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**KWAZULU-NATAL PROVINCE**  
**EDUCATION**  
REPUBLIC OF SOUTH AFRICA

**GRADE 12**

**NATIONAL  
SENIOR CERTIFICATE**

**ECONOMICS**

**COMMON TEST**

**MARCH 2023**

**Marks: 100**

**Time: 1½ hours**

**This question paper consists of 9 pages.**

## 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.

**SECTION A: COMPULSORY****QUESTION 1****20 MARKS – 15 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 number (1.1.1-1.1.8) in the ANSWER BOOK, for example 1.1.9. D.

1.1.1 The market where long-term deposits and borrowing are made is called ...

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

1.1.2 Public goods on which fees are levied to exclude free riders are called ... goods.

- A community
- B merit
- C demerit
- D collective

1.1.3 The economic model that shows the relationship between unemployment and inflation is called ... curve

- A Laffer
- B Lorenz
- C Phillips
- D Keynesian

1.1.4 An increase in the price of a currency in terms of another currency due to market forces is referred to as...

- A overvalue
- B appreciation
- C undervalue
- D depreciation

1.1.5 Removal of unnecessary restrictions that may reduce international trade is called ...

- A sanctions
- B deregulation
- C disinvestment
- D regulation

(5 x 2)(10)

- 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.

COLUMN A	COLUMN B
1.2.1 Residual items	A The difference between the value of exports and imports
1.2.2 Moving averages	B Benefits provided by the government to improve the quality of life for citizens
1.2.3 Treasury bills	C An international institution established to promote economic recovery and development
1.2.4 Trade balance	D Used for balancing national income figures
1.2.5 Absolute advantage	E Analysing the series of data over a period of time
1.2.6 Social services	F A short-term debt obligation of the central government.
	G A situation where one country can produce goods or services cheaper than another.

(6 x 1) (6)

- 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 small initial increase in spending which produce a proportionately larger increase in aggregate national income.

1.3.2 The highest turning-point of business cycles.

1.3.3 The business that is wholly or partially owned by the state.

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

(4 x 1) (4)

**TOTAL SECTION A: 20**

**SECTION B**

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

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

2.1 Answer the following questions.

2.1.1 Name any TWO examples of direct taxes. (2 x 1) (2)

2.1.2 Why is gold shown as a separate item on the balance of payment? (1 x 2) (2)

2.2 Study the table below and answer questions that follow.

<b>SOUTH AFRICA'S NATIONAL ACCOUNT AGGREGATES</b>	
<b>INCOME ON GROSS DOMESTIC PRODUCT - 2021</b>	
Items	R/ Millions
<b>Gross value at factor cost</b>	<b>5 453 539</b>
Other taxes on production	131 563
Other subsidies on production	12 494
<b>Gross value added at basic prices</b>	<b>(A)</b>

Adapted from [www.resbank.co.za/webindicators](http://www.resbank.co.za/webindicators). September 2022

2.2.1 Identify the method of calculating national accounts shown above. (1)

2.2.2 Give another term used for gross value added. (1)

2.2.3 Briefly describe the term *gross national product*. (2)

2.2.4 Explain the benefit of investing in small business for the economy. (2)

2.2.5 Calculate the value of A. (Show all calculations) (4)

2.3 Study the extract below and answer questions that follow.

**SOUTH AFRICA CURRENT ACCOUNT SURPLUS WIDENS IN QUARTER 1**

The current account surplus in South Africa rose to ZAR 143 billion in the first quarter of 2022, from an upwardly revised ZAR 132 billion in the fourth quarter of 2021.

The good surplus widened to ZAR 360 billion from ZAR 336 billion in the previous period, reflecting a larger increase in the value of merchandise and net gold exports than in the value of merchandise imports.

Source: tradingeconomics.com

- 2.3.1 Identify the sub-account of the balance of payment discussed above. (1)
- 2.3.2 Give the change in the surplus between quarter 4 of 2021 and quarter 1 of 2022. (1)
- 2.3.3 Briefly describe the term *portfolio investment*. (2)
- 2.3.4 What is the importance of foreign direct investment in the economy? (2)
- 2.3.5 How can the shortage of skilled labour force affect the South Africa's trading position? (2 x 2) (4)
- 2.4 Distinguish between the *money market* and *capital market* in the circular flow. (2 x 4) (8)
- 2.5 How can a positive balance of payment benefit the country? (8)

**[40]**

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

3.1 Answer the following questions.

3.1.1 Name any TWO examples of transfer payments. (2 x 1)(2)

3.1.2 What is the relationship between the size of the multiplier and the marginal propensity to consume (mpc)? (1 x 2) (2)

3.2 Study the picture below and answer questions that follow.



3.2.1 Identify the economic participant discussed above. (1)

3.2.2 Give ONE example of a product that is sold in the factor market. (1)

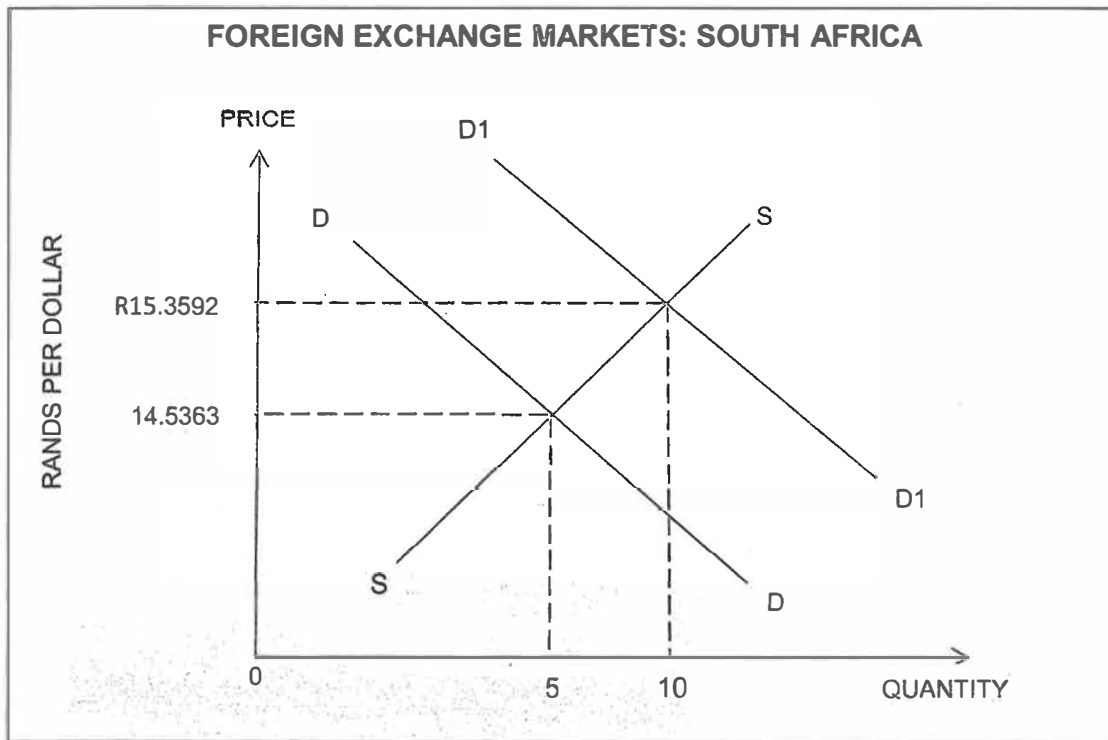
3.2.3 Briefly describe the term *circular flow*. (2)

3.2.4 What is the negative effect of an increase in tax rate on the business sector? (2)

3.2.5 How can households benefit from an increase in government spending? (2 x 2) (4)



3.3 Study the graph below and answer questions that follow.



- 3.3.1 Identify the exchange rate system that is represented by the graph (1)
- 3.3.2 Give the original exchange rate. (1)
- 3.3.3 Briefly describe the term *revaluation*. (2)
- 3.3.4 What could be the cause for an upward shift from D-D to D1-D1? (2)
- 3.3.5 How can the central bank stabilize the value of currency? (2 x 2) (4)
- 3.4 Briefly discuss *the size of population and income level* as demand reasons for international trade. (2 x 4) (8)
- 3.5 How can South Africa benefit from an increase in injections? (8)
- [40]**

**TOTAL SECTION B: 40 MARKS**

**SECTION C**

Answer any ONE of the two questions in this section in the ANSWER BOOK. Ensure that your answer follows the structure indicated below in order to obtain maximum marks:

STRUCTURE OF ESSAY	MARK ALLOCATION
<p><b>Introduction</b></p> <p>The introduction is a lower order-response</p> <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 your introduction.</li> <li>● Do not include any part of the introduction in your body.</li> <li>● Avoid saying in the introduction what you are going to discuss in the body.</li> </ul>	Max. 2
<p><b>Body</b></p> <p><b>Main part:</b> Discuss in detail/ In depth discussion/ Examine/ Critically discuss/ Analyse/ Compare/ Evaluate/ Distinguish/Differentiate/ Explain.</p> <p><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/ How/ Suggest</p>	Max. 26
<p><b>Conclusion</b></p> <p>Any high-order conclusion should include:</p> <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 value 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>	Max. 2
<b>TOTAL</b>	<b>40</b>

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

- Discuss in detail the new economic paradigm in the smoothing of cycles. (26)
  - How can exogenous (external) factors influence the economy? (10)
- [40]**

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

- Discuss in detail the macro-economic objectives of the state. (26)
- How can public sector failure negatively affect the economy of South Africa? (10)

**[40]****TOTAL SECTION C: 40 MARKS****GRAND TOTAL: 100 MARKS**