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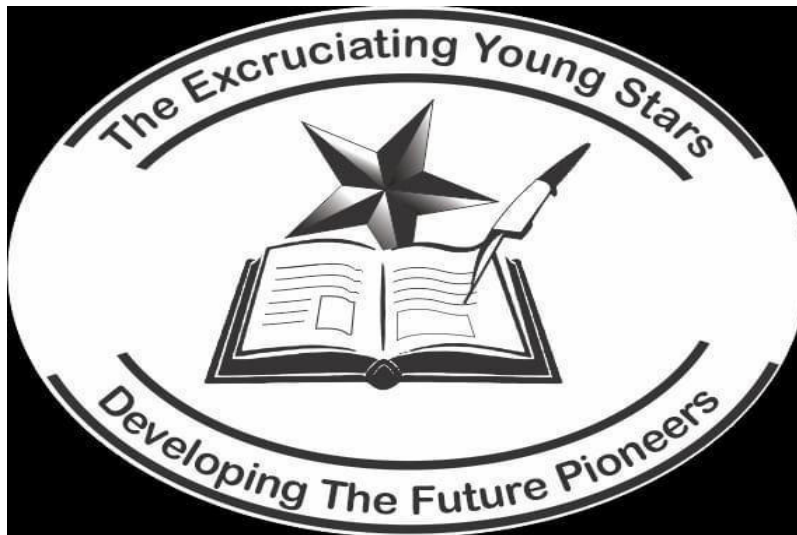
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## Economics Grade 12 2024

Economics (Palmridge Ext. 6 Secondary School)





TEST PAPER 1

ECONOMICS GRADE 12

FEBRUARY 2024

QUESTION PAPER

**EXAMINOR: B MAHOKO**

**MODARATOR: S MATHE**

**MARKS: 150**

**DURATION: 2 hour**

**DATE: 18 FEBRUARY 2024**

INSTRUCTIONS AND INFORMATION

SECTION A: COMPULSORY

SECTION B: Answer any 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 EACH question on a NEW page.
7. Leave 2–3 lines between subsections 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 pocket calculator.
11. Write neatly and legibly.



SECTION A (COMPULSORY)

QUESTION 1

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

1.1.1 Savings flow back into the circular flow as ...

- A. government spending.
- B. investment.
- C. exports.
- D. imports.

1.1.2 Which of the following is a monetary flow in the factor market?

- A. The flow of factors of production from households to firms.
- B. The spending on goods and services from households to firms.
- C. The income from firms to households
- D. The flow of goods and services from households to firm

1.1.3 When  $I + G + X > S + T + M$ , the level of national income will ...

- E. A. rise.
- B. fall.
- C. remain the same
- D. fluctuate.

1.1.4 Taxes and subsidies on ... are considered when calculating GDP at basic prices.

- A. exports
- B. products
- C. commodities
- D. production



1.1.5 The new economic paradigm is embedded in ... policy/policies.

- A. demand-side
- B. supply-side
- C. demand and supply-side
- D. monetary

1.1.6 Fluctuating factors that originate outside the economic system are referred to as factors.

- A. Indigenous
- B. Exogenous
- C. Endogenous
- D. International

1.1.7 A focus on the improvement of input efficiency is a characteristic of the ... side policy.

- A. demand
- B. monetary
- C. fiscal
- D. supply

1.1.8 The distance between the trend line and the peak or trough is known as a/an

- A. amplitude
- B. recession
- C. boom
- D. depression

(8×2)=16



1.2 Choose a description from COLUMN B that matches an 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 Multiplier	A. Refers to a market where currencies are graded
1.2.2 Gross National product(GNP)	B. a small change in spending causes a disproportionately larger change in income
1.2.3 Foreign exchange markets	C. Refers to the value of all final goods and services produced by permanent residents of a country within a specific period of time
1.2.4 Factor cost	D. The cost of the factors of production incurred when producing goods and services
1.2.5 Length	E. measured from peak to peak or trough to trough
1.2.6 lagging indicators	F. When there is negative growth for two consecutive quarters
1.2.7 New economic paradigm	G. The lowest turning point of a business cycle
1.2.8 Recession	H. changes in the direction of these indicators only take place after the economy changes direction
	I. aims to increase growth without increasing inflation

(8×1)

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 Refers to the portion of income that the consumer has available to spend for their needs and wants.

1.3.2 Goods used as inputs to produce other goods and services.

1.3.3 Refers to the portion of additional income that household choose to save.

1.3.4 The method of predicting the future of a business cycle based on historical data.

1.3.5 A method of repeatedly calculating a series of different average values along a time series to produce a smooth curve.

1.3.6 The curve that show the relationship between inflation and unemployment.

(6x1)

Total Section A : 30





## Section B

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

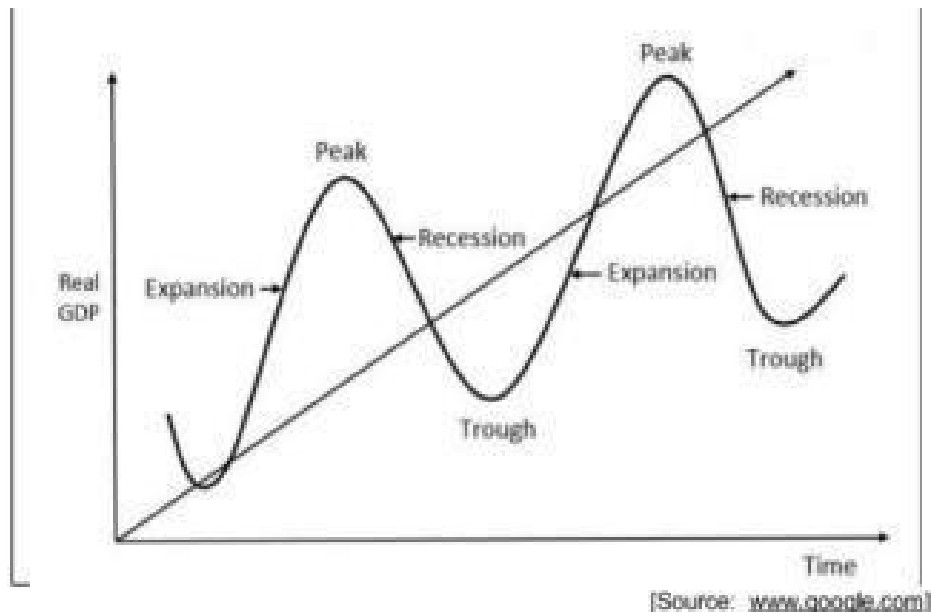
Question 2 : Macroeconomics

2.1 Answer the following questions

2.1.1 Name TWO types of business cycles. (2X1)

2.1.2 How does the business cycle cause instability in an economy (1X2)

2.2 Study the information and answer the following questions.



2.2.1 Name the period in the business cycle where the level of economic activity increases (1)

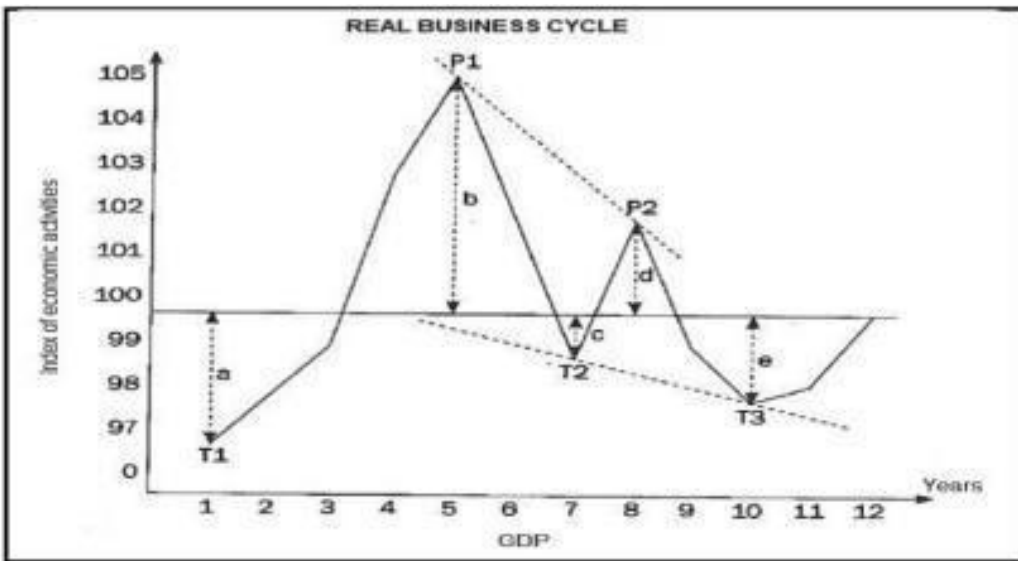
2.2.2 Mention ONE example of an exogenous cause of the business cycle (1)

2.2.3 Briefly describe the term business cycle (2)

2.2.4 Explain the importance of the trend line the business cycle (2×2)

2.2.5 How can interest rate be used to influence economic activity. (2x2)

2.3 Study the graph and answer the following questions.



2.3.1 Which dotted line on the graph represents the length? (1)

2.3.2 When did the economy reach its highest peak? (1)

2.3.3 Briefly explain what the amplitude demonstrates. (2 x 2) (4)

2.3.4 How will a large amplitude during an upswing affect workers in general? (2 x 2) (4)

2.4 Discuss the Monetarist approach as a cause of business cycles. (8)

2.5 How can be expansionary fiscal policy used to correct business cycle. (8)

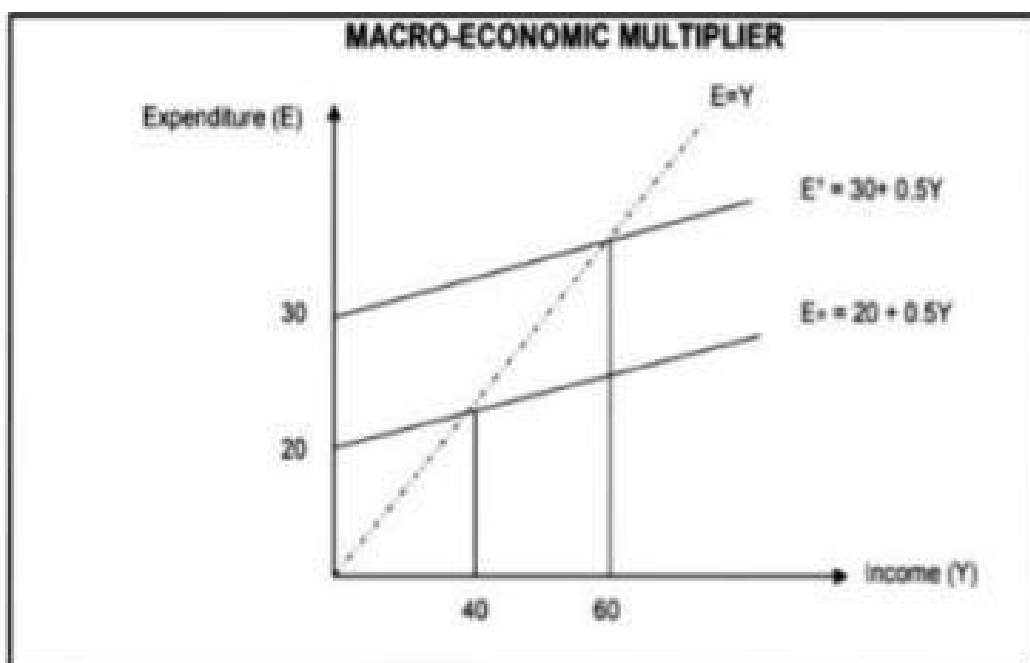
### Question 3

Answer the following questions

3.1.1. Name TWO examples of leakages

3.1.2 How can the government use the fiscal policy to stimulate the economy

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



3.2.1 What is represented by the line  $E=Y$  in the above graph

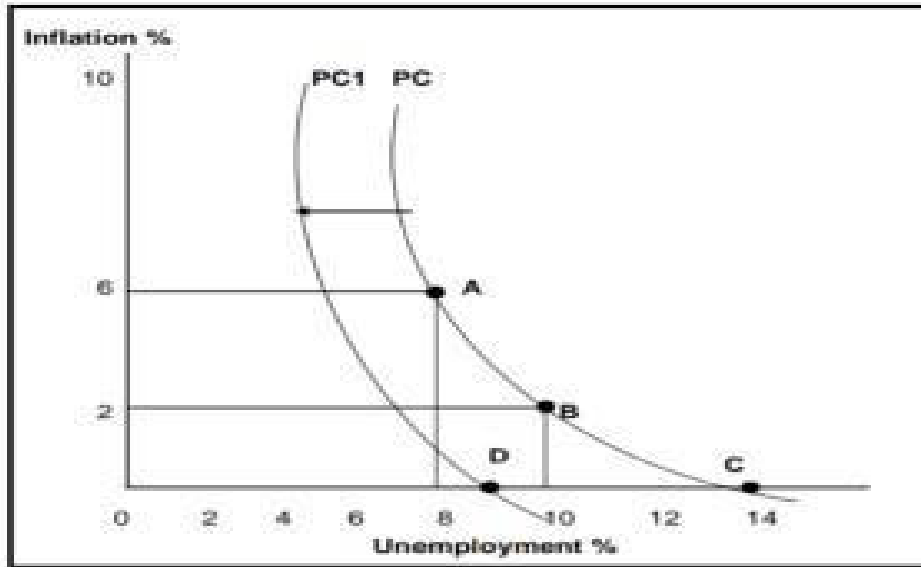
3.2.2 Name ONE participant in a two sector economy.

3.2.3 Briefly describe the term Multiplier effect

3.2.4 What is the relationship between the marginal propensity to save (MPS) and the multiplier ?

3.2.5 Calculate the multiplier for the above scenario?

3.3 Study the table and answer the following questions.



3.2.1 Name the graph depicted above. (1)

3.2.2 Which point in the graph indicates the initial natural unemployment rate? (1)

3.2.3 What is the result of PC1 intersect at point D? (2)

3.2.4 Mention any supply-side policy measure that can be used to shift PC to PC1. (2)

3.2.5 Explain the relationship between unemployment and inflation in the above graph. (4)

3.3 Explain the interaction between households and firms in a circular flow. (4 x 2) (8)

3.4 How successful is the supply side policy in South Africa to stimulate economic activity in the smoothing of business cycle? (4 x 2) (8)

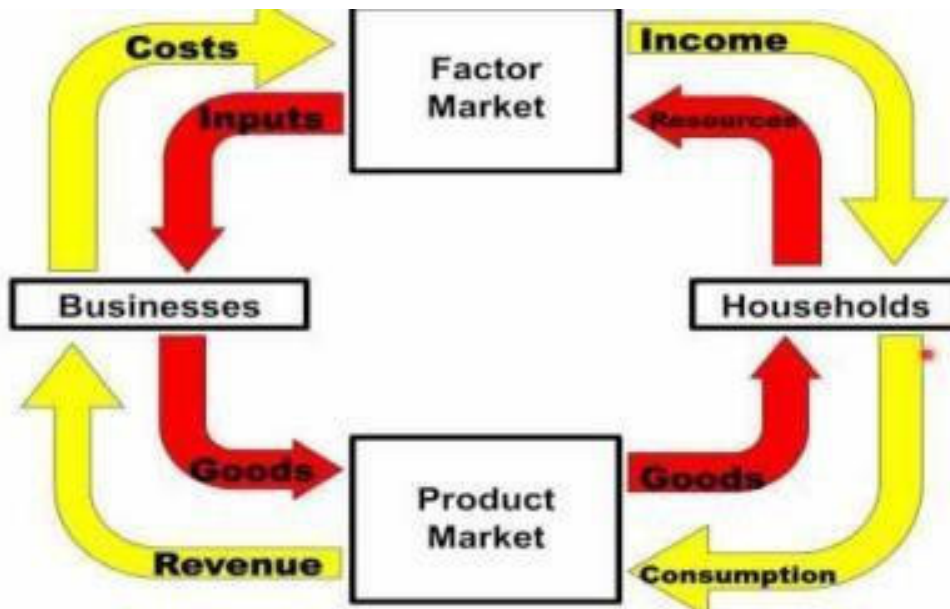
Question 4: Miscellaneous topics

4.1 Answer the following questions

4.1.1 Name any TWO participants in a closed economy. (2)

4.1.2 How are businesses connected to factor and product markets? (2)

4.2 Study the information and answer the questions.



4.2.1 Identify the participant that owns the factors of production. (1)

4.2.2 Name ONE public good provided by the state. (1)

4.2.3 Briefly describe the term factor market. (2)

4.2.4 What is the effect on national income if injections are less than withdrawals? (2)

4.2.5 Explain the impact of a decrease in taxes on the level of production. (4)

4.2 Study the table and answer the questions that follow.

NATIONAL ACCOUNT AGGREGATES	
SOUTH AFRICA GROSS DOMESTIC PRODUCT	
	R millions
Primary sector	324 365
Secondary sector	556 708
Tertiary sector	1 789 431
Gross value added at basic prices	A
Gross domestic product at market prices	2 964 261

[Source: SARB Quarterly Bulletin]

4.3.1 Give an example of taxes on products. (1)

4.3.2 Name the alternative term used for gross value added in national accounts. (1)

4.3.3 Briefly describe the term secondary sector. (2)

4.3.4 How are basic prices converted to market prices? (2)

4.3.5 Calculate the value of A. Show ALL calculations. (4)

4.4 Differentiate between the expenditure method and the income method to determine Gross Domestic Product (GDP). (8)

4.5 Briefly discuss the role of firms in the circular flow model. (8)

## Section C

Answer any ONE of the TWO questions in the ANSWER BOOK.

STRUCTURE OF ESSAY	MARK ALLOCATION
<b>Introduction</b> The introduction is a lower-order response. <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do NOT include any part of the question in the introduction.</li> <li>• Do NOT repeat any part of the introduction in the body.</li> <li>• Avoid mentioning in the introduction what you are going to discuss in the body.</li> </ul>	Max. 2
<b>Body</b> <b>Main part:</b> 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 <b>A maximum of 8 marks may be allocated for headings/examples.</b> <b>Additional part:</b> Critically discuss/Evaluate/Critically evaluate/ Debate/Deduce/Compare/Distinguish/Interpret/How?/Suggest <b>A maximum of 2 marks may be allocated for mere listing of facts.</b>	Max. 26  Max. 10
<b>Conclusion</b> Any higher-order conclusion should include: <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned</li> <li>• Any opinion or valued judgement on the facts discussed</li> <li>• Additional support information to strengthen the discussion/ analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

## QUESTION 5: MACROECONOMICS 40 MARKS – 40 MINUTES

Discuss in detail the markets within the four-sector model. (26)

Evaluate the contribution/role of firms in growing the economy. (10)

## QUESTION 6 MACROECONOMICS 40 MARKS – 40 MINUTES

Discuss in detail The New Economic Paradigm the demand side. (26)

If aggregate demand is too high and leads to demand pull-inflation what can the government do to Dampen that? (10)

**TOTAL MARKS : 150**

