

UNIVERSITY EXAMINATIONS



UNIVERSITEITSEKSAMENS

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ECS2602

(489363)

October/November 2014
Oktober/November 2014

**MACROECONOMICS
MAKRO-EKONOMIE**

Duration 2 Hours
Tydsduur 2 Uur

100 Marks
100 Punte

EXAMINERS / EKSAMINATORE

FIRST / EERSTE MRS/MEV MD UYS
SECOND / TWEDE MR/MNR FHB SERFONTEIN

Use of a non-programmable pocket calculator is permissible
Gebruik van 'n nie-programmeerbare sakrekenaar is toelaatbaar.

Closed book examination.
Toeboekeksamen.

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This paper consists of 32 pages, instructions for the completion of a mark reading sheet and a special front page

Hierdie vraestel bestaan uit 32 bladsye, instruksies vir die voltooiing van 'n merkleesblad en 'n spesiale voorblad

STUDENT NUMBER / STUDENTENOMMER

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NB!

The unique number for ECS2602 is 489363

Die unieke nommer vir ECS2602 is 489363

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The following abbreviations may appear in this examination paper

Die volgende afkortings mag in hierdie eksamenvraestel voorkom

ENGLISH

c	–	marginal propensity to consume
C	–	consumption spending
D_B	–	demand for bonds
E	–	nominal exchange rate
E^e	–	expected nominal exchange rate
ε	–	real exchange rate
G	–	government spending
I	–	investment spending
i^*	–	foreign interest rate
M^d	–	demand for money
M^s	–	supply of money
M/P	–	real money supply
NX	–	trade balance
P	–	price level
P_B	–	price of bonds
S_B	–	supply of bonds
W	–	nominal wage
W/P	–	real wage
X	–	exports
Y	–	output and income level
Y^*	–	foreign output and income level
Y_N	–	natural level of output
Z	–	total demand
ZZ	–	demand for domestic goods

AFRIKAANS

c	–	grensverbruiksgeneigdhed
C	–	verbruiksbesteding
D_B	–	vraag na effekte
E	–	nominale wisselkoers
E^e	–	verwagte nominale wisselkoers
ε	–	reele wisselkoers
G	–	owerheidsbesteding
I	–	investeringsbesteding
i^*	–	buitelandse rentekoers
M^d	–	vraag na geld
M^s	–	aanbod van geld (geldvoorraad)
M/P	–	reele geldvoorraad
NX	–	handelsbalans
P	–	pryspeil
P_B	–	prys van effekte
S_B	–	aanbod van effekte
W	–	nominale loon
W/P	–	reele loon
X	–	uitvoer
Y	–	produksie- en inkomepeil
Y^*	–	buitelandse produksie- en inkomepeil
Y_N	–	natuurlike produksiepeil
Z	–	totale vraag
ZZ	–	vraag na binnelandse goedere

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Read all instructions CAREFULLY before answering the questions.
This paper consists of two (2) sections: A and B.

Lees al die instruksies NOUKEURIG voor u die vrae beantwoord.
Hierdie vraestel bestaan uit twee (2) afdelings: A en B.

SECTION A: COMPULSORY (50 marks)
AFDELING A: VERPLIGTEND (50 punte)

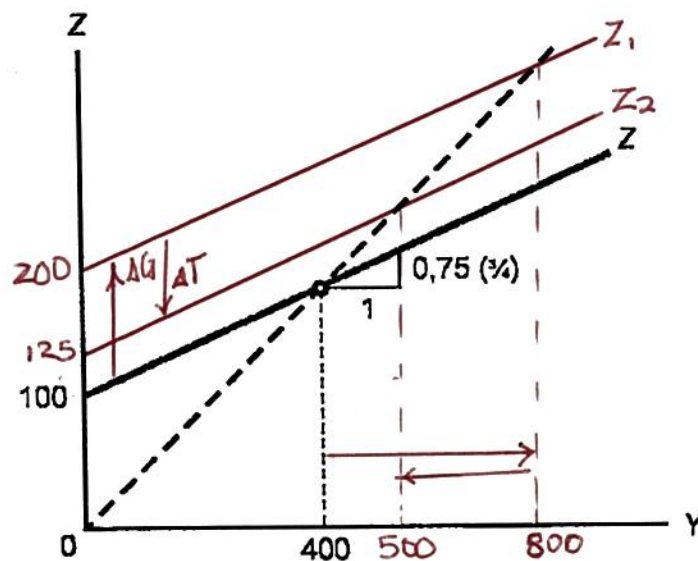
INSTRUCTION ANSWER ALL THE QUESTIONS
INSTRUKSIE BEANTWOORD AL DIE VRAE

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QUESTION 1/VRAAG 1 (6 marks/6 punte)

Define the balanced budget multiplier and use the following diagram to illustrate and to explain the balanced budget multiplier. In your explanation assume $c = 0.75$ and use your own values for the other variables.

Definieer die gebalanseerde begrotingsvermenigvuldiger en gebruik die onderstaande diagram om die gebalanseerde begrotingsvermenigvuldiger te illustreer en te verduidelik. In u verduideliking neem aan dat $c = 0.75$ en gebruik u eie waardes vir die ander veranderlikes.



Definition/Definisie

(1)

• Balanced budget multiplier is a condition where change in government is equal to change in taxes.

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Explanation/Verduideliking

(5)

- For a balanced budget, change in G = change in T .
- If G increased by 100:

(i) Z increase by 100, new $Z = 200$

(ii) Y increase by an amount equal to multiplier times change in Government; that is (4×100) which is 400; and new $Y = 800$.

- ZZ curve shifts upwards to 200.

- If T increase by 100:

(i) Z decrease by an amount equal to

- $mpc \times T$; that is -0.75×100 ; which is -75.

- Z decrease to 125.

- ZZ shifts downwards to ZZ_2

(ii) Y decrease by an amount equal to

- multiplier $\times mpc \times \Delta T$, that is $-4 \times 0.75 \times 100$ which is -300.

- New level of output and income will be 500.

- The net effect will be an increase in Y equal to change in G ; that is, equal to 100.
- Final Y will be 500.

QUESTION 2/VRAAG 2 (12 marks/12 punte)**Question 2 1/Vraag 2 1 (8 marks/8 punte)**

The Central Bank decided to steadily decrease the money supply over the following year or two in South Africa

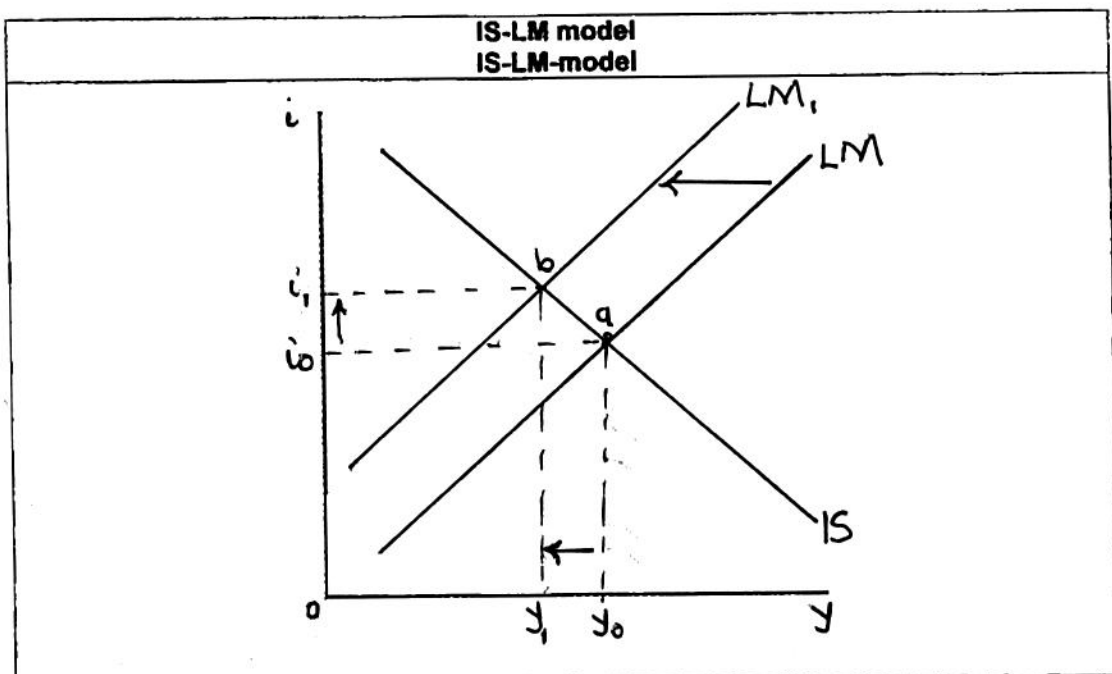
a Briefly explain the type of stabilisation policy the Bank is adopting (2)

a Verduidelik kortliks die tipe stabiliseringsbeleid van die Bank (2)

Contractionary Monetary Policy
• through selling treasury bills.

b Explain the impact of such a policy on both the financial market and the goods market by using the IS-LM model (6)

b Verduidelik die impak van sodanige beleid op die finansiële mark en die goederemark deur gebruik te maak van die IS-LM-model (6)



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Explanation/Verduideliking:

Financial Market

$$M^s \downarrow \rightarrow \frac{M}{P} \downarrow \rightarrow i \uparrow$$

Goods Market

$$i \uparrow \rightarrow I \downarrow \rightarrow Z \downarrow \rightarrow Y \downarrow$$

Question 2.2/Vraag 2.2 (4 marks/4 punte)

The impact of an expansionary fiscal policy differs in the good market model compared to the impact in the IS-LM model. What are the similarities and differences between the impact in the goods market model and the IS-LM model?

Die impak van 'n ekspanisionistiese fiskale beleid verskil in die goederemarkmodel in vergelyking met die IS-LM-model. Wat is die ooreenkomste en verskille tussen die impak op die goederemarkmodel en die IS-LM-model?

Similarities/Ooreenkomste

The following chain of events were not needed, but putting them down could help to identify the similarities and differences.

In Goods Mkt Model	In IS-LM model
$G \uparrow \rightarrow Z \uparrow \rightarrow Y \uparrow$ $Y \uparrow \rightarrow I \uparrow \rightarrow Y \uparrow$ $Y \uparrow \rightarrow C \uparrow \rightarrow Y \uparrow$	$G \uparrow \rightarrow Z \uparrow \rightarrow Y \uparrow$ $Y \uparrow \rightarrow M \uparrow \rightarrow i \uparrow$ $Y \uparrow \rightarrow I \uparrow$ $i \uparrow \rightarrow I \downarrow$ uncertain

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Similarities

- Government Spending, demands for goods and the level of output and income increase in both models

Differences/Verskille

- no changes in interest rates in goods market model whilst in IS-LM model interest rates increase
- Investment Spending is uncertain under IS-LM model due to higher output and income ~~but~~ and higher interest rates, whilst under goods market is assumed to be autonomous, therefore, no change.
- Consumption is higher in the goods market but not explained under IS-LM model.
- interest rates are high under IS-LM model but no changes in the goods market

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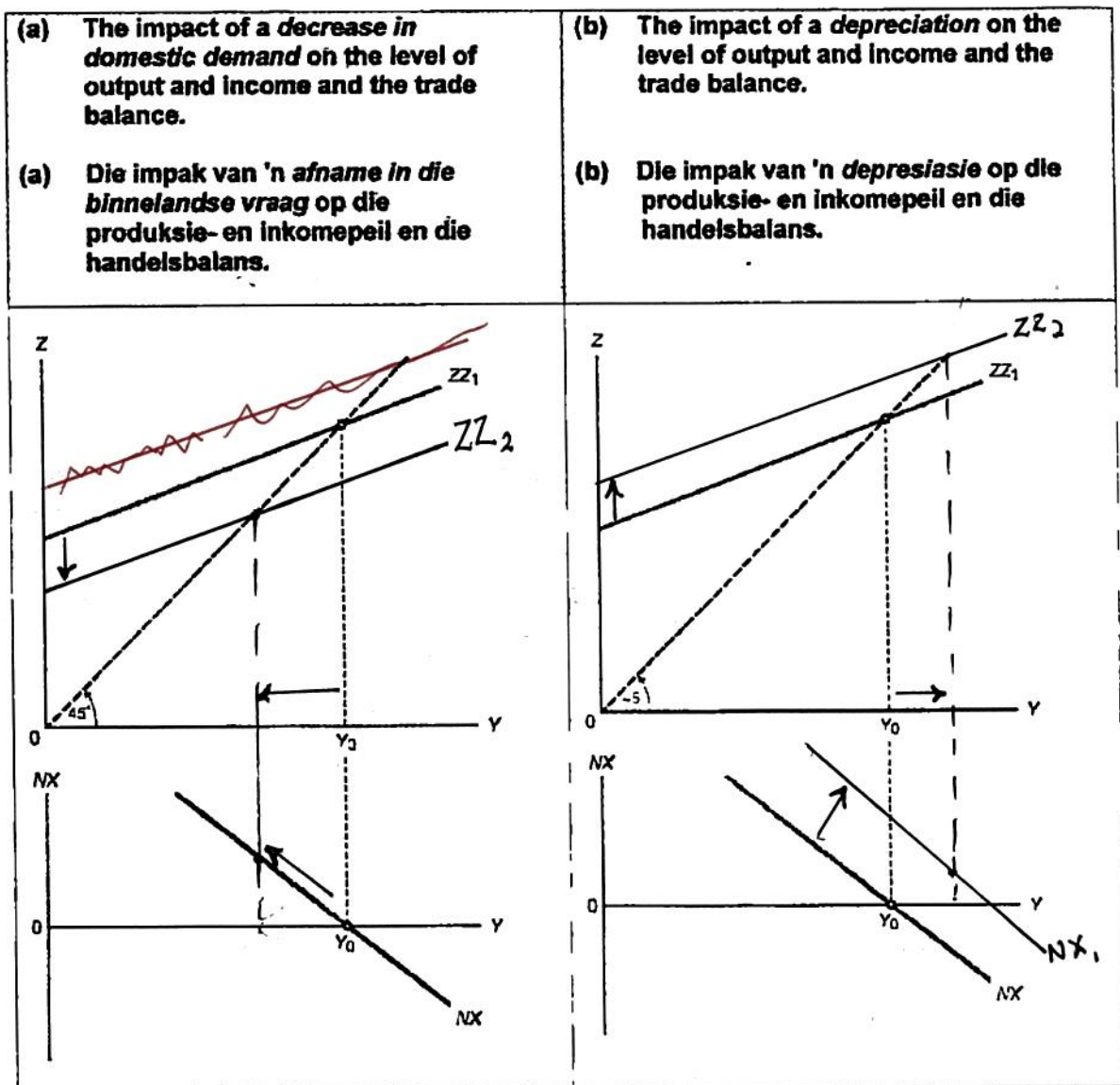
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QUESTION 3/VRAAG 3 (22 marks/22 punte)**Question 3.1/Vraag 3.1 (10 marks/10 punte)**

Use the following two diagrams to show (illustrate) and to explain the impact of (a) a **decrease in domestic demand** and (b) a **depreciation** on the level of output and income and trade balance. Compare the results

Gebruik die volgende twee diagramme om die impak van (a) 'n **afname in binnelandse vraag** en (b) 'n **depresiasië** op die produksie- en inkompeil en die handelsbalans aan te toon (te illustreer) en te verduidelik. Vergelyk die resultate



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Comparison/Vergelyking

- under both scenarios, the trade balance improves.
- decrease in domestic demand results in lower level of output and income, whilst a depreciation leads to an increase in the level of output and income.

Question 3.2/Vraag 3.2 (6 marks/6 punte)

- a Use the IS-LM model for an open economy to explain the possible impact of an increase in the money supply on the i) interest rate, ii) the level of output and income, iii) the exchange rate and iv) the trade balance. Only use chain of events to explain the impact.
- a Gebruik die IS-LM-model vir 'n oop ekonomie om die moontlike impak van 'n toename in die geldvoorraad op die i) rentekoers, ii) die produksie- en inkompeil, iii) die wisselkoers en iv) die handelsbalans sal uitoefen te verduidelik. Maak slegs gebruik van gebeurteniskettings om die impak te verduidelik.

Chain of events/Gebeurtenisketting

YOU CAN ANSWER IT THIS WAY:

Expansionary Monetary Policy.

Financial Market

$$M^s \uparrow \rightarrow \frac{M}{P} \uparrow \rightarrow i \downarrow$$

Goods Market

$$i \downarrow \rightarrow I \uparrow \rightarrow Z \uparrow \rightarrow Y \uparrow$$

Exchange Rate and trade balance.

$$i \downarrow \rightarrow \text{capital outflow} \rightarrow E \downarrow \rightarrow X \uparrow \rightarrow NX \uparrow$$

OR

Impact on: (i) interest rates

$$M^s \uparrow \rightarrow \frac{M}{P} \uparrow \rightarrow i \downarrow$$

(ii) Level of output and income.

$$i \downarrow \rightarrow I \uparrow \rightarrow Z \uparrow \rightarrow Y \uparrow$$

(iii) Exchange Rate.

$$i \downarrow \rightarrow \text{capital outflow} \rightarrow E \downarrow$$

(iv) Trade Balance.

$$E \downarrow \rightarrow X \uparrow \rightarrow NX \uparrow \quad \text{improve}$$

$$E \downarrow \rightarrow IM \downarrow \rightarrow NX \uparrow$$

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Question 3.3/Vraag 3.3 (6 marks/6 punte)

- a. Briefly explain why the interest parity relation is upward sloping (2)
- a. Verduidelik kortliks waarom die rentepariteitsverwantskap 'n opwaartse verloop het (2)

- the higher the interest rates (domestic); the higher the capital inflows, and the exchange rate appreciate.
- the lower the domestic interest rates, the more/higher the rate of capital outflows, and the exchange rate appreciate
- hence positively sloping.

- b Explain how fiscal and monetary policy can be used to bring about an appreciation of the domestic currency (exchange rate) (4)

- b Verduidelik hoe fiskale en monetêre beleid gebruik kan word om 'n appresiasie van die binnelandse geldeenheid (wisselkoers) te bewerkstellig (4)

- Expansionary fiscal policy, results in higher interest rates (due to high demand for transactionary demand for money), results in higher capital inflows and hence appreciation of the domestic currency.
- Contractionary monetary policy results also in higher interest rates that result in higher capital inflow, and hence appreciation of domestic currency.

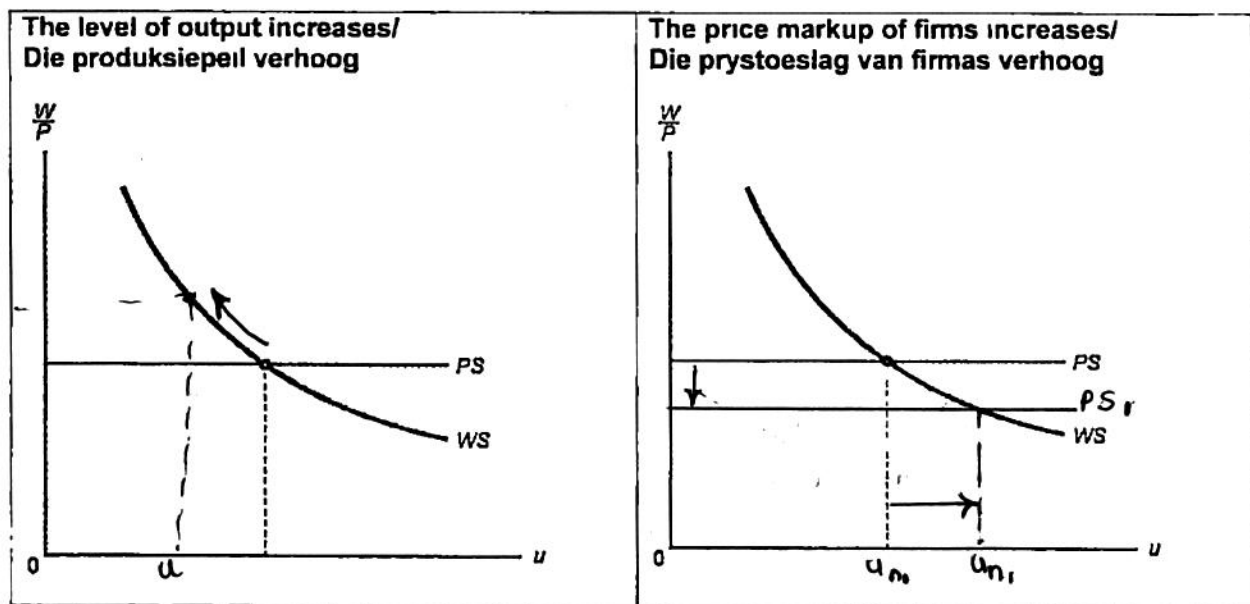
QUESTION 4/VRAAG 4 (10 marks/10 punte)**Question 4.1/Vraag 4.1 (2 marks/2 punte)**

Given that the economy is at the natural rate of unemployment, as indicated by the following diagrams, indicate on the diagrams what happens on the labour market if

- The level of output increases (1)
 The price mark-up of firms increases (1)

Gegewe dat die ekonomie by die natuurlike werkloosheidskoers is, soos aangedui deur die volgende diagramme, toon op die diagramme aan wat gebeur op die arbeidsmark indien

- Die produksiepeil verhoog (1)
 Die prystoeslag van firmas verhoog. (1)

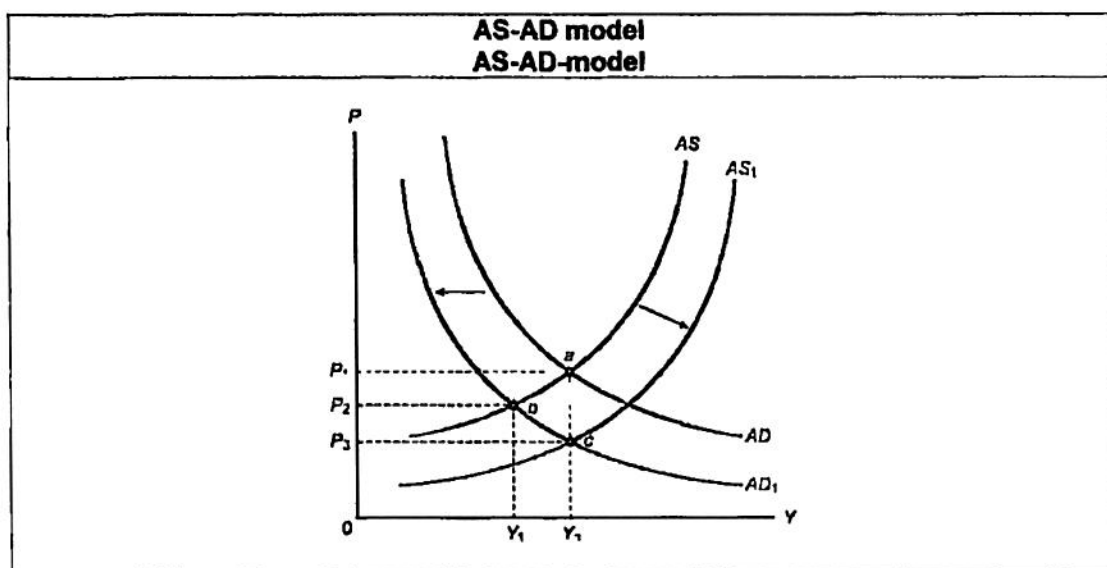


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Question 4.2/Vraag 4.2 (8 marks/8 punte)

Use the following AS-AD model to explain the impact of a contractionary fiscal policy on the expected price level, nominal wage, real money supply and investment spending in the **medium to long run** (from point b to point c).

Gebruik die volgende AS-AD-model om die impak van 'n beperkende fiskale beleid op die verwagte pryspeil, nominale loon, reele geldvoorraad en investeringsbesteding op die **medium tot langtermyn** te verduidelik (van punt b na punt c).



Variable/Veranderlike	Impact of a contractionary fiscal policy Impak van 'n beperkende fiskale beleid
Expected price level/ Verwagte pryspeil	• Decrease
Nominal wages/ Nominale lone	• Decrease

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Variable/Veranderlike	Impact of a contractionary fiscal policy Impak van 'n beperkende fiskale beleid
Real money supply/ Reële geldvoorraad	• Increase
Investment spending/ Investeringsbesteding	• Increase

CHAIN OF EVENTSMedium to Long RunLabour Market $P \downarrow \rightarrow W \downarrow \rightarrow P \downarrow$ Goods and Financial Market $P \downarrow \rightarrow \frac{M}{P} \uparrow \rightarrow i \downarrow \rightarrow I \uparrow \rightarrow Z \uparrow \rightarrow Y \uparrow$

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SECTION B: COMPULSORY (50 marks)

**THE ENGLISH VERSION OF THE MULTIPLE CHOICE QUESTIONS STARTS ON PAGE 17
THE AFRIKAANS VERSION OF THE MULTIPLE CHOICE QUESTIONS STARTS ON PAGE 25**

INSTRUCTIONS

In this section ALL questions must be answered on the **mark reading sheet** which is supplied
Carefully follow the instructions for the completion of a mark reading sheet.

- (i) Suppose a question reads as follows

An increase in the level of production

- 1 decreases the level of income in the economy
- 2 has no impact on the level of income in the economy
- 3 increases the level of income in the economy
- 4 causes firms to employ less factors of production

The correct answer is 3 You must therefore mark 3 on your mark reading sheet

- (ii) Only one of the alternatives per question – listed as 1, 2, etc – is correct You must therefore not mark more than one alternative per question
- (iii) For a correct answer you receive **2½ marks**. No marks are deducted for incorrect answers
- (iv) Section B consists of 20 questions and thus counts 50 marks out of the total of 100

Your mark reading sheet may get lost. You MUST therefore also write your answers to this section in page 24 of your examination answer book, for example 1(4); 2(3); 3(1); etc.

AFDELING B: VERPLIGTEND (50 punte)**DIE AFRIKAANSE MEERKEUSEVRAE BEGIN OP BLADSY 25.****INSTRUKSIES**

In hierdie afdeling moet AL die vrae op die merkleesblad wat voorsien is, beantwoord word. Volg die instruksies vir die voltooiing van 'n merkleesblad sorgvuldig.

- (i) Veronderstel 'n vraag lees soos volg

'n Styging in die produksiepeil

- 1 verminder die inkomepeil in die ekonomie
- 2 het geen invloed op die inkomepeil in die ekonomie
- 3 verhoog die inkomepeil in die ekonomie
- 4 veroorsaak dat firmas minder produksiefaktore in diens neem

Die korrekte antwoord is 3 U moet dus 3 op u merkleesblad merk

- (ii) Slegs een van die alternatiewe per vraag, gelys as 1, 2, ens is korrek U moet dus nie meer as een alternatief per vraag merk nie
- (iii) Vir 'n korrekte antwoord ontvang u **2½ punte** Geen punte word vir verkeerde antwoorde afgetrek nie
- (iv) Afdeling B bestaan uit 20 vrae en tel dus 50 punte uit die totaal van 100

U merkleesblad mag wegraak. U MOET dus ook u antwoorde op hierdie afdeling op bladsy 32 in u eksamenantwoordboek neerskryf, byvoorbeeld 1(4); 2(3); 3(1); ens.

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SECTION B: COMPULSORY (50 marks)

The unique number for ECS2602 is 489363

$$GDP = C + I + G + X - IM$$

demand for domestic goods

1 Expenditure on the gross domestic product is

- a spending on goods and services produced inside the borders of a country, including imports and excluding exports
- b spending on goods and services produced inside the borders of a country, excluding imports and including exports ✓
- c the same as the demand for domestic goods ✓
- d the same as the domestic demand for goods

- 1 a and c
- 2 a and d
- ③ b and c
- 4 b and d

2 If the marginal propensity to save increases in the goods market model

- a the equilibrium level of production and income will decrease ✓
- b investment spending will increase ✗
- c consumption spending will decline ✓

- 1 a, b and c
- 2 Only c
- ③ Only a and c
- 4 Only b
- 5 Only b and c

because $mpc \downarrow$ as $mps \uparrow$
 $mps \uparrow \rightarrow mpc \downarrow \rightarrow \text{induced} \downarrow \rightarrow C \downarrow \rightarrow Z \downarrow \rightarrow Y \downarrow$

3 Autonomous consumption

- a is an endogenous variable in the goods market model
- b depends positively on the level of disposable income
- c depicts the slope of the consumption function
- d ✓ is represented by the vertical intercept of the consumption function
- e ✓ is possibly financed by past savings, inheritances and credit

- 1 a, d and e
- ② Only d and e
- 3 a, b and d
- 4 c and e
- 5 c, d and e

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Questions 4 and 5 are based on the following information regarding a goods market model for a closed economy with a government sector

$$\begin{aligned} c &= 0.6 \\ C_0 &= 400 \\ \bar{I} &= 300 \\ G &= 300 \\ T &= 100 \\ Y_F &= 5\,350 \end{aligned}$$

$$\begin{aligned} Y_e &= \frac{1}{1-0.6} \times E_0 + J + G - CT \\ &= 2.5 \times (400 + 300 + 300 - 60) \\ &= 2.5 \times 940 \\ &= \underline{2350} \end{aligned}$$

4 The equilibrium level of output and income is equal to

- 1 5 640
- 2 2 500
- 3 3 840
- 4 5 400
- ⑤ 2 350

5 To reach the full employment level government spending must increase by

- ① 1 200
- 2 1 140
- 3 1 240
- 4 3 000
- 5 377,50

$$\begin{aligned} \Delta G &= Y_F - Y_e \\ &= \frac{5\,350 - 2\,350}{2.5} \\ &= \underline{1\,200} \end{aligned}$$

Question 6 is based on the following information

Marginal propensity to consume = 0.8 (4/5)
Multiplier = 5

6 Which of the following policy actions will increase the level of output and income by a R1 000?

- a An increase in government spending of R200
- b An increase in government spending of R1 000
- c A decrease in taxation of R200
- d A decrease in taxation of R250

$$\begin{aligned} (a) \quad 200 \times 5 &= 1000 \checkmark \\ (b) \quad 1000 \times 5 &= 5000 \times \\ (c) \quad 200 \times 5 \times -0.8 &= -800 \times \\ (d) \quad 250 \times 5 \times -0.8 &= -1000 \checkmark \end{aligned}$$

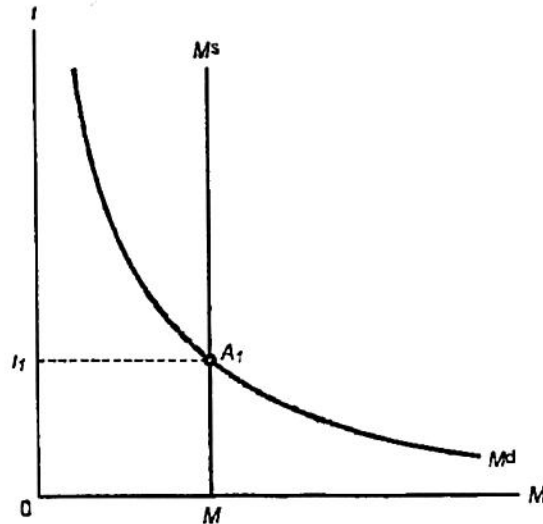
- 1 a and c
- ② a and d
- 3 b and c
- 4 b and d
- 5 Only a

FORMULAE

$$\begin{aligned} \alpha \times \Delta G &= \Delta Y \\ \alpha \times -mpc \times \Delta T &= \Delta Y \end{aligned}$$

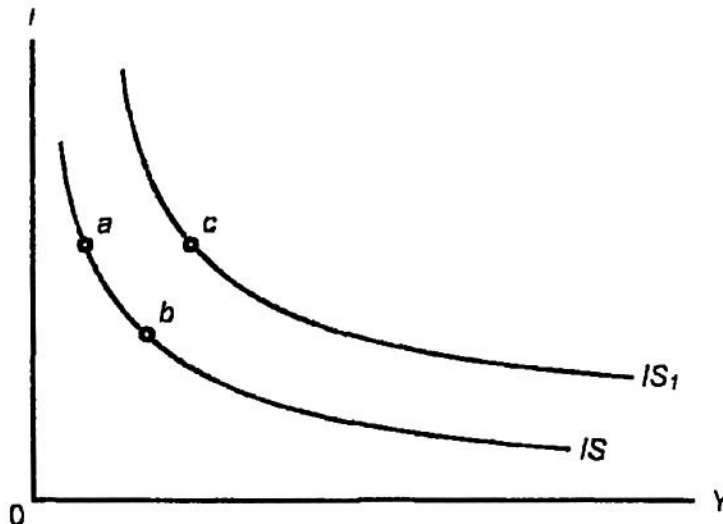
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Questions 7 and 8 are based on the following diagram



7. If the central bank wishes to decrease the interest rate in the economy it
- 1 sells bonds on the open market and the M^s curve shifts to the left
 - 2 buys bonds on the open market and the M^s curve shifts to the left
 - 3 sells bonds on the open market and the M^s curve shifts to the right
 - ④ buys bonds on the open market and the M^s curve shifts to the right
8. A decrease in the level of income (Y) will
- 1 shift the M^d curve upwards (to the right) and an excess supply of money exists at the interest rate i_1
 - 2 shift the M^d curve upwards (to the right) and an excess demand for money exists at the interest rate i_1
 - 3 shift the M^d curve downwards (to the left) and an excess demand for money exists at the interest rate i_1 .
 - ④ shift the M^d curve downwards (to the left) and an excess supply for money exists at the interest rate i_1
9. The impact on the equilibrium interest rate of an increase in income with simultaneous expansionary open market operations by the central bank is
- $y \uparrow \rightarrow m^d \uparrow \rightarrow i \uparrow$ $m^s \uparrow \rightarrow \frac{m}{p} \uparrow \rightarrow i \downarrow$ *uncertain*
- ① indeterminate (the equilibrium interest rate can be higher, lower or the same)
 - 2 a lower equilibrium interest rate
 - 3 a higher equilibrium interest rate

Question 10 is based on the following diagram



10 Which of the following statements are correct?

- a Goods market equilibrium exists only at points a and b and not at point c ✗
- b. At point c the level of autonomous spending is the same as at point a ✗
- c At point a the demand for goods is lower than at point b ✓
- d The IS curve may shift from IS to IS₁ because of an increase in consumer confidence ✓

- 1 a, c and d
- 2 b and d
- 3 b and c
- 4 a and b
- 5. Only c and d

11 An appreciation of the nominal rand/dollar exchange rate between RSA and the USA implies that

- 1. more rands must be paid for a dollar, leading to higher imports and possibly a trade deficit.
- 2 more rands must be paid for a dollar, leading to lower exports and possibly a trade surplus.
- 3 fewer rands must be paid for a dollar, leading to lower exports and possibly a trade deficit.
- 4 fewer rands must be paid for a dollar, leading to lower imports and possibly a trade surplus

12 An expected depreciation of the nominal rand/dollar exchange rate will, *ceteris paribus*, cause financial market participants to .

- 1 buy South African financial assets and sell American financial assets
- 2 sell South African financial assets and buy American financial assets
- 3 buy both South African financial assets and American financial assets
- 4 sell both South African financial assets and American financial assets

[TURN OVER]
[BLAAI OM]

13 In an IS-LM model for an open economy a decrease in government spending causes

1. A capital inflow, an appreciation of the exchange rate and a deterioration of the trade balance
2. A capital inflow, a depreciation of the exchange rate and an improvement of the trade balance
- ③ 3. A capital outflow, a depreciation of the exchange rate and an improvement of the trade balance
4. A capital outflow, a depreciation of the exchange rate and a deterioration of the trade balance

$G \downarrow \rightarrow Z \downarrow \rightarrow Y \downarrow \rightarrow M \downarrow \rightarrow i \downarrow \rightarrow \text{capital outflow} \rightarrow \epsilon \downarrow \rightarrow X \uparrow \rightarrow NX \uparrow$
(improve)

14. In the determination of nominal wages (W) in the labour market

- 1 a change in institutional factors will have no influence on nominal wage demands
- 2 a decrease in the expected price level, will increase nominal wage demands
- 3 better unemployment benefits will decrease nominal wage demands
- ④ 4 a higher unemployment rate, will decrease nominal wage demands

$$W = P^e F(u, Z)$$

+ - +

15 According to the price-setting relation a(n)

$$P = W(1 + m)$$

+ +

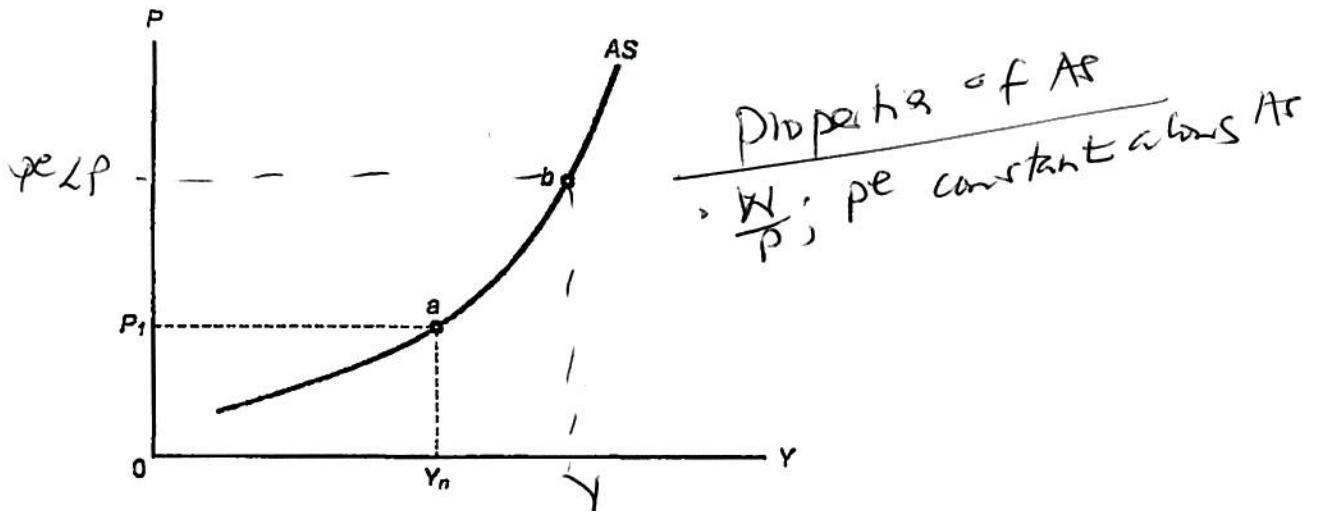
1. decrease in the unemployment rate, will increase nominal wage demands
2. increase in the unemployment rate, will decrease nominal wage demands
- ③ 3. decrease in the markup of firms, given the nominal wage, will decrease the price per unit output.
4. decrease in the nominal wage, given the markup of firms, will increase the price per unit output.

16 Which of the following factors will cause an increase in the natural rate of unemployment?

- a A decrease in the demand for goods *not along*
- b An increase in the price mark-up of firms over labour costs
- c An increase in unemployment benefits ✓
- d An increase in the actual unemployment rate *not along*

- 1 a, b and c
- 2 b, c and d
- 3 Only a and c
- ④ 4 Only b and c
- 5 Only c and d

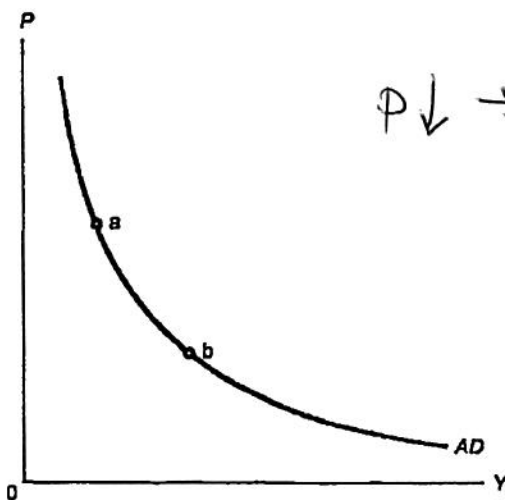
Question 17 is based on the following aggregate supply curve



17 At point b compared to point a, the

1. expected price level is higher
2. real wage is higher
3. level of unemployment is higher
4. nominal wage is higher
5. actual price level is lower

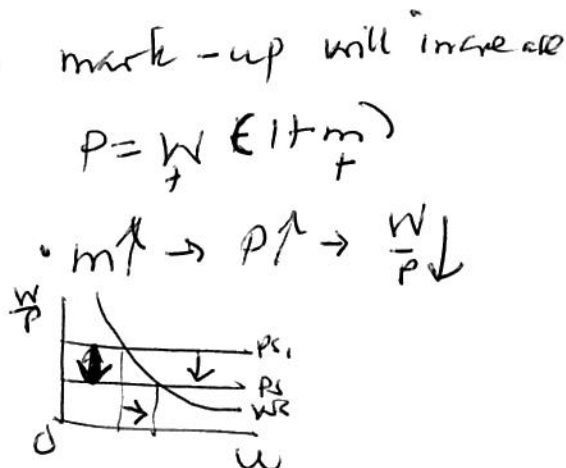
18 Given the following AD curve at point b compared to point a



$$P \downarrow \rightarrow \frac{M}{P} \uparrow \rightarrow i \downarrow \rightarrow I \uparrow \rightarrow Z \uparrow \rightarrow Y \uparrow$$

[TURN OVER]
[BLAAI OM]

- 1 The real money supply is higher, the interest rate is higher and the level of investment spending is lower
- 2 The real money supply is higher, the interest rate is lower and the level of investment spending is higher
- 3 The real money supply is lower, the interest rate is higher and the level of investment spending is lower
- 4 The nominal money supply is higher, the interest rate is lower and the level of investment spending is higher
- 5 The nominal money supply is lower, the interest rate is higher and the level of investment spending is lower
- 19 Assume the economy is initially operating at the natural level of output (Y_N) in an AS-AD model. Now suppose an increase in government spending takes place. This increase in government spending will, in the short run, cause an increase in the
- a interest rate ✓ $G \uparrow \rightarrow Z \uparrow \rightarrow Y \uparrow$ (Goods Mkt)
- b price level ✓ $Y \uparrow \rightarrow M^d \uparrow \rightarrow i \uparrow$ (Fin. Mkt)
- c nominal wage ✓ $\Phi \uparrow \rightarrow N \uparrow \rightarrow u \downarrow \rightarrow W \uparrow \rightarrow P \uparrow$ (Labour Mkt)
- d nominal money supply ×
- e real money supply ×
- 1 a, d and e
- 2 a, b and c
- 3 c, d and e
- 4 b, c and d
- 5 Only b and c
- 20 Which of the following statements are correct?
- An increase in the price of oil (a supply shock) will . mark-up will increase
- a shift the PS curve upwards ✓
- b lead to a lower real wage ✓
- c lead to higher natural rate of unemployment. ✓
- d shift the AS curve to the right ×
- e lead to a lower natural level of output ✓
- 1 a, b, c and e
- 2 b, c, d and e
- 3 Only b and c
- 4 Only a, c and e
- 5 Only b, c and e



The following two questions are for information purposes and does not count any marks We will appreciate it if you answer the questions

21 Did you make use of the CDROM for this module?

- 1 I did not receive it
- 2 I was not able to use it.
- 3 I did not use it at all
4. I did not use it much
5. I used it extensively

22 Did you make use of the video clips on *myUnisa* for this module?

1. I was not able to access it.
- 2 I did not use it at all
3. I did not use it much
- 4 I used it extensively

Your mark-reading sheet can get lost and you must therefore also write down your answers for Section B in the space provided below.		
1	9	17
2	10	18
3	11	19
4	12	20
5	13	21
6	14	22
7	15	
8	16	

[TURN OVER]
[BLAAI OM]