Module 4 Revision Memorandum

Learner's Book page 196

Suggested answers

1 Gross domestic product (GDP): the value of all the goods and services produced in a country during a specific time ✓ (1)

1.2 Multiplier effect: an economic theory that suggests that money spent in a particular area creates jobs, which in turn creates demand for other products and services in the local economy. ✓ (1)

1.3 Strong rand: what the rand is called when it is performing better than major currencies, making it more affordable for South Africans to visit other countries. ✓ (1)

1.4 Weak rand: what the rand is called when it is performing against major currencies, making it more affordable for overseas tourists to visit South Africa. ✓ (1)

2 C, economic leakages ✓✓ (2)

3 BSR is the rate at which a bank sells foreign currency; the BBR is the rate at which a bank buys foreign currency. ✓ The BSR is always higher than the BBR. ✓ (2)

4.1 True; the foreign-owned airline company does not have a high multiplier effect as most of the money is "leaked" out of the local economy. ✓ (1)

4.2 False; when the rand is strong overseas tourists will receive fewer rands when they exchange their currency. ✓ (1)

Total: 10 marks