GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

ASSIGNMENT 1

2024

GRADE 12

ECONOMICS

TIME: 1 hour

MARKS: 50

5 pages

INSTRUCTIONS AND INFORMATION

1.　　This is NOT an open book task; it is an individual task and it should be written under strict supervision.

2.　　Answer ALL questions in your answer book.

3.　　Number the answers correctly according to the numbering system used in this task.

4.　　Write the question number above each answer.

5.　　Read the questions carefully.

6.　　Non-programmable calculators may be used.

7.　　Write neatly and legibly.

QUESTION 1

1.1   Various options are provided as possible answers to the following questions. Write down the question number (1.1.1-1.1.2), choose the answer and write the letter (A – D) of your choice next to the question number in the ANSWER BOOK.

1.1.1   The following indicate the conversion of Gross Value Added at basic prices to GDP at market prices.

A   Primary sector + secondary sector + tertiary sector.

B   GVA at basic prices + subsidies on products – taxes on products

C   GVA at basic prices + taxes on products – subsidies on products

D   GVA at basic prices + taxes on production – subsidies on production.

1.1.2   The new economic paradigm is embedded in … policy/policies.

A   demand-side
B   monetary
C   demand and supply-side
D   supply-side   (2 x 2) (4)

1.2   Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A – D) next to the question number (1.2.1-1.2.4) in the ANSWER BOOK, for example 1.2.3 F.

COLUMN A	COLUMN B
1.2.1 Amplitude	A. Goods and services produced in other countries and purchased by local firms or Households.
1.2.2 Fiscal policy	B. Drives countries to specialize in the production of goods where they enjoy the lowest opportunity cost.
1.2.3 Savings	C. Difference in the value of total output between a peak and a trough.
1.2.4 Imports	D. The portion of income that is not consumed.
	E. Measures undertaken by the government to stimulate growth in the economy.
	(4 x 1) (4)

1.3   Give ONE term for the following description. Write only the term next to the question number (1.3.1 – 1.3.4) in the ANSWER BOOK. Abbreviations, acronyms, and examples will NOT be accepted.

   1.3.1   An initial change in spending results in a much bigger change in national income.

   1.3.2   The short-term market for savings and loans.

   1.3.3   A negative economic growth for at least two successive quarters.

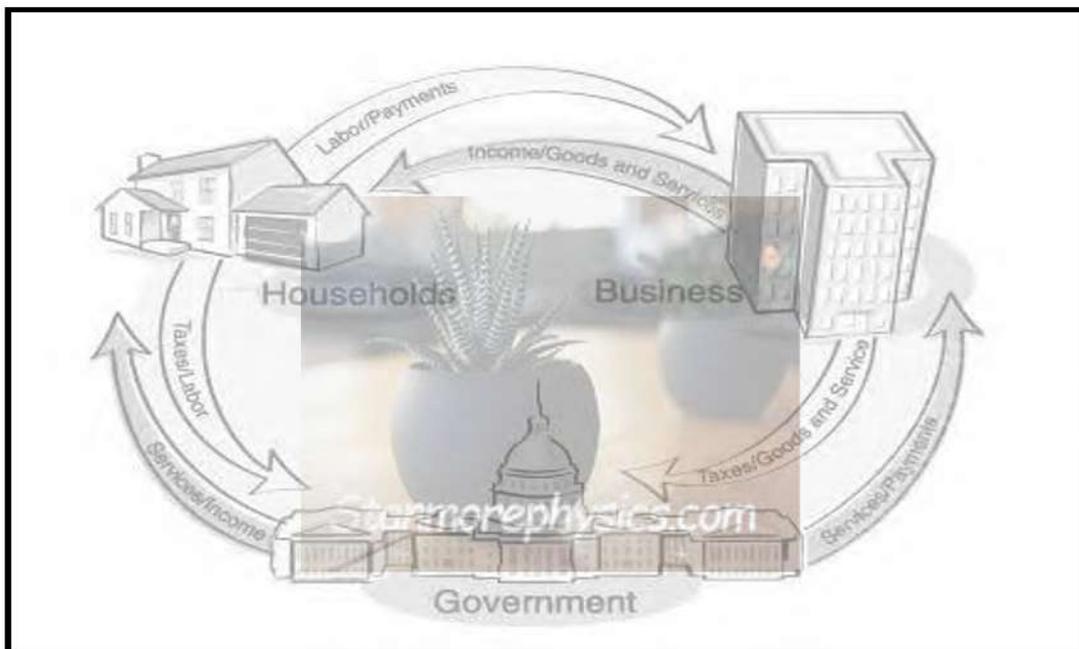   1.3.4   A grouping of various indicators of the same type into a single value.

   (4 x1) (4)

   [12]

QUESTION 2

2.1   Answer the following questions.

   2.1.1   Name any two methods used to calculate GDP.   (2 x 1) (2)

2.2   Study the diagram below and answer the questions that follow:

   2.1.1   Identify the type of economy represented in the above diagram.   (1)

   2.1.2   Name one leakage from the diagram.   (1)

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

   2.1.4   What is the role of the businesses in assisting the government to achieve its objective?   (2)

2.1.5 Why does South Africa prescribe to the System of National Accounts (SNA) as stipulated by the International Monetary Fund (IMF)? (4)

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Question 3

3.1 Study the information below and answer the questions that follow:

South Africa economic outlook, November 2023

After the euphoria and celebrations of the Springbok Rugby team bringing home the Webb Ellis cup for the fourth time, South Africans were sobered by reality on Nov. 1, 2023, when finance minister Enoch Godongwana delivered the 2023 Medium Term Budget Policy Statement (MTBPS). As many expected, a domestic economy weakened by electricity and rail capacity constraints, coupled with the challenges of a slower and uncertain global environment, has delivered unfavorable news for South Africa's public finances.

South Africa's National Treasury revised down the country's growth outlook from 0.9% for 2023 (as per its estimate in February 2023) to 0.8%.1 This figure remains slightly higher than the growth expectation of many analysts and commentators. Also, the growth outlook for the coming years has been revised downwards—from 1.5% in 2024 to 1%, and 1.8% in 2025 to 1.6%; and now it is expected to average only 1.4% over the 2024 to 2026 period.2 This does not compare well with the 4% projection for emerging and developing economies, and notably even falls below advanced economies' growth outlook of 1.7% over the same three year period, as projected by the International Monetary Fund (IMF).

Source: Deloitte Global Economics Research Center ,ARTICLE 8-MIN READ **Hannah Marais** South Africa

3.1.1 According to the extract what contributed to the weakening of the domestic economy? (1)

3.1.2 What is the role of the International Monetary Fund (IMF)? (1)

3.1.3 Briefly describe the term *business cycle.* (2)

3.1.4 What will be the impact of job losses on the Philips curve. (2)

3.1.5 Analyse how the government can use the supply side to stimulate economic activities in the economy. (4)

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Question 4

4.1   How can fiscal policy be used to 'stimulate' a depressed economy?   (8)

4.2   The government inject R20 million in the economy as an investment to improve infrastructure. Calculate the multiplier effect of this investment on the economy if the marginal propensity to save (mps) is 0,2. Show ALL calculations. Also draw the multiplier graph and plot the new consumption curve. The original consumption function is C = 20 + 0.8y.   (8)

[16]

Total Mark:50