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Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

BOJANALA DISTRICT ASSESSMENT

GRADE 12

ECONOMICS
BI-WEEKLY TEST NO.1
THE CIRCULAR FLOW
29 JANUARY 2024

Time: 1 hour
Marks: 60

This question paper consists of 7 pages.

SECTION A**30 MARKS – 20 MINUTES****QUESTION 1: CIRCULAR FLOW**

- 1.1 Various options are given 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, e.g. 1.1.9 D.

- 1.1.1 The nominal value of all final goods and services produced within the boundaries of a country is known as GDP at ...
- A current prices.
 - B constant prices.
 - C basic prices.
 - D factor cost.
- 1.1.2 The owners of factors of production in the circular-flow model is/are the ...
- A business.
 - B households.
 - C government.
 - D foreign sector.
- 1.1.3 Long-term financial instruments, such as shares, are traded in the ... market.
- A money
 - B capital
 - C financial
 - D black
- 1.1.4 Spending by businesses on capital goods is known as ...
- A investment.
 - B disinvestment.
 - C brain-drain.
 - D beneficiation.
- 1.1.5 If the marginal propensity to consume (mpc) is 0,6 in a 2-sector model, the marginal propensity to save (mps) will be ...
- A 0,6.
 - B 0,9.
 - C 0,4.
 - D 1,4.

- 1.1.6 The level of expenditure that exists when income is zero is known as ... spending.
- A derived
 - B impulsive
 - C induced
 - D autonomous
- 1.1.7 In calculating the gross domestic product (GDP), only the value of ... goods and services is considered.
- A intermediate
 - B raw
 - C semi-finished
 - D final
- 1.1.8 A phenomenon that is unique to the expenditure method when calculating GDP is known as ... items.
- A subsidies
 - B depreciation
 - C residual
 - D taxation
- (8 x 2) (16)

- 1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–J) next to the question number (1.2.1–1.2.8) in your ANSWER BOOK, e.g. 1.2.9 J.

COLUMN A	COLUMN B
1.2.1 Disequilibrium	A fraction of extra income that households do not consume
1.2.2 Marginal propensity to consume	B an economy that excludes the foreign sector
1.2.3 Marginal propensity to save	C where labour, entrepreneurship, land and capital are traded
1.2.4 Closed economy	D adjusted to inflationary changes
1.2.5 Open economy	E leakages are greater than injections
1.2.6 Factor market	F an economy that includes the foreign sector
1.2.7 Constant prices	G the proportion of additional income that households choose to spend on goods and services
1.2.8 Consumption of fixed assets	H Includes public buildings, e.g. municipal buildings
	I usage-up of value in a fixed asset

(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 – 1.3.6) in your ANSWER BOOK.

- 1.3.1 The continuous movement of factors of production, goods and services among the participants in the economy
- 1.3.2 The value that is added on the goods at every stage of the production process
- 1.3.3 A market where different currencies of the world are traded
- 1.3.4 Payment received without any counter-productive service rendered
- 1.3.5 The value of all final goods and services produced within a country at constant prices
- 1.3.6 Expenditure (spending) on all goods and services produced within the borders of a country within a specific period of time

(6 x 1) (6)

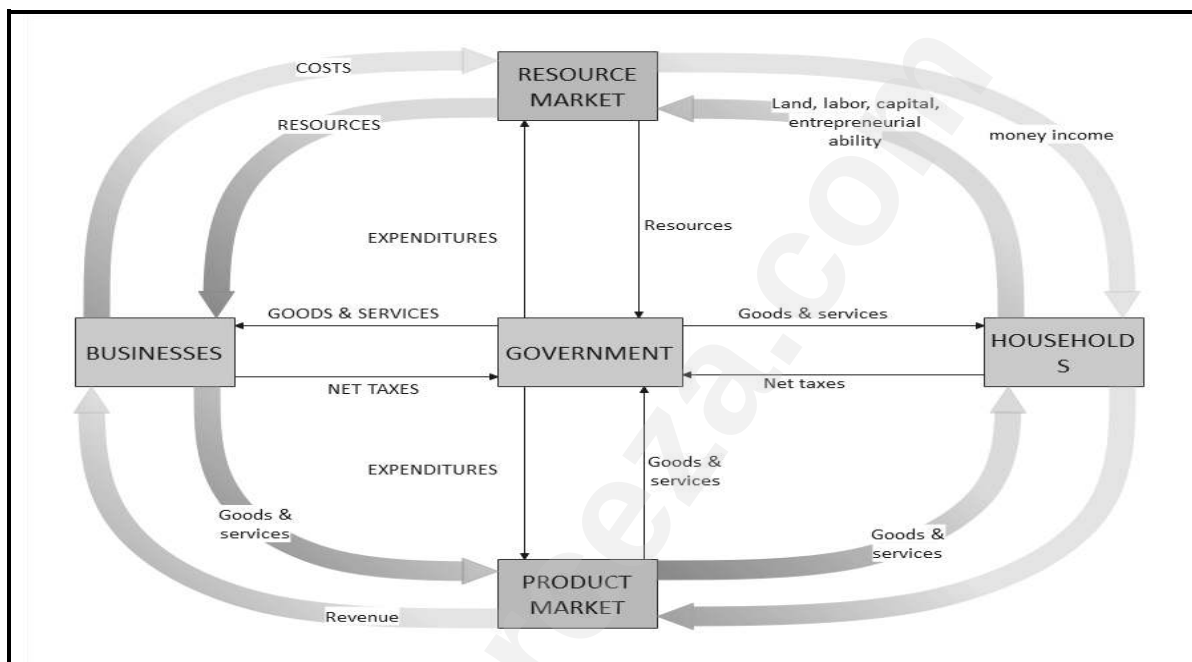
TOTAL SECTION A: 30

SECTION B

QUESTION 2: CIRCULAR FLOW MARKETS

10 MARKS – 10 MINUTES

2.1 Study the diagram below and answer the questions that follow.



- 2.1.1 Which type of economy is depicted in the diagram above? (1)
- 2.1.2 Identify an example of an injection depicted in the diagram above. (1)
- 2.1.3 Briefly describe the term *leakage*. (2)
- 2.1.4 What is the importance of a resource market in the economy above? (2)
- 2.1.5 Briefly describe the interrelationship that exists between the households and the government. (4)

QUESTION 3: NATIONAL ACCOUNT AGGREGATES**10 MARKS – 10 MINUTES**

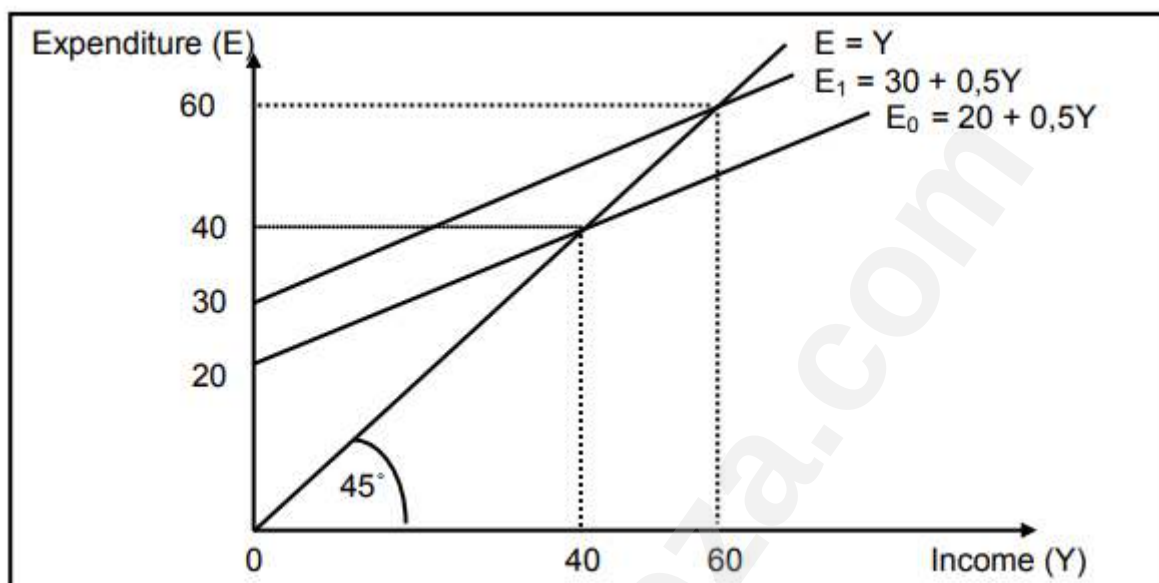
3.1 Study the graph below and answer the questions that follow.

GROSS VALUE ADDED BY KIND OF ECONOMIC ACTIVITY		
	2022 figures	
	At constant 2015 prices	At current prices
Primary sector	336 448	670 860
Secondary sector	734 423	1 152 482
Tertiary sector	3 088 825	4 129 366
Gross value added at basic prices	4 159 695	5 952 708
[Adapted from <i>SARB Quarterly Bulletin</i> , December 2022]		

- 3.1.1 Identify the base year that the South African Reserve Bank uses to compile national accounts aggregates. (1)
- 3.1.2 Give the alternative term used for gross value added in national accounts. (1)
- 3.1.3 Briefly describe the term *basic prices*. (2)
- 3.1.4 How are basic prices converted to market prices? (2)
- 3.1.5 Why would economists prefer constant prices to current prices when measuring economic growth? (2 x 2) (4)

QUESTION 4: MACROECONOMIC MULTIPLIER**10 MARKS – 10 MINUTES**

4.1 Study the graph below and answer the questions that follow.



- 4.1.1 Name ONE leakage that is related to the foreign sector. (1)
- 4.1.2 Identify the value of the mpc in the graph above? (1)
- 4.1.3 Briefly describe the term *multiplier effect*. (2)
- 4.1.4 Why does the value of the multiplier become smaller in a THREE-sector economy? (2)
- 4.1.5 Use the formula that pertains to changes in income and injections to calculate the value of the multiplier in the graph above. Show ALL calculations. (4)

TOTAL SECTION B: 30
GRAND TOTAL: 60