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5.1 Define the Gross Domestic Product (GDP).

(4)

For questions 5.2 and 5.3, assume you know the value of GDP. Explain how you would arrive at the following values (what needs to be added or subtracted to convert the value):

5.2 Given the value of GDP, explain how you would calculate the gross national product (GNP). (2)

5.3 Given the value of GDP, explain how you would calculate the Net Domestic Product (NDP). (2)

5.4 Name the measure of income inequality which can be derived from the construction of a Lorenz curve. [Hint: It will have a value between 0 and 1] (1)

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Refer to the table below and then answer the questions that follow:

Economic Growth in South Africa 2000 - 2006				
Annual Percentage change in				
Year	Real GDP (%)	Real GNI (%)	Real GDP per capita (%)	Real GNI per capita (%)
2000	4,2	3,7	2,1	1,6
2001	2,7	2,5	0,8	0,5
2002	3,7	5,1	1,9	3,3
2003	3,1	3,5	1,5	1,9
2004	4,8	5,8	3,4	4,4
2005	5,1	5,3	3,7	3,8
2006	5,0	6,3	3,6	5,0

(Source: SARB Quarterly Bulletin, March 2007)

5.1 Why are "real" values and not "nominal" values used in the table? (2)

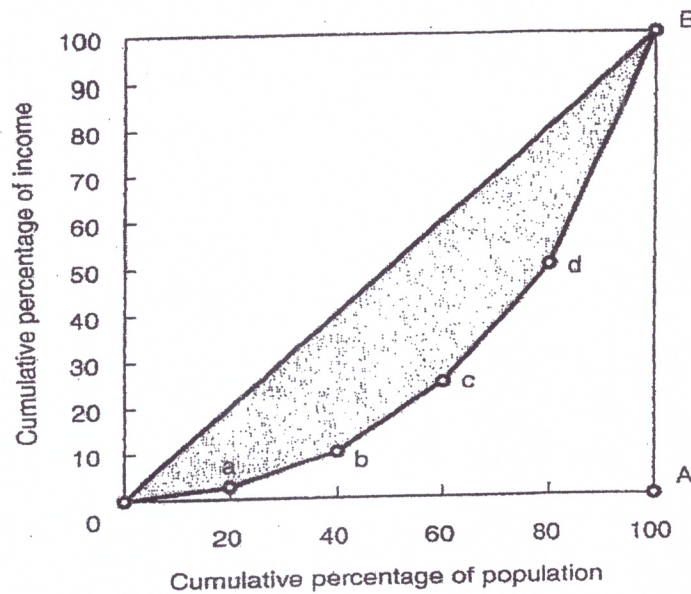
5.2 Explain why the gross national product (GNP) (referred to in the table as GNI, gross national income) is different to the gross domestic product (GDP). (2)

5.3 The table shows South Africa's economic growth during the time period 2000 - 2006. Briefly explain how the accelerated economic growth would have affected the achievement of two (2) other macroeconomic objectives. (4)

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6.2 Study the following Lorenz curve and then answer the questions:



- (i) What does the Lorenz curve illustrate? (3)
  - (ii) What does line OB represent? (2)
  - (iii) Which line is the Lorenz curve? (2)
  - (iv) What is the area between line OB and the Lorenz curve called? (2)
  - (v) Where will you find the greatest possible inequality? (2)
- 6.3 Another measure of inequality is the Gini coefficient.
- (i) With reference to the Lorenz curve above, how is the Gini coefficient obtained? (2)
  - (ii) When will the Gini coefficient be zero? (1)
  - (iii) When will the Gini coefficient be one? (1)