



LIMPOPO  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**MOPANI WEST DISTRICT**

**GRADE 12**

**ECONOMICS CONTROLLED TEST 1**

Stanmorephysics.com

**MACRO ECONOMICS**

**2023/03/14**

**MARKS: 100**

**DURATION: 1.5 HRS**

**NB: STARTING TIME STRICTLY 08:30**

**This question paper consists of 9 pages**

### INSTRUCTIONS AND INFORMATION

1 Answer THREE questions as follows in the ANSWER BOOK

SECTION A: COMPULSORY

SECTION B: Answer ONE question

SECTION C: Answer ONE question

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 Read the questions carefully.

5 Leave 2 lines between subsections of questions.

6 Answer questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.

7 Use only black or blue ink

8 You may use a non – programmable pocket calculator

9 Write neatly and legibly

**SECTION A COMPULSORY****QUESTION 1****20 MARKS- 20 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the correct letter (A-D) next to the Question numbers (1.1.1 to 1.1.8) in the ANSWER BOOK e.g., 1.1.9 D.

1.1.1 Aggregate supply can be stimulated through government policy of ...

- A lowering the productivity of factors of production
- B reducing factors of production
- C limiting the efficiency of inputs
- D improving the efficiency of markets

1.1.2 The South African National Defence Force services is provided by the ... government

- A central
- B district
- C local
- D provincial



1.1.3 When the value of intermediate products is irregularly added to final product ... occurs

- A accounting record
- B double counting
- C national income
- D national accounts

1.1.4 An addition to the countries' stock of capital goods is called ...

- A gross domestic product
- B invention
- C innovation
- D gross capital formation

1.1.5 An increase in the value of the currency due to market forces is known as ...

- A revaluation
- B devaluation
- C appreciation
- D depreciation

(5x2) (10)

1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–G) next to the question numbers (1.2.1 to 1.2.8) in the ANSWER BOOK for example 1.2.7 J.

COLUMN A	COLUMN B
1.2.1 Real figures	A. An incentive given to manufacturers to reduce the cost of production.
1.2.2 Subsidies	B. SARB consultation with commercial banks to act in a desirable manner according to prevailing economic conditions.
1.2.3 Moral suasion	C. A form of credit that the IMF can use for a consistent disequilibrium.
1.2.4 Social grants	D. A minimum amount of money that the SARB requires from commercial banks whenever the deposit is made.
1.2.5 Trade balance	E. An example of transfer payments.
1.2.6 Special Drawing Right	F. Also known as the national product at constant prices.
	G. Value of exports minus imports.

(6x1) (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 sector that includes wholesale, transport, real estate and communication

1.3.2 Consumption that is independent of the level and changes of income

1.3.3 A curve that explains the relationship between tax rates and tax revenue

1.3.4 The exchange of goods or services across international borders

(4x1) (4)

**TOTAL SECTION A: 20**

**SECTION B**

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

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

2.1 Answer the following questions:

2.1.1 Name TWO problems of public sector provisioning. (2x1) (2)

2.1.2 Why does a country prepare a Balance of Payment account? (2)

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

**Gross value added by kind of economic activity****R millions**

	2020	2021
At current prices		
Primary sector	491 860	627 753
Secondary sector	941 459	1 042 456
Tertiary sector	3 596 256	3 902 399
<b>Gross value added at basic prices</b>	<b>5 029 575</b>	<b>5 572 608</b>

2.2.1 Identify the method used to calculate the gross value added from the table above. (1)

2.2.2 Name any ONE industry that falls under secondary sector. (1)

2.2.3 Briefly describe the term *Primary sector*. (2)

2.2.4 Why are current figures not a true reflection of a country's economic growth? (2)

2.2.5 Calculate the tertiary sector contribution percentage to the national income for the year 2021. (4)

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

**LIKELY HOOD OF RECESSION IN QUARTER 4 OF 2022**

In 2023, it is expected that the South African economy can grow by a meagre 0,4%, closer to the SARB growth projection of 0,3%. This is down from a previously focused of 0,7% growth.

*Adapted from moneyweb.co.za*

- 2.3.1 Which socio economic challenge increases when the economy go into the slump? (1)
- 2.3.2 Name the lower turning point of a business cycle. (1)
- 2.3.3 Briefly describe the term *economic recession*. (2)
- 2.3.4 Explain the relationship between GDP and business cycles. (2)
- 2.3.5 Why does inflation tend to fall during recessions? (4)
- 2.4 Explain the importance of moving averages in the forecasting of business cycle. (8)
- 2.5 Discuss the multiplier and its aggregate effect on the economy, if the marginal propensity to consume (mpc) is 0,6 and investment increases by R10bn. (8)

**[40]**

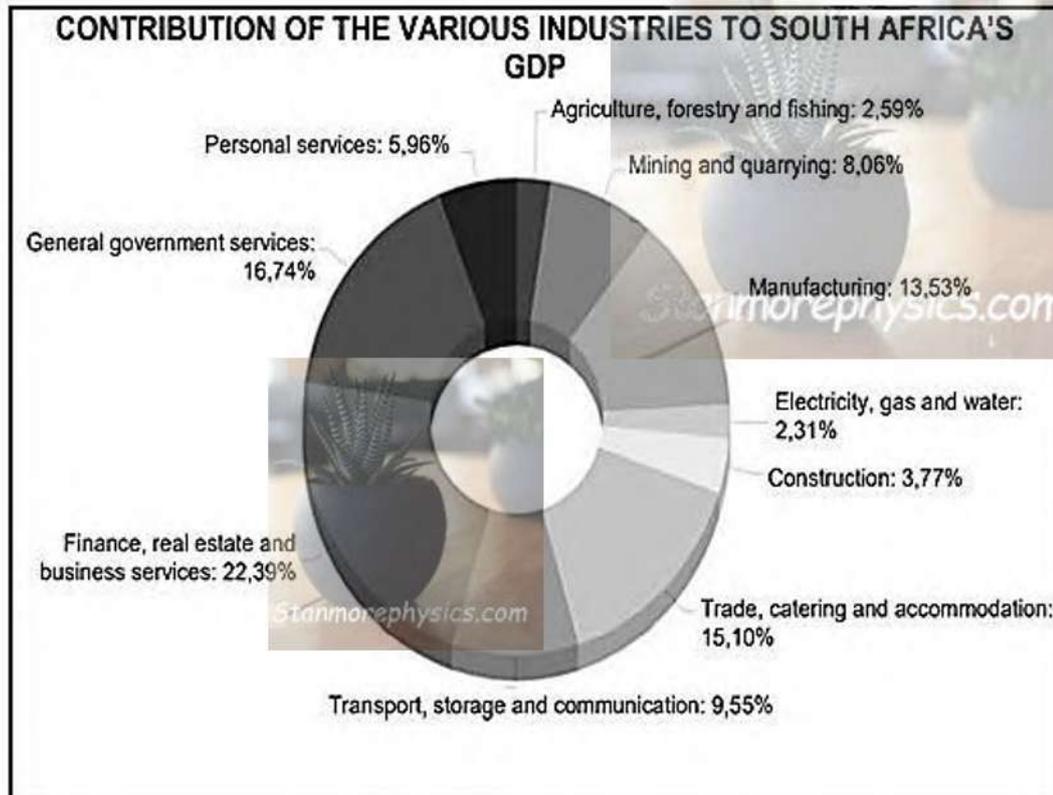
**QUESTION 3****40 MARKS – 30 MINUTES**

3.1 Answer the following questions:

3.1.1 List two types of exchange rate system (2x1) (2)

3.1.2 Why does the government give transfer payments to households? (2)

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



[Adapted from <https://southafricanmi.com/south-africas-> Accessed on 21 August 2021]

- 3.2.1 Identify the industry in the secondary sector which contributed the most towards economic growth in the diagram above. (1)
- 3.2.2 Give ONE example of an industry in the primary sector. (1)
- 3.2.3 Briefly describe the term *Gross domestic product*. (2)
- 3.2.4 How does compensation of employees affect labour productivity? (2)
- 3.2.5 Why is the multiplier effect on manufacturing important in the economy? (2x2) (4)

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

The composite leading business cycle indicator in South Africa fell by 2.1% from a month earlier in December 2022, following a downwardly revised 0.08% gain in November.



Adapted from: tradingeconomics.com

- 3.3.1 From the graph above identify the recorded percentage of the composite leading indicator. (1)
- 3.3.2 Name ONE characteristic of the trough of a business cycle. (1)
- 3.3.3 Briefly describe the term *composite indicator*. (2)
- 3.3.4 What economic spin-offs can result if there is an increase in GDP? (2)
- 3.3.5 How can the monetary policy stimulate economic growth? (2x2) (4)
- 3.4 Briefly discuss the role of firms in the circular flow. (8)
- 3.5 Evaluate the impact of reducing the repurchase rate (repo rate) on the economy. (8)

[40]

**TOTAL SECTION B: [40]**

**SECTION C****40 MARKS – 40 MINUTES**

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

STRUCTURE OF ESSAY	MARK ALLOCATION
<b>Introduction</b> <ul style="list-style-type: none"> <li>A good starting point would be to define a concept or key word that appears in the question.</li> <li>Include other sentences to support the topic.</li> <li>Do not include in your introduction any part of the question.</li> <li>Do not repeat any part of the introduction in the body.</li> <li>Avoid saying 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 / Assess / Debate  <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. 26  Max. 10
<b>Conclusion</b> <ul style="list-style-type: none"> <li>The conclusion is a wrap up of the discussion of the topic in the body and should be treated as a higher order response.</li> <li>The conclusion can take the form of an own opinion, examples to support your discussion or contradictory viewpoint from what has been discussed.</li> <li>No aspect from either the introduction or body should be included in the body</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

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

- Discuss in detail the main objectives of the public sector in the economy. (26)
- How does public sector failure affect the economy? (10)

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

- Discuss in detail the reasons for international trade. (26)
  - Draw the exchange rate graph and explain the effect of the increase in the demand for the US dollar on the value of the rand. (10)
- [40]**

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