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**KWAZULU-NATAL PROVINCE**

**EDUCATION**  
**REPUBLIC OF SOUTH AFRICA**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ECONOMICS P1**

**COMMON TEST**

**JUNE 2024**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 13 pages.**



**SA EXAM  
PAPERS**

## INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows:
  - SECTION A: COMPULSORY
  - SECTION B: Answer any TWO questions 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.



**SECTION A (COMPULSORY)****QUESTION 1****30 MARKS – 20 MINUTES**

1.1 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 number (1.1.1 to 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D.

1.1.1. The market where consumers and producers make long term deposits and borrowing is called ...market.

- A. money
- B. goods
- C. capital
- D. resources

1.1.2. Production by the citizens of a country, locally and abroad, is called the ... product.

- A. gross national
- B. gross domestic
- C. net national
- D. net domestic

1.1.3. Action taken by government in respect of taxation and expenditure to influence economic activity is called... policy.

- A. monetary
- B. fiscal
- C. exchange
- D. credit

1.1.4. Indicators that change at the same time and in the same direction as the economy changes are known as ... indicators.

- A. leading
- B. lagging
- C. composite
- D. co-incident

1.1.5. The Laffer curve shows the relationship between. . .

- A. tax revenue and tax rate.
- B. income and expenditure.
- C. nominal and real figures.
- D. tax revenue and wages.





- 1.1.6. Long and time-consuming procedures that hampers service delivery is known as ...
- A. corruption.
  - B. incompetence.
  - C. competence.
  - D. bureaucracy.
- 1.1.7. The comparison of a country's export prices with import prices by means of indexes is referred to as the ...
- A. exchange rate.
  - B. conditions of trade.
  - C. terms of trade.
  - D. inflation rate.
- 1.1.8. Removal of unnecessary restriction that prevents trade is called ...
- A. sanctions
  - B. deregulation
  - C. disinvestment
  - D. regulation



- 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, for example 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Moral suasion	A.	Shows income and expenditure estimates for a three-year period
1.2.2	Nationalisation	B.	Levied on sale of goods and services.
1.2.3	Indirect tax	C.	The record of transactions of the country with the rest of the world.
1.2.4	Amplitude	D.	When government takes-over businesses that were previously owned by the private sector.
1.2.5	Households	E.	Persuasion of banks by the South African Reserve Bank (SARB) to offer credit responsibly.
1.2.6	Balance of payment	F.	The value of the alternative that must be forgone in order to pursue certain action.
1.2.7	Opportunity cost	G.	When debit and credit entries on the balance of payment account are not in balance.
1.2.8	Medium-term-expenditure framework	H.	The difference in the value of output at the peak and the value of output at the trough.
		I.	The owners of the factors of production.
		(8 x 1) (8)	



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

- 1.3.1 An economy that has no foreign sector as a participant.
- 1.3.2 Money paid by the government to a person/institution without any counter performance.
- 1.3.3 A negative economic growth rate for at least two consecutive quarters.
- 1.3.4 Goods that are supplied by the state because it is believed that they would be under-supplied.
- 1.3.5 Allows for all errors and omissions in calculating Gross Domestic Product.
- 1.3.6 An increase in the price of a currency in terms of another currency due to market forces. (6)

**TOTAL SECTION A: 30**



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

2.1 Answer the following questions.

2.1.1 Name the TWO policies in which the new economic paradigm is embedded. (1x2) (2)

2.1.2 Why is it important to calculate the gross domestic product? (2x1) (2)

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

**THE MULTIPLIER EFFECT...**

South Africa has won the rights to host the 2027 International Cricket World Cup. The games will be hosted in the city of Johannesburg, Durban, Cape Town and Port Elizabeth. It is expected that the event will contribute directly and indirectly into the economy increasing GDP and stimulating employment opportunities. The Government is expected to spend to the region R100 Million in infrastructure development. The South African citizens normally save 20% of their income.

EXTRACT FROM: [WWW.CITIZENS.CO.ZA](http://WWW.CITIZENS.CO.ZA)

2.2.1. Name the type of injection that will happen in the South African economy. (1)

2.2.2. Identify the value of the marginal propensity to consume from the extract. (1)

2.2.3. Briefly describe the term *induced spending*. (2)

2.2.4. How does the marginal rate of taxation affect the multiplier? (2)

2.2.5. Use the formula:  $k = \frac{1}{mps}$  to calculate the change in the South African national income given the marginal propensity to save is 0.2. (Show all calculations) (4)





2.3 Study the information below and answer questions that follow.

RESERVE BANK HOLDS RATES STEADY WHILE IT WAITS FOR INFLATION CERTAINTY	
DATE	INTEREST RATE DECISIONS
27 March 2024	8.25%
29 February 2024	8.25%
25 January 2024	8.25%
30 December 2023	8.25%
23 November 2023	8.25%
31 October 2023	8.25%
31 August 2023	8.25%
20 July 2023	8.25%
29 June 2023	8.25%

Adapted from *Tradingeconomics.com*

- 2.3.1. Identify the monetary instrument that is mainly used in South Africa. (1)
- 2.3.2. Which committee is responsible for making decisions on the tool shown on the table above? (1)
- 2.3.3. Briefly describe the term *extrapolation*. (2)
- 2.3.4. What is the negative impact of uncontrolled granting of credit on the economy? (4)
- 2.3.5. How can an increase in money supply positively influence the economy of South Africa? (2)
- 2.4 Differentiate between *exogenous approach* and *endogenous approach* in business cycles. (8)
- 2.5 Evaluate the role of the financial market on the South African economy. (8)



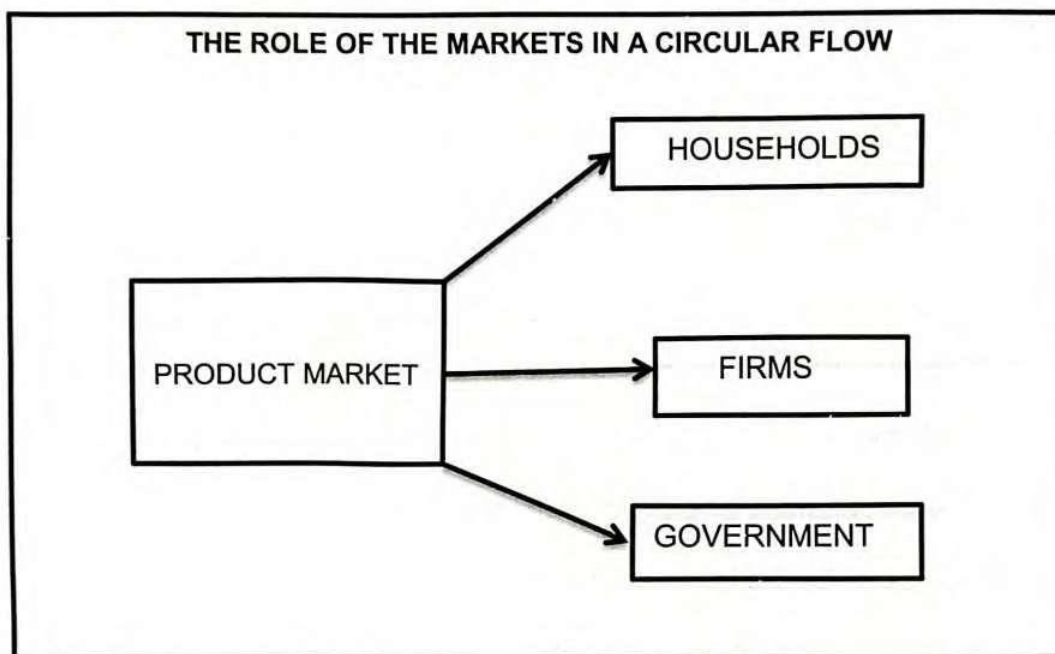
**QUESTION 3: MACROECONOMICS****40 MARKS – 30 MINUTES**

3.1

3.1.1. Name any TWO types of consumer goods. (2x1) (2)

3.1.2. How can an increase in government spending affect price levels? (1x2) (2)

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



3.2.1. Identify the market depicted on the above diagram. (1)

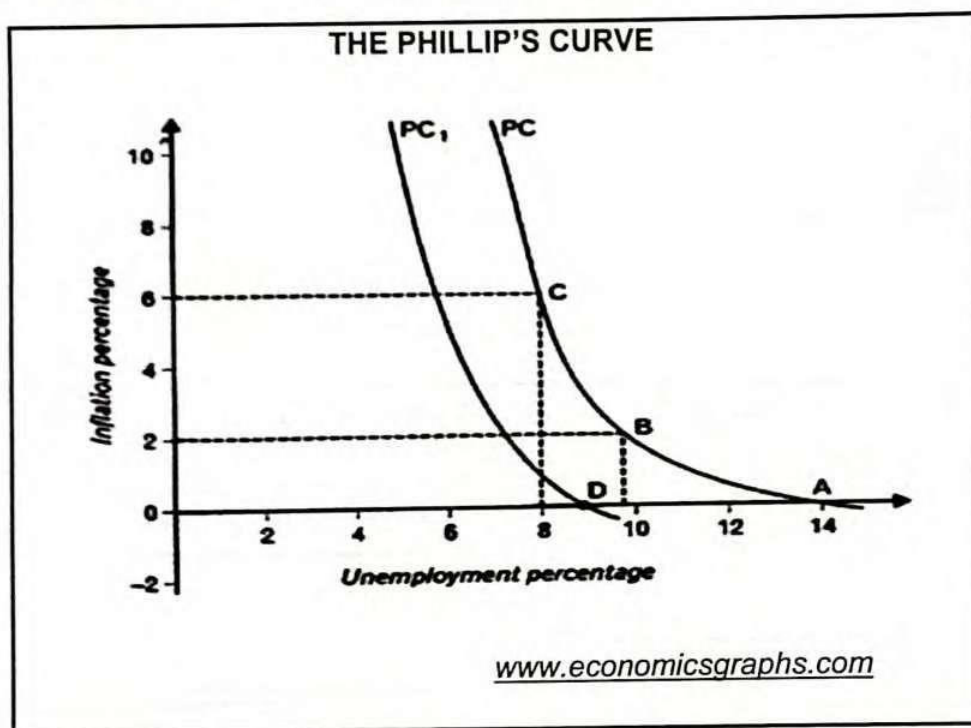
3.2.2. Name the participant that provides public goods and services from the above diagram. (1)

3.2.3. Briefly describe the term *circular flow*. (2)

3.2.4. Explain the role of the business sector in the economy. (2)

3.2.5. How can a good relationship with other countries benefit South Africans? (4)

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



- 3.3.1. Identify the natural rate of unemployment in the graph above. (1)
- 3.3.2. Name one demand biased policy used to curb inflation. (1)
- 3.3.3. Briefly describe the term *real business cycle*. (2)
- 3.3.4. What is the effect of a decrease in unemployment on the inflation rate? (2)
- 3.3.5. How can the government move PC to PC1 without triggering too much inflation? (4)
- 3.4. Distinguish between *recovery phase* and *depression phase* of business cycle. (8)
- 3.5. How can a decrease in final consumption by households affect the economy? (8)



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

4.1. Answer the following questions.

4.1.1. Name the TWO periods of business cycles. (1x2) (2)

4.1.2. How can subsidies on production benefit the economy of the country? (2x1) (2)

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

<b>GROSS VALUE ADDED METHOD-SOUTH AFRICA</b>		
<b>R Millions</b>	<b>2022</b>	<b>2023</b>
Primary sector	491 860	62 753
Secondary Sector	941 459	1 042 456
Tertiary Sector	3 596 256	3 902 399
<b>Gross Value Added @ basic prices</b>	<b>(A)</b>	<b>5 572 608</b>

Adapted from the SARBQB, June 2023

4.2.1. Identify the method for calculating the gross domestic product shown above. (1)

4.2.2. Name the sector that is responsible for the extraction of raw material. (1)

4.2.3. Briefly describe the term *basic price*. (2)

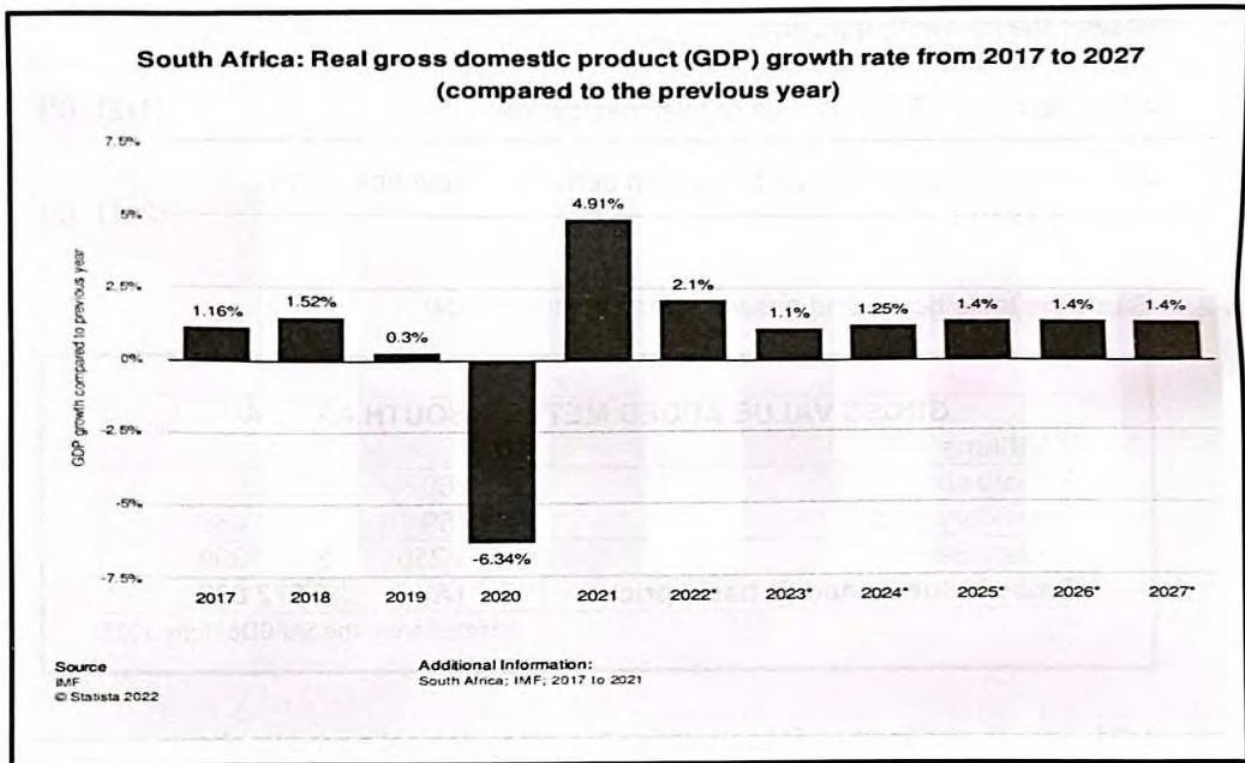
4.2.4. Why are unfinished products excluded when calculating the gross domestic product? (2)

4.2.5. Calculate the Gross Value Added (A) for 2022 on the above table. (Show all your calculations). (4)





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



- 4.3.1. Identify the measurement of business cycle shown above. (1)
- 4.3.2. Name ONE type of business cycles. (1)
- 4.3.3. Briefly describe the term *trough*. (2)
- 4.3.4. What is the negative impact of the economy staying long in a slump (downswing)? (2)
- 4.3.5. How can infrastructural development improve the state of the economy? (4)
- 4.4. Without the use of a graph, briefly discuss the multiplier effect. (8)
- 4.5. How can the South African government reduce the high unemployment rate? (8)

**TOTAL MARKS SECTION B: 80**

**SECTION C**

Answer **ONE** question from this section in the ANSWER BOOK  
Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
<b>Introduction</b>	Max. 2
<b>Body:</b>	
<b>Main part:</b> Discuss in detail/In-depth discussion/Examine/ Critically discuss/ Analyse/Compare/ Evaluate/Distinguish/ Differentiate/Explain/Assess/Debate	Max. 26
<b>Additional part:</b> 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
<b>Conclusion:</b> Any higher-order conclusion should include:	Max. 2
<ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned in the body</li> <li>• Any opinion or valued judgment 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>	
<b>TOTAL</b>	<b>40</b>

**QUESTION 5: MACROECONOMICS****40 MARKS – 30 MINUTES**

- Discuss in detail the main objectives of the public sector in the economy. (26)
- How successful is the South African government in providing services to the public? (10)

**QUESTION 6: MACROECONOMICS****40 MARKS – 30 MINUTES**

- Discuss in detail the reasons for international trade. (26)
- How does South Africa benefit from international trade? (10)

**TOTAL MARKS SECTION C: 40****GRAND MARKS TOTAL: 150**