KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECOMONICS

COMMON TEST

MARCH 2024

MARKS: 100

TIME: 1½ hours

This question paper consists of 9 pages.

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INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows:

   - SECTION A: COMPULSORY
   - SECTION B: Answer any ONE question from this section.
   - SECTION C: Answer any ONE of the two questions.

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

3. Write the number of each question above each answer.

4. Read the questions carefully and start EACH question on a new page.

5. Leave at least ONE line between subsections of each question.

6. Start each question on a new page.

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

8. Answer ONLY the required number of questions. Answers in excess of the required number will NOT be marked.

9. Use ONLY blue or black ink.

10. Non-programmable pocket calculators may be used.

11. Write legibly and present your work neatly.

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QUESTION 1 (COMPULSORY) 20 MARKS – 10 MINUTES

1.1. Various options are provided as possible answers to the following questions. Choose the correct answer and write ONLY the letter (A – C) next to the question number (1.1.1 – 1.1.5) in the ANSWER BOOK. e.g. 1.1.6 D.

1.1.1 The method that is used to calculate GDP at market prices by adding the final values of all final goods and services produced is called...

A Expenditure
B Income
C Production
D Consumption

1.1.2 Successive periods of expansion and contraction in the level of economic activities is referred to as ... cycles.

A business
B economic
C productivity
D inflationary

1.1.3 Goods that are provided for the society as a whole are called...

A private goods
B collective goods
C demerit goods
D community goods

1.1.4 The interaction of economies with trade as an important element is known as ...

A privatisation.
B globalisation.
C entrepreneurship.
D export promotion.

1.1.5. The units of accounts which can be used to settle balance of payments deficit is called...

A Current accounts
B Bank accounts
C Special Drawing Rights
D Savings accounts

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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 number (1.2.1.-1.2.8.) in the ANSWER BOOK.

	Column A		Column B
1.2.1.	Basic price	A.	Caused by changes in net investments by businesses and the government.
1.2.2.	Juglar cycles	B.	One country can produce goods at a lower opportunity cost than others.
1.2.3.	Progressive tax	C	Portion of the income that is not spent.
1.2.4.	Comparative advantage	D.	An initial change in spending to the total change in income.
1.2.5.	Savings	E.	The initial value in production of final goods before taxes and subsidies are considered.
1.2.6.	Multiplier	F.	The inverse relationship between employment and inflation rate.
		G.	The percentage paid in tax increases as income levels increases.

1.3. Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1.-1.3.4.) in the ANSWER BOOK. Acronyms and abbreviations will NOT be accepted.

1.3.1 Spending that is not influenced by the level of output and income.

1.3.2 Factors that originate outside of the economy that causes business cycles.

1.3.3 People who are able to use public goods and services without paying for them.

1.3.4 The value of a country's currency in terms of another currency.

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TOTAL SECTION A: 20 MARKS

QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO macro-economic objectives of the state. (2)

2.1.2 How would an increase in the value of the US Dollars affect the value of the South African Rand? (2)

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



from the Business Maverick, January 2024

2.2.1 Identify any ONE state owned enterprise from the picture above. (1)

2.2.2 Give any level of the South African government. (1)

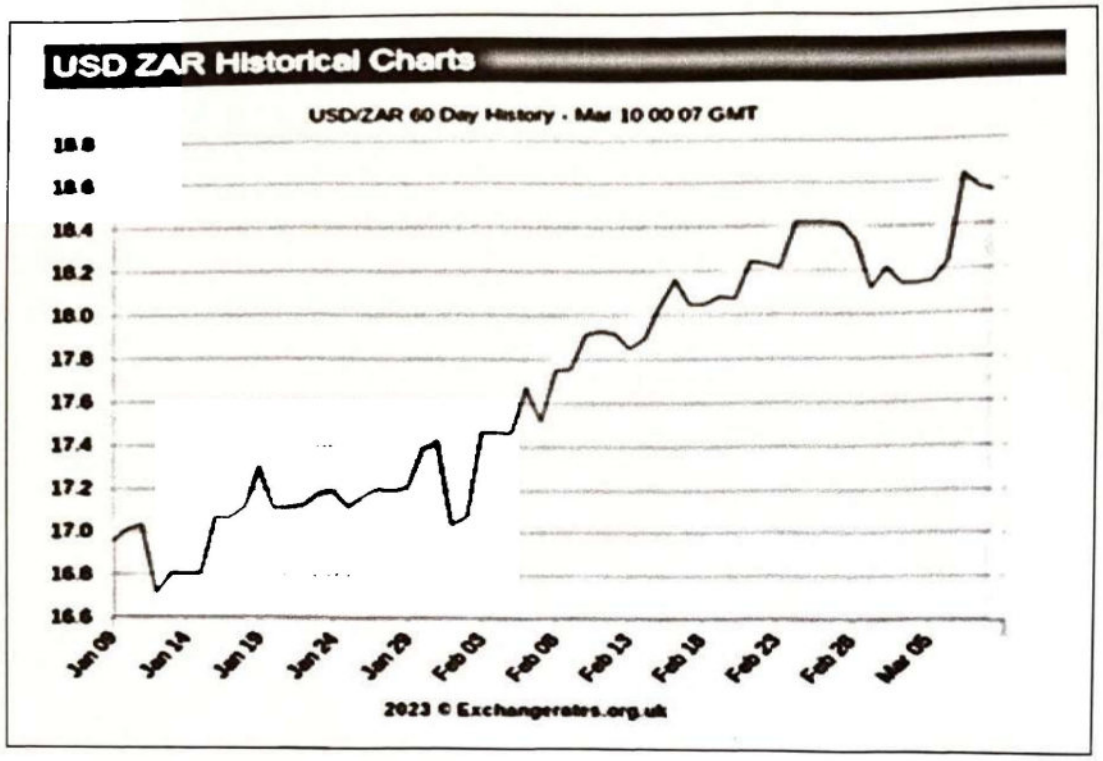
2.2.3 Briefly describe the term *pareto efficiency*. (2)

2.2.4 What is the negative effect of service delivery protests on the standard of living? (2)

2.2.5 How can privatisation of state owned enterprise benefit the South African economy? (4)

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



2.3.1 Identify the South African currency shown above. (1)

2.3.2 Name any ONE exchange rate system. (1)

2.3.3 Briefly describe the term *devaluation*. (2)

2.3.4 Explain the negative effect depreciation of a currency has on consumers. (2)

2.3.5 How does the Russia-Ukraine conflict negatively affect South Africa? (4)

2.4 Briefly discuss *availability of natural resources* and availability of *labour resources* as reasons for international trade. (8)

2.5 How does an ineffective tax system affect the efficiency of the government? (8)

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QUESTION 3: MACRO-ECONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO sub- accounts of the balance of payments. (2)

3.1.2 What is the effect of corruption on the standard of living? (2)

3.2 Study the article and answer the questions that follow.

SOUTH AFRICAN MEDIUM TERM BUDGET POLICY STATEMENT

The finance Minister, delivered the Medium-Term Budget Policy Statement (MTBPS) to the Members of the National Assembly on Wednesday, 1 November, at 14h00 at the Cape Town City Hall. The MTBPS plays a critical role in the overall budget process, as it sets out the policy framework for the budget that is presented every February. It also provides the country and its elected representatives with an update on National Treasury's economic forecasts, adjusts the budgets of government department and makes emergency changes to spending.

Parliament, Monday, 23 October 2023

3.2.1 Identify the fiscal instrument that is discussed on the above article. (1)

3.2.2 Give any ONE example of direct tax. (1)

3.2.3 Briefly describe the term *bureaucracy*. (2)

3.2.4 Why is important for the government to ensure that public funds are not poorly managed? (2)

3.2.5 How does a decline (decrease) in tax revenue negatively affect the economy? (4)

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

SOUTH AFRICA: TERMS OF TRADE			
Year	**Index of import prices**	**Index of export prices**	**Terms of trade**
2020	**141**	171	123.3
2021	153	191	128.3
2022	163	200	**A**

3.3.1 Identify the index of export prices in the year 2022. (1)

3.3.2 What is the trend of import prices from the table above? (1)

3.3.3 Briefly describe the term *foreign direct investment*. (2)

3.3.4 What benefit will an increase in the index of export prices have on the economy? (2)

3.3.5 Calculate the terms of trade for 2022 (A). (Show ALL calculations). (4)

3.4 Briefly discuss *politicians* and *special interest groups* as reasons for public sector failure. (8)

3.5 How does borrowing to finance a deficit on the balance of payments affect economic stability? (8)

TOTAL SECTION B: 40 MARKS

SECTION C

Answer **ONE** question from this section in the ANSWER BOOK

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction	Max. 2
Body: **Main part:** Discuss in detail/In-depth discussion/Examine/ Critically discuss/ Analyse/Compare/ Evaluate/Distinguish/ Differentiate/Explain/Assess/Debate	Max. 26
Additional part: Give own opinion/Critically discuss/ Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Complete the given graph/ Calculate/Deduce/Compare/Explain/Distinguish/Interpret/ Briefly debate	Max. 10
Conclusion: Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned in the body • Any opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max. 2
TOTAL	**40**

QUESTION 4: MACRO-ECONOMICS **40 MARKS – 40 MINUTES**

- Discuss in detail the markets within the four sector model. (26)
- How can an increase in consumer spending contribute to the economy of the country? (10)

[40]

QUESTION 5: MACRO-ECONOMICS **40 MARKS – 40 MINUTES**

- Discuss in details features underpinning forecasting of business cycles. (26)
- How can South African Reserve Bank (SARB) use monetary policy to correct fluctuations on the economy? (10)

TOTAL SECTION C: 40 MARKS

GRAND TOTAL: 100 MARKS