

**ECS2602**

( 481524)

October/November 2017

Oktober/November 2017

**MACROECONOMICS  
MAKROEKONOMIE**

 Duration : 2 Hours  
 Tydsduur : 2 Uur

 100 Marks  
 100 Punte
**EXAMINERS / EKSAMINATORE :**

FIRST / EERSTE : MRS/MEV MD UYS

SECOND / TWEEDE : MRS/MEV S KENNEDY-PALMER

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 39 pages, instructions for the completion of a mark reading sheet and a special front page.

Hierdie vraestel bestaan uit 39 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 481524****Die unieke nommer vir ECS2602 is 481524**
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The following abbreviations may appear in this examination paper:

Die volgende afkortings mag in hierdie eksamen vraestel voorkom:

**ENGLISH**

|                |   |                                    |
|----------------|---|------------------------------------|
| c              | – | marginal propensity to consume     |
| C              | – | consumption spending               |
| D <sub>B</sub> | – | demand for bonds                   |
| E              | – | nominal exchange rate              |
| E <sup>e</sup> | – | expected nominal exchange rate     |
| ε              | – | real exchange rate                 |
| G              | – | government spending                |
| I              | – | investment spending                |
| i*             | – | foreign interest rate              |
| M <sup>d</sup> | – | demand for money                   |
| M <sup>s</sup> | – | supply of money                    |
| M/P            | – | real money supply                  |
| NX             | – | trade balance                      |
| P              | – | price level                        |
| P <sub>B</sub> | – | price of bonds                     |
| S <sub>B</sub> | – | supply of bonds                    |
| W              | – | nominal wage                       |
| W/P            | – | real wage                          |
| X              | – | exports                            |
| Y              | – | output and income level            |
| Y*             | – | foreign output and income level    |
| Y <sub>N</sub> | – | natural level of output and income |
| Z              | – | total demand                       |
| ZZ             | – | demand for domestic goods          |

**AFRIKAANS**

|                |   |                                     |
|----------------|---|-------------------------------------|
| c              | – | grensverbruiksgeneigdheid           |
| C              | – | verbruiksbesteding                  |
| D <sub>B</sub> | – | vraag na effekte                    |
| E              | – | nominale wisselkoers                |
| E <sup>e</sup> | – | verwagte nominale wisselkoers       |
| ε              | – | reële wisselkoers                   |
| G              | – | owerheidsbesteding                  |
| I              | – | investeringsbesteding               |
| i*             | – | buitelandse rentekoers              |
| M <sup>d</sup> | – | vraag na geld                       |
| M <sup>s</sup> | – | aanbod van geld (geldvoorraad)      |
| M/P            | – | reële geldvoorraad                  |
| NX             | – | handelsbalans                       |
| P              | – | pryspeil                            |
| P <sub>B</sub> | – | prys van effekte                    |
| S <sub>B</sub> | – | aanbod van effekte                  |
| W              | – | nominale loon                       |
| W/P            | – | reële loon                          |
| X              | – | uitvoer                             |
| Y              | – | produksie- en inkompeil             |
| Y*             | – | buitelandse produksie- en inkompeil |
| Y <sub>N</sub> | – | natuurlike produksie- en inkompeil  |
| Z              | – | totale vraag                        |
| ZZ             | – | vraag na binnelandse goedere        |

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** (25 x 2 = 50 marks)  
**AFDELING A: VERPLIGTEND** (25 x 2 = 50 punte)

**INSTRUCTION: ANSWER ALL THE QUESTIONS**  
**INSTRUKSIE: BEANTWOORD AL DIE VRAE**

**QUESTION 1/VRAAG 1 (5 marks/5 punte)**

a. Calculate the equilibrium level of output and income if  $c = 0.5$ ,  $c_0 = 300$ ,  $\bar{I} = 400$ ,  $G = 300$  and  $T = 100$  in the goods market model. Show the formula and all calculations. (1)

a. Bereken die ewewigsproduksie- en -inkomepeil indien  $c = 0.5$ ,  $c_0 = 300$ ,  $\bar{I} = 400$ ,  $G = 300$  en  $T = 100$  in die goederemarkmodel. Toon die formule en al die berekeninge. (1)

Formula and calculations:

Formule en berekeninge:

b. Calculate what will happen to the equilibrium level of output and income (in question a above) if a contractionary fiscal policy is introduced where government spending decreases to 200 and taxes increase to 150. (1)

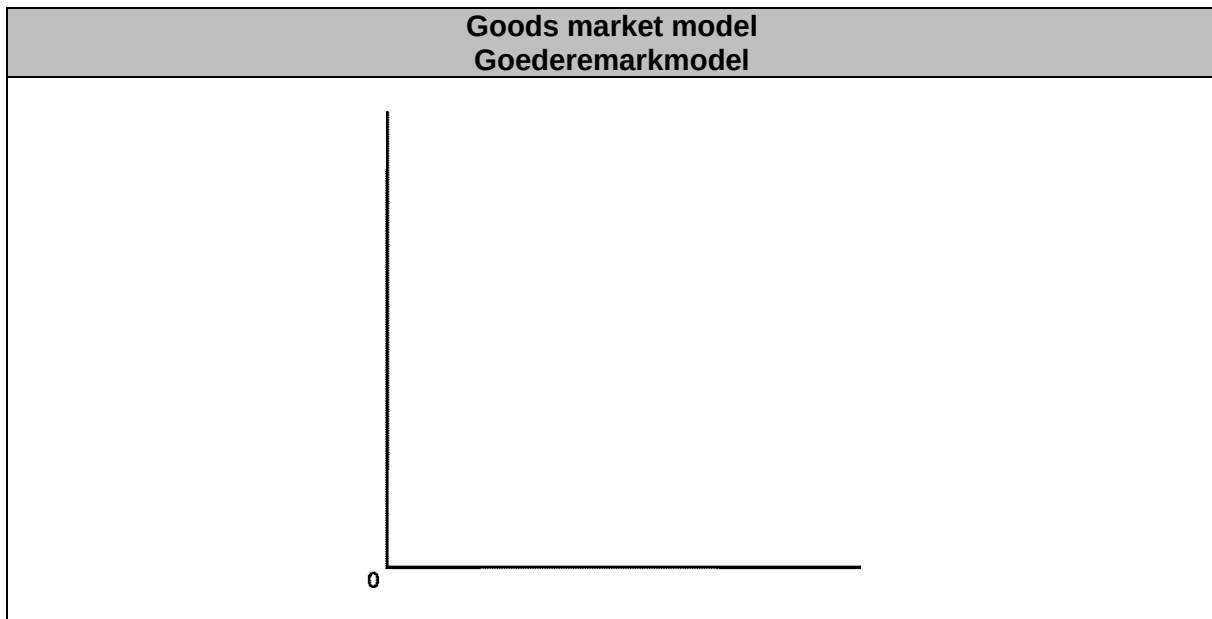
b. Bereken wat met die ewewigsproduksie- en -inkomepeil (in vraag a hierbo) sal gebeur indien 'n beperkende fiskale beleid toegepas word waar owerheidsbesteding afneem na 200 en belasting toeneem na 150. (1)

Calculations:

Berekeninge:

**[TURN OVER]**  
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- c. Use the data in questions a and b above to illustrate with the aid of a diagram the impact of the contractionary fiscal policy on the equilibrium level of output and income in the goods market. (1½)
- c. Gebruik die data in vrae a en b hierbo om met behulp van 'n diagram te illustreer wat die impak van 'n beperkende fiskale beleid op die ewewigsproduksie- en -inkomepeil in die goederemark is. (1½)



- d. Explain briefly the impact on the budget deficit after the implementation of contractionary fiscal policy? Show the formula and all calculations “before” and “after” the implementation of contractionary fiscal policy. (1½)
- d. Verduidelik kortliks die impak op die begrotingstekort na die implementering van die beperkende fiskale beleid? Toon die formule en alle berekening “voor” en “na” die implementering van beperkende fiskale beleid. (1½)

Formula/Calculations/Explanation:

Formule/Berekeninge/Verduideliking:

[TURN OVER]  
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**QUESTION 2/VRAAG 2 (3 marks/3 punte)**

Explain in words and by using a chain of events how the central bank can use expansionary monetary policy in the financial market to reduce the interest rate in the economy. Explain what will happen in the financial market and the bonds market. No diagram is needed. (3)

Verduidelik in woorde en behulp van 'n gebeurtenisketting hoe die sentrale bank ekspansionistiese monetêre beleid kan gebruik om die rentekoers in die ekonomie te verlaag. Verduidelik wat in die finansiële mark en effektemark sal gebeur. Geen diagram word benodig. (3)

Explanation/Chain of events:

Verduideliking/Gebeurtenisketting:

**QUESTION 3 / VRAAG 3 (4 marks/4 punte)**

Explain in words and by using chain of events the impact of a depreciation of the real exchange rate by referring to the Marshall-Lerner condition and the effect it has on net exports and the trade balance. No diagram is needed. (4)

Verduidelik in woorde en deur gebruik te maak van gebeurteniskettings die impak van 'n depresiasie van die reële wisselkoers deur te verwys na die Marshall-Lernervoorwaarde en die impak wat dit op netto uitvoer en die handelsbalans het. Geen diagram word benodig nie. (4)

Explanation/Chain of events:

Verduideliking/Gebeurteniskettings:

**QUESTION 4 / VRAAG 4 (5 marks/5 punte)**

Comparing the impact of an expansionary fiscal policy with that of an expansionary monetary policy in an **IS-LM model for an open economy** the following results are obtained: (5)

Deur die impak van 'n ekspanisionistiese fiskale beleid met dié van 'n ekspanisionistiese monetêre beleid in 'n **IS-LM-model vir 'n oop ekonomie** te vergelyk, word die onderstaande resultate verkry: (5)

| <b>Expansionary fiscal policy<br/>Ekspanisionistiese fiskale beleid</b>                                                                           | <b>Expansionary monetary policy<br/>Ekspanisionistiese monetêre beleid</b>                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Level of output and income increases<br>1. Produksie- en inkomepeil styg                                                                       | 1. Level of output and income increases<br>1. Produksie- en inkomepeil styg                                                                         |
| 2. Interest rate increases<br>2. Rentekoers styg                                                                                                  | 2. Interest rate decreases<br>2. Rentekoers daal                                                                                                    |
| 3. Capital inflow on the financial account of the balance of payments<br>3. 'n Kapitaalinvloei op die finansiële rekening van die betalingsbalans | 3. Capital outflow on the financial account of the balance of payments<br>3. 'n Kapitaaluitvloei op die finansiële rekening van die betalingsbalans |
| 4. Exchange rate appreciates<br>4. Wisselkoers appresieer                                                                                         | 4. Exchange rate depreciates<br>4. Wisselkoers depresieer                                                                                           |
| 5. Trade deficit increases<br>5. Handelstekort styg                                                                                               | 5. Trade deficit decreases<br>5. Handelstekort daal                                                                                                 |

Explain why each of the five variables will increase or decrease as indicated in the above table. You must explain the reason for the change in all five variables for both fiscal and monetary policy:

Verduidelik hoekom elk van die vyf veranderlikes sal toeneem of afneem soos aangedui in die bostaande tabel. U moet die rede verduidelik vir die verandering in al vyf veranderlikes vir beide die fiskale en monetêre beleid:

Explanation:

Verduideliking:

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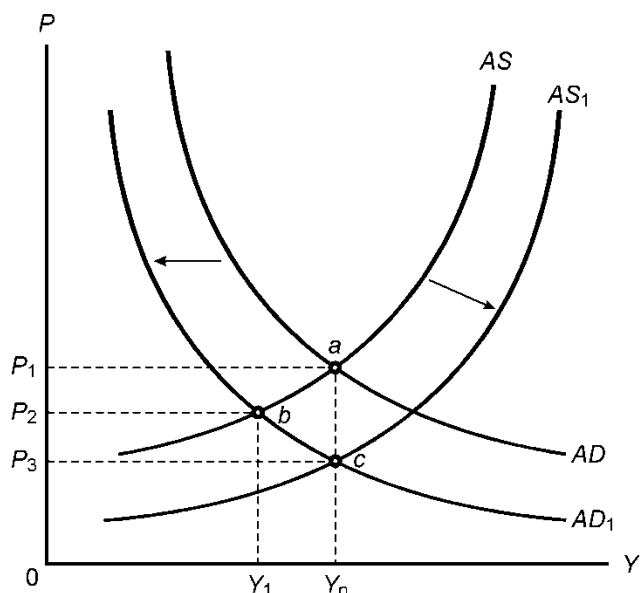
Explanation:  
Verduideliking:

[illegible]

**QUESTION 6 / VRAAG 6 (5 marks/5 punte)**

Use the following AS-AD model to answer the question below:

Maak gebruik van die onderstaande AS-AD-model om die onderstaande vraag te beantwoord:



Assume that the shift from  $AD$  to  $AD_1$  is a result of a **contractionary monetary policy** in the AS-AD model. Use an events chain and/or words to explain what the impact on the level of output and income in the short and medium run is by referring to the events in the financial, goods and labour markets. (5)

Neem aan dat die verskuiwing van  $AD$  na  $AD_1$  die gevolg is van 'n **beperkende monetêre beleid** in die AS-AD-model. Gebruik gebeurteniskettings en/of woorde om die impak daarvan op die produksie- en inkompeil in die kort- en medium termyn te verduidelik deur te verwys na die gebeure in die finansiële, goedere- en arbeidsmark. (5)

Explanation:

Verduideliking:

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[TURN OVER]  
[BLAAI OM]



[illegible]

$$125 \times 2 = 150$$

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**SECTION B: COMPULSORY (50 marks)**

**THE ENGLISH VERSION OF THE MULTIPLE CHOICE QUESTIONS STARTS ON PAGE 16**  
**THE AFRIKAANS VERSION OF THE MULTIPLE CHOICE QUESTIONS STARTS ON PAGE 28**

**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 **2 marks**. No marks are deducted for incorrect answers.
- (iv) Section B consists of 25 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 27 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 28.****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 **2 punte**. Geen punte word vir verkeerde antwoorde afgetrek nie.
- (iv) Afdeling B bestaan uit 25 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 39 in u eksamenantwoordboek neerskryf, byvoorbeeld 1(4); 2(3); 3(1); ens.**

**SECTION B: COMPULSORY (25 X 2 = 50 marks)**

**The unique number for ECS2602 is 481524**

Question 1 is based on the following information:

|                     |   |     |
|---------------------|---|-----|
| Government spending | = | 160 |
| Taxes               | = | 100 |
| Exports             | = | 160 |
| Imports             | = | 100 |
| Capital inflows     | = | 130 |
| Capital outflows    | = | 200 |

1. Which of the following statements are correct?
  - a. A trade surplus of 60 occurs.
  - b. A budget deficit of 60 occurs.
  - c. The financial account surplus is equal to 70.
  - d. Government spending and taxes form part of the “Current account” of the balance of payments.
  - e. Capital inflows and outflows forms part of “The change in net gold and other foreign reserves” of the balance of payments.
  1. a, b and d
  2. b, c and e
  3. a, b and e
  4. b, d and e
  5. Only a and b
  
2. In our goods market model an increase in the demand for goods implies ...
  - a. an increase in output.
  - b. an increase in income.
  - c. an increase in the level of employment.
  - d. a decrease in unemployment.
  - e. a decrease in savings.
  1. a, b, c and d
  2. a, b, c and e
  3. a, b, d and e
  4. a, c, d and e
  5. Only a, b and d



3. In the goods market autonomous consumption will \_\_\_\_\_ while induced consumption is influenced by \_\_\_\_\_.
1. decrease if income decreases                      the level of disposable income
  2. increase if income increases                      non-income determinants of consumer spending
  3. remain unchanged                                      the level of disposable income
4. In the goods market an increase in the marginal propensity to consume will cause a(n) ...
1. upward shift of the demand for goods curve.
  2. downward shift of the demand for goods curve.
  3. flatter slope of the demand for goods curve.
  4. steeper slope of the demand for goods curve.
  5. higher vertical intercept of the demand for goods curve.
5. Assume that the marginal propensity to consume is equal to 0.8, which of the following policy actions will increase the level of output and income by R1 000 in the goods market?
- a. An increase in government spending of R200.
  - b. A decrease in taxation of R200.
  - c. A decrease in taxation of R250.
  - d. A decrease in government spending of R1 000.
1. a and b
  2. a and c
  3. Only d
  4. Only b
  5. b and d
6. Which of the following statements are correct referring to the balanced budget?
- a. A balanced budget is one where the change in government spending alone will lead to a change in the level of output and income.
  - b. Assume that  $c = 0.6$ . The government increases its spending by 300 and taxes increase also by 300, then the increase in the level of output and income will be 750 due to the increase in government spending and the decrease in the level of output and income will be 450 due to the increase in taxes. The net effect is an increase of 300 in the level of output and income.
  - c. The net effect of a balanced budget, in other words where  $\uparrow G = \uparrow T$  will be expansionary.
  - d. The balanced budget multiplier is equal to one; that is for every 1 unit increase in government spending which is matched by a simultaneous 1 unit increase in taxes, output and income increase by 1 unit.
1. a, b, c and d
  2. Only b, c and d
  3. Only a and c
  4. Only a, c and d
  5. Only c and d

7. Which of the following statements are correct regarding the financial market?
- a. The purpose of this financial market model is to give us an explanation of how the interest rate is determined.
  - b. The total demand for money is an endogenous variable in the financial market model.
  - c. Since the nominal money supply is not influenced by the interest rate in our model, but is determined by the central bank it can be regarded as an exogenous variable.
  - d. An increase in the interest rate shifts the money demand curve to the right.
- 1. a, b and c
  - 2. b, c and d
  - 3. a, c and d
  - 4. Only a and c
  - 5. Only b and c
8. As the level of income increases, the transactions demand for money will:
- 1. Decrease and bonds will be sold.
  - 2. Increase and bonds will be bought.
  - 3. Increase and bonds will be sold.
  - 4. Stay unchanged.
9. If the financial market is in a liquidity trap ...
- a. financial money market participants will buy bonds if the money supply is increased.
  - b. financial money market participants will keep money if the money supply is increased.
  - c. monetary policy is ineffective in bringing about a decrease in the interest rate.
  - d. an increases in the money supply has no impact on the interest rate.
- 1. a, c and d
  - 2. b, c and d
  - 3. Only a and d
  - 4. Only b and d
  - 5. Only b and c

10. Which of the following statements are correct?

- a. The main instrument of fiscal policy is the budget, while the main policy variables (or instruments) are government spending and taxation.
- b. The result of the implementation of expansionary fiscal policy is that the budget deficit increases.
- c. An expansionary monetary policy entails an increase in the money supply to bring about a decrease in the interest rate in order to increase the demand for goods in the economy.
- d. A contractionary monetary policy entails a decrease in the money supply and in the IS-LM model the LM curve will shift upwards.

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

11. Which of the following statements are correct?

In the IS-LM model:

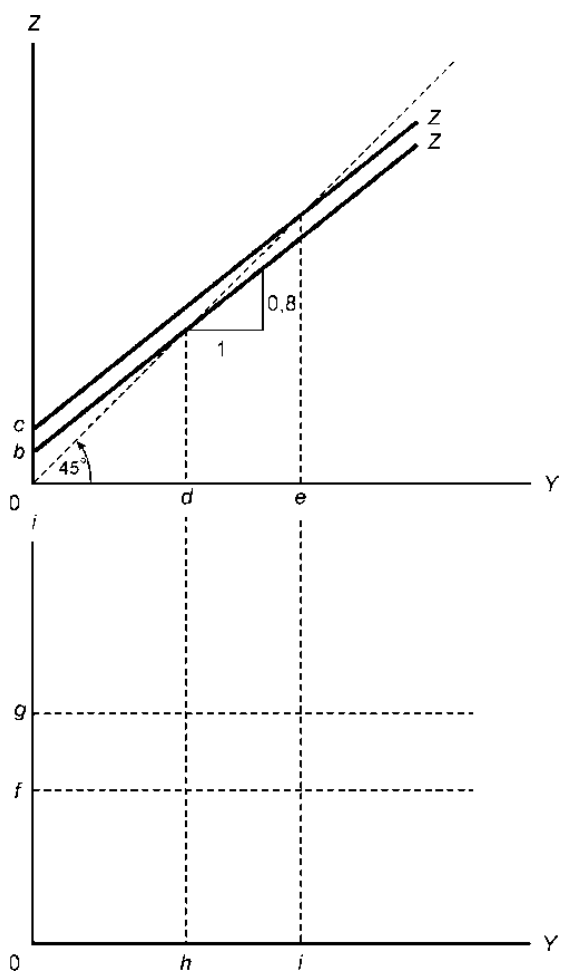
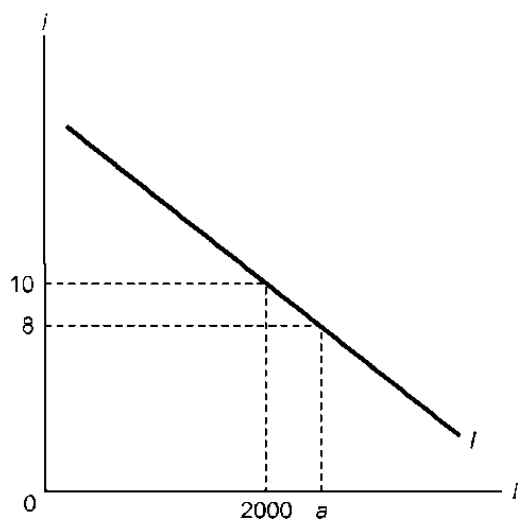
- a. Investment takes place when firms increase their spending on capital goods.
- b. Investment is influenced by exogenous factors such as expectations, business confidence and regulations.
- c. An increase in investor confidence shifts the IS curve to the right.
- d. Investment is negatively related to the interest rate and positively related to the level of output and income.

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

Questions 12 and 13 deals with the derivation of the IS curve and are based on the following information and diagrams:

The autonomous spending at an interest rate of 10% is 3 000.

A decrease in the interest rate from 10% to 8% increases investment spending by 1 000.



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12. Which of the following statements are correct?

- a. The value for a is 3 000.
- b. The value for a is 1 000.
- c. The values for b and c are:  $b = 2\,000$  and  $c = 3\,000$ .
- d. The values for b and c are:  $b = 3\,000$  and  $c = 4\,000$ .

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

13. Which of the following statements are correct?

- a. The values for d and e are:  $d = 15\,000$  and  $e = 20\,000$ .
- b. The values for d and e are:  $d = 10\,000$  and  $e = 15\,000$ .
- c. The values for f and g are:  $f = 10\%$  and  $g = 8\%$ .
- d. The values for f and g are  $f = 8\%$  and  $g = 10\%$ .
- e. The values for h and i are the same as the values for d and e.

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

14. Which of the following statements is/are correct regarding the IS curve and the LM curve?

- a. An increase in autonomous investment spending will shift the IS curve to the right.
- b. An increase in the interest rate will shift the LM curve upwards.
- c. An increase in the taxes will shift the IS curve to the right.
- d. An increase in the expected price level will shift the LM curve downwards.

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

15. In the IS-LM model which of the following policy actions will bring about an increase in the level of output and income and an increase in the interest rate?

- 1. An increase in the money supply.
- 2. A decrease in the money supply.
- 3. An expansionary monetary policy.
- 4. An increase in the budget deficit.
- 5. A contractionary fiscal policy.

16. Which one of the following statements is correct?

Given the following information:

Interest rate on RSA bonds: 7%

Interest rate on USA bonds: 10%

It is more profitable for financial market participants to buy RSA bonds if ...

1. it is expected that the R/\$ exchange rate remain unchanged.
2. the expected appreciation of the rand is 4% in a year's time.
3. the expected appreciation of the rand is 2% in a year's time.
4. the expected depreciation of the rand is 3% in a year's time.

17. Comparing a **contractionary fiscal policy** with an **expansionary monetary policy** in the IS-LM model the results is best described by the following:

| 1.                   | Fiscal policy | Monetary policy |
|----------------------|---------------|-----------------|
| The demand for goods | Lower         | Higher          |
| The level of output  | Lower         | Higher          |
| The interest rate    | Higher        | Lower           |
| Investment spending  | Lower         | Higher          |
| Budget deficit       | Lower         | Unchanged       |

| 2.                   | Fiscal policy | Monetary policy |
|----------------------|---------------|-----------------|
| The demand for goods | Lower         | Higher          |
| The level of output  | Lower         | Higher          |
| The interest rate    | Lower         | Lower           |
| Investment spending  | Higher        | Higher          |
| Budget deficit       | Unchanged     | Unchanged       |

| 3.                   | Fiscal policy | Monetary policy |
|----------------------|---------------|-----------------|
| The demand for goods | Lower         | Higher          |
| The level of output  | Lower         | Higher          |
| The interest rate    | Lower         | Lower           |
| Investment spending  | Indeterminate | Higher          |
| Budget deficit       | Lower         | Unchanged       |

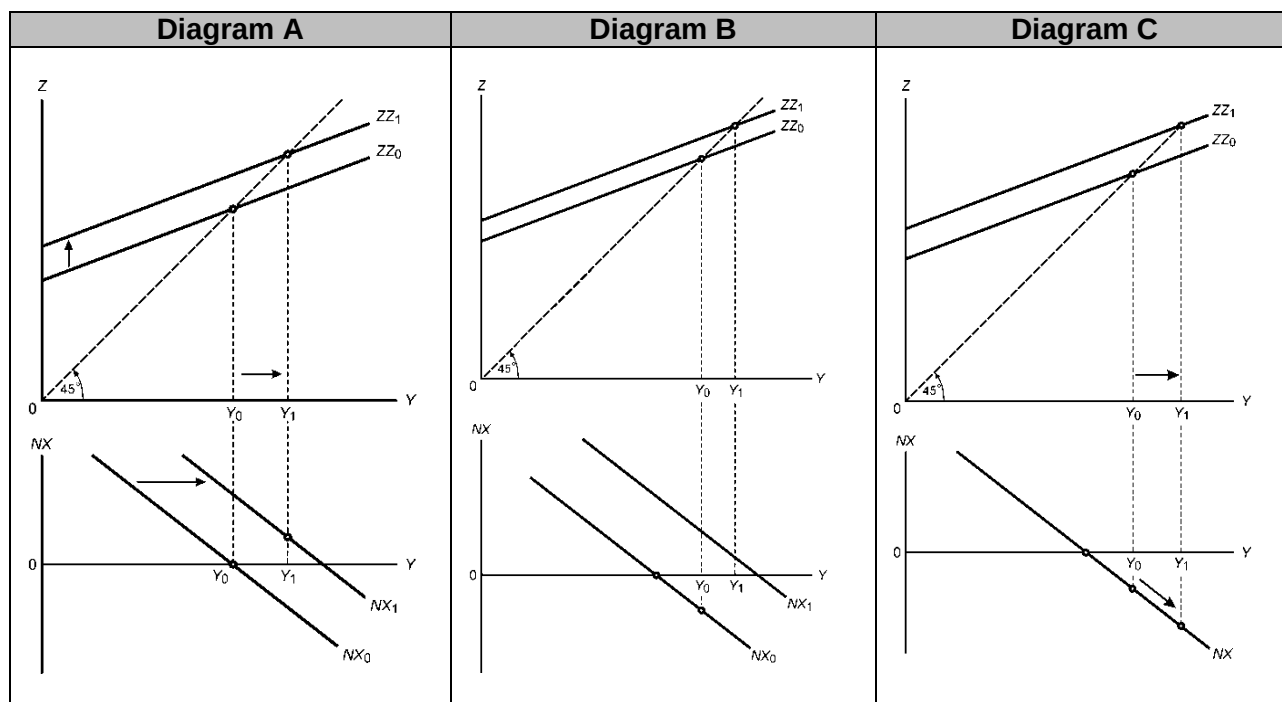
| 4.                   | Fiscal policy | Monetary policy |
|----------------------|---------------|-----------------|
| The demand for goods | Higher        | Lower           |
| The level of output  | Higher        | Lower           |
| The interest rate    | Higher        | Higher          |
| Investment spending  | Indeterminate | Lower           |
| Budget deficit       | Higher        | Unchanged       |

18. Which of the following statements is/are correct?

- An appreciation of the nominal exchange rate results in an increase in exports and the trade balance improves. The increase in exports increases the demand for goods and the level of output and income.
- A depreciation of the nominal exchange rate results in an increase in exports and the trade balance improves. The increase in exports increases the demand for goods and the level of output and income.
- According to the interest-parity condition a lower domestic interest rate leads to a depreciation of the nominal exchange rate and an improvement of the trade balance.
- According to the interest-parity condition a depreciation of the nominal exchange rate leads to a lower interest rate and an improvement of the trade balance.

- b and c
- a and c
- a and d
- b and d
- Only b

Study the following three diagrams and answer question 19.

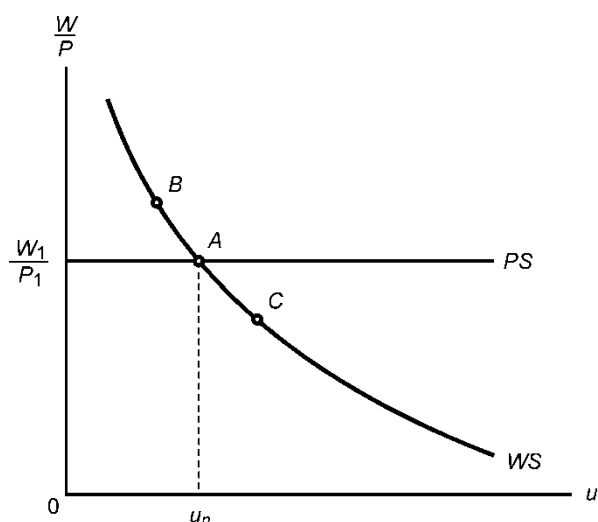


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19. Which of the following statements is/are correct?
- a. Diagram A represents a depreciation of the nominal exchange rate while Diagram C represents an increase in government spending.
  - b. Diagram B represents an increase in exports which leads to an increase the equilibrium level of output and income.
  - c. Diagram C represents the following chain of events:  $G \uparrow \rightarrow Z \uparrow \rightarrow Y \uparrow \rightarrow IM \uparrow \rightarrow NX \downarrow$ .
- 1. a, b and c
  - 2. Only a and b
  - 3. Only a and c
  - 4. Only b and c
  - 5. Only a
20. In the determination of nominal wages (W) in our labour market model a ...
- 1. change in institutional factors will have no influence on nominal wage demands.
  - 2. decrease in the expected price level, will increase nominal wage demands.
  - 3. higher unemployment rate, will increase nominal wage demands.
  - 4. higher unemployment rate, will decrease nominal wage demands.
21. According to the price-setting relation in our labour market model a(n)...
- 1. decrease in the unemployment rate, will increase nominal wage demands.
  - 2. decrease in the mark-up of firms, given the nominal wage, will decrease the price per unit.
  - 3. decrease in the nominal wage, given the mark-up of firms, will increase the price per unit.
  - 4. increase in the unemployment rate, will decrease nominal wage demands.



Question 22 is based on the following wage-setting and price-setting relationships in our labour market model:



22. At point C the ...

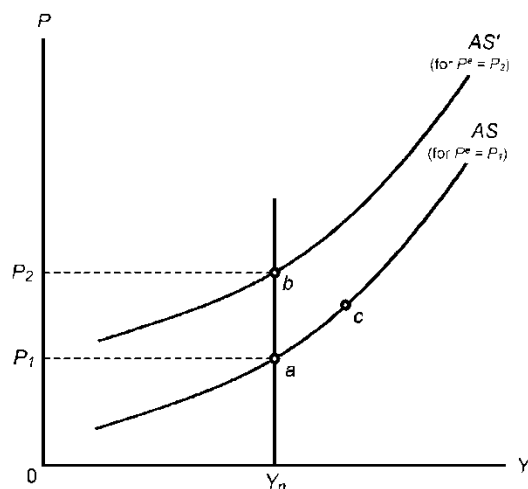
- unemployment rate is higher which decreases the bargaining position of workers and the nominal wage they can bargain for decreases.
- unemployment rate is lower which increases the bargaining position of workers and the real wage implied by price setting increases.
- targeted real wage is lower than the implied real wage.
- targeted real wage is higher than the implied real wage.

- b, c and d
- a, b and c
- Only a and c
- Only b and c
- Only a

23. Which one of the following events is represented by the AS curve?

- $Y \downarrow \rightarrow u \downarrow \rightarrow N \uparrow \rightarrow W \downarrow \rightarrow P \uparrow$
- $Y \uparrow \rightarrow u \uparrow \rightarrow N \downarrow \rightarrow W \uparrow \rightarrow P \downarrow$
- $Y \uparrow \rightarrow N \uparrow \rightarrow u_n \downarrow \rightarrow W \uparrow \rightarrow P \downarrow$
- $Y \downarrow \rightarrow N \downarrow \rightarrow u \uparrow \rightarrow W \downarrow \rightarrow P \downarrow$
- $W \uparrow \rightarrow N \downarrow \rightarrow u \uparrow \rightarrow P \uparrow$

Question 24 is based on the following AS curve:



24. Which of the following statements are correct?

- An increase in the expected price level will shift AS to AS'.
- A decrease in taxation will shift AS to AS'.
- Compared to point a, the real wage is higher at point b.
- Compared to point c, the expected price level is the same as at point a.
- Compared to point b, the natural unemployment rate is the same at point a.

- a, b, c, d and e
- Only a, b, d and e
- Only b, d and e
- Only a and c
- Only a, d and e

25. In the AS-AD model an expansionary fiscal policy will have the following impact in the medium run:

- The expected price level, the nominal wage and the actual price level will increase.
- The real money supply will decrease and the interest rate will increase.
- Investment spending, the demand for goods and the level of output and income will decrease.

- a, b and c
- Only a and b
- Only a and c
- Only b and c
- Only b

|                                                                                                                                            |     |     |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| <b>Your mark-reading sheet can get lost and you must therefore also write down your answers for Section B in the space provided below.</b> |     |     |
| 1.                                                                                                                                         | 10. | 19. |
| 2.                                                                                                                                         | 11. | 20. |
| 3.                                                                                                                                         | 12. | 21. |
| 4.                                                                                                                                         | 13. | 22. |
| 5.                                                                                                                                         | 14. | 23. |
| 6.                                                                                                                                         | 15. | 24. |
| 7.                                                                                                                                         | 16. | 25. |
| 8.                                                                                                                                         | 17. |     |
| 9.                                                                                                                                         | 18. |     |

**AFDELING B: VERPLIGTEND (25 X 2 = 50 punte)**

**Die unieke nommer vir ECS2602 is 481524**

Vraag 1 berus op die volgende inligting:

|                    |   |     |
|--------------------|---|-----|
| Owerheidsbesteding | = | 160 |
| Belasting          | = | 100 |
| Uitvoer            | = | 160 |
| Invoer             | = | 100 |
| Kapitaalinvloei    | = | 130 |
| Kapitaalluitvloei  | = | 200 |

1. Watter van die volgende stellings is korrek?

- 'n Handelsurplus van 60 heers.
  - 'n Begrotingstekort van 60 heers.
  - Die surplus op die finansiële rekening is gelyk aan 70.
  - Owerheidsbesteding en belasting vorm deel van die "Lopende rekening" van die betalingsbalans.
  - Kapitaalinvloei en -uitvloei vorm deel van "Die verandering in netto goud en ander buitelandse reserves" van die betalingsbalans.
- a, b en d
  - b, c en e
  - a, b en e
  - b, d en e
  - Slegs a en b

2. In ons goederemarkmodel impliseer 'n toename in die vraag na goedere ...

- 'n toename in produksie.
  - 'n toename in inkome.
  - 'n toename in die indiensnemingspeil.
  - 'n afname in werkloosheid.
  - 'n afname in besparing.
- a, b, c en d
  - a, b, c en e
  - a, b, d en e
  - a, c, d en e
  - Slegs a, b en d

3. In die goederemark sal outonome verbruik \_\_\_\_\_ terwyl geïnduseerde verbruik beïnvloed word deur \_\_\_\_\_.
1. afneem indien inkome afneem                      die besteebare inkomepeil
  2. toeneem indien inkome toeneem                nie-inkome determinante van verbruiksbesteding
  3. onveranderd bly                                      die besteebare inkomepeil
4. In die goederemark sal 'n styging in die grensverbruiksgeneigdheid veroorsaak dat die ...
1. goederevraagkromme opwaarts verskuif.
  2. goederevraagkromme afwaarts verskuif.
  3. goederevraagkromme se helling platter is.
  4. goederevraagkromme se helling styler is.
  5. goederevraagkromme se vertikale snypunt hoër is.
5. Veronderstel dat die grensverbruiksgeneigdheid gelyk is aan  $= 0.8$ . Watter van die volgende beleidsaksies sal die produksie- en inkomepeil in die goederemark laat toeneem met 'n R1 000?
- a. 'n Toename in owerheidsbesteding van R200.
  - b. 'n Afname in belasting van R200.
  - c. 'n Afname in belasting van R250.
  - d. 'n Afname in owerheidsbesteding van R1 000.
1. a en b
  2. a en c
  3. Slegs d
  4. Slegs b
  5. b en d
6. Watter van die volgende stellings is korrek met betrekking tot die gebalanseerde begroting?
- a. 'n Gebalanseerde begroting is 'n begroting waar die verandering in owerheidsbesteding alleen sal lei tot 'n verandering in die produksie- en inkomepeil.
  - b. Veronderstel dat  $c = 0.6$ . Die owerheid verhoog sy besteding met 300 en belasting verhoog ook met 300, dan sal die toename in die produksie- en inkomepeil 750 wees as gevolg van die verhoging in owerheidsbesteding en die afname in die produksie- en inkomepeil sal 450 wees as gevolg van die toename in belasting. Die netto effek is 'n styging van 300 in die produksie- en inkomepeil.
  - c. Die netto effek van die gebalanseerde begroting, met ander woorde, waar  $\uparrow G = \uparrow T$  sal ekspansionisties wees.
  - d. Die gebalanseerde begrotingsvermenigvuldiger is gelyk aan een; met ander woorde, vir elke 1-eenheid styging in owerheidsbesteding wat gepaard gaan met 'n gelyktydige 1-eenheid styging in belasting, sal produksie en inkome met 1-eenheid styg.
1. a, b, c en d
  2. Slegs b, c en d
  3. Slegs a en c
  4. Slegs a, c en d
  5. Slegs c en d

7. Watter van die volgende stellings is korrek met verwysing na die finansiële mark?
- a. Die doel van die finansiële mark is om 'n verduideliking te gee van hoe rentekoerse bepaal word.
  - b. Die totale vraag na geld is 'n endogene veranderlike in die finansiële markmodel.
  - c. Omrede die nominale geldvoorraad nie beïnvloed word deur die rentekoers in ons model nie, maar deur die sentrale bank bepaal word, kan dit beskou word as 'n eksogene veranderlike.
  - d. 'n Styging in die rentekoers verskuif die geldvraagkromme na regs.
- 1. a, b en c
  - 2. b, c en d
  - 3. a, c en d
  - 4. Slegs a en c
  - 5. Slegs b en c
8. As die inkomepeil toeneem, sal die transaksievraag na geld:
- 1. Daal en effekte sal verkoop word.
  - 2. Styg en effekte sal aangekoop word.
  - 3. Styg en effekte sal verkoop word.
  - 4. Onveranderd bly.
9. Indien die finansiële mark in 'n likiditeitslokval is, sal ...
- a. finansiële markdeelnemers effekte wil aankoop indien die geldvoorraad verhoog is.
  - b. finansiële markdeelnemers geld wil hou indien die geldvoorraad verhoog is.
  - c. monetêre beleid oneffektief wees ten einde 'n daling in die rentekoers teweeg te bring.
  - d. 'n toename in die geldvoorraad geen impak op die rentekoers uitoefen nie.
- 1. a, c en d
  - 2. b, c en d
  - 3. Slegs a en d
  - 4. Slegs b en d
  - 5. Slegs b en c

10. Watter van die volgende stellings is korrek?

- a. Die hoofinstrument van fiskale beleid is die begroting terwyl die hoof beleidsveranderlikes (of -instrumente) owerheidsbesteding en belasting is.
- b. Die gevolg van die implementering van ekspansionistiese fiskale beleid is dat die begrotingstekort toeneem.
- c. 'n Ekspansionistiese monetêre beleid behels 'n toename in die geldvoorraad ten einde 'n daling in die rentekoers teweeg te bring en sodoende 'n toename in die vraag na goedere in die ekonomie.
- d. 'n Beperkende monetêre beleid behels 'n afname in die geldvoorraad en in die IS-LM-model sal die LM-kromme opwaarts verskuif.

- 1. a, b, c en d
- 2. Slegs a, b en c
- 3. Slegs b, c en d
- 4. Slegs a, c en d
- 5. Slegs a, b en d

11. Watter van die volgende stellings is korrek?

In die IS-LM model:

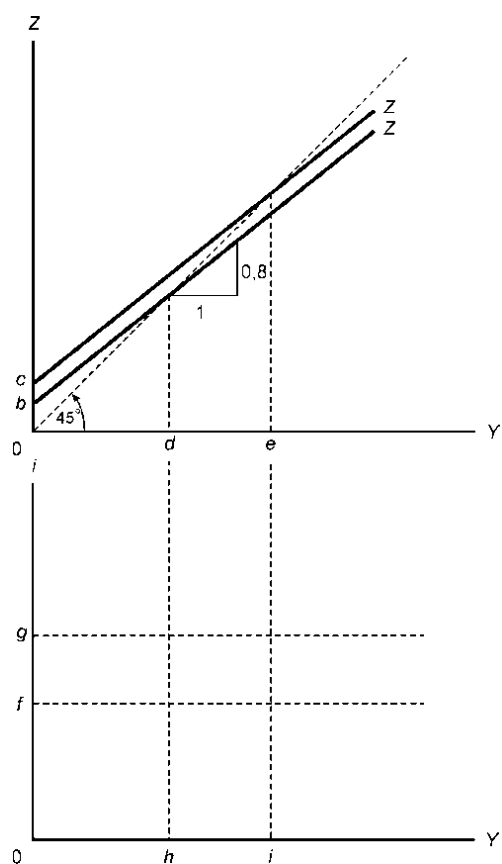
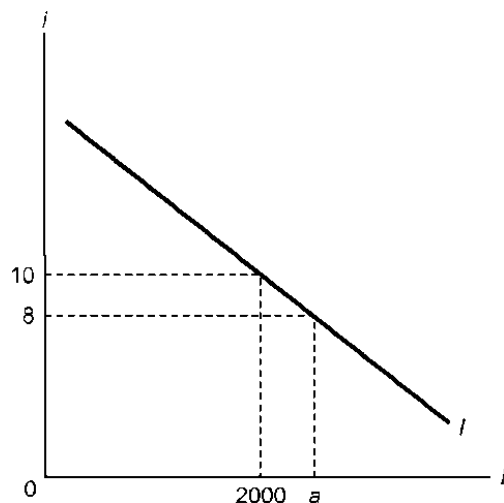
- a. Investerings vind plaas indien firmas meer op kapitaalgoedere bestee.
- b. Investerings word beïnvloed deur eksogene faktore soos verwagtinge, sakevertroue en regulasies.
- c. 'n Toename in investeringsvertroue verskuif die IS-kromme na regs.
- d. Investerings is negatief verwant aan die rentekoers en positief verwant aan die produksie- en inkompeil.

- 1. a, b, c en d
- 2. Slegs b, c en d
- 3. Slegs a, c en d
- 4. Slegs a, b en d
- 5. Slegs a, b en c

Vraag 12 en 13 handel oor die afleiding van die IS-kromme en berus op die volgende inligting en diagramme:

Die outonome besteding by 'n rentekoers van 10% is 3 000.

'n Daling in die rentekoers van 10% na 8% laat investeringsbesteding toeneem met 1 000.





12. Watter van die volgende stellings is korrek?

- a. Die waarde vir a is 3 000.
- b. Die waarde vir a is 1 000.
- c. Die waarde vir b en c is:  $b = 2\,000$  en  $c = 3\,000$ .
- d. Die waarde vir b en c is:  $b = 3\,000$  en  $c = 4\,000$ .

- 1. a en c
- 2. a en d
- 3. b en c
- 4. b en d

13. Watter van die volgende stellings is korrek?

- a. Die waarde vir d en e is:  $d = 15\,000$  en  $e = 20\,000$ .
- b. Die waarde vir d en e is:  $d = 10\,000$  en  $e = 15\,000$ .
- c. Die waarde vir f en g is:  $f = 10\%$  en  $g = 8\%$ .
- d. Die waarde vir f en g is:  $f = 8\%$  en  $g = 10\%$ .
- e. Die waarde vir h en i is dieselfde as die waardes vir d en e.

- 1. a, c en e
- 2. b, d en e
- 3. a, d en e
- 4. Slegs a en d
- 5. Slegs a en c

14. Watter van die volgende stellings is korrek met betrekking tot die IS-kromme en die LM-kromme?

- a. 'n Toename in outonome investeringsbesteding sal die IS-kromme na regs verskuif.
- b. 'n Styging in die rentekoers sal die LM-kromme opwaarts verskuif.
- c. 'n Toename in belasting sal die IS-kromme na regs verskuif.
- d. 'n Styging in die verwagte pryspeil sal die LM-kromme afwaarts verskuif.

- 1. Slegs a en c
- 2. b, c en d
- 3. a, b en c
- 4. Slegs c en d
- 5. Slegs a

15. Watter van die volgende beleidsaksies in die IS-LM-model sal 'n verhoging in die produksiepeil en 'n styging in die rentekoers teweegbring?

- 1. 'n Styging in die aanbod van geld (geldvoorraad).
- 2. 'n Daling in die geldvoorraad.
- 3. 'n Ekspansionistiese monetêre beleid.
- 4. 'n Styging in die begrotingstekort.
- 5. 'n Beperkende fiskale beleid.

16. Watter een van die volgende stellings is korrek?

Gegewe die volgende inligting:

Rentekoers op RSA-effekte: 7%

Rentekoers op VSA-effekte: 10%

Dit is meer winsgewend vir finansiële markdeelnemers om RSA-effekte te koop, indien ...

1. dit verwag word dat die R/\$-wisselkoers onveranderd bly.
2. die verwagte appresiasie van die rand 4% is in 'n jaar se tyd.
3. die verwagte appresiasie van die rand 2% is in 'n jaar se tyd.
4. die verwagte depresiasie 3% is in 'n jaar se tyd.

17. Deur die **beperkende fiskale beleid** te vergelyk met dié van 'n **ekspansionistiese monetêre beleid** in die IS-LM-model, kan die resultate die beste beskryf word deur die volgende:

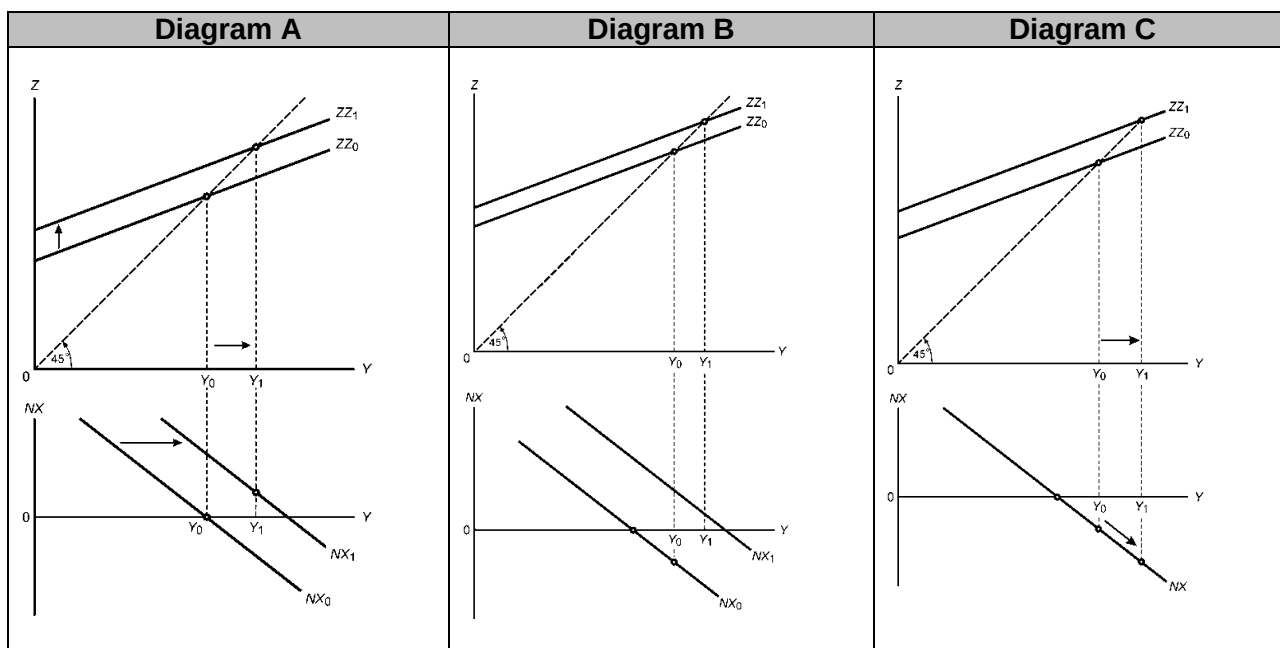
| 1.                    | Fiskale beleid | Monetêre beleid |
|-----------------------|----------------|-----------------|
| Die vraag na goedere  | Laer           | Hoër            |
| Die produksiepeil     | Laer           | Hoër            |
| Die rentekoers        | Hoër           | Laer            |
| Investeringsbesteding | Laer           | Hoër            |
| Begrotingstekort      | Laer           | Onveranderd     |
| 2.                    | Fiskale beleid | Monetêre beleid |
| Die vraag na goedere  | Laer           | Hoër            |
| Die produksiepeil     | Laer           | Hoër            |
| Die rentekoers        | Laer           | Laer            |
| Investeringsbesteding | Hoër           | Hoër            |
| Begrotingstekort      | Onveranderd    | Onveranderd     |
| 3.                    | Fiskale beleid | Monetêre beleid |
| Die vraag na goedere  | Laer           | Hoër            |
| Die produksiepeil     | Laer           | Hoër            |
| Die rentekoers        | Laer           | Laer            |
| Investeringsbesteding | Onbepaald      | Hoër            |
| Begrotingstekort      | Laer           | Onveranderd     |
| 4.                    | Fiskale beleid | Monetêre beleid |
| Die vraag na goedere  | Hoër           | Laer            |
| Die produksiepeil     | Hoër           | Laer            |
| Die rentekoers        | Hoër           | Hoër            |
| Investeringsbesteding | Onbepaald      | Laer            |
| Begrotingstekort      | Hoër           | Onveranderd     |

18. Watter van die volgende stellings is korrek?

- 'n Appresiasie van die nominale wisselkoers lei tot 'n toename in uitvoer en die handelsbalans verbeter. Die toename in uitvoer verhoog die vraag na goedere en die produksie- en inkompeil.
- 'n Depresiasie van die nominale wisselkoers lei tot 'n toename in uitvoer en die handelsbalans verbeter. Die toename in uitvoer verhoog die vraag na goedere en die produksie- en inkompeil.
- Ooreenkomstig die rentepariteitsvoorwaarde, sal 'n laer binnelandse rentekoers tot 'n depresiasie van die nominale wisselkoers lei en 'n verbetering van die handelsbalans.
- Ooreenkomstig die rentepariteitsvoorwaarde, sal 'n depresiasie van die nominale wisselkoers tot 'n laer rentekoers lei en 'n verbetering van die handelsbalans.

- b en c
- a en c
- a en d
- b en d
- Slegs b

Bestudeer die onderstaande drie diagramme en beantwoord vraag 19.



[TURN OVER]  
[BLAAI OM]

19. Watter van die volgende stellings is korrek?

- a. Diagram A verteenwoordig 'n depresiasie van die nominale wisselkoers terwyl Diagram C 'n toename in owerheidsbesteding verteenwoordig.
- b. Diagram B verteenwoordig 'n toename in uitvoer wat tot 'n verhoging in die ewewigs-produksie- en inkompeil lei.
- c. Diagram C verteenwoordig die volgende gebeurtenisketting:  
 $G\uparrow \rightarrow Z\uparrow \rightarrow Y\uparrow \rightarrow IM\uparrow \rightarrow NX\downarrow$ .

- 1. a, b en c
- 2. Slegs a en b
- 3. Slegs a en c
- 4. Slegs b en c
- 5. Slegs a

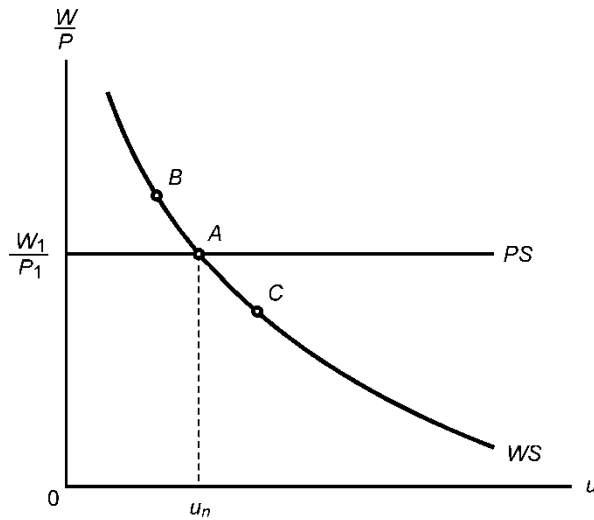
20. In die bepaling van nominale lone (W) in ons arbeidsmarkmodel, sal 'n ...

- 1. verandering in institusionele faktore geen invloed op nominale looneise uitoefen nie.
- 2. daling in die verwagte pryspeil die nominale looneise laat toeneem.
- 3. hoër werkloosheidskoers die nominale looneise laat toeneem.
- 4. hoër werkloosheidskoers die nominale looneise laat daal.

21. Ooreenkomstig die prysvasstellingsverwantskap in ons arbeidsmarkmodel, sal 'n ...

- 1. daling in die werkloosheidskoers die nominale looneise laat toeneem.
- 2. daling in die prystoeslag van firmas, gegewe die nominale loon, die prys per eenheid laat daal.
- 3. daling in die nominale loon, gegewe die prystoeslag van die firmas, die prys per eenheid laat toeneem.
- 4. styging in die werkloosheidskoers die nominale looneise laat daal.

Vraag 22 berus op die onderstaande loonvasstellings- en prysvasstellingsverwantskap in ons arbeidsmarkmodel.



22. By punt C is die ...

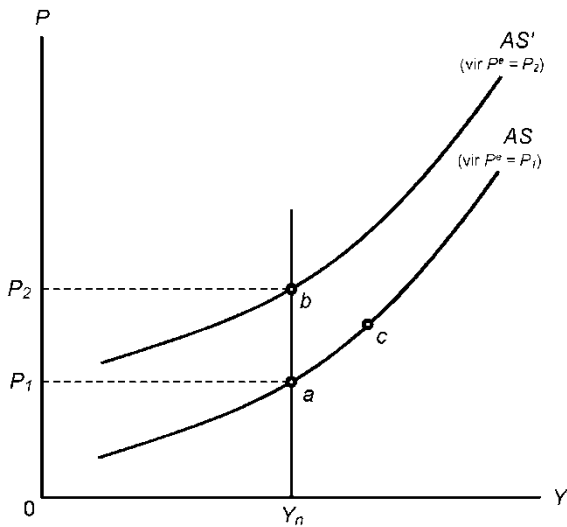
- werkloosheidskoers hoër wat die bedingingsposisie van werkers en die nominale loon waarvoor hulle kan beding, laat daal.
- werkloosheidskoers laer wat die bedingingsposisie van werkers en die reële loon geïmpliseer deur prysvasstelling verhoog.
- geteikende reële loon laer as die geïmpliseerde reële loon.
- geteikende reële loon hoër as die geïmpliseerde reële loon.

- b, c en d
- a, b en c
- Slegs a en c
- Slegs b en c
- Slegs a

23. Watter een van die volgende gebeure word deur die AS-kromme verteenwoordig?

- $Y \downarrow \rightarrow u \downarrow \rightarrow N \uparrow \rightarrow W \downarrow \rightarrow P \uparrow$
- $Y \uparrow \rightarrow u \uparrow \rightarrow N \downarrow \rightarrow W \uparrow \rightarrow P \downarrow$
- $Y \uparrow \rightarrow N \uparrow \rightarrow u_n \downarrow \rightarrow W \uparrow \rightarrow P \downarrow$
- $Y \downarrow \rightarrow N \downarrow \rightarrow u \uparrow \rightarrow W \downarrow \rightarrow P \downarrow$
- $W \uparrow \rightarrow N \downarrow \rightarrow u \uparrow \rightarrow P \uparrow$

Vraag 24 berus op die volgende AS-kromme.



24. Watter van die volgende stellings is korrek?

- 'n Styging in die verwagte pryspeil sal  $AS$  na  $AS'$  verskuif.
- 'n Daling in belasting sal  $AS$  na  $AS'$  verskuif.
- Vergeleke met punt  $a$ , is die reële loon hoër by punt  $b$ .
- Vergeleke met punt  $c$ , is die verwagte pryspeil dieselfde as by punt  $a$ .
- Vergeleke met punt  $b$ , is die natuurlike werkloosheidskoers dieselfde as by punt  $a$ .

- $a$ ,  $b$ ,  $c$ ,  $d$  en  $e$
- Slegs  $a$ ,  $b$ ,  $d$  en  $e$
- Slegs  $b$ ,  $d$  en  $e$
- Slegs  $a$  en  $c$
- Slegs  $a$ ,  $d$  en  $e$

25. In die AS-AD-model sal 'n ekspansionistiese fiskale beleid die volgende impak op die medium termyn uitoefen:

- Die verwagte pryspeil, die nominale loon en die werklike pryspeil sal toeneem.
- Die reële geldvoorraad sal afneem en die rentekoers sal styg.
- Investeringsbesteding, die vraag na goedere en die produksie- en inkomepeil sal afneem.

- $a$ ,  $b$  en  $c$
- Slegs  $a$  en  $b$
- Slegs  $a$  en  $c$
- Slegs  $b$  en  $c$
- Slegs  $b$

|                                                                                                                                       |     |     |
|---------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| <b>U merkleeskaart kan verlore raak en daarom moet u ook u antwoorde vir Afdeling B in die spasies hieronder voorsien, neerskryf.</b> |     |     |
| 1.                                                                                                                                    | 10. | 19. |
| 2.                                                                                                                                    | 11. | 20. |
| 3.                                                                                                                                    | 12. | 21. |
| 4.                                                                                                                                    | 13. | 22. |
| 5.                                                                                                                                    | 14. | 23. |
| 6.                                                                                                                                    | 15. | 24. |
| 7.                                                                                                                                    | 16. | 25. |
| 8.                                                                                                                                    | 17. |     |
| 9.                                                                                                                                    | 18. |     |