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TOTAL MARKS

NATIONAL SENIOR CERTIFICATE EXAMINATION
NOVEMBER 2022

ECONOMICS

EXAMINATION NUMBER

Time: 3 hours

300 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 32 pages. Please check that your question paper is complete.

2. Read the questions carefully.

3. **All questions are compulsory.**
   SECTION A: Question 1
   SECTION B: Question 2, 3, 4 and 5
   SECTION C: Question 6

4. Answer ALL the questions in the spaces provided on this question paper.

5. Answer questions, where possible, point by point but in full sentences. A systematic presentation of facts is required.

6. It is in your own interest to write legibly and to present your work neatly.

7. Non-programmable calculators may be used.

8. Please **do not write in pencil** as work in pencil will not be marked. However, any sketches or diagrams may be done in pencil.

9. One blank page (page 32) is included at the end of the paper. If you run out of space for a question, use this page. Clearly indicate the question number of your answer should you use this extra space.

Allocation of marks

Q1	Q2	Q3	Q4	Q5	Q6	Total
50	**50**	**50**	**50**	**50**	**50**	**300**

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SECTION A

QUESTION 1

50

Choose the MOST correct option for questions 1.1–1.20 and enter the letter corresponding to your choice in the block below.

1.1	
1.2	
1.3	
1.4	
1.5	
1.6	
1.7	
1.8	
1.9	
1.10	
1.11	
1.12	
1.13	
1.14	
1.15	
1.16	
1.17	
1.18	
1.19	
1.20	

10 × 2 = 20

10 × 3= 30

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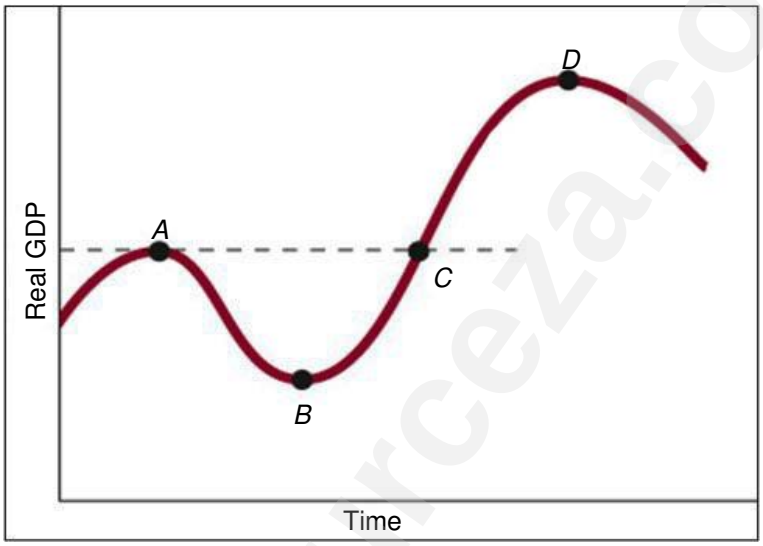
1.1 The flow of goods, services and money between the different participants in an economy is illustrated by a …

A business cycle.
B Laffer curve.
C circular flow model
D Phillips curve (2)

1.2 Study Diagram 1 below and answer the question that follows.

Diagram 1: Business Cycle



[Source: coursehero.com]

Identify the **TWO points** labelled B and D on the business cycle above.

A **B:** Peak and **D:** Trough
B **B:** Upswing and **D:** Peak
C **B:** Trough and **D:** Peak
D **B:** Depression and **D:** Boom (2)

1.3 **Explain** what is meant by intermediate goods and services.

A It is the same as capital goods, such as machinery, buildings, equipment, etc.
B Goods that are not yet ready for sale to the final consumer.
C All inputs bought by firms, including labour and raw materials.
D Imported final goods and services. (2)

1.4 The supply and demand in a market apply when three of the following four conditions are met. **Name the condition that is not required.**

A There must be a buyer in the market.
B There must be a seller in the market.
C The buyer and seller must trade an identical product or service.
D The buyer and seller must communicate about the price of the goods and services. (2)

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1.5 Study Picture 1 below and answer the question that follows.

Picture 1: Currencies

[Source: industrios.com]

Identify which country's currency is **not** found in Picture 1 above.

A South Korea
B Great Britain
C Germany
D United States (2)

1.6 The Latin term **'ceteris paribus'** used in economics **explain** …

A 'other things being equal.'
B 'after this, therefore because of this.'
C 'false unless proven true.'
D 'the best next thing sacrificed or chosen.' (2)

1.7 **Indicate** which of the following is measured by the Lorenz curve.

A Literacy rate
B Unemployment
C Population growth rate
D Inequality of income (2)

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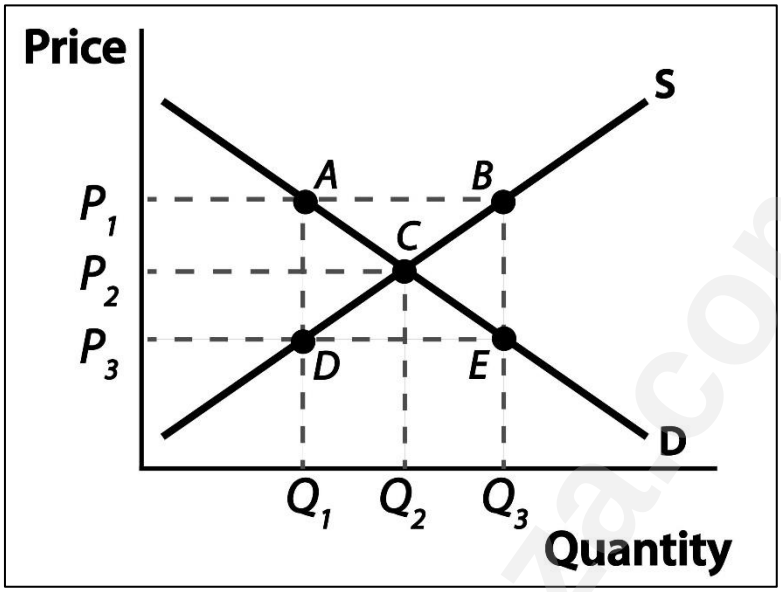
1.8 Study Graph 1 below and answer the question that follows.

Graph 1: Minimum and Maximum prices



Identify which one of the following options indicates the maximum price.

A P1
B P2
C P3
D C (2)

1.9 Which one of the following would shift a market labour supply curve to the left?

A Government employment subsidies that allow a business to employ more workers.
B Increase in the number of firms or employers.
C A new substitute for labour becomes available, e.g. McDonald's self-service kiosk system.
D The number of workers decreases e.g. impact of diseases or emigration. (2)

1.10 **Complete the following statement:** Import duties levied on a good based on a percentage of that good's value is known as … tariffs.

A ad valorem
B dual
C specific
D multiple (2)

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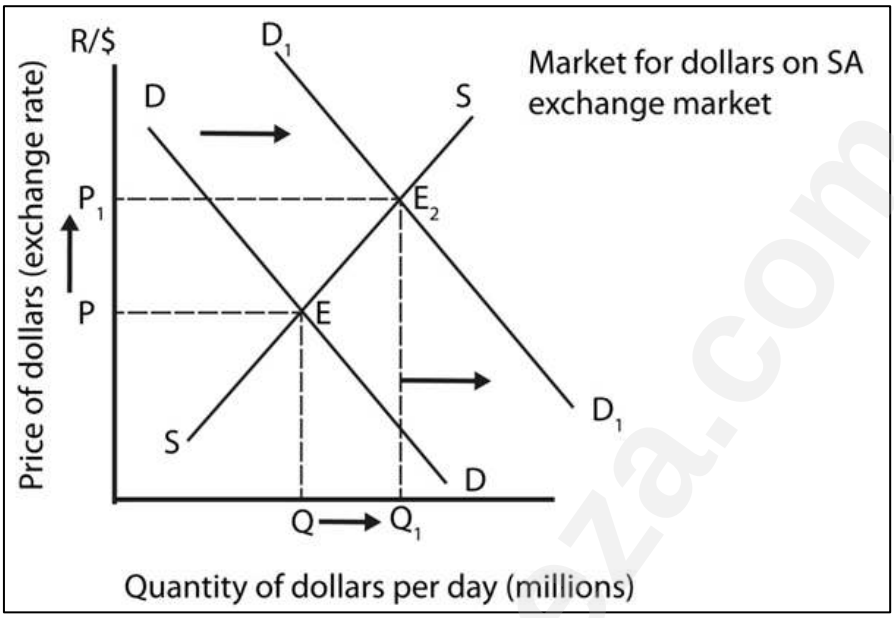
1.11 Study Graph 2 below and answer the question that follows.

Graph 2: Supply and Demand for dollars on the SA foreign exchange market



Complete the sentence: This … method in Graph 2 ceteris paribus, indicating the shift from D to D1 will cause …

A direct; R/$ exchange rate to appreciate.
B indirect; R/$ exchange rate to appreciate.
C direct; no change on the R/$ exchange rate.
D indirect; no change on the R/$ exchange rate. (3)

1.12 Study Table 1 below and answer the question that follows.

Table 1: Country X Inflation January 2022

Index description	Weight	Jan 2021	Dec 2021	Jan 2022
CPI headline	(2021) 100	102,7	109,9	110,2

What is the value of the yearly inflation rate for January 2022?

A 0,27%
B 7,3%
C 7,0%
D 0,30% (3)

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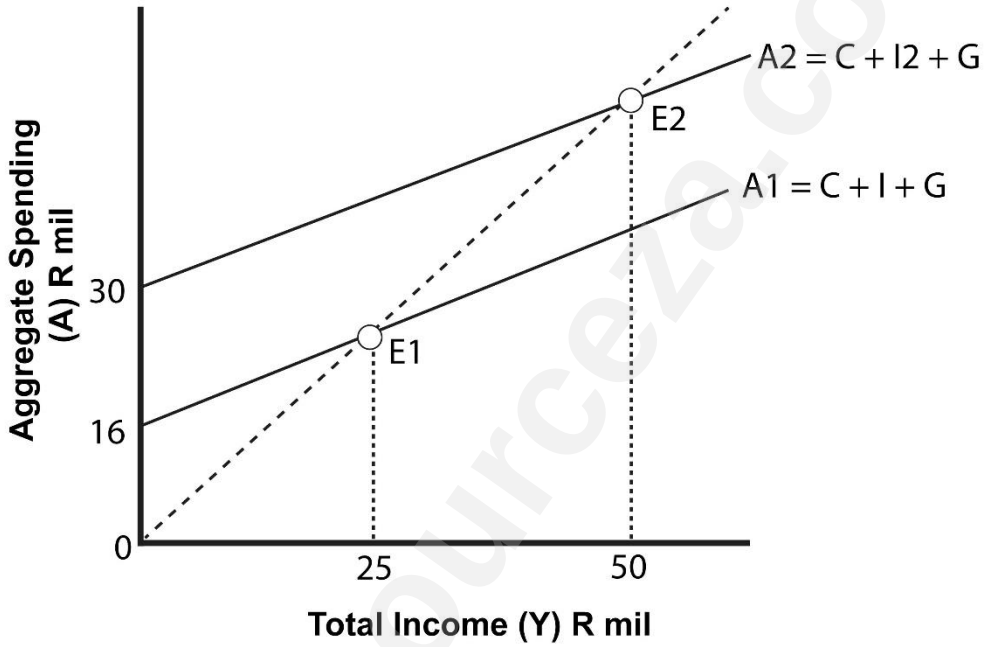
1.13 **Calculate** the price elasticity of supply of Product X if a price increase by 15%, leading to an increase in the quantity supplied by 25%.

A 0,6%
B 10%
C –10%
D 1,67% (3)

1.14 Study Graph 3 below and answer the question that follows.

Graph 3: The multiplier



The multiplier for Graph 3 above is … and can be described as …

A 0,56; an explanation of how tax rates can influence tax revenue of the government.
B 1,79; the ratio between the total change in income and the initial change in spending.
C 1,79; the rate at which total spending changes when investments change.
D 0,56; the theoretical explanation of fiscal policy and of no use in the macroeconomics. (3)

1.15 Which ONE of the following **is not** an open market transaction?

A Reserve banks conduct auctions of reserves as repurchase agreements.
B Purchasing or selling government securities.
C Making loans.
D Purchasing and selling foreign exchange. (3)

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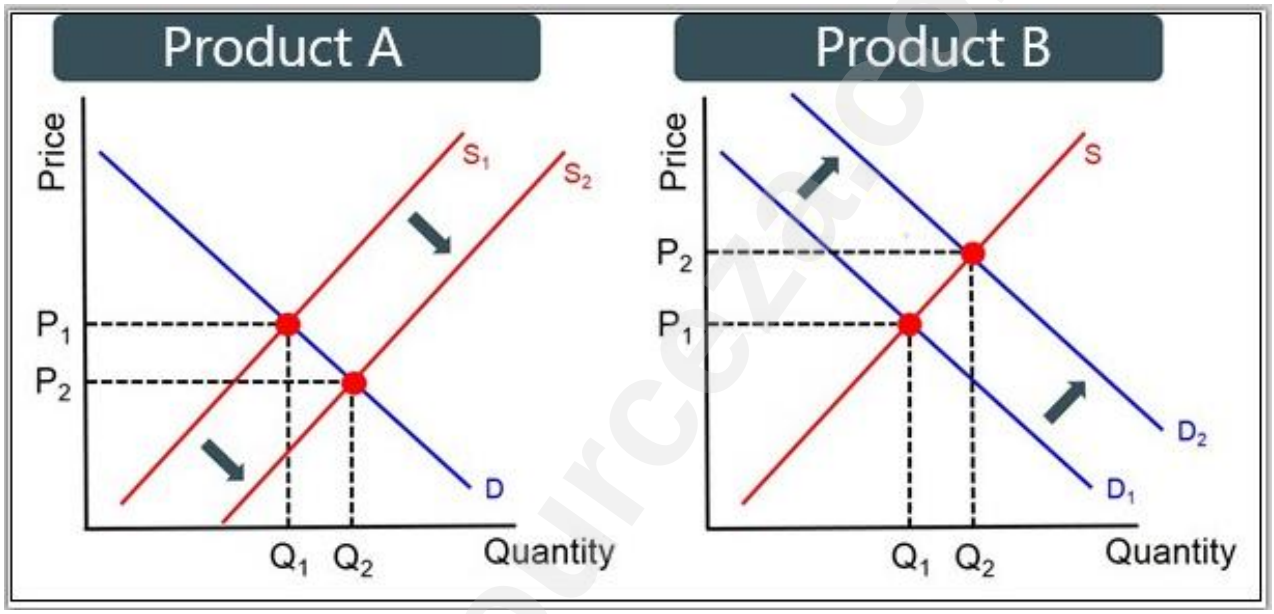
1.16 Which ONE of the following events **would not** involve a supply shock that would shift the aggregate supply curve?

A The OPEC cartel for oil prices collapses due to political disagreement.
B Drought destroys half of a country's crops.
C War between countries that contribute highly to the world's output.
D Financial crisis results in a freezing of interbank lending. (3)

1.17 Study Graph 4 below and answer the question that follows.

Graph 4: Demand and Supply



[Source: ezyeducation.co.uk]

The two graphs above illustrate that PRODUCT A and PRODUCT B are …

A substitute products.
B complementary products.
C scarce products.
D perfect substitutes. (3)

1.18 Governments have several macroeconomic objectives, but which ONE below is certainly **not** a macroeconomic objective?

A Balance of Payments Equilibrium.
B Redistribution of wealth and income.
C Provision of public goods and services.
D Positive economic growth. (3)

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1.19 An increase in the demand for South African goods and services in Great Britain will, ceteris paribus, result in …

A an increase in the value of the rand against the pound sterling.
B trade restrictions.
C a decrease in the value of the rand against the pound sterling.
D an increase in the South African trade balance deficit. (3)

1.20 Study Table 2 below and answer the question that follows.

Table 2: Market structures

Characteristics	Monopoly	Monopolistic competition
Number of firms	One	**A**
Nature of the product	**B**	Differentiated
Availability of market knowledge to the business	Perfect knowledge	**C**

Which ONE of the following combinations are correct?

A **A:** Many **B:** Differentiated **C:** Imperfect due to competition.
B **A:** Few **B:** Differentiated **C:** Perfect market knowledge.
C **A:** One **B:** Unique **C:** Perfect market knowledge.
D **A:** Many **B:** Unique **C:** Imperfect due to competition. (3)

50 marks

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SECTION B

QUESTION 2 MACROECONOMICS

2.1 Study Table 3 below and answer the questions that follow.

Table 3: South Africa's GDP 2020 at current prices

Items	R millions
Final consumption expenditure by government	1 140 111
Imports of goods and services	1 289 107
Final consumption expenditure by households	3 437 068
Gross fixed capital formation and changes in inventories	703 602
Exports of goods and services	1 533 645
Residual items	–4 335

[Source: SARB Quarterly Bulletin No 302 December 2021]

2.1.1 **Identify** the method used in Table 3 above to calculate GDP.

(1)

2.1.2 **Describe** the economic term *residual items*.

(2)

2.1.3 **Calculate** the GDP for 2020 by referring to Table 3 above. (Show all calculations.)

(3)

2.1.4 **Explain** the difference between "constant" and "current" prices in calculating economic growth.

(4)

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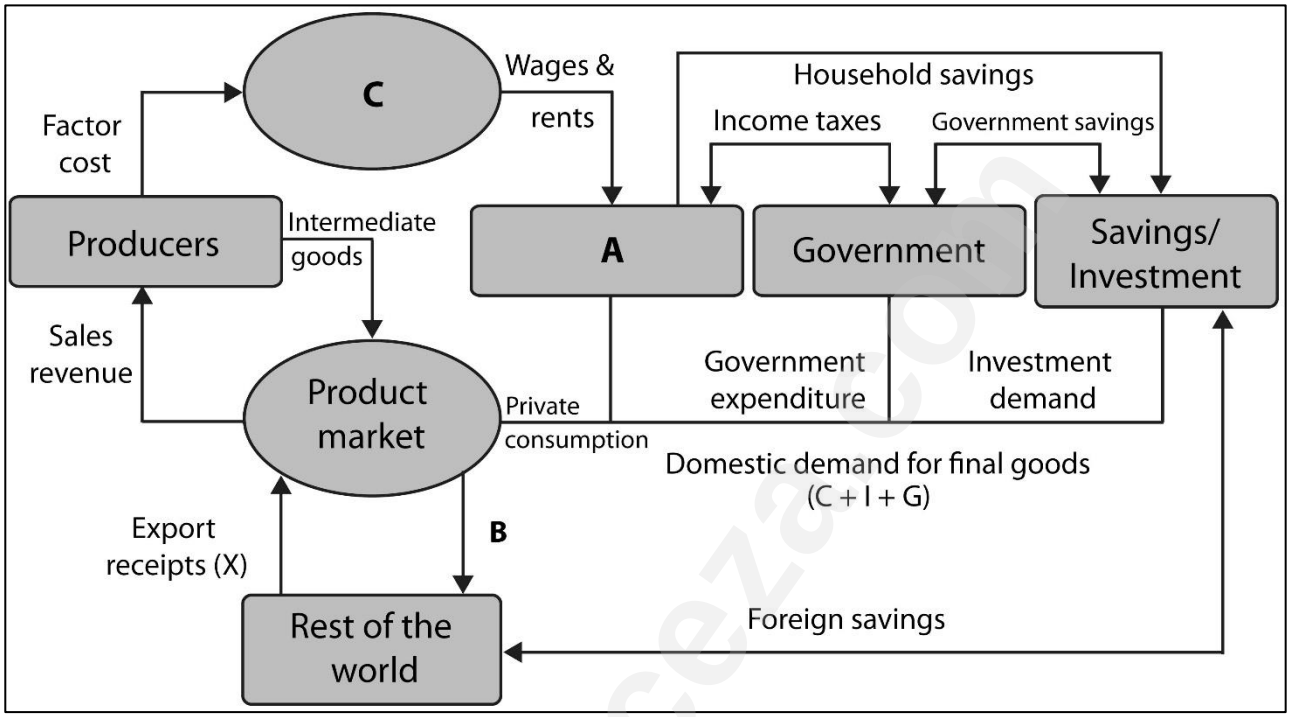
2.2 Study Diagram 2 below and answer the questions that follow.

Diagram 2: Circular flow model



2.2.1 **Explain** whether Diagram 2 is an **open** or **closed** economy.

_____

_____

(2)

2.2.2 **Label** A, B and C of Diagram 2 above.

A: _____

B: _____

C: _____ (3)

2.2.3 **Give** TWO examples of leakages and TWO examples of injections from Diagram 2 above.

Leakages	Injections

(4)

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2.3 Complete Table 4 below.

Table 4: Business cycle indicators

Change in indicator	**Type of indicator**	**Impact on the GDP (increase or decrease)**
Increase in retail sales		
Decrease in number of new cars sold		
Decrease in cement sales in tons		

(6)

2.4

'The current account surplus has been aided by a stronger trade account – with merchandise exports at a record high'

[news24.com]

2.4.1 **Describe** the following economic terms:

(a) Current account

_____

_____

(2)

(b) Terms of trade

_____

_____

(2)

2.4.2 **Explain** how the trade balance is calculated.

_____

_____

_____

(2)

2.4.3 **Evaluate** the impact of a Balance of Payment (BOP) surplus on the economy of a country.

_____

_____

_____

_____

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(4)

2.4.4 **Discuss** with **examples** the sections that make up the financial account in the balance of payments (BOP).

(15)
[50]

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QUESTION 3 MICROECONOMICS

3.1 Study Excerpt 1 below and answer the questions that follow.

Excerpt 1: Market structures

> The Competition Commission has cautioned airlines against price gouging (hiking) after the South African Civil Aviation Authority announced the permanent grounding of Comair, and its subsidiaries Kulula.com and British Airways.
> 'It has now emerged that there are reports and complaints of large increases in price for seats on the remaining airlines some even quoting R5 000 for a single flight ticket from Johannesburg to Cape Town,' the Commission said.

[Source: <https://businesstech.co.za/news/business/568558/regulator-warns-of-flight-price-hikes-in-south-africa>]

3.1.1 **Briefly explain** the aim of the Competition Commission in South Africa.

(2)

3.1.2 **Describe** the meaning of the economic term *cartel*.

(2)

3.1.3 The Airline industry is regarded as an example of an oligopoly market structure. **Justify** how this example corresponds with the characteristics of an oligopoly.

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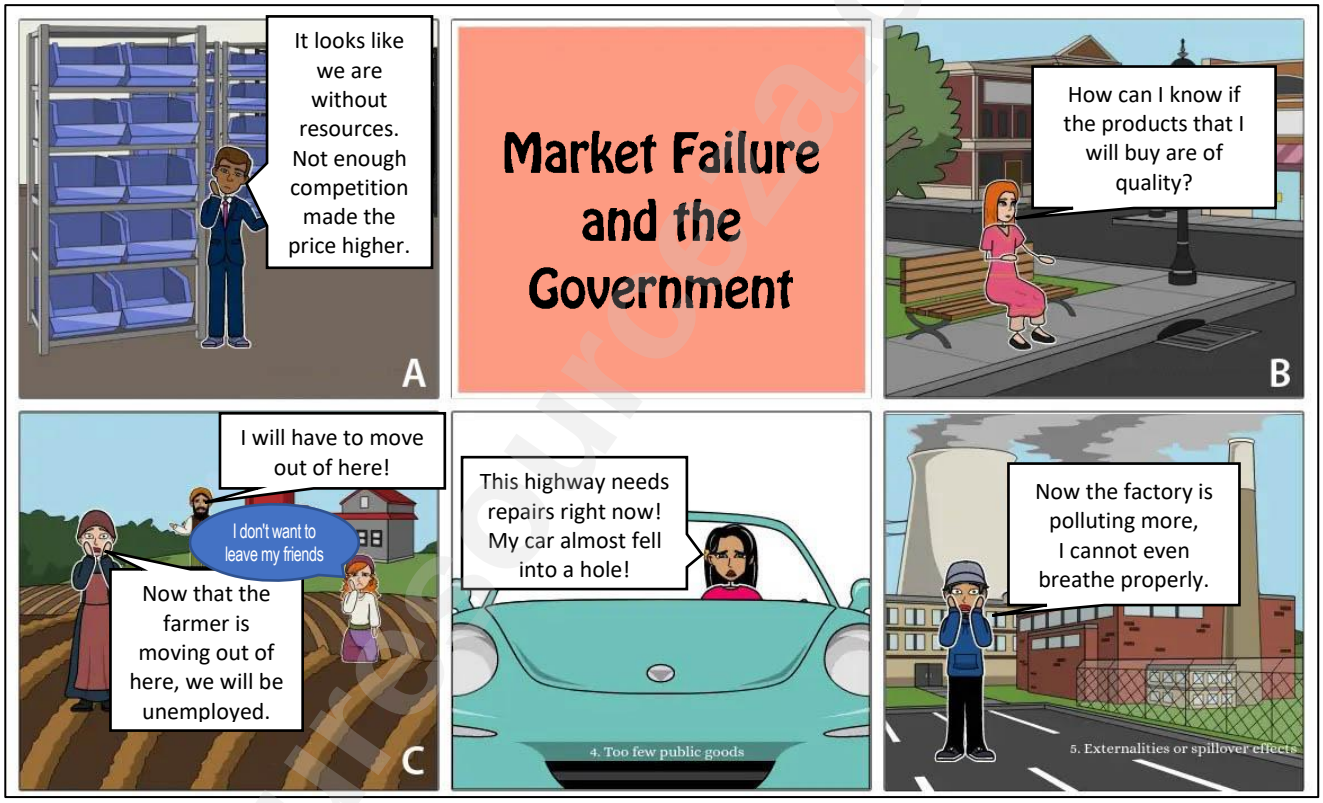
(15)

3.2 Study Source 1 below and answer the questions that follow:

Source 1: Market failures



3.2.1 **Describe** the economic term *market failure*.

(2)

3.2.2 **Identify** the causes of market failures labelled A, B and C in Source 1 above:

A:

B:

C:

(3)

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3.2.3 **Discuss** the following TWO causes of market failures.

(a) Externalities:

(4)

(b) Public goods and services:

(4)

3.2.4 **Briefly discuss** the government interventions for the following TWO causes of market failure.

(a) Income inequality:

(2)

(b) Merit and demerit goods:

(2)

3.3 Study Statement 1 below and answer the questions that follow.

Statement 1: Demand and Supply

'OPEC said that oil demand in 2022 faced challenges from Russia's invasion of Ukraine'

3.3.1 What does the acronym OPEC stand for?

(1)

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3.3.2 **List** any TWO member countries that are part of OPEC.

(2)

3.3.3 **Briefly explain** why OPEC is considered to have significant control over oil prices.

(2)

3.3.4 Use a clearly labelled **GRAPH and a short explanation** to illustrate the statement made in 3.3.

(9)

[50]

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QUESTION 4 CONTEMPORARY ECONOMIC ISSUES

4.1 Study Cartoon 1 below and answer the questions that follow.

Cartoon 1: Minimum wage

4.1.1 **Interpret** Cartoon 1 above.

_____

_____

(2)

4.1.2 **Differentiate** between a living wage and a minimum wage.

_____

_____

_____

_____

_____

(4)

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4.1.3 Use ONLY a clearly labelled diagram to **illustrate** the impact of a minimum wage on the labour market.

(5)

4.1.4 **Evaluate** the impact of an increase in the new national minimum wage on households and businesses.

(8)

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4.2 Study Source 2 below and answer the questions that follow.

Source 2: Human Development Index (HDI) Ranking

–	Rank	Country	HDI value (2019)	Life expectancy at birth (years) SDG3	Expected years of schooling (years) SDG 4,3	Mean years of schooling (years) SDG 4,6	Gross national income (GNI) per capita (PPP $) SDG 8,5
	1	Norway	0,957	82,4	18,1	12,9	66,494
	2	Ireland	0,955	82,3	18,7	12,7	68,371
	2	Switzerland	0,955	83,8	16,3	13,4	69,394
	4	Hong Kong, China (SAR)	0,949	84,9	16,9	12,3	62,985
	4	Iceland	0,949	83,0	19,1	12,8	54,682
	5	Germany	0,947	81,3	17,0	14,2	55,314
	7	Sweden	0,945	82,8	19,5	12,5	54,508
	8	Australia	0,944	83,4	22,0	12,7	48,085
	8	Netherlands	0,944	82,3	18,5	12,4	57,707
	10	Denmark	0,940	80,9	18,9	12,6	58,662

[Source: Human Development Report Office 2020]

4.2.1 **Indicate** the country that has the highest standard of living according to Source 2 above.

_____

(1)

4.2.2 **Indicate** where you would rank South Africa in terms of its HDI value in Source 2 above.

_____

(2)

4.2.3 **Describe** the following TWO measures of economic development.

(a) Human Development Index (HDI):

_____

_____

_____

(2)

(b) GDP per capita:

_____

_____

_____

(2)

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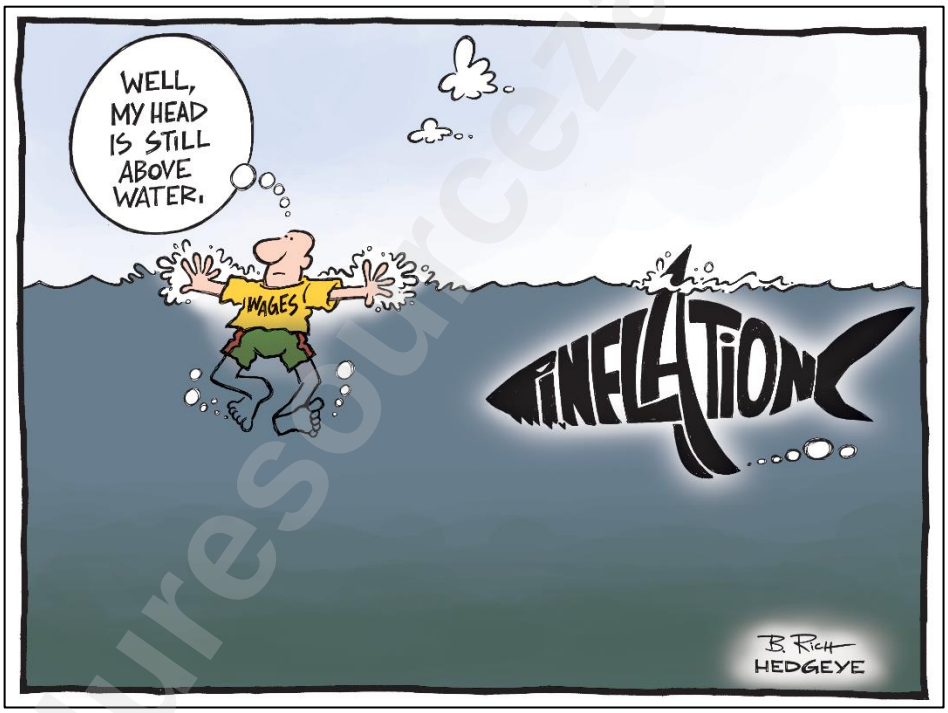
4.2.4 **Assess** by giving TWO well explained reasons why Germany would be attractive to potential investors according to Source 2.

(4)

4.3 Study Cartoon 2 below and answer the questions that follow.

Cartoon 2: Inflation



[Source: app.hedgeye.com]

4.3.1 **Describe** the economic term *inflation*.

(2)

4.3.2 **Explain** why inflation is a threat to the consumer as depicted in Cartoon 2 above.

(2)

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4.3.3 Inflation in South Africa is currently at a very high level. **Discuss** THREE main reasons that are contributing factors to this.

(6)

4.3.4 **Discuss** the TWO main causes of inflation.

(10)
[50]

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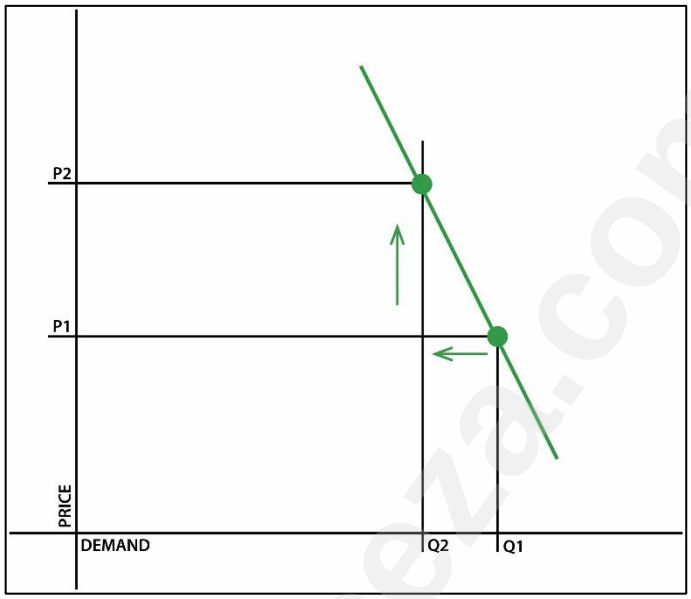
QUESTION 5 MIXED QUESTIONS

5.1 Study Graph 5 below and answer the questions that follow.

Graph 5: Price elasticity of demand (PED)



[Source: prisync.com]

5.1.1 Is the price elasticity for Graph 5 above, **elastic** or **inelastic**? **Give** a reason for your answer.

_____

_____

(2)

5.1.2 **Describe** the economic term *price elasticity of demand*.

_____

_____

(2)

5.1.3 **Discuss** FOUR factors that influence the price elasticity of demand for a product.

_____

_____

_____

_____

_____

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(8)

5.2 Study Excerpt 2 below and answer the questions that follow.

Excerpt 2: International trade

'Free Trade Agreement between Russia and Ukraine halted.'

[Source: condor.eu.com]

5.2.1 **Explain** Excerpt 2 above.

(4)

5.2.2 **Discuss in detail** THREE arguments countries use to justify trade protection policies.

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(15)

5.3 Study Table 5 below and answer the questions that follow.

Table 5: GDP figures for Country X

Year	Nominal GDP R millions	Real GDP R millions	Average CPI
2018	1 080 000	974 500	110
2019	1 190 000	**A**	117
2020	**B**	1 077 577	122
2021	1 577 572	1 577 572	100

5.3.1 **Identify** the base year according to Table 5 above.

(1)

5.3.2 Calculate the real GDP for 2019 labelled letter **A** in Table 5 above. (Show all calculations.)

(3)

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5.3.3 Calculate the nominal GDP for 2020 labelled letter **B** in Table 5 above. (Show all calculations.)

(3)

5.3.4 Calculate the economic growth rate of Country X for 2021 in Table 5 above. (Show all calculations.)

(4)

5.4 **Discuss** the possible macroeconomic conflict (good and bad) between the following South African macroeconomic objectives:

5.4.1 Economic growth and Inflation.

(4)

5.4.2 Unemployment and Inflation.

(4)
[50]

200 marks

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SECTION C

QUESTION 6 DATA RESPONSE

6.1 Study Table 6 and answer the questions that follow.

Table 6: Consolidated government fiscal framework

R billion/percentage of GDP	2020/21 Revised estimate	2021/22	2022/23	2023/24
		Medium-term estimates		
Revenue	**1 362.7**	**1520.4**	**1635.4**	**1717.2**
	27.7%	*28.4%*	*28.9%*	*28.6%*
Expenditure	**2 052.5**	**2 020.4**	**2 049.5**	**2 095.1**
	41.7%	*37.7%*	*36.2%*	*34.9%*
Budget balance	**-689.8**	**-500.0**	**-414.1**	**-377.9**
	-14.0%	-9.3%	-7.3%	-6.3%

[Source: National Treasury]

6.1.1 **Indicate** whether the medium-term estimates for 2022/23 reflect a **budget surplus** or **budget deficit** according to Table 6 above.

_____

(1)

6.1.2 **Describe** the economic term *government budget*.

_____

_____

(2)

6.1.3 **List** any THREE sources of revenue for the South African government.

_____

_____

_____

(3)

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6.1.4 Use only a clearly labelled graph to **explain** the relationship between tax rates and tax revenue.

(4)

6.2 Study Graph 6 below and answer the questions that follow.

Graph 6: South African inflation rates

6.2.1 **Indicate** whether the South African Reserve Bank would be happy with the inflation rate for Quarter 1 of 2022, according to Graph 6 above.

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6.2.2 **Give** a reason for your answer in Question 6.2.1.

(2)

6.2.3 **Explain** any THREE consequences of inflation.

(6)

6.2.4 **Evaluate** the **extent** to which the South African government can use fiscal and monetary policies to curb inflation by referring to Graph 6 Quarter 1 of 2022.

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(14)

6.3 Study Table 7 below and answer the questions that follow.

Table 7: Cost and Revenue

Quantity	Price per unit	Total revenue	Total cost	Total profit	Marginal revenue
0	15	0	7	**A**	0
1	15	15	10	5	15
2	15	**B**	15	15	15
3	15	45	21	24	15
4	15	60	**C**	28	**D**
5	15	**E**	40	35	15

6.3.1 **Calculate** the missing values labelled A to E for Table 7 above. (You do not have to show your calculations.)

A: _____

B: _____

C: _____

D: _____

E: _____

(5)

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6.3.2 **Describe** the economic concepts *normal and economic profit*.

(4)

6.3.3 **Explain** any FOUR characteristics of a **perfect** competitive market.

(8)

50 marks

Total: 300 marks

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ADDITIONAL SPACE (ALL QUESTIONS)

REMEMBER TO CLEARLY INDICATE AT THE QUESTION THAT YOU USED THE ADDITIONAL SPACE TO ENSURE THAT ALL THE ANSWERS ARE MARKED.

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