



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PINETOWN DISTRICT

ECONOMICS



GRADE 12

ALL-IN-ONE P1 CONCEPTS



MACROECONOMICS

CIRCULAR FLOW

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.42) in the ANSWER BOOK.

Abbreviations, acronyms, and examples will NOT be accepted.

- 1.3.1 A model which illustrates the interaction of participants in the economy.
- 1.3.2 Goods and services produced locally and then sold to other countries.
- 1.3.3 The movement of income and expenditure between participants in the economy.
- 1.3.4 An economy that includes the foreign sector as the fourth economic participant.
- 1.3.5 The movement of factors of production, goods and services among the participants in the economy.
- 1.3.6 An outflow of money from circulation in the economy.
- 1.3.7 The market in which factors of production are traded.
- 1.3.8 Total market value of all final goods and services produced within the borders of a country within a specific period of time.
- 1.3.9 Spending by firms on capital goods for the purposes of production.
- 1.3.10 The owners of factors of production in the economy.
- 1.3.11 A situation where leakages are more than injections.
- 1.3.12 Goods that are used in the production of other goods.
- 1.3.13 A compulsory payment charged by the government on workers' income and companies' profits.
- 1.3.14 The market in which currencies are traded using online platforms.
- 1.3.15 An item that is used to correct errors and omissions in the calculation of national accounts.
- 1.3.16 A market where long-term funds are borrowed and saved by individuals and firms.
- 1.3.17 The method of calculating national accounts that is used to derive total remuneration for factors of production.
- 1.3.18 The final price paid by the consumers when buying goods and services.

- 1.3.19 Expenditure that adds money into the economy, increase total income and stimulate economic growth.
- 1.3.20 A market that provides short term deposits, loan and investment.
- 1.3.21 An addition of the value of intermediate goods to the national income figures.
- 1.3.22 Income that is available for household to spend after paying for essential services.
- 1.3.23 Total market value of all final goods and services produced by permanent residents of a country within a specific period of time.
- 1.3.24 A proportion of income that is kept for future spending.
- 1.3.25 A small initial change spending that results to a proportionately large change in the national income.
- 1.3.26 Essential spending on goods and services that occurs even when disposable income is zero.
- 1.3.27 An inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year.
- 1.3.28 A mechanism that brings buyers and sellers together to trade goods and services
- 1.3.29 Total amount of money earned by the permanent citizens of a country locally and abroad.
- 1.3.30 Payment received without any productive work rendered in exchange for it.
- 1.3.31 The sum of final consumption spending by households and government, plus gross capital formation within the borders of a country.
- 1.3.32 The portion of spending that depends on consumers' level of income.
- 1.3.33 A circular flow that represents an economy which excludes the foreign sector.
- 1.3.34 A benchmark period that is used to compare economic and statistical data by removing the effects of inflation.
- 1.3.35 Businesses, households and governments from abroad who interact with the country's economy.
- 1.3.36 Goods and services produced in other countries and purchased by local firms or households.

- 1.3.37 The price paid for factors of production used by firms in the production process.
- 1.3.38 The adding of final values of all goods and services calculated as gross value added.
- 1.3.39 Financial incentives provided by government to firms to increase production.
- 1.3.40 A financial support that is not linked to specific goods or services, e.g. subsidy made on employment.
- 1.3.41 Taxes that are payable per unit of some good or service (e.g. VAT, import duties).
- 1.3.42 The proportion of additional income that households choose to spend on goods and services.

BUSINESS CYCLES

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.51) in the ANSWER BOOK. Abbreviations, acronyms, and examples will NOT be accepted.

- 1.3.1 Successive periods of expansion and contraction in the level of economic activities.
- 1.3.2 A tool used to measure a business cycle from peak to peak or trough to trough.
- 1.3.3 Factors that originate outside of the economy and cause business cycles.
- 1.3.4 The lowest turning point of a business cycle.
- 1.3.5 An indicator that shows the general direction where the economy is headed.
- 1.3.6 An approach to smoothing of business cycles that uses both demand and supply side policies.
- 1.3.7 A business cycle approach based on forces inside the market system.
- 1.3.8 Persuasion of banks by the SARB to offer credit responsibly based on prevailing economic conditions.
- 1.3.9 A monetary policy instrument used to control money supply through buying and selling of government bonds and securities.
- 1.3.10 The model that indicates the relationship between the unemployment rate and the inflation rate.
- 1.3.11 Business cycle indicators that change the direction before the economy changes.

- 1.3.12 Cycles that last 3-5 years and are caused by change in inventories.
- 1.3.13 A model that illustrates the inverse relationship between inflation and unemployment.
- 1.3.14 A technique of estimating an unknown value based on extending a known sequence of facts.
- 1.3.15 A business cycle that is obtained when the effects of irregular events are removed from time series data.
- 1.3.16 Government policy that uses taxation and expenditure to influence economic activity.
- 1.3.17 A summary of various indicators of the same type into a single value.
- 1.3.18 A negative economic growth rate for at least two consecutive quarters in a year.
- 1.3.19 Indicators that change direction after the economy has already changed.
- 1.3.20 A tool that is used to measure the vertical distance between the trough and trend line.
- 1.3.21 Removal of unnecessary restrictions by law to create a conducive business environment.
- 1.3.22 The minimum amount of money that banks are required by law to keep in case of mass withdrawal by depositors.
- 1.3.23 Indicators that moves at the same time as the economy.
- 1.3.24 The point where the economic expansion is at its highest.
- 1.3.25 The business cycles that are caused by the changes in net investment by business and government.
- 1.3.26 Cycles that are caused by changes in business activity in the building and construction industry.
- 1.3.27 A statistical analytical tool that is used to analyse the changes that occur in a series of data over a certain period of time.
- 1.3.28 A policy used by the central bank to control the supply of money in the economy.
- 1.3.29 Exchange rate system that uses forces of demand and supply.

- 1.3.30 The removal of regulations and government control measures that interfere with free trade.
- 1.3.31 A specific range through which the South African Reserve Bank wants to control the money supply.
- 1.3.32 A sustained general increase in the price level of goods and services.
- 1.3.33 An economic measure used by the government to stimulate aggregate supply in the economy.
- 1.3.34 The measure of the distance of the oscillation of variable from the trend line.
- 1.3.35 A technique of repeatedly calculating a series of different average values along a time series to produce a smooth curve.
- 1.3.36 The entire period of economic decline from peak to trough.
- 1.3.37 Expenses that are incurred by the businesses but not directly related to production.
- 1.3.38 The total supply of goods and services produced within an economy at a given price level within a certain period.
- 1.3.39 The entire period of economic growth from trough to peak.
- 1.3.40 Business cycles that last longer than 50 years, caused by technological innovations, wars and discoveries of new deposits of resources.
- 1.3.41 The period of economic growth that occurs after the economy has reached the lowest turning point.
- 1.3.42 A compulsory payment made by households and businesses to government.
- 1.3.43 The total spending on final goods and services by all economic participants in a given period of time.
- 1.3.44 An economic measure used by the government to stimulate aggregate supply in the economy.
- 1.3.45 The period immediately before and through the upper turning point of business cycle.
- 1.3.46 A school of thought which believes the economy is best controlled through government intervention by manipulating the demand for goods and services.

- 1.3.47 A policy that is used to slow down an overheating economy by decreasing money supply in the economy.
- 1.3.48 A situation where people who are actively searching for employment are unable to find work.
- 1.3.49 A school of thought which believes that markets are inherently stable and disequilibrium is caused by incorrect use of monetary policy.
- 1.3.50 A policy that stimulates the economic growth by cutting interest rates.
- 1.3.51 Increasing government spending and decreasing taxes to stimulate the economy.

PUBLIC SECTOR

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.35) in the ANSWER BOOK. Abbreviations, acronyms, and examples will NOT be accepted.

- 1.3.1 The government's plan that details expected revenue and projected expenditure.
- 1.3.2 Transfer of ownership of assets from public to the private sector.
- 1.3.3 Public goods that are non- excludable and non-rival in consumption.
- 1.3.4 Money paid by the government to a person / institution without any counter performance.
- 1.3.5 A company which is partly or wholly owned by government.
- 1.3.6 A policy that uses taxation and government spending to influence economic growth.
- 1.3.7 A graph that shows the relationship between tax rates and tax revenue.
- 1.3. Long and time-consuming procedures that hampers service
- 1.3.9 Goods which are deemed to be socially harmful.
- 1.3.10 The sphere of government that deals with issues within a town or municipal area.
- 1.3.11 The process whereby the state takes control and ownership of privately-owned assets and private enterprises.

- 1.3.12 A tax system where all income levels are charged the same tax rate.
- 1.3.13 A fair and just distribution of economic wealth, resources and opportunities within a society.
- 1.3.14 A government plan that consists of a rolling expenditure and revenue projections for a three-year period.
- 1.3.15 Goods and services whose provision has benefits for the user and for society.
- 1.3.16 A policy framework that allows for government to make adjustments in the departments' budgets for the current financial year.
- 1.3.17 Funds allocated by national government to a lower sphere of government for a specific purpose/project.
- 1.3.18 A condition where government revenue is exceed its expenditure.
- 1.3.19 An unconditional allocation of funds that is distributed fairly to provinces and municipalities to provide free basic services to their communities.
- 1.3.20 Tax that is levied on households' income and companies' profits.
- 1.3.21 The part of the economy that is made up of entities owned and controlled by the government.
- 1.3.22 An individual who enjoys the benefits of a good or service without paying for it.
- 1.3.23 A condition where government spending exceeds the collected tax revenue.
- 1.3.24 A system where the tax rate levied on low-income earners decreases as their level of income increases.
- 1.3.25 A condition when it is impossible to make someone better off without making someone worse off.
- 1.3.26 A nation-wide government intervention to create employment using labour-intensive methods.
- 1.3.27 Inability of a government to manage the economy and resources under its control effectively.

- 1.3.28 Tax levied specifically on certain goods and services considered to be harmful to society.
- 1.3.29 Attempts by interest groups to influence government behaviour to their advantage.
- 1.3.30 Taxes levied on the sale of goods and services
- 1.3.31 A situation where an increase in income causes individuals to pay higher average income tax rate each year.
- 1.3.31 The acquisition of privately owned enterprises by government with or without compensation
- 1.3.32 The requirement to give an explanation of one's own decisions and actions.
- 1.3.33 Taxes that are imposed on manufacturers and suppliers and passed on to consumers.
- 1.3.34 The amount borrowed by government through issuing bonds to fund its operations and investment programmes.
- 1.3.35 A situation where all the people who are able and willing to work are employed.
- 1.3.36 A tax system in which the marginal tax rate increases as the taxable income increase.

INTERNATIONAL TRADE / FOREIGN EXCHANGE MARKETS

- 1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.30) in the ANSWER BOOK. Abbreviations, acronyms, and examples will NOT be accepted.**
- 1.3.1 When consumers and producers are free to buy goods and services anywhere in the world without any restrictions
- 1.3.2 The exchange of goods or services across international borders.
- 1.3.3 A systematic record of all transactions between one country and the rest of the world.
- 1.3.4 An international organisation that lends money to countries with ongoing balance of payment problems.

- 1.3.5 Investment contracts that base their value on the underlying assets, such as currencies and commodities
- 1.3.6 The price of one country's currency expressed in terms of another country's currency.
- 1.3.7 The difference between tangible exports and tangible import.
- 1.3.8 Buying of financial assets such as shares in companies on the stock exchange of another country.
- 1.3.9 The ratio of export prices in relation to import prices.
- 1.3.10 A financing instrument distributed among member countries of the IMF that is used to correct balance of payment problems.
- 1.3.11 Financial capital held by the monetary authorities to finance balance of payment disequilibrium.
- 1.3.12 The increase in the price of currency through market forces of demand and supply.
- 1.3.13 A situation where capital outflows exceed capital inflows.
- 1.3.14 An item in the balance of payment that caters for any omissions and errors.
- 1.3.15 The ability of a country to produce specific goods and services at lower average cost than other countries.
- 1.3.16 Money received without any productive service rendered.
- 1.3.17 A deliberate decrease in the value of the currency in terms of another currency through the intervention of a central bank.
- 1.3.18 A system where the price of a currency is determined by market forces.
- 1.3.19 A condition where the value of a country's exports are greater than the cost of its imports.
- 1.3.20 The manufacturing of large quantities of standardized products often using assembly lines.

- 1.3.21 A production process that focuses on one or few products in order to maximize efficiency and productivity.
- 1.3.22 Occurs when a country imports more goods and services than it exports.
- 1.3.23 Investment in real estate (fixed property) and obtaining a minimum of 10%+ share of a business.
- 1.3.24 When an organisation or a country is released from its obligation to repay a loan.
- 1.3.25 The lowering of a country's currency in relation to foreign currencies.
- 1.3.26 A system in which a currency of one country is linked to another country's currency or price of gold.
- 1.3.27 A condition where the cost of its imports exceed the value of a country's exports.
- 1.3.28 Regulations that are used by central banks to ration foreign exchange.
- 1.3.29 A trade principle where a country can produce a good or service at a lower relative opportunity cost than its peers.
- 1.3.30 Goods and services manufactured domestically and sold to foreign countries.
- 1.3.31 A situation where a country's capital outflows are greater than its inflows.
- 1.3.32 Goods and services that are produced in a foreign country and bought domestically.
- 1.3.33 An account that records transactions related to assets and liabilities.
- 1.3.34 The removal of government intervention in trade flows on imports and exports.
- 1.3.35 It records transaction that have no return in value from another country.
- 1.3.36 The withdrawal of capital by company or country from another country.
- 1.3.37 The market engaged in buying and selling of foreign currencies online.
- 1.3.38 Restrictions of government on the purchase or sale of foreign currencies by private residents.

1.3.39 The worldwide interaction of economies driven by increased cross-border flows of goods and services, capital and technology.

ECONOMIC PURSUITS

PROTECTIONISM AND FREE TRADE / INTERNATIONAL TRADE POLICIES

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.30) in the ANSWER BOOK. Abbreviations, acronyms, and examples will NOT be accepted.

1.3.1 A tariff/duty/tax that is levied or charged as a percentage of the value of imported goods.

1.3.2 A tariff/duty/tax that is levied or charged as a fixed amount according to the weight or size of imported goods.

1.3.3 Levied as fixed amount per unit and as a percentage of the value of imported goods.

1.3.4 A limit or restriction on the quantity of goods that can be imported.

1.3.5 A tax that is charged or levied on the sale or use of high-volume consumable as well as goods that are considered to be non-essential such as alcohol and tobacco.

1.3.6 The payment of subsidies that are equal to import duties.

1.3.7 An official state ban on trade or other activities with a particular country.

1.3.8 A penalty applied by one or more countries on another country.

1.3.9 A promise or agreement made by one party to pay a financial obligation.

1.3.10 Withdrawal of capital investment from a company or country.

1.3.11 Government cash allowance to businesses aimed at reducing their costs of production in order to be competitive or make products affordable to consumers.

1.3.12 A trade agreement that specify the rules governing the level of trade between the trade partners.

1.3.13 Goods sold in foreign markets at lower prices compared to the domestic market.

- 1.3.14 A process of mechanisation in which the production of goods uses machines to produce a variety of goods and services at a large scale.
- 1.3.15 A refund of a portion of tax to companies who have overpaid their taxes or as an incentive for implementing government policies.
- 1.3.16 A situation where a firm produces on a large scale due to mechanisation, which results in a lower cost per unit.
- 1.3.17 When a country has lower costs in the production of a certain good than the other country.
- 1.3.18 A situation where one country has a lower opportunity cost (relative advantage) in the production of a certain good or services.
- 1.3.19 Trade relationship where each member country is permitted to maintain its own level of trade protection against non-member countries.
- 1.3.20 A trade agreement where all member countries set and maintain the same external restrictions on non-member countries.
- 1.3.21 An economic integration that allows for the free movement of factors of production between member countries.
- 1.3.22 Countries that agree on a single authority responsible for joint economic policy making, a single monetary system and a common foreign economic policy.
- 1.3.23 A deliberate government policy to protect domestic industries against foreign competition.
- 1.3.24 The abolition of government intervention in trade or the removal of trade barriers on both the import and the export.
- 1.3.25 When producers and consumers are free to buy goods and services from anywhere in the world without the interference of government.
- 1.3.26 A policy whereby government uses incentives and subsidies to encourage South African businesses to sell to other countries.
- 1.3.27 A trade policy whereby the country encourages the local production of goods rather than importing the goods
- 1.3.28 This involves putting focus and efforts on a specific area of production.

1.3.29 An international organization that was created to monitor, liberalise and resolve disputes in international trade.

1.3.30 The interaction of economies with trade as an important element.

ECONOMIC GROWTH AND DEVELOPMENT

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.28) in the ANSWER BOOK. Abbreviations, acronyms, and examples will NOT be accepted.

1.1.1 A process by which the economic well-being and quality of life of a nation is improved.

1.3.2 The return of land to those who were dispossessed due to discriminatory laws.

1.3.3 A strategy to promote economic growth, increase employment and redistribute income.

1.3.4 An economic indicator used to measure the standard of living.

1.3.5 Promotes development in the Southern African region by financing important development projects.

1.3.6 An increase in the productive capacity of a country to produce more goods and services over time.

1.3.7 The worldwide interaction of economies with trade as an important element.

1.3.8 A strategy to strengthen institutional capacity to deliver services that will facilitate development.

1.3.9 The Act that prohibits discrimination and requires that workforce reflects the racial and gender profile of population.

1.3.10 The use of monetary and fiscal policy measures to stimulate economic growth.

1.3.11 A plan to bring disadvantaged group to participate in the mainstream of economic activities.

1.3.12 A labour intensive government programme aimed at creating employment.

1.3.13 Countries that are characterized by low per capita income.

1.3.14 A growth and development strategy that was intended to halve unemployment and poverty by 2014.

1.3.15 Policies that are aimed at increasing the aggregate supply in the economy.

1.3.16 The use of resources to meet present needs without compromising the ability of future generations to meet their own needs.

1.3.17 Collaboration between government and private enterprises to build a large infrastructure project or provide a service.

1.3.18 A development policy to improve service delivery, alleviate poverty and address the inequalities to create an environment for human development.

1.3.19 Financial assistance provided by government to people to acquire ownership of fixed residential properties.

1.3.20 A programme that aims to ensure fair access to land for residential and production purpose for previously disadvantaged groups.

1.3.21 SA's long-term plan to eliminate poverty and reduce inequality by 2030.

1.3.22 A business that has a small share of the market place; operates independent of larger enterprises; employs few people; and is managed directly by owners.

1.3.23 The average number of years a person is statistically expected to live.

1.3.24 Countries that are highly industrialized, have high standard of living and strong economic growth.

1.3.25 Tax levied on gains earned on the sale of capital goods, such as properties and shares.

1.3.26 Financial support such as old age pension, child support grants to provide for the poor's basic needs.

1.3.27 Services that are provided by government free of charge or at low cost to the poor.

1.3.28 A tax system in which the marginal tax rate increases as the taxable income increase.

INDUSTRIAL DEVELOPMENT POLICIES / REGIONAL DEVELOPMENT

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.21) in the ANSWER BOOK. Abbreviations, acronyms, and examples will NOT be accepted.

1.3.1 A passageway that serves as a link between two points.

1.3.2 Sets out government's approach towards industrialisation.

1.3.3 A shift from relying on traditional economic activities to produce a variety of goods and services.

1.3.4 Infrastructure and investments that improve overall welfare of the society.

1.3.5 Enterprises that produce the same or related kind of goods and service.

1.3.6 Policies aimed at increasing the economic livelihood of specific areas.

1.3.7 A three-year rolling industrial plan of action for economic growth.

1.3.8 Offers cash grants for projects that require new, expanded or improved infrastructure.

1.3.9 Initiated to attract infrastructure and business investments to neglected and underdeveloped areas.

1.3.10 Offers cash grants for foreign investors who invest in new manufacturing businesses in South Africa.

1.3.11 A multilateral agreement regulating international trade with a purpose to reduce tariffs and other trade barriers.

1.3.12 The institution that provides funding and promotes entrepreneurship by building competitive industries and enterprises based on sound business principles.

1.3.13 Purpose-built industrial estates that are physically enclosed and linked to an international port or airport.

1.3.14 A strategy to strengthen institutional capacity to deliver services that will facilitate development.

- 1.3.15 An inter-governmental organisation whose goal is to further socio-economic cooperation and integration, as well as political and security cooperation among 15 Southern African states
- 1.3.16 A cash incentive granted to firms in order to achieve skills development.
- 1.3.17 Geographically demarcated area where specific economic activities have been identified to be developed.
- 1.3.18 Zero-rated tax on intermediate products that will be used in the IDZ to produce other final goods.
- 1.3.19 A project where the state provides the infrastructure and private sector provides capital to establish a business venture.
- 1.3.20 A socio-economic development framework for Africa that aims to promote sustainable development on the African continent.
- 1.3.21 The processing of natural resources into finished products.

ECONOMIC AND SOCIAL INDICATORS

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.25) in the ANSWER BOOK. Abbreviations, acronyms, and examples will NOT be accepted.

- 1.3.1 The number of employed persons as a percentage of the economically active population (EAP).
- 1.3.2 The rate at which commercial banks borrow money from the Reserve Bank.
- 1.3.3 The South African Reserve Bank policy that aims to stabilise prices by combating inflation.
- 1.3.4 The probable average number of years that a person is expected to live after birth.
- 1.3.5 An indicator that compares a country's export prices to its import prices by means of indexes.
- 1.3.6 All persons between the age of 15 and 65 who supply labour for productive activities.

- 1.3.7 The increase in the population of cities and towns through the movement of people from rural areas.
- 1.3.8 The indicator used to measure an changes over time in the prices of goods produced locally when they leave the factory floor.
- 1.3.9 The number of children who die before the age of five.
- 1.3.10 A composite indicator used by United Nations to compare the standard of living between different countries.
- 1.3.11 The number of children who die before the age of one.
- 1.3.12 The percentage of the population living below poverty line in a country.
- 1.3.13 Measures changes over time in the prices of an average market 'basket' of consumer goods and services purchased by households.
- 1.3.14 Real GDP divided by the number of workers employed.
- 1.3.15 The total amount of cash, coins, and other liquid assets circulating in an economy at a given time.
- 1.3.16 The percentage charged for borrowing money or earned on deposited funds.
- 1.3.17 The interest percentage that commercial banks charge their most creditworthy borrowers.
- 1.3.18 The condition of being able to work and actively seeking employment but being unable to find a job.
- 1.3.19 The measure of a nation's total economic output value of goods and services, adjusted for inflation.
- 1.3.20 The increase in the number of people in a country over a specific period, resulting from more births than deaths and more immigrants than emigrants.
- 1.3.21 The percentage of the population in a given age group that can read and write with understanding.
- 1.3.22 The total market value of a country's final goods and services, measured at current prices without accounting for inflation or deflation.

1.3.23 The rate at which the average prices for a basket of goods and services increase over time, leading to a decrease in the purchasing power of money.

1.3.24 A statistical measure of income and wealth inequality in a population.

1.3.25 A specific income or consumption level set by the United Nations as the threshold for being considered poor.

