work through the self-evaluation exercises at the end of each learning unit in your Studyguide.</td>
</tr>
</tbody>
</table>
Second Semester

<table>
<thead>
<tr>
<th>WEEK STARTING</th>
<th>ACTIVITY</th>
</tr>
</thead>
</table>
| 16 July       | Study learning unit 1 and do the activities at the end of each section.  
                Work on Assignment 01. |
| 23 July       | Study learning unit 2 and do the activities at the end of each section.  
                Work on Assignment 01. |
| 30 July       | Study learning unit 3 and do the activities at the end of each section.  
                Work on Assignment 02. |
| 6 August      | Study learning unit 4 and do the activities at the end of each section.  
                Work on Assignment 02. |
| 13 August     | Study learning unit 5 and do the activities at the end of each section.  
                Work on Assignment 02. |
| **Assignment 01 is due on 13 August.** |
| 20 August     | Study learning unit 6 and do the activities at the end of each section.  
                Work on Assignment 03. |
| 27 August     | Study learning unit 7 and do the activities at the end of each section.  
                Work on Assignment 03. |
| **Assignment 02 is due on 27 August** |
| 3 September   | Study learning unit 8 and do the activities at the end of each section.  
                Work on Assignment 04. |
| 10 September  | Study learning unit 9 and do the activities at the end of each section.  
                Work on Assignment 04. |
| **Assignment 03 is due on 10 September.** |
| 17 September  | Study learning unit 10 and do the activities at the end of each section.  
                Work on Assignment 04. |
| 24 September  | Study learning unit 11 and do the activities at the end of each section.  
                Work on Assignment 04. |
| **Assignment 04 is due on 21 September** |
| 1 October     | Revise learning units 1, 2, 3 and 4. Work through the self-evaluation exercises at the end of each learning unit in your Studyguide. |
| 8 October     | Revise learning units 5, 6, 7 and 8. Work through the self-evaluation exercises at the end of each learning unit in your Studyguide. |
| 15 October    | Revise learning units 8, 9, 10 and 11. Work through the self-evaluation exercises at the end of each learning unit in your Studyguide. |
7 PRACTICAL WORK AND WORK-INTEGRATED LEARNING

This is not applicable to this module.

8 ASSESSMENT

8.1 Assessment criteria

There are four assignments per semester for this module, which we have included in this tutorial letter. For examination admission, submit Assignment 01 before the due date. You can obtain a good semester mark by submitting all the assignments; therefore, we strongly advise you to submit all of them. From experience, we know that those of you, who have submitted all assignments, have a better chance of passing the module.

8.2 Assessment plan

We use an integrated assessment system for this module. This means that your final mark is based not only on your examination mark, but also on your performance during the semester.

We will calculate your final mark as follows:

Semester mark x 20% + Examination mark x 80%

In order to pass this module, a final mark of 50% is required.

8.3 Assignment numbers

8.3.1 General assignment numbers

There are four multiple-choice assignments for the first semester. Those of you, who will write the examination in May, must complete these assignments. The solutions to and explanations of the assignment will be posted to you after the closing date of the relevant assignment. Work through these solutions.

8.3.2 Unique assignment numbers

<table>
<thead>
<tr>
<th>Assignment number</th>
<th>Unique number</th>
<th>Closing date</th>
<th>Content on which the assignment is based</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>731607</td>
<td>2 March</td>
<td>Learning units 1 and 2</td>
</tr>
<tr>
<td>02</td>
<td>696242</td>
<td>23 March</td>
<td>Learning units 3 to 5</td>
</tr>
<tr>
<td>03</td>
<td>883866</td>
<td>9 April</td>
<td>Learning units 6 and 7</td>
</tr>
<tr>
<td>04</td>
<td>771816</td>
<td>23 April</td>
<td>Learning units 8 to 11</td>
</tr>
</tbody>
</table>
Second semester

<table>
<thead>
<tr>
<th>Assignment number</th>
<th>Unique number</th>
<th>Closing date</th>
<th>Content on which the assignment is based</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>686283</td>
<td>13 August</td>
<td>Learning units 1 and 2</td>
</tr>
<tr>
<td>02</td>
<td>791802</td>
<td>27 August</td>
<td>Learning units 3 to 5</td>
</tr>
<tr>
<td>03</td>
<td>781445</td>
<td>10 September</td>
<td>Learning units 6 and 7</td>
</tr>
<tr>
<td>04</td>
<td>693142</td>
<td>21 September</td>
<td>Learning units 8 to 11</td>
</tr>
</tbody>
</table>

8.4 Assignment due dates

Adhere to the due dates for assignments. We will not grant any extension of assignment due dates. If you fail to submit your assignment on or before the due date, it will result in zero marks for the assignment.

8.5 Submission of assignments

All four assignments of this module consist of multiple-choice questions. Complete each assignment on a separate mark-reading sheet. Before submitting an assignment, ensure that you have the correct unique number for the assignment. Fill in this unique assignment number on the cover page of the assignment in the space provided.

You may submit your assignments by post or online through myUnisa. You may also opt to post your assignment at the designated boxes, but ensure that you have completed your assignment on a mark-reading sheet.

Keep a copy of your completed assignments as proof that you have submitted them.

For detailed information on and the requirements for assignments, see the brochure, *Study@Unisa*, which you received with your study material.

**Online submission**

Follow these steps to submit an assignment via myUnisa:

- Log in on myUnisa using your student number and password.
- Select your module.
- Click on Assessment Info in the menu on the left-hand side of the screen.
- Click on the assignment number you wish to submit.
- Follow the instructions on the screen.
If you experience any problems when submitting your assignment electronically (cancellation, resubmission, etc.), e-mail the myUnisa helpdesk at myUnisaHelp@unisa.ac.za.

If the status changes to **RESUBMIT**, it means that the assignment was received, but you can resubmit it if you like. Take note that resubmitting will overwrite all previous submissions and it will be taken as the final submission. Therefore, if you resubmit after the due date, your assignment will be considered late and will not be marked.

The University will not accept assignments that are submitted by fax or e-mail and they will not be marked.

**Assignment boxes**

Note that the date of receipt appearing on the system (myUnisa) may differ from the date at which you deposited your assignment at a Unisa assignment box (for example, Pretoria, Johannesburg, or Nelspruit). The date appearing on myUnisa is the date at which your assignment reached Unisa. The assignment boxes are emptied regularly and **the date at which it is received in the box** will be stamped on the assignment envelope. This means that, if you submit your assignment at any Unisa box on or before the due date, it will still be marked and will contribute to your semester mark – even if the actual capturing date on the system is after the due date.
8.6 The assignments

SEMESTER 1 ASSIGNMENTS
Assignment 01

<table>
<thead>
<tr>
<th>Assignment 01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique number</td>
</tr>
<tr>
<td>Closing date</td>
</tr>
<tr>
<td>Content</td>
</tr>
<tr>
<td>Questions</td>
</tr>
<tr>
<td>Weight</td>
</tr>
<tr>
<td>To submit</td>
</tr>
</tbody>
</table>

1.1. Which one of the following statements regarding the flow and stock variables is NOT correct?

[1] Mortgage bond is an example of stock variable because it can be measured at a point in time.
[2] Stock variables can be measured at a particular point in time.
[3] Money supply is a flow variable since it can be measured over a period.
[4] A stock has no time dimension and can be accumulated overtime by inflows.

1.2. Spending by local government can be regarded as (i) _____ variable, and the population size in South Africa can be regarded as (ii) _____ variable.

[1] (i) flow; (ii) stock.
[2] (i) flow; (ii) flow.
[3] (i) stock; (ii) flow.
[4] (i) stock; (ii) stock.

1.3. In the circular flow of goods and services...

[1] households are the suppliers of factors of production in the goods market.
[3] production inputs offered for sale on the factor market are traded by households.
[4] households combine various production inputs to produce outputs or goods and services.
1.4. The circular flow of income and spending shows that...

[1] factor market and goods market generate income for household and firms respectively.
[2] firms earn income directly from the households and spent it in the factor market.
[3] factors of production generate different types of income for households.
[4] income earned from the good market includes profit, rent and salary.

1.5. In the circular flow of production, income and spending...

[1] government is the buyer of factors of production supplied by the households.
[2] government generate income from both the goods market and factor market.
[4] purchases by government constitute leakage from the circular flow.

1.6. Government economic activities include three major flows, namely...

[1] government spending on factors of production; tax levied on households and firms; transfer payment.
[2] government spending on factors of production; tax levied on households and firms; selling public goods and services.
[3] government spending on factors of production; government spending on goods and services; collection of income from the private sector,

1.7. Which one of the following statements is NOT correct?

[1] A purchase of a laptop from London-based online store by a South African resident is considered a leakage from the circular flow of income and spending.
[3] If Sasol build a new plant in Gauteng, as a result there will be a leakage from circular flow of income and spending in South African economy.
[4] Saving by South African resident employed in Lesotho is not considered an injection in the circular flow of income and spending is South African economy.
1.8. The factor market describes a market in which...

[1] factors of production are made available for firms.
[2] factors of production are offered for sale by firms.
[3] goods and services are offered for sale by households.
[4] buyers of goods and services meet to trade.

1.9. The goods market describes a market in which...

[1] consumer goods and services are sold by households.
[2] consumer goods and services are exchanged for money.
[3] firms buy goods and services from households.
[4] buyers and sellers of resources meet to trade.

1.10. The circular flow of goods and services shows the interaction between...

[1] income and spending.

1.11. Which of the following best describes a household?

[2] A family that lives together and make economic decision.

1.12. Which of the following best describes a firm?

[1] A company that sells goods and services.
[2] A unit that combine factors of production to produce goods and services for its own use.
[3] A unit that make use of factors of production to produce goods and services that are sold in the goods market.
1.13. In the circular flow of income and spending, financial institution…

[1] function as the financial intermediaries between lenders and borrowers.
[2] save money and lend to deficit units.

1.14. Suppose South Africa does not export nor import. Therefore, South Africa’s total spending formula can be written as…

[1] \[ A = C + I + G. \]
[2] \[ A = C + I + G + X - Z. \]
[3] \[ A = C + I + G + X + Z. \]
[4] \[ A = C + I. \]

1.15. Money can be defined as…

[1] any form of payment for goods and services.
[2] a medium of exchange that is backed by financial institutions.
[4] anything that can be used as a payment or settlement of debt.

1.16. During inflation the function of money as … (i) can lose its value, and individuals are likely to use …(ii) to prevent the value of their money from being eroded by inflation.

[1] (i) a unit of account; (ii) bond.
[2] (i) a medium of exchange; (ii) bond.
[3] (i) a unit of account; (ii) money as a store of value.
[4] (i) a store of value; (ii) money as a unit of account.

1.17. In order for money as a unit of account and money as a store of value to fulfil their functions, money should first…

[1] serve as standard of deferred payment.
[4] be acceptable by certain group of individuals as a means of payment.
1.18. Which one of the following statements is correct?

[1] Money can never lose value as a unit of account.
[2] A salary is similar to money as a medium of exchange.
[3] Money as a unit of account serves as an accounting unit and is the measure of value for future payment.
[4] Silver metal can serve as an accounting unit, if commodity money fulfils the function of a medium of exchange.

1.19. M3 can be defined as…

[1] the indicator of development in the financial sector.
[3] coins, banknotes and long-term demand deposits of the domestic private sector with monetary institutions.
[4] money plus quasi-money plus all long-term deposits of the domestic private sector with monetary institutions.

1.20. Suppose a state-owned enterprise issue a bond to raise capital to fund its business expansion. In this case, the state-owned enterprise is a (i)______, and the individuals who purchase the bonds are (ii)______

[1] (i) borrower; (ii) deficit units.
[2] (i) deficit unit; (ii) surplus units.
[3] (i) surplus unit; (ii) savers.
[4] (i) savers; (ii) deficit units.

1.21. Which one of the following statements regarding South African Reserve Bank (SARB) is NOT correct?

[1] The SARB is the primary monetary authority in South Africa.
[2] One of its responsibilities is to formulate and implement the monetary and fiscal policy.
[3] As a banker the SARB acts as the primary banker for the government of South Africa.
1.22. The demand for money arises out of the need to hold money as a store of value. This demand for money is a function of:

[1] transactions; interest rate.

1.23. An increase in the national income will:

[1] shift the money demand curve to the left.
[3] shift the demand curve for passive balance to the right.
[4] shift the demand curve for active balance to the right.

1.24. A decrease in the interest rate will:

[1] result in higher demand for active balance.
[2] result in a lower demand for money for speculative purposes.
[3] lead to an increase in the price of bonds.
[4] shift the money demand curve to the right.

1.25. Suppose the SARB increases repo rate in an attempt to curb inflation. As a result the:

[1] creation of money will slow down as demand for loans declines.
[2] quantity of money supply will increase by percentage increase of repo rate.
[4] price of interest-bearing securities or bonds in South Africa will increase.

1.26. Which of the following would be classed as a monetary policy?

[1] A decrease or increase in the quantity of money.
[4] An increase or decrease in the interest rate.
1.27. Which one of the following options is **incorrect**?

Suppose one of the banks in South Africa is experiencing a shortage of cash reserves. To increase its cash reserves, the bank can…

1. convert some of its financial assets into cash.
2. borrow cash in the interbank market from surplus units such as households.
3. obtain cash from the South African Reserve Bank through the repo rate system.
4. obtain cash by borrowing from other banks.

1.28. Key factors that affect the creation of money are…

1. Change in repo rate; demand for loans by creditworthy borrowers; availability of cash reserves.
2. interest rate; quantity of money; demand for money.
3. change in money supply; level of Income; interest rate.
4. quantity of money; availability of cash reserves; demand for loans by any borrowers.

1.29. If South African Reserve Bank wants to reduce money supply, it should…

1. raise the repo rate and buy government bonds.
2. lower the repo rate and sell securities.
3. raise the repo rate and sell securities.
4. lower the repo rate and buy government bonds.

1.30. Which one of the following statements is **NOT** correct?

1. Money creation by banks is influenced by the minimum cash reserve requirements.
2. Deficit units are the role player in the process of money creation.
3. A decrease in repo rate is likely to lead to an increase in the demand for loans.
4. Any deficit unit can get a new loan from the bank, and in the process money is created.
As part of our drive to improve our service, we need to get a clearer picture of our student profiles. To this end, we developed a set of questions (1.31 to 1.46) that you need to answer.

1.31. How do you usually access the internet for studying purposes?

[1] laptop
[2] computer
[3] smart phone
[4] tablet
[5] I do not have access.

1.32. Where do you usually access the internet for studying purposes?

[1] from work
[2] from home
[3] from someone else’s home
[4] from the Unisa computer laboratory
[5] other means

1.33. How much of your data bundle do you have available for studying purposes per month?

[1] I have unlimited access to the internet.
[2] less than 500 MB.
[3] between 500MB and 1GB.
[4] between 1GB and 2GB.
[5] more than 2GB.

1.34. The sections of the learning units, which I had to study to complete this assignment,…

[1] helped me work through the prescribed textbook systematically.
[2] did not help me understand the study material in the textbook better.
[3] were totally irrelevant to the assignment questions.
[4] I did not use the learning units at all, although I had access to them.
[5] I have not received a study guide.
1.35. Indicate the value that the **Self Assessment** on myUnisa added during your completion of this assignment.

   [1] It was very helpful.
   [2] It was fairly helpful.
   [3] It did not add any value.
   [4] I did not use it.
   [5] I did not use it, as it is not part of the prescribed material.

1.36. Indicate the value that the **Workbook** added during your completion of this assignment.

   [1] It was very helpful.
   [2] It was fairly helpful.
   [3] It did not add any value.
   [4] I did not use it.
   [5] I did not use it, as it is not part of the prescribed material.

1.37. Did you make use of other resources on the World Wide Web (www) apart from myUnisa?

   [1] Yes.
   [2] No, because I do not have access to the internet.
   [3] No, as it is costly to use the internet.
   [4] No, because the printed study material was sufficient for me to understand the work.
   [5] No, because I did not have the time to do it.

1.38. Concerning the module website on myUnisa,…

   [1] I am not aware of the website.
   [2] I am aware of the website, but I have not visited it.
   [3] I visited the website once, but did not find it helpful.
   [4] I visit the website regularly and find it helpful.
   [5] I visit the website only when I receive an announcement that something new has been posted.
1.39. Which one of the following best describes your use of the e-tutor site on myUnisa?

[1] I did not visit it at all.
[2] I only visited it once or twice.

1.40. Concerning the **Discussion Forum** on the e-tutor webpage on myUnisa:

[1] I am not aware of the **Discussion Forum**.
[2] I am aware of the **Discussion Forum**, but do not use it.
[3] I visited the **Discussion Forum** at least once, but did not find it interesting.
[4] I visit the **Discussion Forum** regularly and take part.
[5] I would like to take part in the **Discussion Forum**, but do not know how to.

1.41. Which one of the following best describes your experience with the services of the e-tutor?

[1] I find the services extremely helpful.
[2] I find them fairly helpful.
[3] I find them helpful.
[4] I did not find them very helpful.
[5] I did not find them helpful at all.

1.42. Which of the following describes your experience with the Power Point slides for each learning unit, which are supplied on myUnisa, best?

[1] I am not aware of the Power Point slides.
[2] I am aware of the slides, but I have not used them.
[3] I am aware of the slides and have used them sometimes.
[4] I am aware of the slides and use them regularly.

1.43. Which of the following describes your experience with the Power Point slides for each learning unit, which are supplied on myUnisa, best?

[1] I find the slides extremely helpful.
[2] I find them fairly helpful.
[3] I find them helpful.
[4] I did not find them very helpful.
[5] I did not find them helpful at all.
1.44. Which of the following describes your experience with the quiz for each learning unit, which is supplied on myUnisa, best?

[1] I am not aware of the quizzes.
[2] I am aware of the quizzes, but I have not used them.
[3] I am aware of the quizzes and I have used them sometimes.
[4] I am aware of the quizzes and use them regularly.

1.45. Which of the following describes your experience with the quiz for each learning unit, which is supplied on myUnisa, best?

[1] I find the quizzes extremely helpful.
[2] I find them fairly helpful.
[3] I find them helpful.
[4] I did not find them very helpful.
[5] I did not find them helpful at all.

1.46. Do you attend the tutor classes offered at the learning centres?

[1] Yes, the tutorials helped me understand the work better.
[2] Yes, but the tutorials did not help me.
[3] No, I prefer to work by myself.
[4] No, there is no tuition available for this module at the learning centre closest to me.
[5] No, for any other reason.
Assignment 02

<table>
<thead>
<tr>
<th>Assignment 02</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unique number</strong></td>
</tr>
<tr>
<td><strong>Closing date</strong></td>
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<tr>
<td><strong>Content</strong></td>
</tr>
<tr>
<td><strong>Questions</strong></td>
</tr>
<tr>
<td><strong>Weight</strong></td>
</tr>
<tr>
<td><strong>To submit</strong></td>
</tr>
</tbody>
</table>

2.1. Which of the following statements regarding the public sector is correct?

- [1] Market economies can function efficiently at all times without government intervention.
- [2] In South Africa, human settlements are part of the function of the local government.
- [4] Tax revenue is the only way through which government can generate its income.

2.2. Which of one the following is not an option for government intervention in South Africa?

- [1] Television licence for consumers
- [2] Bonus payments in private sector
- [3] Competition policy for goods market
- [4] Agricultural subsidies for farmers

2.3. Value-Added Tax (VAT) is an example of a/an … tax

- [1] ad valorem
- [2] direct
- [3] excise duty
- [4] specific

2.4. A tax system is progressive if …

- [1] an increase in tax causes prices to increase, but wages to fall.
- [2] the average tax rate increases as taxable income decreases.
- [3] an increase in taxable income causes an increase in tax paid.
- [4] the marginal tax rate increases while the average tax rate decreases.
2.5. The government increases government spending to try to reduce unemployment. This is an example of …

[1] expansionary monetary policy
[2] contractionary monetary policy
[3] expansionary fiscal policy
[4] contractionary fiscal policy

2.6. Commercialisation is where the government…

[1] sells public enterprises to the private sector
[4] runs the state-owned enterprises like a private company.

2.7. The idea that government spending causes a reduction in private investment is called …

[1] benefit principle
[3] vertical equity
[4] canons of taxation

2.8. Tax evasion occurs when …

[1] households legally alter their behavior to avoid paying tax.
[2] taxation causes people in the same position to be taxed differently.
[3] people do not pay the taxes that they are supposed to pay.
[4] people pay tax according to their ability.

2.9. Nationalisation refers to …

[1] the acquisition of commercial companies by the public sector.
[2] the acquisition of private companies by the public sector.
[3] the acquisition of public companies by the private sector.
[4] the acquisition of mining companies by the private sector.
Question 2.10 is based on the table below, which represents three cases of income tax:

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Amount of tax paid A</th>
<th>Amount of tax paid B</th>
<th>Amount of tax paid C</th>
</tr>
</thead>
<tbody>
<tr>
<td>R15000</td>
<td>R4500</td>
<td>R3000</td>
<td>0</td>
</tr>
<tr>
<td>R22000</td>
<td>R6000</td>
<td>R2900</td>
<td>0</td>
</tr>
<tr>
<td>R25000</td>
<td>R7500</td>
<td>R6000</td>
<td>0</td>
</tr>
</tbody>
</table>

2.10. Which of the following statements is correct?

[1] Tax A is an example of a regressive tax
[2] Tax B is an example of a progressive tax
[3] Tax C is an example of a proportional tax
[4] None of the above statement is correct

2.11. If the country of Lion has a comparative advantage in the production of wheat over the country of Zebra, then …

[1] in Lion, the opportunity cost of producing wheat is higher than in Zebra.
[2] in Lion, the opportunity cost of producing wheat is lower than it is in Zebra.
[3] neither Zebra nor Lion should specialize only in the production of wheat
[4] Lion will export all of its wheat.

The table below shows the volumes of cars and computers produced in two nations. Use the information in the table to answer question 2.12 and 2.13.

<table>
<thead>
<tr>
<th></th>
<th>Cars</th>
<th>Computers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nation 1</td>
<td>800</td>
<td>120</td>
</tr>
<tr>
<td>Nation 2</td>
<td>1200</td>
<td>250</td>
</tr>
</tbody>
</table>

2.12. To benefit from trade, Nation 1 should specialise in the production of … while Nation B should specialise in the production of …

[1] cars; computers.
[3] both cars and computers;
[4] some other product;
2.13. In South Africa, a deficit balance in the current account implies that …

[4] none of the above is correct.

2.14. Suppose that a Chinese firm imports South African metals. The transaction will be recorded …

[1] on neither country’s balance of payment accounts.

2.15. If there is a short-term capital outflow from South Africa into Lesotho, the outflow will appear as …

[1] a negative record on South Africa’s current account.
[2] a negative record on Lesotho’s financial account
[3] a positive record on South Africa’s financial account
[4] a negative record on South Africa’s financial account.

2.16. Depreciation of South African rand against the United States (US) dollar implies that ...

[1] the rand has gained value against the dollar.
[2] you need fewer relatively rands to buy one dollar.
[3] the dollar has lost value against the rand.
[4] South Africa’s exports to the US will be relatively cheaper.

2.17. An increase in gold prices in South Africa is likely to cause …

[1] appreciation in the rand against the dollar.
[2] an increase in the supply of dollars in the US.
[3] depreciation in the rand against the dollar.
2.18. Terms of trade for a country represents the ratio of … to …

[1] its currency; other currencies
[2] its opportunity costs, world opportunity costs
[3] export prices; import prices
[4] value of exports; value of imports

2.19. Suppose that after a cabinet reshuffle in South Africa, the rand price of the US dollar increased to R16.03 from R13.95. This means that the US dollar has … against the rand and the rand has … against the US dollar.

[1] depreciated; depreciated
[2] appreciated; depreciated
[3] depreciated; appreciated
[4] appreciated; appreciated

2.20. Assume that the rand/dollar exchange rate is above the equilibrium exchange rate. This will lead to a … of dollar and the exchange rate will … to the equilibrium level.

[1] shortage; rise
[2] surplus; rise
[3] shortage; fall
[4] surplus; fall

The table below contains information on an economy that produces apples and grapes. Suppose the base year is 2013. Use the information to answer questions 2.21 to 2.23.

<table>
<thead>
<tr>
<th>Year</th>
<th>Price of apples</th>
<th>Number of apples</th>
<th>Price of grapes</th>
<th>Number of grapes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3</td>
<td>100</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>2014</td>
<td>3</td>
<td>120</td>
<td>12</td>
<td>70</td>
</tr>
<tr>
<td>2015</td>
<td>4</td>
<td>120</td>
<td>14</td>
<td>70</td>
</tr>
</tbody>
</table>

2.21. Based on the above information, what is the value of nominal GDP in 2013?

[1] 1460
[2] 1060
[3] 1200
[4] 800
2.22. What is the value of real GDP in 2015?

[1] 1460  
[2] 1060  
[3] 1200  
[4] 800

2.23. What is the percentage increase in real GDP from 2013 to 2014?

[1] 22%  
[2] 5%.  
[3] 16%.  
[4] 27%

2.24. Given that GDP at market prices is 350 million, subsidies on products are 16 million and taxes on products are 50 million. The value of GDP at basic prices will be … million.

[1] 300  
[2] 384  
[3] 316  
[4] 56

2.25. Which of the following statements is correct regarding the consumer price index (CPI) in South Africa?

[1] The CPI is represents the cost of the shopping basket for South African citizens only.  
[2] The main use of the CPI is in determining changes in price of individual goods.  
[3] Changes in the CPI can be used to determine the inflation rate.  
[4] The compilation of the CPI is done on yearly basis only.

2.26. If the … were to be excluded by Stats SA, then the calculation of the CPI would be impossible.

[1] base year  
[2] exchange rate  
[3] prices of local goods  
[4] all of the above
2.27. Which of the following measures represents higher income inequality?

[1] a relatively smaller deviation of the Lorenz curve from the diagonal.
[3] a relatively larger size of the quantile ratio

2.28. The table below provides the consumer price index for two states:

<table>
<thead>
<tr>
<th>Year</th>
<th>Avocado State</th>
<th>Banana State</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>105,7</td>
<td>208,3</td>
</tr>
<tr>
<td>2014</td>
<td>115,3</td>
<td>210,0</td>
</tr>
<tr>
<td>2015</td>
<td>122,1</td>
<td>223,5</td>
</tr>
<tr>
<td>2016</td>
<td>128,0</td>
<td>225,6</td>
</tr>
</tbody>
</table>

In which state and in which year was the inflation rate the highest?

[1] Banana State in 2015

2.29. If the Gross Domestic Product (GDP) is greater than the Gross Domestic Expenditure, then …

[1] the current account of the balance of payments is in deficit.
[2] the country is consuming more than it is producing.
[3] the exports are greater than the imports.
[4] taxes are more than government expenditure.

2.30. Which one of the following is NOT a final good in South Africa?

[2] A new computer sold to a student studying at UNISA.
Assignment 03

<table>
<thead>
<tr>
<th>Assignment 03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique number</td>
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<td>Content</td>
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<tr>
<td>Questions</td>
</tr>
<tr>
<td>Weight</td>
</tr>
<tr>
<td>To submit</td>
</tr>
</tbody>
</table>

3.1. In the simple macroeconomic model, there are specific role players. Which of the following options is correct?


3.2. In the simplest possible Keynesian macroeconomic model ...

[1] the labour market plays an important role.
[2] government is important in distributing social grants.
[4] wages are flexible.
[5] social grants help people have income to spend on consumption goods like taxi rides.

3.3. The consumption function shows...

[1] that autonomous consumption is an upward sloping curve.
[2] that households consume more when exchange rates are high.
[3] that consumption depends primarily upon the level of business investment.
[4] the level of autonomous consumption is independent of the level of income.
[5] that savings may be zero if the population is lazy.
3.4. The consumption function is based on the premise that as income increases, consumption expenditure will …

[1] increase by the identical amount.
[2] increase by a lesser amount.
[3] increase by an indeterminable amount.
[4] remain zero since the consumption function does not shift.
[5] remain negative unless taxes also change.

3.5. Which of the following statements is correct?

[1] Consumption spending is a variable larger than 1 in the simple Keynesian model.
[2] Investment spending is larger and more constant than consumption spending.
[3] Investment spending is smaller but consumption is more predictable than investment spending.
[5] There is a direct relationship between the expected return on investment spending and wages.

3.6. In the aggregate expenditures model, the size of the marginal propensity to consume (MPC) is assumed to always be…

[3] an amount greater than zero, but less than one.
[4] an amount greater than ten, but more than zero.

3.7. The equation \( C = 45 + 0.75Y \), where \( C \) is consumption and \( Y \) is income, tells us that…

[1] households will consume forty five cents of whatever level of disposable income they receive.
[2] households will consume R45 if their disposable income is zero.
[3] there is an unknown relationship between disposable income and consumption.
[4] households will save R45 if their disposable income is zero.
[5] induced consumption is 75+45=120.
3.8. In the simple Keynesian model, which of the following is NOT correct?

[1] I equals total investment spending  
[2] Y equals income  
[3] Induced consumption is a fraction of income  
[4] Marginal propensity to consume together with the marginal propensity to save equals one  
[5] Equilibrium is where consumption equals income

3.9. The multiplier effect means that …

[1] consumption is typically several times as large as investment.  
[2] a large change in consumption can cause a much larger increase in investment.  
[3] a large increase in investment can cause GDP to change by a larger amount.  
[4] a large decline in the MPC can cause equilibrium GDP to rise by several times that amount.  
[5] there is a proportional relationship between the change in income and the change in investment

3.10. With respect to the aggregate expenditure function, it is true that …

[1] at any point below the 45-degree line and above the aggregate expenditure function, it is likely that inventories must rise to reach equilibrium.  
[2] at any and every point on the 45-degree line the economy is in equilibrium.  
[3] at any point below the 45-degree line and above the aggregate expenditure function, inventories are zero.  
[4] at any point on the 45-degree line, inventories are falling.  
[5] The equilibrium level of income is larger when the aggregate expenditure function is flatter

To answer questions 3.11 to 3.14 refer to figure 17.8 in your prescribed textbook.

3.11. Which of the following statements is correct?

[1] The value of autonomous investment is not provided  
[2] The value of autonomous consumption is not provided  
[3] The MPC is 50  
[4] Autonomous investment is 150  
[5] The 45-degree line should always be shown as a dotted line
3.12. Which of the following statements is correct?

[1] MPC is 1/4
[2] MPC is 5/4
[3] MPS is 1-1/4
[4] MPC is 4/5
[5] MPC cannot be calculated from the given information

3.13. Which of the following statements is correct?

[1] Equilibrium income is where point E is indicated
[2] Equilibrium income is where A = 200 + 0.8 Y
[3] Equilibrium income is where C = 50 + 0.8Y
[4] Equilibrium income cannot be calculated without information on savings
[5] Equilibrium income is where I equals A

3.14. The multiplier is …

[2] 0.8.
[5] not able to be calculated from the information provided in the figure.

3.15. In the simple Keynesian model without a government or foreign trade, assuming the MPC is 0.50, a R20 billion increase in investment spending will …

[1] leave the equilibrium GDP unchanged.
[2] increase the equilibrium GDP by R50 billion.
[3] increase the equilibrium GDP by R400 billion.
[4] increase the equilibrium GDP by R40 billion.
[5] increase the equilibrium GDP by R20 billion.

3.16. Introducing government to the Keynesian model…

[1] Causes both C and I to increase.
[2] Does not change the multiplier
[3] Means that graphically G is added to C + I and the A curve shifts downwards
[4] Means that graphically G is added to C + I and the A curve shifts upwards
[5] Allows the model to consider the effects of unemployment on income
3.17. In Transvania, which uses the roumel as currency, the following data is available:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomous consumption</td>
<td>20 million roumel</td>
</tr>
<tr>
<td>Capital goods bought</td>
<td>30 million roumel</td>
</tr>
<tr>
<td>Household spend</td>
<td>60 out of every 100 centivos (100 centivos in a roumel)</td>
</tr>
<tr>
<td>Government spends</td>
<td>20 million roumel per year</td>
</tr>
</tbody>
</table>

No taxes are collected

Equilibrium income is...

[5] not able to be calculated from the information provided.

3.18. The introduction of taxes to the Keynesian model...

[1] Increases investment spending at each positive level of income.
[2] Cause the slope of the consumption curve to become steeper.

3.19. If MPS is 0.3 and t is 0.4, then the multiplier with taxes is …

[1] 1.55
[2] -0.7
[3] 5.56
[4] 1.72
[5] not able to be calculated from the information provided.
Use the data below to answer questions 3.20 and 3.21.

Autonomous consumption = 10
Autonomous investment = 5
Autonomous government spending = 20
Marginal propensity to consume = 0.8
Tax rate = 20%

3.20. Equilibrium income is...

[1] 97  
[2] 35  
[3] 28  
[4] 70  
[5] not able to be calculated from the data provided

3.21. If the tax rate rises to 30% and government spending rises to 35, ceteris paribus, what is the new equilibrium income?

[1] 50  
[2] 113.6  
[3] 32  
[4] 50  
[5] Not able to be calculated from the data provided

3.22. Which of the following statements is correct?

[1] If government wishes to decrease the equilibrium level of income, it can increase G and leave t unchanged.  
[2] If government wishes to increase the equilibrium level of income, it can increase G and decrease t.  
[3] If government wishes to reduce the equilibrium level of income, it can decrease t.  
[4] If government wishes to reduce the equilibrium level of income, it can increase G.  
[5] If government wishes to reduce the equilibrium level of income, it can decrease G or decrease t, but it cannot do both.
3.23. The fiscal policy includes …

[1] policy on government spending on official travel allowances of politicians
[2] policy on consumption taxes such as those on cigarettes
[3] policy on salaries paid to government employees and politicians
[4] policy on company taxes

3.24. If net exports declined from zero to some negative amount, the aggregate spending curve would…

[5] shift up or down depending what caused the change.

3.25. If the multiplier in an economy is seven (7), a R30 billion increase in net exports will…

[1] decrease GDP by R210 billion.
[5] increase GDP by R35 billion
Answer question 3.26 using the diagram below.

Consider the following diagram, which depicts the Keynesian model of an open economy with government:

3.26. $Y_0$ represents...

[1] the equilibrium level of income if the economy were closed.
[2] the equilibrium level of income if exports equal imports.
[3] a level of income less than aggregate expenditure.
[4] the level of income in an open economy with exports and imports reflected in the model.
[5] the equilibrium level of income above the desired level
Answer questions 3.27 and 3.28 based on the information in the box below.

<table>
<thead>
<tr>
<th>Consider a Keynesian model:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full employment output = R90 million</td>
</tr>
<tr>
<td>Exports = R3 million</td>
</tr>
<tr>
<td>Marginal propensity to import from income = 0.25</td>
</tr>
<tr>
<td>Autonomous imports = R3 million</td>
</tr>
<tr>
<td>Tax rate = 0.25</td>
</tr>
<tr>
<td>Investment = R20 million</td>
</tr>
<tr>
<td>Autonomous consumption = R15 million</td>
</tr>
<tr>
<td>Marginal propensity to consume = 0.6.</td>
</tr>
</tbody>
</table>

3.27. The value of the multiplier is…
   [1] 1.25
   [2] 1.333
   [3] 1.358
   [4] 2.5
   [5] 0.25

3.28. To bring about full employment, government spending should be…
   [1] 17 million
   [2] 55 million
   [3] 44 million
   [4] made equal to tax revenue
   [5] cannot be calculated from the information provided in the question
Questions 3.29 and 3.30 are based on information given below. (All figures are in R million unless otherwise specified)

If Income \((Y) = 0\), then private consumption expenditure equals 10.

At equilibrium income \((Y_e)\):

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Private consumption expenditure</td>
<td>(C) = 70</td>
</tr>
<tr>
<td>Consumption expenditure by government</td>
<td>(G) = 15</td>
</tr>
<tr>
<td>Gross fixed investment</td>
<td>(I) = 20</td>
</tr>
<tr>
<td>Exports</td>
<td>(X) = 20</td>
</tr>
<tr>
<td>Imports</td>
<td>(Z) = 25</td>
</tr>
</tbody>
</table>

Answer the following question by referring to the above data plotted on a graph:

3.29. Which of the following statements is correct?

[1] If income decreases, the \(I\) curve will shift upwards.
[2] The \(C\) function intercepts the \(45^0\) line at 70.
[3] The consumption function cuts the aggregate spending axis at 0.
[4] The consumption curve cuts the \(45^0\) line at 100.

3.30. Which of the following statements is correct?

[1] The equilibrium income is 100 because the consumption curve cuts the \(45^0\) line at 100.
[2] The \(45^0\) line shows all the points where excess demand and excess supply are not possible.
[3] If \(Y=0\), then \(G\) cannot be calculated.
[4] The multiplier cannot be calculated as there is insufficient information to calculate the marginal propensity to consume.
[5] If \(Y=0\) then \(I\) cannot be calculated.
Assignment 04

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<tr>
<td>Weight</td>
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<tr>
<td>To submit</td>
</tr>
</tbody>
</table>

4.1. The following are assumptions of the aggregate demand, aggregate supply model except ...


4.2. In 2016, the South-African Revenue Service (SARS) announced that tax collection for the year totalled unprecedented one billion rands. Given that tax revenue forms a significant part of government’s finance and allows government to be able to provide essential goods and services, which of the following is the correct impact of increased government spending on aggregate price level and production?

[1] an increase in price level and a decrease in total production
[2] decreases in price level and total production
[3] an increase in both the price level and total production
[4] a decrease in price level and an increase in total production
4.3. Assume that in 2008, the South African Reserve Bank’s monetary committee took the decision to reduce the repo rate in order to stem the tide of recession that resulted from the global economic and financial crisis. Which of the following correctly reflects the impact of such a policy move?

4.4. Which one of the following is **incorrect** regarding the aggregate supply curve?

[1] The aggregate supply curve is determined by the production costs.
[2] The slope of the aggregate supply curve is influenced by increases in the tax rate.
[3] The slope of the aggregate supply curve is influenced by changes in the wage rate.
[4] The slope of the aggregate supply curve is influenced by changes in the level of productivity.
4.5. The oil price shock of 2015 affected the economies of many oil-endowed countries, including Nigeria. The decline in the oil price would have resulted in …

[1] an upward shift of the aggregate supply curve and cost push inflation.
[2] an upward shift of the aggregate supply curve and demand pull inflation.
[3] a downward shift of the aggregate demand curve causing demand pull inflation.
[4] a downward shift of the aggregate demand curve, causing cost push inflation.

4.6. Inflation targeting is one of the objectives of the South-African Reserve Bank (SARB). At present, the inflation rate is allowed to move between the 3 and 6 percent band. Should the inflation rate reach 10 percent, then as an economics student advising the SARB, you would suggest that the Bank undertakes …, which would result in … and …

[1] expansionary monetary policy; rightward shift of the aggregate supply curve; decreased inflation and increased production.
[2] contractionary fiscal policy; leftward shift of the aggregate supply curve; decreased inflation and production
[3] expansionary fiscal policy; rightward shift of the aggregate demand curve; increased inflation and production.
[4] contractionary monetary policy; leftward shift of the aggregate demand curve; decreased inflation and production.

4.7. The channel through which changes in the interest rate affect the real economy is commonly known as the … channel.

[1] demand management
[2] monetary transmission
[3] aggregate demand
[4] aggregate supply
4.8. The implementation lag refers to …

[1] the time taken between when a policy is implemented and the economic effects of the lag begin to manifest.
[2] the time between when changes in economic activity is noticed and the economic effects of the changes begin to manifest.
[3] the time between when changes in economic activity is noticed and the relevant authorities decide on a course of action.
[4] the time taken between when relevant authorities decide on appropriate course of action to take due to changes in economic activities, and when the course of action is implemented.

4.9. The following will result in demand-pull inflation, except …

[1] a decrease in personal income tax rate from 40 to 20 percent.
[2] an increase in savings rate from 6.5 percent to 9 percent.
[4] an increase in personal income tax rate from 20 to 40 percent.

4.10. Labour unions bargain for increased wages in a yearly basis. The most likely impact of this increased wage is referred to as …

[1] cost-pull inflation
[2] demand-push inflation
[3] cost-push inflation
[3] demand-pull inflation

4.11. Who is most likely to benefit from high inflation?

[1] Owners of savings accounts
[3] Debtors
[4] Creditors
4.12. A situation in which the inflation rate and unemployment rate increase simultaneously is referred to as …

[1] increasing inflation
[2] hyperinflation
[3] deflation
[4] stagflation

4.13. The following are correct regarding inflation except …

[1] inflation reduces the value of money saved
[2] inflation increases the cost of export industries
[3] inflation results in a loss in international competitiveness
[4] a five percent increase in the general price level means all prices are also increasing at the same rate.

4.14. Consider the consumer goods, goods A, good B and good C, priced at R5, R10 and R5 in 2015, which is the base year. The consumer bought 5, 10 and 5 units of each respectively. In 2016, the same basket of goods cost R10, R10 and R3 respectively, and the consumer bought 5, 10 and 10 units respectively. The price index (CPI) in 2016 is …

[1] 160
[2] 150
[3] 170
[4] 180

4.15. Dimpo and Collin will be considered as unemployed if …

[1] they are not actively looking for employment.
[2] they are not working currently, although they both had jobs previously.
[3] they do not have any employment, but are actively looking for employment.
[4] they are employed on a part-time basis.
4.16. Terresa used to work for a company that manufactured unique parts used in aeroplanes. However, she has been unable to find employment due to the fact that the skills she possesses are obsolete. This is an example of …

[1] structural unemployment  
[2] cyclical unemployment  
[3] seasonal unemployment  
[4] frictional unemployment

4.17. If the number of people classified as unemployed in 2016 is and the number of those employed in the same year is 230 000, what is the unemployment rate?

[1] 12 percent  
[2] 6 percent  
[3] 14.81 percent  
[4] 11.83 percent

4.18. In the business cycle, the opposite of a peak is a/an …

[1] upswing  
[2] trough  
[3] downswing  
[4] recession

4.19. Anglo Gold mines gold in South Africa. The gold is then sold for R100 million to Gold-Ace to be polished and made into jewelry and Gold bars. Gold-Ace jewellery and gold bars are sold for R800 million. What is the total contribution to South Africa’s GDP from both Anglo Gold and Gold-Ace?

[1] 100 million  
[2] 700 million  
[3] 800 million  
[4] 900 million
4.20. Assume South-Africa produces cheese and computers, and the following hypothetical data is provided by Statistics South-Africa (Stats-SA).

<table>
<thead>
<tr>
<th>Good</th>
<th>2015 Quantity</th>
<th>Price</th>
<th>2016 Quantity</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk</td>
<td>500</td>
<td>R10</td>
<td>1000</td>
<td>R20</td>
</tr>
<tr>
<td>Butter</td>
<td>1000</td>
<td>R1</td>
<td>2000</td>
<td>R2</td>
</tr>
</tbody>
</table>

Between 2015 and 2016, nominal GDP grew by …

[1] 60.0%.
[2] 65.5%.
[3] 26.3%.
[4] 90.0%.

4.21. If workers in the mines are retrenched because of a recession, what do you call this type of unemployment?

[1] seasonal unemployment
[2] frictional unemployment
[3] cyclical unemployment
[4] structural unemployment

4.22. Which one of the following factors does not account for increased unemployment in South Africa?

[1] an increase in labour intensity of production.
[2] an increase in immigration.
[3] an increase in the cost of employing labour.

4.23. During a downswing phase, cyclical unemployment will … and inflation will …

[1] increase; decrease.
[3] decrease; increase.
[4] increase; increase.
4.24. What will happen to the unemployment rate and the inflation rate if the SARB decides to reduce the interest rate?

[1] The unemployment rate will decrease and the inflation rate will increase.
[2] The unemployment rate will increase and the inflation rate will decrease.
[3] Both the unemployment rate and the inflation rate will increase.
[4] Both the unemployment rate and the inflation rate will decrease.

4.25. The Phillips curve shows that an increase in aggregate demand will result in … and …

[1] a decrease in unemployment rate; a decrease in inflation rate.
[2] an increase in unemployment rate; a decrease in inflation rate.
[3] an increase in unemployment rate; a decrease in inflation rate.
[4] a decrease in unemployment rate; an increase inflation rate.

4.26. Economic growth is calculated by …

[1] real GDP divided by the population.
[2] rate of change in nominal GDP.
[4] rate of change in real GDP.

4.27. In the business cycle, an economic expansion occurs…

[1] at the peak.

4.28. Inward industrialisation involves…

[1] the increase in domestic demand with the view to enable an economy to export goods that were previously imported.
[2] the use of import tariffs to encourage the local production of goods that were previously imported.
[3] the increase in domestic demand with the view to provide the basic consumer goods to the underprivileged members of the society.
[4] the substitution of local industries with foreign industries in order to reduce the costs of production in the economy.
4.29. Which one of the following is not one of the problems associated with GDP?

[1] drug smuggling
[2] subsistence farming
[3] increased labour force
[4] negative externalities

4.30. Which one of the following is not a supply factor in economic growth?

[1] Labour supply
[2] Equipment
[3] Exports
As part of our drive to improve our service, we need to get a clearer picture of our students’ use of additional support resources. To this end, we developed a set of questions (4.31 to 4.45) that you need to answer.

4.31. Did you attend the tutor classes offered by Unisa?

[1] Yes.
[2] No, because of work commitments.
[3] No, because of transport costs and/or transport problems to the regional centre.
[4] No, because there are no tutorial classes in my region.
[5] No, because the printed study material is sufficient for me to understand the work.

4.32. Did you make use of private tuition (Damelin, Varsity College, Boston or others)?

[1] No.
[2] Yes, and I paid less than R1 000 for the tuition.
[3] Yes, and I paid between R1 000 and R2 500 for the tuition.
[4] Yes, and I paid between R2 500 and R5 000 for the tuition.
[5] Yes, and I paid more than R5 000 for the tuition.

4.33. Did you make use of the Self Assessment tool on myUnisa to study for the course?

[1] Yes.
[2] No, because it is not part of prescribed material.
[3] No, because I do not have access to an internet.
[4] No, because the printed study material was sufficient for me to understand the work.
[5] No, because I did not have the time to use it.

4.34. Which one of the following best describes your use of the Self Assessment tool?

[1] I did not use the Self Assessment.
[2] I first studied the chapter in the prescribed textbook and then attempted the Self Assessment.
[3] I first used the Self Assessment tool and then studied the chapter in the textbook.
[4] I used the Self Assessment only when I had a problem with a chapter in the textbook.
[5] I used it occasionally.
4.35. Did you make use of the **Workbook** to study for the course?

[1] Yes.
[2] No, because it is not part of prescribed material.
[3] No, because I do not have a copy of it.
[4] No, because the printed study material was sufficient for me to understand the work.
[5] No, because I did not have the time to use it.

4.36. Which one of the following best describes your use of the **Workbook**?

[1] I did not use the **Workbook**.
[2] I first studied the chapter in the prescribed textbook and then used the **Workbook**.
[3] I first used the **Workbook** and then studied the chapter in the textbook.
[4] I used the **Workbook** only when I had a problem with a chapter in the textbook.
[5] I used the **Workbook** occasionally.

4.37. Did you make use of video clips on myUnisa?

[1] Yes.
[2] No, because I do not have access to the internet.
[3] No, because I was unable to download and view the video clips.
[4] No, because the printed study material was sufficient for me to understand the work.
[5] No, because they do not form part of the prescribed material.

4.38. Did you make use of the **Discussion Forum** on myUnisa?

[1] Yes.
[2] No, because I do not have access to the internet.
[3] No, because I did not know about it.
[4] No, because it is too unstructured.
[5] No, because it contains too little discussion on module content.

4.39. Did you make use of the learning unit notes under **Additional Resources** on myUnisa?

[1] Yes.
[2] No, because I did not know about it.
[3] No, because I do not have access to the internet.
[4] No, because I was unable to download it.
[5] No, because I do not think it is important.
4.40. Did you make use of past examination papers that are posted on myUnisa?

[1] Yes.
[2] No, because I did not know about the papers.
[3] No, because I do not have access to the internet.
[4] No, because I was unable to download them.
[5] No, because I do not think they are important.

4.41. Did you read the tutorial letter containing information about the examination?

[1] Yes.
[2] No, I did not receive it.
[3] No, I did not have time.
[4] No, I shall read it closer to the examination.
[5] No, from past experience, I know the content of the tutorial letter is not very useful.

4.42. Did you read the weekly communication that was sent to your myLife e-mail address?

[1] Yes.
[2] No, as I did not activate my myLife e-mail address.
[3] No, I do not have weekly access to the internet.
[4] No, I do not have access to the internet.
[5] No, I did not have time to read it.

4.43. Did you make use of other resources on the world-wide web?

[1] Yes.
[2] No, because I do not have access to the internet.
[3] No, as it too costly to use the internet.
[4] No, because the printed study material was sufficient for me to understand the work.
[5] No, because I did not have the time to do it.

4.44. If you have made use of the Self Assessment, Workbook and Video Clips, which one did you find the most useful in your studies?

[1] the Self Assessment
[2] the Workbook
[3] the Video Clips
[4] It is not applicable, since I did not use any of them.
4.45. If access to the internet is a prerequisite to study this module,...

[1] I would not be able to do the module.
[2] I would be able to spend up to one hour per week on-line.
[3] I would be able to spend one to two hours per week on-line.
[4] I would be able to spend more than two hours per week on-line.
SEMESTER 2 ASSIGNMENTS
Assignment 01

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<tr>
<td>Weight</td>
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<tr>
<td>To submit</td>
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</tbody>
</table>

1.1. Which of the following statements is correct?

a. The two fundamental sets of markets in the economy are the goods markets and the factor markets.
b. Households are the basic production units in the economy.
c. The simple circular flow of economic activity demonstrates income distribution.
d. The term “households” do not include individuals.
e. The three major stocks in the economy are total production, total income and total spending.

[3] a, b and d.
[4] All the statements are correct.

1.2. Use the following two statements to answer the question: The act of purchasing capital goods is called

a. capital formation.
b. investment.

[1] both a and b are incorrect
[2] a is incorrect and b is correct
[3] both a and b are correct.
[4] only a is correct
1.3. In the simple circular flow of economic activity, income flows from the ... 


1.4. Which of the following statements is incorrect? An entrepreneur

[1] is the driving force behind production.
[2] is remunerated by a salary.
[3] anticipates that he will make a profit.
[4] is a risk taker.

1.5. Which one of the following is not a payment for the factors of production?


1.6. Which one of the following statements is incorrect? Aggregate spending equals ...

[1] total spending.
1.7. Use the following two statements to answer the question:

a. The primary function of government is to establish the framework within which the economy operates.
b. A member of the government cannot be a member of a household.

[1] only a is correct.
[2] a is incorrect and b is correct.
[3] both a and b are correct.
[4] both a and b are incorrect.

1.8. In the circular flow of income and spending, which one of the following is considered as a leakage?


1.9. A person should specialise in the activity …

[1] with the lowest cost.
[2] which he likes the most.
[3] with the lowest opportunity cost.

1.10. Which of the following is not an injection in the circular flow of income and spending?

[1] investment
[2] imports
[3] government purchases
[4] exports

1.11. The ultimate aim of economic activity is …

1.12. South Africa’s exports represent …

[1] the income of other countries’ exporters.
[2] the income of our importers.
[3] the income of other countries’ importers.
[4] the income of our exporters.

1.13. The gains from specialisation can only be achieved if there is…


1.14. Which one of the following statements is correct?

[4] money is what economics is all about.

1.15. Which one of the following statements is incorrect? Money…

[1] might be a store of value.
[3] is the only possible store of value.
[4] is a common form of holding wealth.

1.16. Which of the following is excluded in the M3 measure of the quantity of money?

[1] coins
[2] banknotes
[3] demand deposits
[4] cash
[5] none of the above
Using the table below, answer questions 1.17 and 1.18.

<table>
<thead>
<tr>
<th>R million</th>
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<tbody>
<tr>
<td>End of</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2018</td>
</tr>
</tbody>
</table>

1.17. What is the M2 for the year 2017?

[1] R million 1 530 000  
[2] R million 680 000  
[3] R million 850 000  
[4] R million 1490 000  
[5] R million 1 530

1.18. What is the M3 for the year 2018?

[1] R million 550 000  
[2] R million 650 000  
[4] R million 2 300  
[5] R million 2 300 000
1.19. Which one of the following statements regarding the South African Reserve Bank is **not** correct?

1. It is responsible for the formulation of monetary policy.
2. It is responsible for the implementation of monetary policy.
3. It is a central bank.
4. It uses the repo rate tender system as an instrument.
5. It is the main fiscal authority.

1.20. Which one of the following is **not** a major responsibility of the South African Reserve Bank?

1. Maintaining financial stability.
2. Provision of economic and statistical services.
3. Service to the government.
4. It is the banker of most major companies.

1.21. Which one of the following statements is **correct**?

1. An increase in the interest rate leads to a decrease in the quantity of money created.
2. The quantity of money that people hold is positively related to the interest rate level.
3. The income level and the interest rate level affect the quantity of money.
4. As the income level increases, the amount of money that individuals hold, decreases

1.22. As interest rates decrease, …

1. bond prices decrease.
2. bond prices increase.
3. the face value of bonds increase.
4. the face value of bonds decrease.
Use the figure below to answer questions 1.23 and 1.24.

1.23. Curve LL indicates the...

[2] the demand for active and passive balances.
[3] the demand for interest rate.

1.24. An increase in income will...

[1] shift LL to the right.
[2] not affect LL.
[3] change the slope of the LL curve.
[4] result in a downward movement along the LL curve.
1.25. Which one of the following statements is not correct? The transactions demand for money …

[1] depends on the level of income.
[2] depends on the total value of transactions.
[3] depends on the interest rate.

1.26. The speculative motive for holding money refers to…

[2] the income level.

1.27. Money is created by…

[1] printing notes.

1.28. Which of the following is not a specific aim of the South African Reserve Bank’s monetary policy?

[1] Low inflation.
[4] Sustainable economic growth
1.29. Accommodation policy by the South African Reserve Bank may involve …

(a) supplying funding for low-cost housing.
(b) providing liquidity to the banks by means of repurchase agreements.
(c) selling of government stock to contribute to lower interest rates.
(d) quantitative easing.

[1] only (a) and (c) are correct.
[2] only (a) and (d) are correct.
[3] only (b) and (c) are correct.
[4] only (b) is correct.

1.30. Which one of the following is not a policy instrument of the South African Reserve Bank's monetary policy?

As part of our drive to improve our service, we need to get a clearer picture of our student profiles. To this end, we developed a set of questions (1.31 to 1.46) that you need to answer.

1.31. How do you usually access the internet for studying purposes?

[1] laptop  
[2] computer  
[3] smart phone  
[4] tablet  
[5] I do not have access.

1.32. Where do you usually access the internet for studying purposes?

[1] from work  
[2] from home  
[3] from someone else’s home  
[4] from the Unisa computer laboratory  
[5] other means

1.33. How much of your data bundle do you have available for studying purposes per month?

[1] I have unlimited access to the internet.  
[2] less than 500 MB.  
[3] between 500MB and 1GB.  
[4] between 1GB and 2GB.  
[5] more than 2GB.

1.34. The sections of the learning units, which I had to study to complete this assignment,…

[1] helped me work through the prescribed textbook systematically.  
[2] did not help me understand the study material in the textbook better.  
[3] were totally irrelevant to the assignment questions.  
[4] I did not use the learning units at all, although I had access to them.  
[5] I have not received a study guide.
1.35. Indicate the value that the **Self Assessment** on myUnisa added during your completion of this assignment.

[1] It was very helpful.
[2] It was fairly helpful.
[3] It did not add any value.
[4] I did not use it.
[5] I did not use it, as it is not part of the prescribed material.

1.36. Indicate the value that the **Workbook** added during your completion of this assignment.

[1] It was very helpful.
[2] It was fairly helpful.
[3] It did not add any value.
[4] I did not use it.
[5] I did not use it, as it is not part of the prescribed material.

1.37. Did you make use of other resources on the World Wide Web (www) apart from myUnisa?

[1] Yes.
[2] No, because I do not have access to the internet.
[3] No, as it is costly to use the internet.
[4] No, because the printed study material was sufficient for me to understand the work.
[5] No, because I did not have the time to do it.

1.38. Concerning the module website on myUnisa,…

[1] I am not aware of the website.
[2] I am aware of the website, but I have not visited it.
[3] I visited the website once, but did not find it helpful.
[4] I visit the website regularly and find it helpful.
[5] I visit the website only when I receive an announcement that something new has been posted.
1.39. Which one of the following best describes your use of the e-tutor site on myUnisa?

[1] I did not visit it at all.
[2] I only visited it once or twice.

1.40. Concerning the **Discussion Forum** on the e-tutor webpage on myUnisa:

[1] I am not aware of the **Discussion Forum**.
[2] I am aware of the **Discussion Forum**, but do not use it.
[3] I visited the **Discussion Forum** at least once, but did not find it interesting.
[4] I visit the **Discussion Forum** regularly and take part.
[5] I would like to take part in the **Discussion Forum**, but do not know how to.

1.41. Which one of the following best describes your experience with the services of the e-tutor?

[1] I find the services extremely helpful.
[2] I find them fairly helpful.
[3] I find them helpful.
[4] I did not find them very helpful.
[5] I did not find them helpful at all.

1.42. Which of the following describes your experience with the Power Point slides for each learning unit, which are supplied on myUnisa, best?

[1] I am not aware of the Power Point slides.
[2] I am aware of the slides, but I have not used them.
[3] I am aware of the slides and have used them sometimes.
[4] I am aware of the slides and use them regularly.
1.43. Which of the following describes your experience with the Power Point slides for each learning unit, which are supplied on myUnisa, best?

[1] I find the slides extremely helpful.
[2] I find them fairly helpful.
[3] I find them helpful.
[4] I did not find them very helpful.
[5] I did not find them helpful at all.

1.44. Which of the following describes your experience with the quiz for each learning unit, which is supplied on myUnisa, best?

[1] I am not aware of the quizzes.
[2] I am aware of the quizzes, but I have not used them.
[3] I am aware of the quizzes and I have used them sometimes.
[4] I am aware of the quizzes and use them regularly.

1.45. Which of the following describes your experience with the quiz for each learning unit, which is supplied on myUnisa, best?

[1] I find the quizzes extremely helpful.
[2] I find them fairly helpful.
[3] I find them helpful.
[4] I did not find them very helpful.
[5] I did not find them helpful at all.

1.46. Do you attend the tutor classes offered at the learning centres?

[1] Yes, the tutorials helped me understand the work better.
[2] Yes, but the tutorials did not help me.
[3] No, I prefer to work by myself.
[4] No, there is no tuition available for this module at the learning centre closest to me.
[5] No, for any other reason.
Assignment 02

<table>
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<td>Questions</td>
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<td>Weight</td>
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<td>To submit</td>
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</tbody>
</table>

2.1. Which one of the following does not form part of the public sector in South Africa?

[1] Department of defence.

2.2. In which one of the following instances should the government not intervene?

[1] Natural monopoly.
[2] Oligopoly

2.3. Public goods are provided by the …


2.4. Which one of the following does not refer to externalities?

2.5. Which one of the following statements is incorrect?

[3] The transfer of ownership from a private enterprise to the government is called privatisation.
[4] Laws are a form of regulation.

2.6. Which one of the following cannot be described as demand management?

[1] Expansionary fiscal policy
[4] Restrictive fiscal policy

2.7. A neutral tax …

[1] distort the allocation of resources.
[3] has a low effect on relative prices.
[4] act as a disincentive to the owners of factors of production.

Use the following information to answer questions 2.8 and 2.9.

John earned R 100 000,00 in 2016 on which he paid R10 000,00 personal income tax. In 2017 he earned R200 000,00 on which he paid R20 000,00 personal income tax.

2.8. This is an example of a…


2.9. With a value-added (VAT) tax rate of 10%...

[4] the amount of VAT paid by John cannot be calculated with the given information.
2.10. The government …

[1] cannot determine the statutory incidence of different taxes.
[3] can determine the effective incidence of the tax burden.
[4] cannot determine who will ultimately bear the burden of different taxes.

2.11. The law of comparative advantage …

[1] incorporates relative prices.
[2] has absolute advantage as a prerequisite.
[3] has to be signed by the president.
[4] do not apply to all countries.

The following table shows the amount of wine and flour two countries produce on average in a month. Use this information to answer questions 2.12 and 2.13.

<table>
<thead>
<tr>
<th></th>
<th>Wine</th>
<th>Flour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country 1</td>
<td>20 000 litres</td>
<td>200 000 kg</td>
</tr>
<tr>
<td>Country 2</td>
<td>100 000 litres</td>
<td>200 000 kg</td>
</tr>
</tbody>
</table>

2.12. Which country has an absolute advantage in producing flour?

[1] neither country 1 nor country 2
[2] both country 1 and country 2
[3] country 1
[4] country 2

2.13. Which country has a comparative advantage in producing flour?

[1] country 2
[2] country 1
[3] neither country 1 nor country 2
[4] both country 1 and country 2
2.14. International trade will occur between two countries only if …

[2] the value of one country’s liabilities is more than the value of its assets.
[3] opportunity costs differ between the two countries.
[4] the relative price ratio is the same in both countries.

2.15. The suspension of ostrich meat exports from South Africa to the European Union because of the outbreak of bird flu in the Oudshoorn district can be classified as …

[1] exchange control.
[3] a tax imposed on such imports.

2.16. Suppose the rand price of the US dollar (USD) increases from R 10,00 to R20,00. This implies that the US dollar price of the rand…

[1] increased.
[2] cannot be determined with the available information.
[3] decreased from R00,10 to R00,05.
[4] decreased from $00,10 to $00,05.

Use the following figure to answer questions 2.17 and 2.18.
2.17. The shift in the demand curve from D to $D_2$ demonstrates an …

[2] increase in the demand for rand.
[3] increase in the demand for the exchange rate.

2.18. The change in the demand curve from D to $D_2$ could be the result of…

[4] speculators anticipating an increase in the value of the rand relative to the US dollar.

2.19. When a country’s terms of trade falls it implies …

[3] a shift of the demand for the US dollar to the left.

2.20. Which one of the following statements is incorrect? A depreciation of the rand relative to the US dollar …

[1] increases the dollar price of imports from the USA.
[2] increases the rand price of imports from the USA.
[3] tends to dampen imports from the USA.

2.21. Gross Domestic Product (GDP) is the best measure of …

[1] the level of economic activity.
[4] the terms of trade
2.22. The consumer price index (CPI)…

[1] represents the cost of all goods and services.
[2] represents the cost of some goods and services.

2.23. Suppose the GDP at market prices is R500 million, net primary income payments to the rest of the world is –R100 million and the exchange rate is 1$USD = R10.00. The gross national income at market prices equals

[1] R 600 million
[3] R6000 million
[4] R4000 million

2.24. The consumer price index (CPI)…

[1] represents the cost of all goods and services.
[2] represents the cost of some goods and services.

2.24. A surplus on the current account implies …

[1] the value exports are more than the value of imports.
[2] the value exports are less than the value of imports.

2.25. Which one of the following statements is correct?

2.26. To qualify as unemployed according to the strict definition a person

[1] has to have taken steps to find work.
[2] has to have taken steps recently to find work.
[3] must have worked before.
[4] must have registered as unemployed.

2.27. Which one of the following is a measure of the equality of the distribution of income?

[1] GDP
[2] GDE
[3] GNI

2.28. The Gini coefficient…

[1] can vary between -1 and 1.
[2] is called the Gini index when expressed as a percentage.
[3] is one if income is distributed perfectly equal.
[4] is zero if income is distributed perfectly unequal.

2.29. Which of the following would not be included in the South African balance of payments?


2.30. Assume that changes in the consumer price index are considered as the measure of inflation. If the index was 200 in 2016 and 210 in 2017, what was the inflation rate?

[1] 5%
[2] 10%
[3] 20%
[4] The inflation rate is impossible to determine without knowing the base year.
3.1. In the simple Keynesian model …

[1] production is always equal to aggregate expenditure.
[2] aggregate expenditure is less than production.

3.2. Which one of the following statements is correct regarding Say’s law?

[1] Say’s law shows how supply is always equal to demand.
[2] Say’s law indicates that excess production is not possible.
[4] Say’s law shows how consumption leads to production.

3.3. Which one of the following statements is correct regarding the simple Keynesian model?

[1] the simple Keynesian model can be used to study inflation.
[2] the simple Keynesian model can be used to explain the workings of the labour market.
[3] the simple Keynesian model can be used to explain fiscal policy.
[4] the simple Keynesian reflects the workings of a closed economy.

3.4. Which one of the following statements is correct regarding consumption and saving in the Keynesian model?

[1] If autonomous consumption decreases, consumption spending will remain the same, *ceteris paribus*.
[2] An increase in consumption spending will result in a proportional increase in saving.
[3] If the initial income is zero, then total consumption will be equal to total saving.
[4] If total consumption exceeds total income, this is an indication of dissaving.
Use the following information to answer questions 3.5 and 3.6. Suppose consumption spending is: \( C = \bar{C} + cY \) where \( \bar{C} = 500 \); \( c = \frac{3}{4} \); equilibrium income is: \( Y = 1000 \).

3.5. Which one of the following statements is correct?

[1] total consumption is R 500  
[2] total saving is R1250  
[3] induced consumption is 750  
[4] marginal propensity to consume is \( \frac{1}{4} \)

3.6. If \( c \) changed to 0.5, the multiplier will … and the equilibrium income will …

[1] increase; decrease  
[2] decrease; decrease  
[3] increase; increase  
[4] decrease; increase

3.7. Complete the following sentence. Investment spending will … if the … decreases.

[1] increase; tax rate  
[2] decrease; government spending  
[3] remain unchanged; level of income  
[4] remain unchanged; interest rate

Suppose you are given the following information about the South African economy. Use the information to answer questions 3.8, 3.9 and 3.10.

<table>
<thead>
<tr>
<th>Income (billions of rands)</th>
<th>Consumption expenditure (billions of rands)</th>
<th>Saving (billions of rands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>260</td>
<td>-260</td>
</tr>
<tr>
<td>300</td>
<td>340</td>
<td>-40</td>
</tr>
<tr>
<td>400</td>
<td>420</td>
<td>20</td>
</tr>
<tr>
<td>500</td>
<td>500</td>
<td>...</td>
</tr>
<tr>
<td>600</td>
<td>580</td>
<td>20</td>
</tr>
<tr>
<td>700</td>
<td>660</td>
<td>...</td>
</tr>
</tbody>
</table>
3.8. The marginal propensity to consume is equal to …

[1] 0.2
[2] 0.4
[3] 0.6
[4] 0.8

3.9. The value of saving at income level 500 is … and it is … at income level 700.

[1] 50; 40
[2] 40; 60
[3] 50; 0
[4] 0; 40

3.10. Autonomous consumption is equal to …

[1] 260
[2] 420
[3] 580
[4] 0

Assume that you are given the following information about the South African economy at equilibrium with the assumption that there is no foreign sector. Use the information to answer questions 3.11 and 3.12.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomous consumption</td>
<td>50 billion rands</td>
</tr>
<tr>
<td>Investment spending</td>
<td>200 billion rands</td>
</tr>
<tr>
<td>Government spending</td>
<td>250 billion rands</td>
</tr>
<tr>
<td>Marginal propensity to consume</td>
<td>0.6</td>
</tr>
</tbody>
</table>

3.11. Consumption spending is equal to … billion rands.

[1] 1,250
[2] 750
[3] 550
[4] 1,500
3.12. The equilibrium level of income is equal to … billion rands.

[1] 750  
[2] 1,250  
[3] 1,500  

3.13. Which one of the following statements is correct about the Keynesian model with a government sector?

[1] A decrease in interest rate will lead to a decrease the equilibrium level of income.  
[2] An increase in consumption spending will lead to a decrease in investment spending.  
[3] An increase in the tax rate will lead to an increase in the equilibrium level of income.  
[4] An increase in the marginal propensity to save will lead to a decrease the equilibrium level of income.

Use the following information to answer questions 3.14 and 3.15. Suppose that the economy is at full employment, and the multiplier is 2. Assume that government spending increases by 100 million rands.

3.14. The change in equilibrium income will be equal to …

[1] 100  
[2] 50  
[3] 400  
[4] 200

3.15. The change in aggregate spending will be equal to …

[1] 400  
[2] 100  
[3] 200  
[4] 50
3.16. A decrease in the tax rate in the Keynesian model will ...

[1] shift the aggregate spending curve downwards.
[2] shift the consumption curve upwards.
[3] swivel the consumption curve downwards
[4] swivel the aggregate spending curve upwards

Questions 3.17 to 3.18 are based on the following information:

Autonomous consumption R 300
Investment spending R 200
Government spending R 600
Net exports - R 100
Marginal propensity to consume 1/7
Tax rate 1/8
Full employment level of income R 6000

3.17. The equilibrium level of income is equal to ...

[1] R 4000
[2] R 3000
[4] R 1000

3.18. Autonomous aggregate spending is equal to ...

[1] R1100
[2] R1000
[3] R 500
[4] - R100
Suppose that you are given the following information on the components of aggregate spending in South Africa. The symbols $Y, C, I, G, X$ and $Z$ represent income; consumption spending; investment spending; government spending, exports and imports respectively. Use the information to answer questions 3.19 to 3.23.

<table>
<thead>
<tr>
<th>Year</th>
<th>$Y$</th>
<th>$C$</th>
<th>$I$</th>
<th>$G$</th>
<th>$X$</th>
<th>$Z$</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>60</td>
<td>50</td>
<td>60</td>
<td>60</td>
<td>15</td>
</tr>
<tr>
<td>1</td>
<td>100</td>
<td>110</td>
<td>50</td>
<td>60</td>
<td>60</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>200</td>
<td>170</td>
<td>50</td>
<td>60</td>
<td>60</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>300</td>
<td>230</td>
<td>50</td>
<td>60</td>
<td>60</td>
<td>45</td>
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<tr>
<td>4</td>
<td>400</td>
<td>290</td>
<td>50</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>5</td>
<td>500</td>
<td>350</td>
<td>50</td>
<td>60</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>6</td>
<td>600</td>
<td>410</td>
<td>50</td>
<td>60</td>
<td>60</td>
<td>90</td>
</tr>
</tbody>
</table>

3.19. Autonomous aggregate spending is equal to …

[1] 670
[2] 2100
[4] 245

3.20. The marginal propensity to consume is equal to …

[1] 0.6
[2] 0.5
[3] 0.1
[4] 0.4

3.21. The multiplier is equal to …

[1] 4
[2] 5
[3] 2.5
[4] 2
3.22. Aggregate spending in year 5 is equal to …

[1] 600
[2] 525
[4] 350

3.23. Comparing aggregate spending with equilibrium income, what is happening to production in year 2?

[1] Production is likely to increase.
[2] Production is likely to decrease.
[3] Production will remain unchanged.
[4] Production is equal to aggregate spending.

3.24. Which one of the following statements regarding the simple Keynesian model is correct?

[1] In a simple Keynesian model, equilibrium always occurs at full employment.
[2] In a simple Keynesian model, there can be equilibrium when saving equals investment.
[3] The marginal propensity to consume shows the proportion of an increase in income due to changes in consumption.

3.25. In an open economy, the size of the multiplier depends on …

[1] autonomous spending and equilibrium income.
[3] all the components of aggregate spending.

3.26. Suppose that the wealth of an individual decreases. This will cause the consumption function to … and autonomous consumption will …

[1] shift upwards; decrease
[2] shift upwards; remain the same
[3] shift downwards; decrease
[4] remain the same: remain the same
3.27. In the Keynesian model with government and foreign sector, a parallel upward shift of the aggregate spending curve could be due to …

[1] a decrease in the interest rate  
[2] a decrease in the tax rate  
[3] an increase in the marginal propensity to consume  
[4] a decrease in the marginal propensity to consume

3.28. In the Keynesian model with government and foreign sector, a downward swivelling of the aggregate spending reflects as …

[1] an increase in interest rate  
[2] a decrease in equilibrium income  
[3] an increase in aggregate spending  
[4] a decrease in government spending
Questions 3.29 and 3.30 are based on the following information about an open economy with a government sector:

Autonomous consumption R300
Investment spending R 200
Government spending R 150
Imports R 150
Exports R 100
Marginal propensity to consume 9/10
Tax rate 1/6
Full employment (Yf) R 2 400

3.29. The equilibrium level of income is …


3.30. The full employment income level can be reached by …

[1] increasing exports by R150 million.
Assignment 04

<table>
<thead>
<tr>
<th>Assignment 04</th>
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<tbody>
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<td>Content</td>
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<tr>
<td>Questions</td>
</tr>
<tr>
<td>Weight</td>
</tr>
<tr>
<td>To submit</td>
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</tbody>
</table>

4.1. In the AD-AS model...

[1] the AS curve illustrates the levels of total expenditure in the economy at various price levels.
[2] we cannot study monetary policy because the model assumes interest rates to be fixed.
[3] the level of economic activity is determined by aggregate supply, given the general prices in the economy.
[4] we seek to explain the general price level and the aggregate production of goods and services.

4.2. Which of the following statements regarding the AD-AS model is/are correct?

a. An expansionary fiscal policy occurs when either consumption spending, or government spending are increased.
b. A contractionary monetary policy occurs when there is a decrease in interest rates, ceteris paribus.
c. In the AD-AS model, demand management policies can be used to influence aggregate demand and aggregate supply.

[1] All the statements are correct.
[2] b
[3] c
[4] a and b
4.3. Which one of the following statements regarding the aggregate supply is/are correct?

a. An increase in the cost of labour will result in a decrease in both aggregate supply and the general price level.
b. A decrease in the prices of imported capital will cause an increase in the aggregate supply and a decrease in the general price level.
c. A decrease in productivity will cause a decrease in the aggregate supply and a decrease in the general price level.

[1] b and c  
[2] a and c  
[3] b  
[4] a  
[5] All the statements are correct

4.4. Which one of the following will shift the aggregate demand curve to the left?

[1] an increase in the general price level.  
[2] an increase in productivity.  
[3] an increase in net exports.  

4.5. Which one of the following will shift aggregate supply to the right?

[1] a fall in the general price level.  
[2] an increase in aggregate spending.  

4.6. An expansionary monetary policy will be less effective if…

[1] the aggregate supply curve is very steep.  
[2] the multiplier is very large.  
[3] the investment demand is responsive to the interest rate.  
[4] the aggregate demand curve is very steep.
4.7. During an economic depression, an appropriate policy initiative would be to...

[1] increase the taxes
[2] increase the interest rate
[3] increase the consumption spending
[4] decrease the government spending

4.8. Which of the following statements regarding definition and measurement of inflation is/are correct?

[1] The consumer price index (CPI) is directly related to the cost of living.
[2] The producer price index (PPI) measures the cost of living rather than the cost of production.
[3] The continuous increase in the price of crude oil is an example of inflation.
[4] The consumer price index (CPI) is an index of the prices of all the consumer goods and services.

4.9. To calculate the consumer price index accurately, it is necessary to include...

[1] the value added tax in the prices.
[3] consumer goods only.
[4] capital goods only.

4.10. The production price index...

[1] represents the supply side of the economy.
[3] can only be calculated on annual bases.
[4] takes all goods and services into consideration.
Use the following information to answer question 4.11. Assume that Betty is a borrower while Tony is a money lender. Suppose Betty obtains a loan from Tony to be repaid within 12 months at a given interest rate.

4.11. Which one of the following statements is correct?

a. If the interest rate is greater than the inflation rate, then Tony will be worse off than Betty.
b. If the interest rate is lower than the inflation rate, then Betty will be worse off than Tony.
c. If the inflation rate is lower than the interest rate, then Tony will receive a higher compensation for his income.

[1] c.
[4] a and c
[4] a and b

4.12. Due to inflation, an increase in nominal wages will cause…

[1] the real incomes to rise.
[2] the average rates of personal income tax to decrease.
[3] the average rates of personal income tax to increase.
[4] no change in the average rates of personal income tax.
Use the diagram below to answer questions 4.13 and 4.14.

4.13. The type of inflation arising from the above diagram could be due to…

[1] a decrease in tax rate.
[2] a decrease in imports relative to exports.
[3] an increase in government spending.
[4] an increase in wages.

4.14. An appropriate policy to solve the inflation problem arising from the above diagram would be to…

[1] increase the tax rate
4.15. Suppose that the CPI for July 2013 is 101.9 (with 2012 = 100) and the CPI for July 2014 is 108.8. The inflation rate between July 2013 and July 2014 is...

[1] 1.9%
[2] 8.8%
[3] 6.8%
[4] none of the above

Use the information below for country Zip and answer question 4.16. All the figures are in millions.

<table>
<thead>
<tr>
<th>Total population in 2016</th>
<th>1800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total labour force in 2015</td>
<td>550</td>
</tr>
<tr>
<td>Economically active population in 2016</td>
<td>675</td>
</tr>
<tr>
<td>Number of people unemployed in 2016</td>
<td>225</td>
</tr>
</tbody>
</table>

4.16. The unemployment rate in 2016 is equal to...

[1] 41%
[2] 38%
[3] 33.3%
[4] 81%

4.17. ________________ would result due to the closure of the gold mines in South Africa.

4.18. Which of the following statements is/are correct regarding unemployment in the Keynesian and the AD-AS models?

a. In the production function, all the inputs are assumed to be fixed.

b. The slope of the production function increases as the level of employment decreases.

c. An increase in the real production always implies that unemployment rate will decline.

[1] b
[5] none of the above statements

4.19. When measuring the GDP, ________________ should be considered.

a. Changes in population

b. Changes in unemployment

c. Changes in prices

[1] b
[2] c
[3] a and c
[4] b and c
[5] All the statements are correct

4.20. If the base year prices are used during the measurement of GDP, then the ________________ is obtained.

[1] current GDP.
[3] real GDP
[4] nominal GDP.

4.21. ________________ is NOT likely to cause a problem in the measurement of GDP.

[1] Pollution
[2] Smuggling
[3] Commercial farming
[4] Adjustment of original data
4.22. Which of the following statements is/are correct?

a. Suppose the real GDP in 2005 is 400, and is 420 in 2006. This shows that economic growth in 2006 is 20%.
b. If the economy is in the cyclical upswing, the policy makers should solve the problem by raising the taxes.
c. Domestic demand is primarily a function of income.

[1] a  
[2] b  
[3] b and c  
[4] a and c  
[5] All the statements are correct

4.23. During an upswing phase, cyclical unemployment will … and inflation will …

[1] increase; decrease.  
[3] decrease; increase.  
[4] increase; increase.

4.24. What will happen to the unemployment rate and the inflation rate if the SARB decides to increase the interest rate?

[1] The unemployment rate will decrease and the inflation rate will increase.  
[2] The unemployment rate will increase and the inflation rate will decrease.  
[3] Both the unemployment rate and the inflation rate will increase.  
[4] Both the unemployment rate and the inflation rate will decrease.

4.25. The Phillips curve shows that a decrease in aggregate demand will result in … and …

[1] a decrease in unemployment rate; a decrease in inflation rate.  
[2] an increase in unemployment rate; a decrease in inflation rate.  
[3] an increase in unemployment rate; a decrease in inflation rate.  
[4] a decrease in unemployment rate; an increase inflation rate.
4.26. Real GDP per capita growth is calculated by ...

[1] real GDP divided by the population.
[2] rate of change in nominal GDP.

4.27. In the business cycle, an economic contraction occurs...

[1] at the peak.

4.28. Inward industrialisation involves...

[1] the increase in domestic demand with the view to enable an economy to export goods that were previously imported.
[2] the use of import tariffs to encourage the local production of goods that were previously imported.
[3] the increase in domestic demand with the view to provide the basic consumer goods to the underprivileged members of the society.
[4] the substitution of local industries with foreign industries in order to reduce the costs of production in the economy.

4.29. Which one of the following is **not** one of the problems associated with GDP?

[1] negative externalities
[2] commercial farming
[3] illegal trade
[4] prostitution

4.30. Which one of the following is not a demand factor in economic growth?

[1] Investment
[2] Consumption
[3] Exports
As part of our drive to improve our service, we need to get a clearer picture of our students’ use of additional support resources. To this end, we developed a set of questions (4.31 to 4.45) that you need to answer.

4.31. Did you attend the tutor classes offered by Unisa?

[1] Yes.
[2] No, because of work commitments.
[3] No, because of transport costs and/or transport problems to the regional centre.
[4] No, because there are no tutorial classes in my region.
[5] No, because the printed study material is sufficient for me to understand the work.

4.32. Did you make use of private tuition (Damelin, Varsity College, Boston or others)?

[1] No.
[2] Yes, and I paid less than R1 000 for the tuition.
[3] Yes, and I paid between R1 000 and R2 500 for the tuition.
[4] Yes, and I paid between R2 500 and R5 000 for the tuition.
[5] Yes, and I paid more than R5 000 for the tuition.

4.33. Did you make use of the Self Assessment tool on myUnisa to study for the course?

[1] Yes.
[2] No, because it is not part of prescribed material.
[3] No, because I do not have access to the internet.
[4] No, because the printed study material was sufficient for me to understand the work.
[5] No, because I did not have the time to use it.

4.34. Which one of the following best describes your use of the Self Assessment tool?

[1] I did not use the Self Assessment.
[2] I first studied the chapter in the prescribed textbook and then attempted the Self Assessment.
[3] I first used the Self Assessment tool and then studied the chapter in the textbook.
[4] I used the Self Assessment only when I had a problem with a chapter in the textbook.
[5] I used it occasionally.
4.35. Did you make use of the Workbook to study for the course?

[1] Yes.
[2] No, because it is not part of prescribed material.
[3] No, because I do not have a copy of it.
[4] No, because the printed study material was sufficient for me to understand the work.
[5] No, because I did not have the time to use it.

4.36. Which one of the following best describes your use of the Workbook?

[1] I did not use the Workbook.
[2] I first studied the chapter in the prescribed textbook and then used the Workbook.
[3] I first used the Workbook and then studied the chapter in the textbook.
[4] I used the Workbook only when I had a problem with a chapter in the textbook.
[5] I used the Workbook occasionally.

4.37. Did you make use of video clips on myUnisa?

[1] Yes.
[2] No, because I do not have access to the internet.
[3] No, because I was unable to download and view the video clips.
[4] No, because the printed study material was sufficient for me to understand the work.
[5] No, because they do not form part of the prescribed material.

4.38. Did you make use of the Discussion Forum on myUnisa?

[1] Yes.
[2] No, because I do not have access to the internet.
[3] No, because I did not know about it.
[4] No, because it is too unstructured.
[5] No, because it contains too little discussion on module content.

4.39. Did you make use of the learning unit notes under Additional Resources on myUnisa?

[1] Yes.
[2] No, because I did not know about it.
[3] No, because I do not have access to the internet.
[4] No, because I was unable to download it.
[5] No, because I do not think it is important.
4.40. Did you make use of past examination papers that are posted on myUnisa?

[1] Yes.
[2] No, because I did not know about the papers.
[3] No, because I do not have access to the internet.
[4] No, because I was unable to download them.
[5] No, because I do not think they are important.

4.41. Did you read the tutorial letter containing information about the examination?

[1] Yes.
[2] No, I did not receive it.
[3] No, I did not have time.
[4] No, I shall read it closer to the examination.
[5] No, from past experience, I know the content of the tutorial letter is not very useful.

4.42. Did you read the weekly communication that was sent to your myLife e-mail address?

[1] Yes.
[2] No, as I did not activate my myLife e-mail address.
[3] No, I do not have weekly access to the internet.
[4] No, I do not have access to the internet.
[5] No, I did not have time to read it.

4.43. Did you make use of other resources on the world-wide web?

[1] Yes.
[2] No, because I do not have access to the internet.
[3] No, as it too costly to use the internet.
[4] No, because the printed study material was sufficient for me to understand the work.
[5] No, because I did not have the time to do it.

4.44. If you have made use of the Self Assessment, Workbook and Video Clips, which one did you find the most useful in your studies?

[1] the Self Assessment
[2] the Workbook
[3] the Video Clips
[4] It is not applicable, since I did not use any of them.
4.45. If access to the internet is a prerequisite to study this module,...

[1] I would not be able to do the module.
[2] I would be able to spend up to one hour per week on-line.
[3] I would be able to spend one to two hours per week on-line.
[4] I would be able to spend more than two hours per week on-line.
8.7 Other assessment methods

No other assessment methods are used in this module.

8.8 The examination

For general examination guidelines, refer to the Study@Unisa brochure.

Examination period

This module is offered in a semester period of approximately 15 weeks. It means that if you are registered for the first semester, you will write the examination in May/June 2018 and write the supplementary examination in October/November 2018. If you are registered for the second semester, you will write the examination in October/November 2018 and the supplementary examination will be in May/June 2019.

During the semester, the Examination Section will provide you with information regarding the examination in general, examination venues, examination dates and examination times.

8.7.2 Admission to the examination

TO BE ADMITTED TO THE EXAMINATION, SUBMIT AT LEAST ASSIGNMENT 01 OR ASSIGNMENT 02 BEFORE THE DUE DATE.

For you to benefit fully from formative tuition and assessment, management of the University have decided to introduce compulsory assignments in all modules. You are therefore required to submit a compulsory assignment to obtain admission to the examination. For this module, you can submit either Assignment 01 or Assignment 02 before the due date for examination admission purposes.

Ensure that your compulsory assignment reaches the University before the due date — late submission will result in your not being admitted to the examination.

Although you can obtain examination admission by submitting either Assignment 01 or Assignment 02, we strongly advise you to do all four assignments, as all of them will contribute to your semester mark.
8.7.3 Transferring of examination

If you should apply to transfer your examination to the following examination period, take note that the transfer is subject to examination admission in the semester for which you are registered. In other words, you must gain admission to the examination before that examination can be transferred. Your examination, including your semester mark, is transferred. Thus, in the next examination period you will not get the opportunity to submit assignments or to improve your semester mark.

Furthermore, if an examination is transferred, it is deemed your second and final examination opportunity for the academic period. Should you not write the deferred examination, or obtain a fail mark in the deferred examination, you will have no alternative but to re-register for this module.

You may apply for an examination to be deferred once only per academic period. Those of you who have qualified for a supplementary examination are not allowed to transfer their examination to the following examination period.

Contact the Department of Student Assessment Administration if you want to transfer your examination to the following examination period.

8.7.4 The format of the examination paper

You will receive a partial fill-in examination paper plus a mark-reading sheet. This implies that you will complete the first section of the examination on the examination paper. You will then complete the second section of the paper on the mark-reading sheet. Hand the examination paper plus the mark-reading sheet to the invigilator.

The main features of the examination paper are as follows:

(i) It will be a two-hour examination paper, counting 100 marks.

(ii) The use of a non-programmable calculator is permissible.

(iii) The paper will consist of two sections, namely section A and section B.

Section A consists of definitions and short questions in which you are generally asked to name or list a number of factors/determinants/categories, distinguish between two concepts or explain an economic concept (possibly with the aid of a diagram). Section A carries a total of 50 marks.
Section B consists of multiple-choice questions and carries a total of 50 marks.

A final mark (semester mark + examination mark) of 50% is required to pass this module.

9 FREQUENTLY ASKED QUESTIONS

Refer to the Frequency Asked Questions (FAQs) tool on myUnisa.

10 SOURCES CONSULTED

We consulted the brochure, Study@Unisa.

11 IN CLOSING

We are committed to assist you with your studies at Unisa. Do not hesitate to contact us your lecturers, if you experience problems with the content of this tutorial letter or with any aspect of the module.

We wish you the best in your studies and hope to see you graduate successfully!

12 ADDENDUM

In order to prepare you for examinations, we will post revision guidelines on myUnisa in line with the proposed weekly study programme. Make use of these guidelines right from the beginning of the semester.

12.1 Semester mark

Your semester mark is based on your assignment marks. The four assignments that you will submit during the semester will all contribute to your semester mark. Different weights are allocated to the assignments. The first and second assignments contribute 20% each, while the third and fourth each contribute 30% to your semester mark.
If you do not submit an assignment or it is submitted late (for whatever reason), we will award zero marks for such assignment. For example:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Marks achieved</th>
<th>Percentage</th>
<th>x weight</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>(\frac{9}{30})</td>
<td>30</td>
<td>x 0,2</td>
<td>6%</td>
</tr>
<tr>
<td>02</td>
<td>(\frac{18}{30})</td>
<td>60</td>
<td>x 0,2</td>
<td>12%</td>
</tr>
<tr>
<td>03</td>
<td>not submitted or submitted after the due date</td>
<td>0</td>
<td>x 0,3</td>
<td>0</td>
</tr>
<tr>
<td>04</td>
<td>(\frac{15}{30})</td>
<td>50</td>
<td>x 0,3</td>
<td>15%</td>
</tr>
</tbody>
</table>

**Semester mark** 33%

**12.2 The examination mark**

The percentage that you have achieved in the examination will be used to calculate your final mark.

**12.3 Final mark**

As stated previously, we will calculate the final mark as follows:

Semester mark (out of 100) x 20% + Examination mark (out of 100) x 80%

For example:
Suppose your semester mark is 33% and you get 60% in the examination. Your final mark will be computed as follows:

\[= (33 \times 20\%) + (60 \times 80\%)\]
\[= (33 \times 0,2) + (60 \times 0,8)\]
\[= 6,6 + 48\]
\[= 54,6\%\]

**Note:** We will consider your semester mark only to calculate your final mark if you have attained a minimum mark of 40% in the examination (the sub-minimum rule).