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GAUTENG PROVINCE

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REPUBLIC OF SOUTH AFRICA

GAUTENG DEPARTMENT OF EDUCATION

PRE-PREPARATORY EXAMINATION

AUGUST 2023

GRADE 12

ECONOMICS

TIME : 2hours

Marks: 150

12 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 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 complies with the cognitive requirements of the questions.

9. Use only black or blue ink.

10. You may use a non-programmable pocket calculator.

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 (111 to 1.1.8) in the ANSWER BOOK, for example, 1.1.9 C.

1.1.1 The method of calculating GDP whereby compensation of employees is taken into consideration is called the ...

- A expenditure method GDP(E).
- B production method (GDP(P).
- C income method GDP(I).
- D value-added method.

1.1.2 The multiplier effect means that any change in injection will ...

- A lead to a small change in national income.
- B not affect the national income at all.
- C lead to a larger change in national income.
- D keep the national income at the same level.

1.1.3 A market for short loans, very-short loans and investments, is known as the ... market.

- A money
- B capital
- C product
- D financial

1.1.4 Aggregate supply in the economy can be stimulated by ...

- A increasing the costs.
- B improving inefficiency of inputs.
- C maintaining the same costs.
- D improving the efficiency of markets.

1.1.5 The exchange rate system whereby market forces have absolute control is called the ... exchange rate system.

- A fixed
- B free floating
- C managed floating
- D absolute

- 1.1.6 The term used to reallocate agricultural land to previous disadvantaged individuals and groups is called ...
- A land restitution.
 - B land redistribution.
 - C natural benefits.
 - D subsidies on property.
- 1.1.7 An example of a nutrition indicator is ...
- A garbage removal.
 - B obesity.
 - C under 5 mortality.
 - D access to clean water.
- 1.1.8 When the quality of education and healthcare is improved in a region, the best international practice for regional development addressed is ...
- A sustainability.
 - B provision of resources.
 - C partnerships.
 - D investing in social capital.

(8x2) (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 number (1.2.1 to 1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Amplitude	A. Levied according to the amount earned.
1.2.2 Demand-side policies	B. Drives countries to specialize in the production of goods where they enjoy the lowest opportunity cost.
1.2.3 Comparative advantage	C. Difference in the value of total output between a peak and a trough
1.2.4 Portfolio investments	D. Financial incentives in the form of a cash grant of up to 50% of the costs of training new staff.
1.2.5 Progressive tax system	E. Measures undertaken by the government to stimulate growth in the economy.
1.2.6 Corridor	F. Purchase of assets such as shares or bonds, where the investor is interested only in the expected financial return on the investment.
1.2.7 Skills Support Programme	G. Financial incentive for foreign investors who invest in new manufacturing businesses in South Africa.
1.2.8 Productivity	H. A track of land that forms a passageway allowing access from one area to another and is developed as part of regional development.
	I. Measured in terms of the rate of output per unit of input.

(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 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms, and examples will NOT be accepted.

- 1.3.1 Economic indicators that move at the same time as aggregate economic activities.
- 1.3.2 An indication of the general direction of the economy
- 1.3.3 The loss of an alternative in order to pursue a certain action.
- 1.3.4 An institution established to facilitate international trade and ensure a strong system of trade and payments that is open to all countries.
- 1.3.5 A nationwide government intervention to create employment using labour-intensive methods, and to give people the skills they can use to find jobs.
- 1.3.6 Percentage of the working-age population who rely on those that are working.

(6 x 1) (6)

SECTION B

Answer any TWO of the three 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 prices used in the conversion of national aggregates. (2 x 1) (2)

2.1.2 What determines complete cycles of fluctuations in the economy? (1 x 2) (2)

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

MOVEMENT IN THE CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS

The surplus on the current account of the balance of payments narrowed markedly from R311 billion in the second quarter to R226 billion in the third quarter of 2021. The value of South Africa's exports of goods decreased slightly, while the value of merchandise imports increased. South Africa's terms of trade (including gold) deteriorated somewhat in the third quarter of 2021 as the rand price of imports of goods and services increased more than the price of exports.

[Adapted from *Quarterly Bulletin*, SARB, December 2021]

2.2.1 Which economic concept, according to the extract, rely more on export and import prices? (1)

2.2.2 Give a current account item for recording donations. (1)

2.2.3 Briefly describe the term *balance of payment*. (2)

2.2.4 Why did South African merchandise exports experience a decline in 2020 in relation to the COVID-19 pandemic? (2)

2.2.5 Calculate the percentage change of the surplus in the current account of the balance of payments in the second and third quarters of 2021. Show ALL calculations. (4)

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

BUSINESS CYCLES

The analysis of the source of shocks has been a recurrent theme in business cycle literature. Not only is it relevant for understanding the forces driving economic fluctuations but, in addition, the identification of sources of shocks is needed to inform the optimal policy response. Producers and consumers will not respond to the same extent to the initiating forces, and therefore the duration of business cycles differs. Business cycles can range from 3 years (Kitchin) to more than 50 years (Kondratief).

[Adapted from www.google.com]

- 2.3.1 Identify ONE factor from the extract which might cause economic fluctuations. (1)
- 2.3.2 Name the type of business cycle caused by changes in investment in equipment and machinery. (1)
- 2.3.3 Briefly describe the term *business cycle*. (2)
- 2.3.4 Explain the reason why government intervention is not needed under exogenous explanations. (2)
- 2.3.5 How can fiscal policy be used to 'stimulate' a depressed economy? (2 x 2)(4)
- 2.4 Differentiate between *factor market* and *goods market*. (2 x 4)(8)
- 2.5 Evaluate South Africa's efforts in reducing costs in order to promote supply side policies. (8)
- [40]**

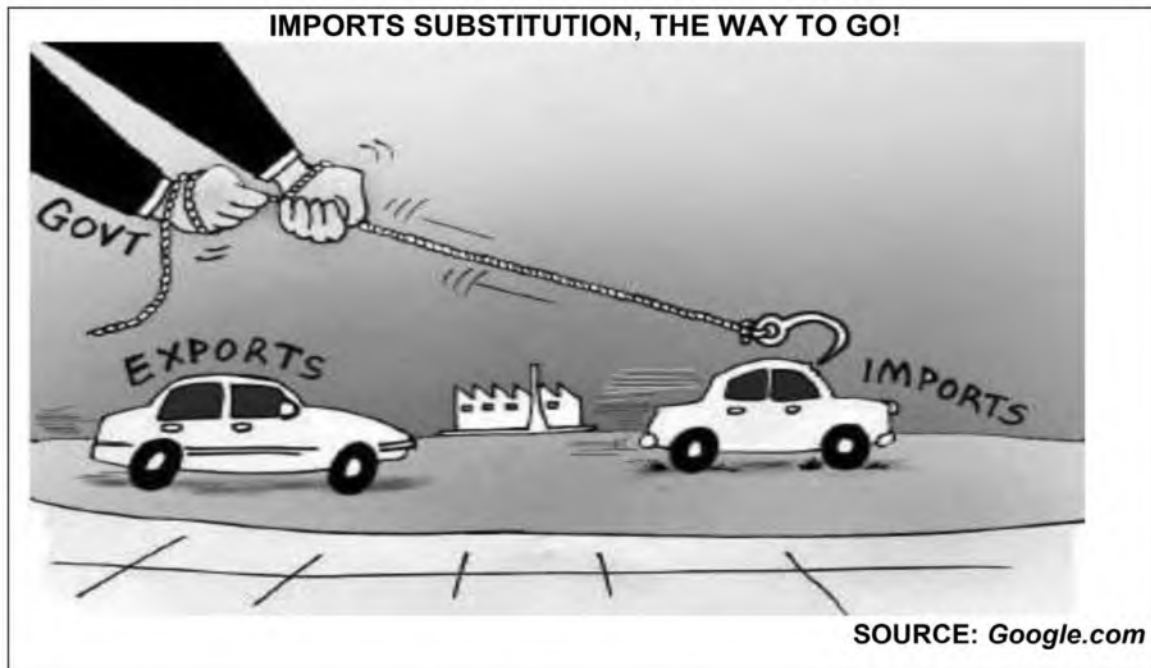
QUESTION 3: ECONOMIC PURSUITS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO examples of cash benefits received by households from the government. (2)

3.1.2 How can labour-intensive production benefit the South African economy? (2)

3.2 Study the cartoon below and answer questions that follow.



3.2.1 Identify the policy used by the government to discourage expenditure on foreign products. (1)

3.2.2 Name the international organization that promotes free trade. (1)

3.2.3 Briefly describe the term *export promotion*. (2)

3.2.4 Why is it important for South Africa to trade with other countries? (2)

3.2.5 How does an increase in imports affect the country? (2 x 2) (4)

3.3 Study the extract below and answer questions that follow.

JIPSA: THE SOLUTION FOR SKILLS SHORTAGE

The Joint Initiative on Priority Skills Acquisition (JIPSA) was launched on 27 March 2006.

Its aim is to identify urgent skills needs and effective solutions such as special training programmes, re-engaging retirees and drawing immigrants with necessary skills as well as to focus on developing skills in infrastructure project management. JIPSA is a joint initiative between government, labour and businesses.

[Adapted from Google.com]

- 3.3.1 Identify the growth and development strategy discussed above. (1)
- 3.3.2 Name the government department that is responsible for skills development in South Africa. (1)
- 3.3.3 Briefly describe the term *economic growth*. (2)
- 3.3.4 Explain the negative impact of a shortage of skilled labour force in the country? (2)
- 3.3.5 How does the Black Economic Empowerment Programmes improve the lives of the previously disadvantaged groups? (2 x 2) (4)
- 3.4 Discuss the National Development Plan as the South African approach for growth and development. (8)
- 3.5 How can protectionism positively influence the economy? (8)
- [40]**

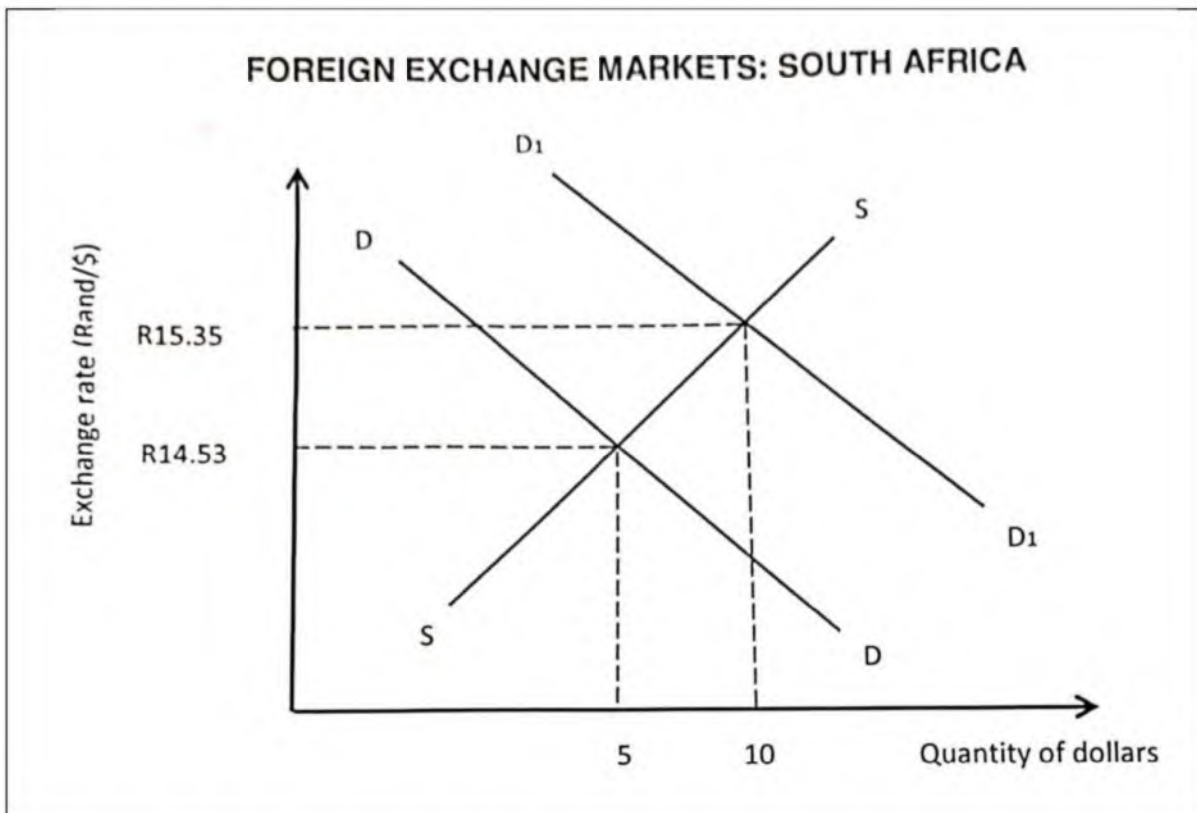
QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name TWO methods of export promotion. (2 x 1) (2)

4.1.2 How does an increase in aggregate demand benefit the economy? (1 x 2) (2)

4.2 Study the graph below and answer questions that follow.



4.2.1 Identify the original exchange rate on the graph above. (1)

4.2.2 Name the exchange rate system used in South Africa. (1)

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

4.2.4 Explain any factor that can cause an increase in demand for US dollars in South Africa. (2)

4.2.5 How can the central bank stabilize the value of currency? (2 x 2) (4)

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

CONSUMER INFLATION CONTINUES TO BITE

Consumer Price index is the most comprehensive indicator measuring consumer inflation in the country. It shows changes in the general purchasing power of the rand.

This week, the South African Reserve Banks (SARB) could be seen tightening monetary policy as inflation continues to head towards the top end of its 3-6% target range. Global producer price and food price inflation continues to surprise higher on fears of supply chain disruption, with the Russian war in Ukraine pushing oil prices to a 14-year high.

[Source: *iol.co.za*, March 2022]

- 4.3.1 Identify a product that is regarded as a commodity from the above extract. (1)
- 4.3.2 Name ONE institution that is responsible for publishing economic indicators in South Africa. (1)
- 4.3.3 Briefly describe the term *economically active population*. (2)
- 4.3.4 Explain the importance of money supply as an economic indicator? (2)
- 4.3.5 How does low productivity affect the economy? (2 x 2) (4)
- 4.4 Distinguish between *nominal* and *real* figures when calculating the GDP. (4 x 2) (8)
- 4.5 How can Small Business Development Programme stimulate the economy? (8)

[40]

TOTAL SECTION B: 80 MARKS

SECTION C

Answer ONE of the two question 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. <ul style="list-style-type: none"> • 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 mere listing facts.	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts • Any opinion or value judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required 	Max. 2
TOTAL	40

QUESTION 5 MACROECONOMICS 40 MARKS 40 MINUTES

- Discuss in detail the reasons for public sector failure by linking them with the problems for public sector provisioning. (26 marks)
- Why does fiscal policy fail to ensure economic growth in South Africa? (10 marks)

[40]

QUESTION 6: ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- Discuss in detail export promotion as a trade strategy. (26 marks)
- Evaluate import substitution as trade policy in South Africa. (10 marks)

[40]

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