GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION
GRADE 12

2023

ECONOMICS

(PAPER 1)

TIME: **2 hours**

MARKS: **200**

13 pages

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:

   SECTION A: COMPULSORY
   SECTION B: Answer TWO of the three questions.
   SECTION C: Answer ONE of the two questions.

2. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.

3. Number the answers correctly according to the numbering system used in this question paper.

4. Write the question number above each answer.

5. Read the questions carefully.

6. Start the answer to EACH question on a NEW page.

7. Leave 1 – 2 lines open between sub-sections of questions.

8. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.

9. Use only black or blue ink.

10. You may use a non-programmable calculator.

11. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1 **30 MARKS – 20 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A – D) next to the question numbers (1.1.1 to 1.1.8) in the ANSWER BOOK. e.g. 1.1.9 D.

1.1.1 Which of the following is a real flow in the product market?

A The spending flow on goods and services from households to firms
B The flow of the factors of production from households to firms
C The income flow from firms to household through the factor market
D The flow of goods and services from firms to households

1.1.2 The … is caused by changes in the building and construction industry.

A Kitchin cycle
B Juggler cycle
C Kuznets cycle
D Kondratieff cycle

1.1.3 The South African Reserve Bank uses … as an instrument to maintain price stability.

A government expenditure
B the interest rate
C the tax rate
D money supply

1.1.4 Reserve assets are recorded in the …

A Financial account.
B Current account.
C Capital transfer account.
D Gold account.

1.1.5 The value of goods and services produced by a country during a financial year, is known as … income.

A domestic
B money
C national
D government

1.1.6 Which of the following is the responsibility of local government?

A Streetlights
B Education
C Army
D Car licences

1.1.7 An increase in taxes will cause a decrease in …

A tax collection.
B consumption.
C government revenue.
D government expenditure.

1.1.8 Changes in the terms of trade, signal changes in a country's …

A prices.
B inflation.
C wealth.
D welfare. (8 x 2) (16)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A – I) next to the question numbers (1.2.1 to 1.2.8) in the ANSWER BOOK, for example 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Keynesian approach	A	A short-term debt obligation of the central government
1.2.2	Amplitude	B	The ratio between a country's export prices and its import prices
1.2.3	Boom	C	A period of rapid economic expansion
1.2.4	Treasury bills	D	It measures the severity of the cyclical fluctuations.
1.2.5	Balance of trade	E	A school of thought which believes the economy is best controlled by market forces
1.2.6	Current prices	F	Actual values of goods and services
1.2.7	Non-excludability	G	Increasing integration of economies around the world
1.2.8	Globalisation	H	The difference in value between a country's imports and exports of goods
		I	It is almost impossible to prevent any person from using the good

(8 x 1) (8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 A reporting tool prescribed by the United Nations for countries to compile gross domestic product figures

1.3.2 The type of business cycle where nominal GDP is adjusted for inflation

1.3.3 Payments by the government to suppliers that reduce their costs

1.3.4 The ability of a country to produce a greater quantity of a good or service with the same quantity of inputs per unit of time

1.3.5 State owned enterprises that provide public goods and services

1.3.6 The flow of income and expenditure between the participants in the economy

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer any TWO of the three questions from this section in the ANSWER BOOK.

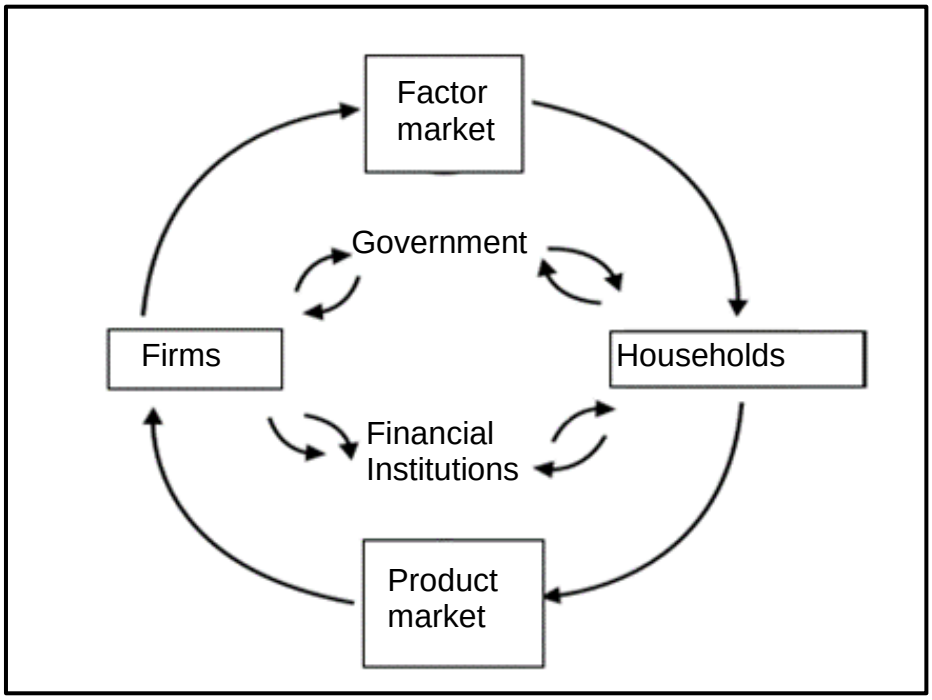
QUESTION 2: MACROECONOMICS **40 MARKS – 30 MINUTES**

2.1 Answer the following questions

2.1.1 Name TWO features of the expansionary phase in the business cycle. (2 x 1) (2)

2.1.2 Why is parliamentary questioning on the main budget important? (1 x 2) (2)

2.2 Study the diagram below and answer the questions that follow.



[Adapted source: Google images]

2.2.1 Identify the participant that uses the factors of production to produce goods and services. (1)

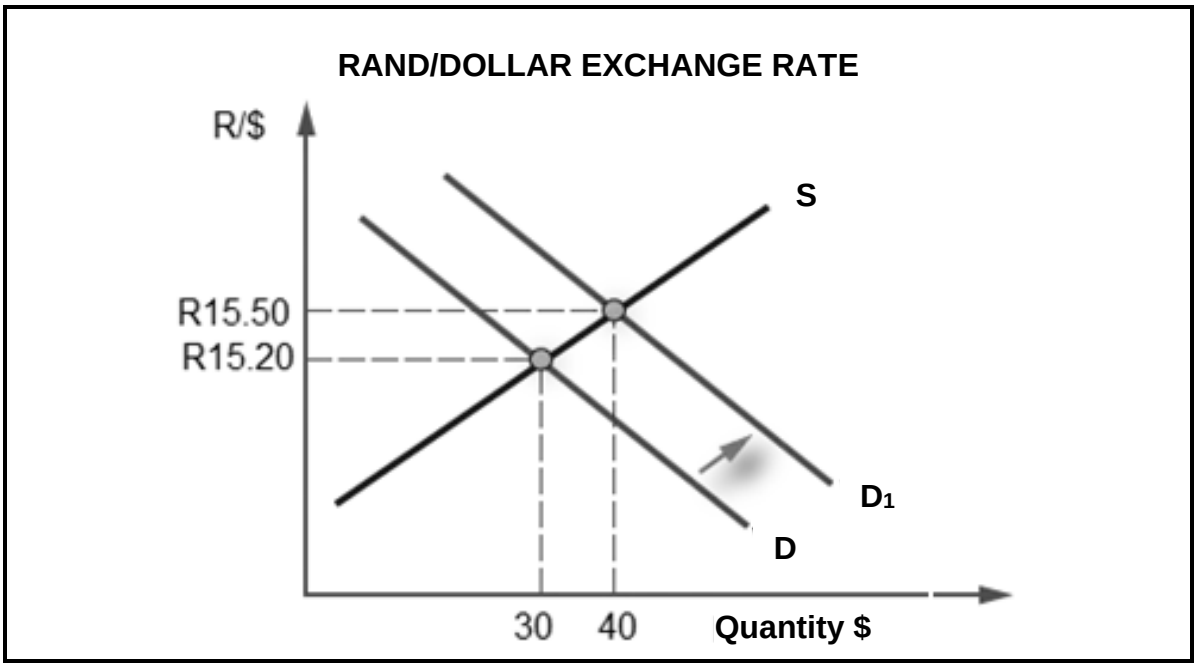
2.2.2 Through which market will goods and payment for goods and services flow? (1)

2.2.3 Briefly describe the term *goods market.* (2)

2.2.4 How does the government reduce economic activities in the circular flow model? (2)

2.2.5 Explain the impact on the circular flow if leakages are greater than injections. (2 x 2) (4)

2.3 Study the graph below and answer the questions that follow.



2.3.1 Name ONE exchange rate system. (1)

2.3.2 Give ONE reason for the shift of the demand curve above. (1)

2.3.3 Briefly describe the term *foreign exchange.* (2)

2.3.4 Explain the value of the rand against the dollar after the shift in the demand curve in the graph above. (2)

2.3.5 How can an appreciation of a currency be negative to a country? (2 x 2) (4)

2.4 Briefly discuss the *trendline* and *extrapolation* as features used in the forecasting of business cycles. (4 x 2) (8)

2.5 How can efficiency of inputs be used in the supply-side policies to improve the economy? (4 x 2) (8)

[40]

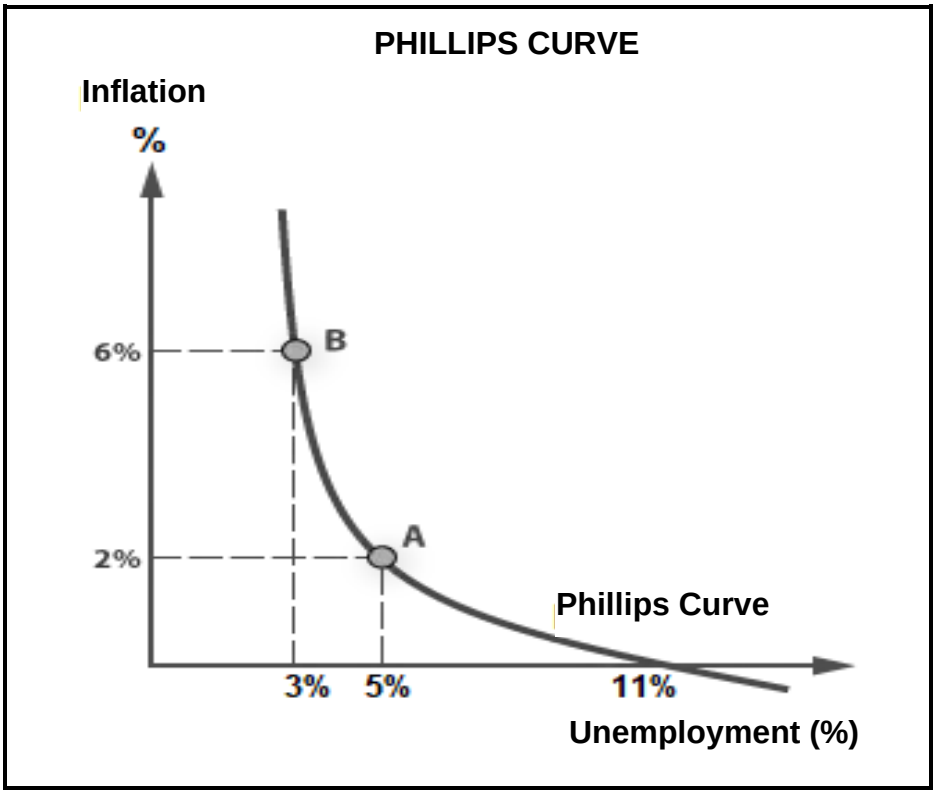
QUESTION 3: MACROECONOMICS **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO sub-accounts in the financial account. (2 x 1) (2)

3.1.2 How is national income determined in the four-sector economy? (1 x 2) (2)

3.2 Study the graph below and answer the questions that follow.



[Source: Internet images]

3.2.1 What is the natural rate of unemployment according to the graph above? (1)

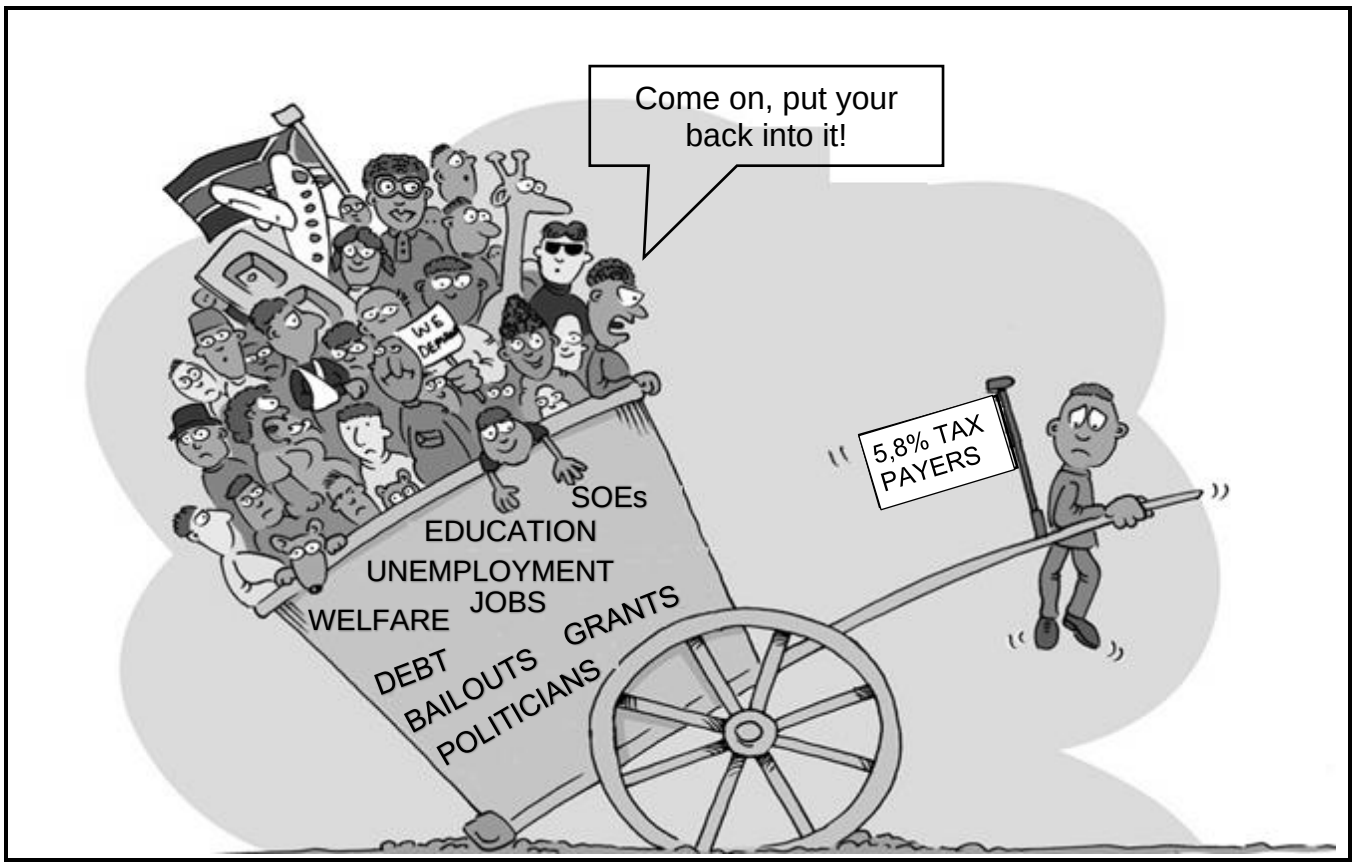
3.2.2 Name ONE supply side measure that can be applied to shift the curve to the left. (1)

3.2.3 Briefly describe the term *natural rate of unemployment*. (2)

3.2.4 How would trade unions react if the Phillips curve moves from point A to B? (2)

3.2.5 How can provision of infrastructural services by government reduce the cost of doing business? (2 x 2) (4)

3.3 Study the cartoon below and answer the questions that follow.



[Source: https://twitter.com/FMFSouthAfrica/status/1498613417711742983]

3.3.1 What is the international benchmark for the percentage of public debt to GDP ratio? (1)

3.3.2 List ONE example of a community good. (1)

3.3.3 Briefly describe the term *full employment.* (2)

3.3.4 How can the progressive tax system affect the redistribution of wealth in South Africa? (2)

3.3.5 Analyse the cartoon and state what impact the situation will have on the main budget? (2 x 2) (4)

3.4 Discuss *export promotion* and *import controls* as measures used to correct the balance of payments. (4 x 2) (8)

3.5 Why is it important to calculate real GDP? (4 x 2) (8)

[40]

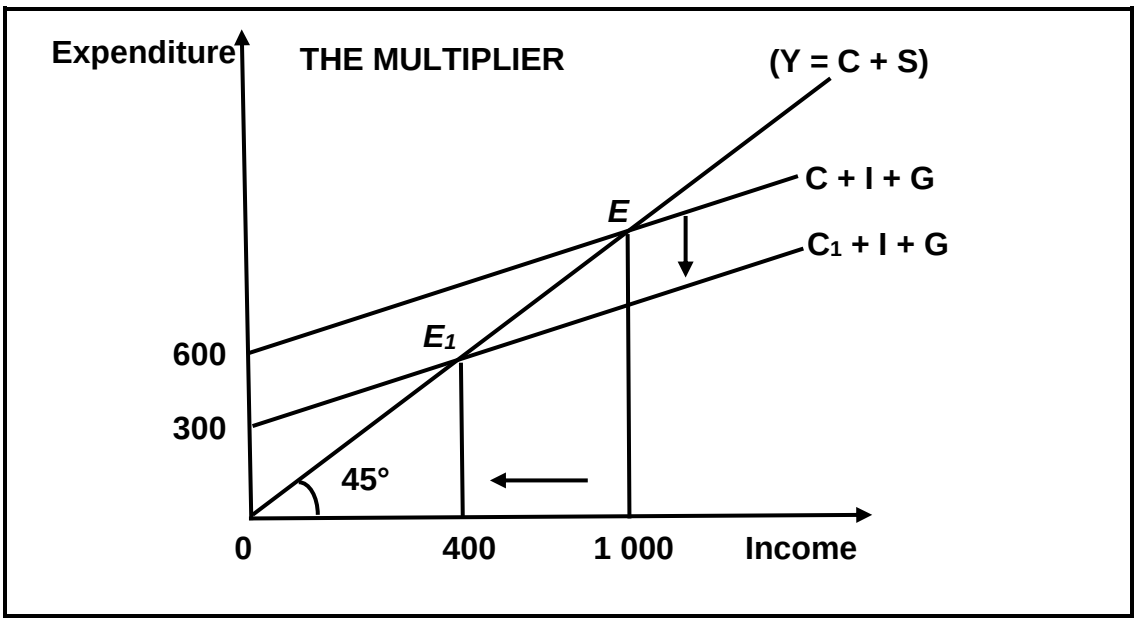
QUESTION 4: MACROECONOMICS **40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name TWO transactions in the capital transfer account. (2 x 1) (2)

4.1.2 Why must the government conserve and preserve resources? (1 x 2) (2)

4.2 Study the graph below and answer the questions that follow.



[Source: Internet images]

4.2.1 Identify the number of participants represented in the multiplier model above. (1)

4.2.2 What is the purpose of the 45° line in the graph? (1)

4.2.3 Briefly describe the term *marginal propensity to save.* (2)

4.2.4 How can a negative multiplier occur in the circular flow model? (2)

4.2.5 Calculate the multiplier from the information provided in the graph above. Show ALL calculations. (2 x 2) (4)

4.3 Study the information below and answer the questions that follow.

COMPOSITE BUSINESS CYCLE INDICATORS FOR SOUTH AFRICA

Indices: 2015 = 100	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Leading indicator	127,3	133,3	136,2	130,2	127,0	127,9	125,0	125,2	125,9
12-month percentage change	21,4	35,2	39,5	26,8	19,0	14,9	9,3	6,0	5,0

Source: https://www.resbank.co.za/en/home/publications/composite-business-cycle-indicators

4.3.1 Name ONE example of leading economic indicators. (1)

4.3.2 Which economic indicator confirms the behaviour of co-incident indicators? (1)

4.3.3 Briefly describe the term *composite indicator.* (2)

4.3.4 Explain the effect of government spending during a recession in the business cycle. (2)

4.3.5 Calculate the first 6 months' moving average for the leading economic indicator. Show ALL calculations. (2 x 2) (4)

4.4 Explain the Laffer curve with the aid of a graph. (4 x 2) (8)

4.5 Analyse the conditions during a boom and how monetary policy "cools down" the economy in the business cycle. (4 x 2) (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer ONE of the two questions from this section in the ANSWER BOOK.

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. • A good starting point would be to define the main concept related to the question topic. • Do not include any part of the question in your introduction. • Do not repeat any part of the introduction in the body. • Avoid mentioning in the introduction what you are going to discuss in the body.	Max. 2
BODY **Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/ Draw a graph and explain/Use the graph given and explain/Complete the given graph/Assess/Debate **A maximum of 8 marks may be allocated for headings/examples** **Additional part:** Critically discuss/Evaluate/Critically evaluate/Debate/ Deduce/Compare/Distinguish/Interpret/How?/Suggest **A maximum of 2 marks may be allocated for the mere listing of facts.**	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value-judgement on the facts discussed • Additional supporting information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max. 2
TOTAL	**40**

QUESTION 5: MACROECONOMICS **40 MARKS – 40 MINUTES**

- Discuss, in detail, reasons for public sector failure, and link them to typical problems experienced through public sector provisioning. (26 marks)
- Evaluate the implementation of a basic income grant in South Africa. (10 marks) **(40)**

QUESTION 6: MACROECONOMICS **40 MARKS – 40 MINUTES**

- Discuss, in detail, the supply reasons for international trade. (26 marks)
- Examine comparative advantage in international trade, by using an appropriate example. (10 marks) **(40)**

TOTAL SECTION C: 40

TOTAL: 150