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TOTAL MARKS

NATIONAL SENIOR CERTIFICATE EXAMINATION
NOVEMBER 2023

ECONOMICS

EXAMINATION NUMBER

Time: 3 hours | 300 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 36 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 on the question paper and hand it in at the end of the examination. Remember to write your examination number in the space provided.**
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. TWO blank pages (pages 35 and 36) are included at the end of the paper. If you run out of space for an answer, use these pages. Clearly indicate the 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 Which formula is used by economists when calculating GDP using the income method GDP (I)?

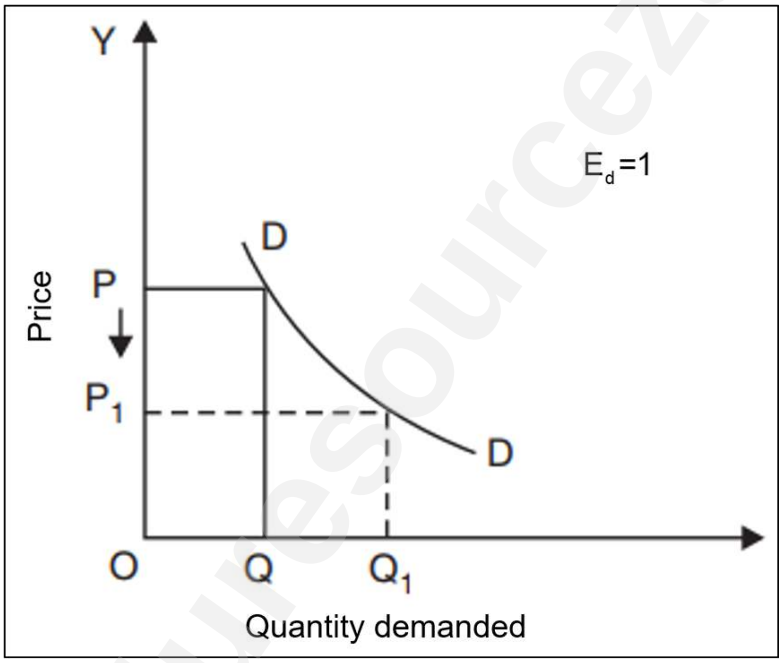
A w + r + i + p
B r + p + s + I
C w + T + I + P
D r + w + I + L (2)

1.2 When the production capacity of a country increases, it is referred to as …

A economic development.
B economic recession.
C economic growth.
D economic peak. (2)

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

Graph 1: Price elasticity of demand



The above graph demonstrates a …

A perfectly price inelastic demand.
B price elastic demand.
C unitary price elastic demand.
D price inelastic demand (2)

1.4 An increase in the price of petrol will cause the quantity of vehicles demanded to decrease and have a negative price elasticity of demand in the long run, because …

A petrol and vehicles are substitutes.
B petrol is an inferior good.
C vehicles have an income inelastic demand.
D petrol and vehicles are complementary goods. (2)

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

Picture 1: Consumer goods and services

Identify the type of consumer good illustrated in Picture 1 above.

A Non-durable good
B Semi-durable good
C Service
D Durable good (2)

1.6 The Medium-Term Budget Policy Statement (MTBPS) is presented to parliament by the … in … each year.

A Governor of the South African Reserve Bank, October
B Minister of Finance, February
C Minister of Finance, October
D Minister of Finance, June (2)

1.7 South Africa's personal income tax system is called …

A PAYE.
B sin tax.
C VAT.
D STC. (2)

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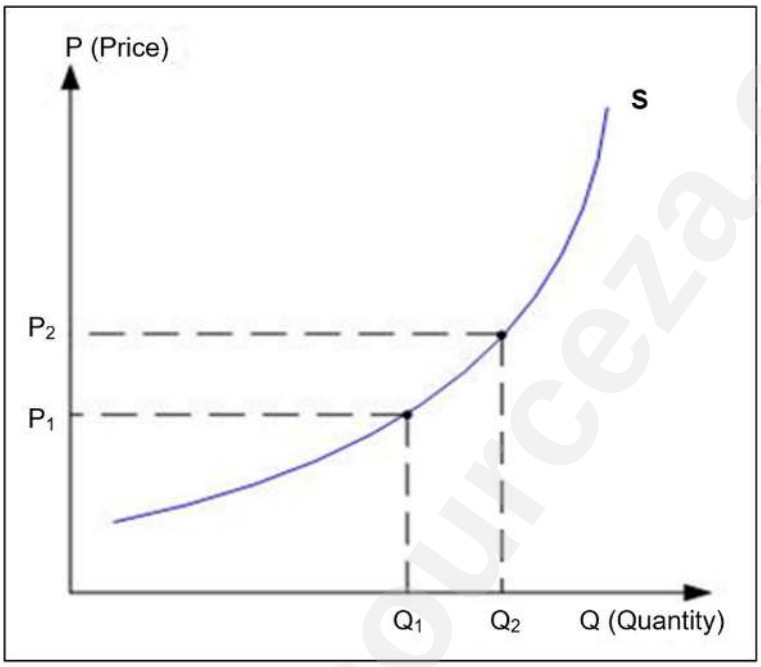
1.8 The amplitude of a business cycle is the difference measured between …

A a trough to a trough.
B a peak to a peak.
C the trough and the next peak.
D the recovery to the peak. (2)

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

Graph 2: Supply



Graph 2: 'Ceteris paribus' illustrates that the supply curve has a … slope and a(n) … relationship between price and quantity supplied.

A negative, indirect
B positive, direct
C positive, indirect
D negative, direct (2)

1.10 Foreign reserves can best be described as …

A the rate at which one currency is exchanged for another.
B the currency of other countries held by the central bank.
C the flow of money into and out of countries as investors seek to get the highest rate of return.
D the relationship between export prices and import prices. (2)

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

Table 1: Labour survey for 'Country X'

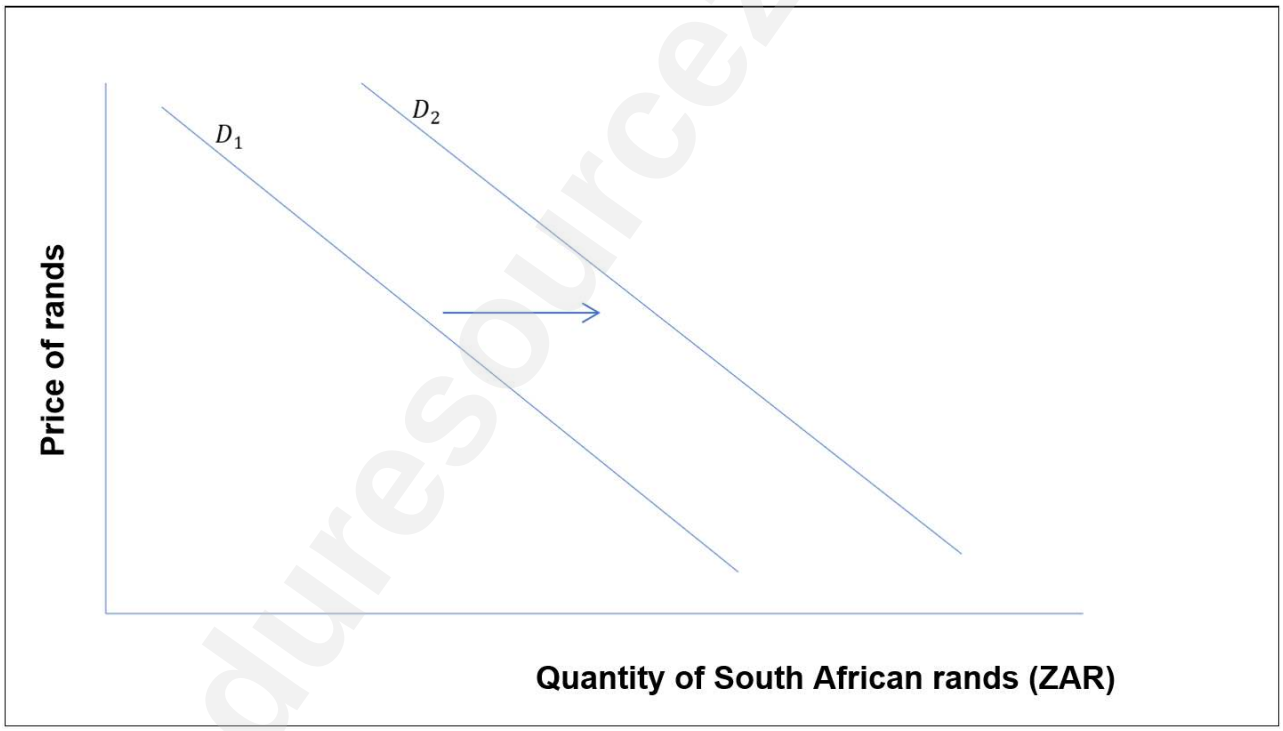
Total population of working age	20 million
People under the age of 15	3 million
Unemployed people	7 million

The unemployment rate for Country X is …

A 35%.
B 2,86%.
C 1,4%.
D 13%. (3)

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

Graph 3: Foreign exchange



Ceteris paribus, the following occurrence could have led to the shift (as illustrated in Graph 3 above) in the demand for South African Rands (ZAR).

A More South African tourists going to New York, USA, instead of London, England.
B More American tourists going to Cape Town, South Africa, instead of London, England.
C More English tourists going to New York, USA, instead of Cape Town, South Africa.
D More South African tourists going to London, England, instead of New York, USA.

(3)

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

Table 2: Balance of payments account items of 'Country Y'

Balance of payments Items	Billons
Goods exported	514
Net direct investments	46
Net current transfers	(32)
Net portfolio investments	104
Goods imported	(564)
Net other investments	(26)

The balance of the Financial Account is …

A 124 billion.
B 52 billion.
C 92 billion.
D -50 billion. (3)

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

Table 3: Phillips curve trade-off

	Impact		
Change in Aggregate Demand (AD)	**Price Level**	**Production**	**Unemployment**
Increase	Increase	**A**	**B**
Decrease	**C**	Decrease	Increase

Complete the trade-off reflected by the Phillips curve in Table 3 above:

A A: Increase B: Increase C: Decrease
B A: Increase B: Increase C: Increase
C A: Decrease B: Decrease C: Increase
D A: Increase B: Decrease C: Decrease (3)

1.15 The South African Reserve Bank announces an interest rate change from 7,25% to 8% applying its … policy. The correct way to describe this is …

A expansionary monetary, an increase of 75 percentage points.
B restrictive monetary, an increase of 0,75%.
C expansionary monetary, an increase of 0,75 basis points.
D restrictive monetary, an increase of 75 basis points. (3)

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1.16 If the government reduces its spending and at the same time, the South African Reserve Bank (SARB) increases interest rates, ceteris paribus, the most likely outcome will be …

A aggregate demand will fall, but the inflation rate will rise.
B aggregate supply will fall, but economic growth will increase.
C inflation rate will fall, but unemployment rate will rise.
D unemployment rate will fall, but the current account on the balance of payments will improve. (3)

1.17 Which ONE of the following descriptions regarding trade agreements is correct?

A A unilateral trade agreement occurs when two or more countries impose trade restrictions on a specific country and no other country reciprocates.
B Bilateral trade agreements occur when two countries agree to loosen trade restrictions to expand business opportunities between them by lowering tariffs and conferring preferred trade status on each other.
C Preferential trade agreements between countries whereby import duties for certain products to these countries are increased.
D General trade agreements allow for most-favoured nation tariff treatment, which is the maximum standard for international trade relations as established under the World Trade Organisation (WTO).

(3)

1.18 Which ONE of the following combinations can be seen as ways that businesses and government intervene/respond to market failures?

(i) Designated smoking areas.
(ii) Nutritional information is indicated on food labels.
(iii) Age restrictions on the consumption of alcoholic beverages.
(iv) Paid parking for all citizens at the airports.

A (i), (ii) and (iii)
B (i), (ii) and (iv)
C (ii), (iii) and (iv)
D (i), (ii), (iii) and (iv) (3)

1.19 Country Y implements advanced technology, therefore Country Y experiences an increase in productivity. This will cause the currency of Country Y to … because goods and services are produced at a … price.

A appreciate; lower
B depreciate; lower
C depreciate; higher
D appreciate; higher (3)

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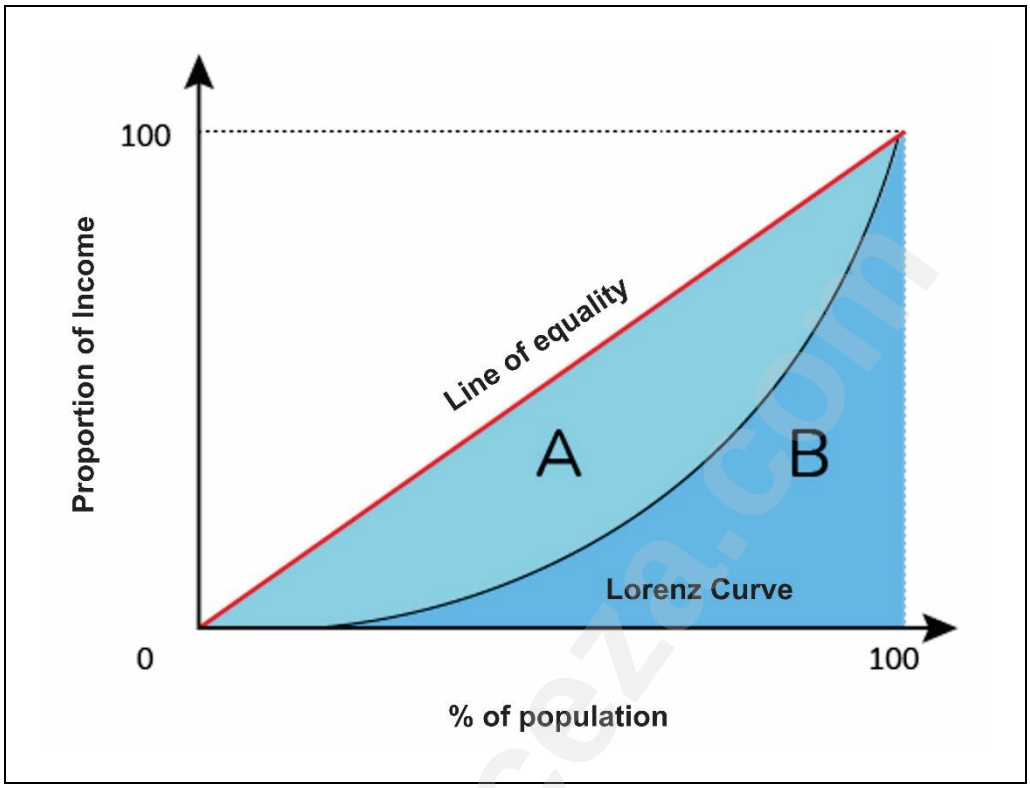
1.20 Study Graph 4 below and answer the question that follows.



The Gini coefficient can be calculated as:

A B divided by (A + B)
B A divided by B
C (A + B) divided by (B + A)
D A divided by (A + B)

(3)

50 marks

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SECTION B

QUESTION 2 MACROECONOMICS

2.1 Study Table 4 below and answer the questions that follow.

Table 4: South Africa's Balance of Payment Account – 'Annual figures 2021'.

Items	(R) Billions
Merchandise exports	1 796 750
Net gold exports	108 004
Service receipts	134 926
Primary income receipts	167 431
Merchandise imports	1 348 655
Service payments	200 966
Primary income payments	286 029
Net current transfers	92 360
Balance on current account	**?**

[Source: SARB Quarterly Bulletin March 2022]

2.1.1 **Describe** the following economic concepts.

(a) Balance of payments (BOP):

_____

_____

_____

(2)

(b) Current account:

_____

_____

_____

(2)

2.1.2 **Calculate** the Trade Balance by referring to Table 4 above.
(Show all calculations.)

(4)

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2.1.3 **Calculate** the balance on Current Account by referring to Table 4, and **indicate** whether the Current Account is in surplus or deficit.
(Show all calculations.)

(5)

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

How Ukraine is Managing a War Economy –

"Ukraine will lose at least one-third of its GDP in 2022." (Dec 22, 2022)

[Source: <https://www.imf.org>]

2.2.1 Refer to Excerpt 1 above and **draw** a fully labelled Business Cycle. Clearly label the country's position on the Business Cycle with an 'X'.

(7)

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2.2.2 **Explain** the difference between a leading and lagging indicator.

(4)

2.2.3 **Discuss**, with examples, the two sets of reasons (exogenous and endogenous) for the shape or structure of a typical Business Cycle.

(6)

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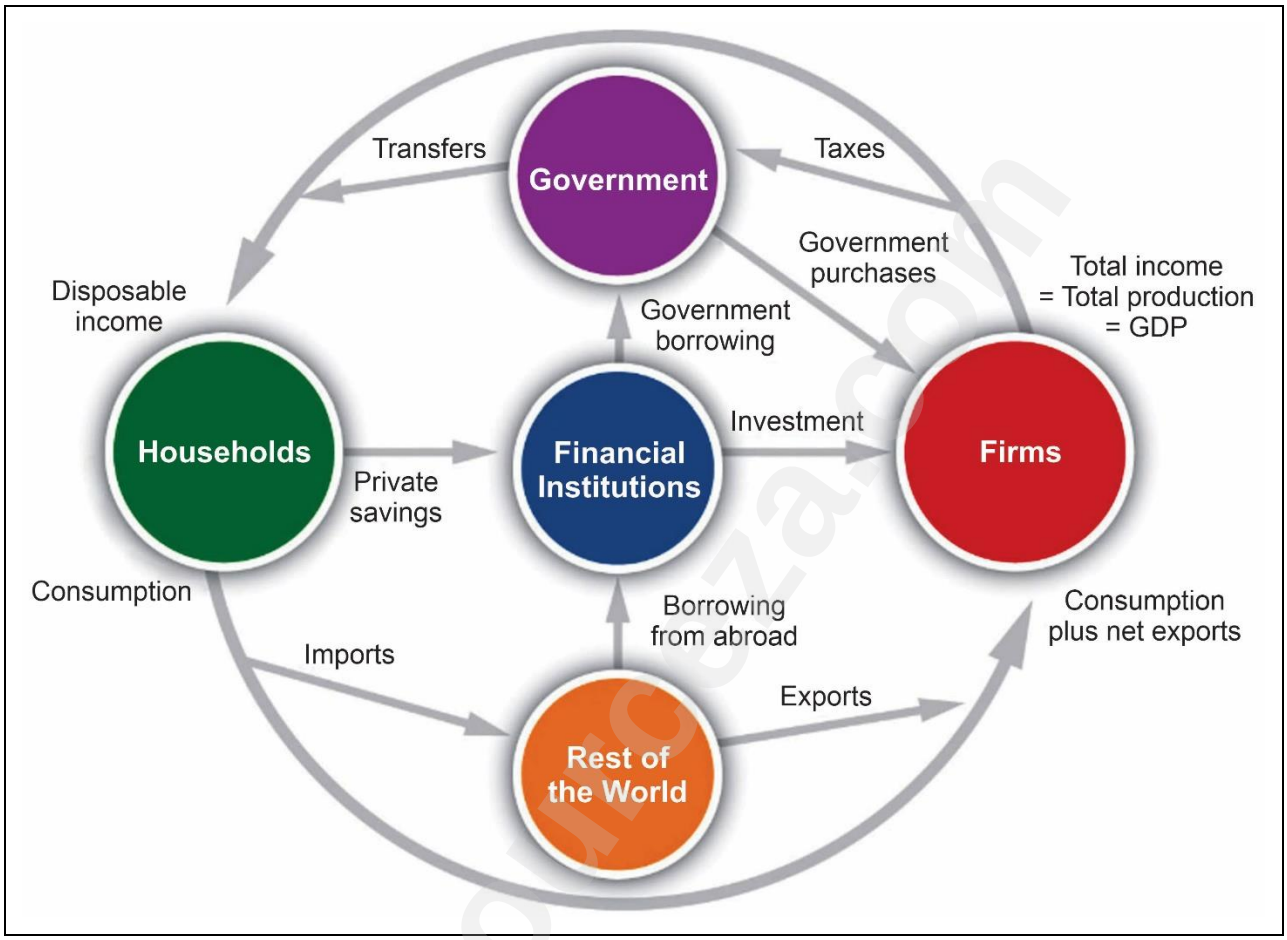
2.3 Study Diagram 1 below and answer the questions that follow.

Diagram 1: Open Circular flow model



[Source: <https://2012books.lardbucket.org/books/theory-and-applications-of-macroeconomics/s20-16-the-circular-flow-of-income.html>]

2.3.1 **List** the TWO flows that would link the interaction between the participants in Diagram 1 above.

_____

_____

(2)

2.3.2 **Identify** the FOUR main participants of the circular flow depicted in Diagram 1 above.

_____

_____

_____

_____

(4)

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

Table 5: GDP at current prices for 'Country X'

YEAR	GDP at current prices (bn)	Inflation index
2019	4 905 450	106,88
2020	5 151 521	105,89
2021	5 450 414	108,01
2022	5 751 885	106,03

2.4.1 **Describe** the following economic concepts.

(a) Gross Domestic Product (GDP).

_____

_____

_____

(2)

(b) Current prices.

_____

_____

_____

(2)

2.4.2 **Calculate** GDP at constant prices for 2021 and 2022. (Show all calculations.)

2021:

(3)

2022:

(3)

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2.4.3 **Calculate** the Gross Domestic Product (GDP) growth rate for 2022. (Show all calculations.)

2022:

(2)

2.4.4 Compare "Country X's" economic growth to that of South Africa's.

(2)
[50]

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QUESTION 3 MICROECONOMICS

3.1 **Complete** Table 6 below by comparing the characteristics of the market structures listed.

Characteristics	Perfect market	Monopoly
Number of firms		
Nature of the product		
Availability of market knowledge to the business		
Barriers to entry		
Price taker or Price seeker?		

(10)

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

Nersa has approved an 18,65% increase in electricity prices for 2023 and a 12,74% hike for the next year.

[Source: <businesstech.co.za>]

3.2.1 **Write out** in full what the acronym Nersa stands for.

_____

(1)

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3.2.2 Use a clearly labelled graph to **illustrate** the effect of the electricity price hike on production in South Africa.

(5)

3.2.3 **Evaluate** the impact of Excerpt 2 on the South African economy.

(8)

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

Table 7: Income elasticity of demand

Income elasticity
Electricity
+0,7

3.3.1 **Describe** the economic term *income elasticity of demand*.

(2)

3.3.2 Refer to Table 7 above and **interpret** the income elasticity of electricity.

(4)

3.3.3 **Discuss** FOUR factors that influence the **price elasticity of supply** for a product.

(8)

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3.4 **Discuss**, with relevant examples, the following THREE causes of market failures.

(a) Demerit goods:

(4)

(b) Income inequality:

(4)

(c) Externalities:

(4)
[50]

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QUESTION 4 CONTEMPORARY ECONOMIC ISSUES

4.1 Study Table 8 below and answer the questions that follow.

Table 8: Economic indicators of 'Country X'

Economic indicators	Current	Previous
GDP growth rate	1,6	–0,7
Unemployment rate	32,4	33,9
Inflation rate	7,5	7,4
Interest rate	7	6,25

4.1.1 **Describe** the economic term *economic indicators*.

(2)

4.1.2 **Give** ONE reason why economic indicators are important to governments across the world.

(2)

4.1.3 **Evaluate** the impact of the increase in interest rates on the economy of 'Country X' as indicated in Table 8 above.

(8)

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

Cartoon 1: Inflation

[Source: <miningweekly.com>]

4.2.1 **Differentiate** between the economic concepts *headline inflation* and *disinflation*.

(4)

4.2.2 **Explain** how the following TWO factors mentioned in Cartoon 1 can contribute to inflation.

(a) Floods:

(4)

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(b) Loadshedding:

(4)

4.2.3 Refer to Table 8 and **evaluate** the **extent** to which the South African government and the South African Reserve Bank (SARB) can use the fiscal and monetary policies to curb inflation. (Mention in your evaluation who is responsible for implementing these policies.)

(14)

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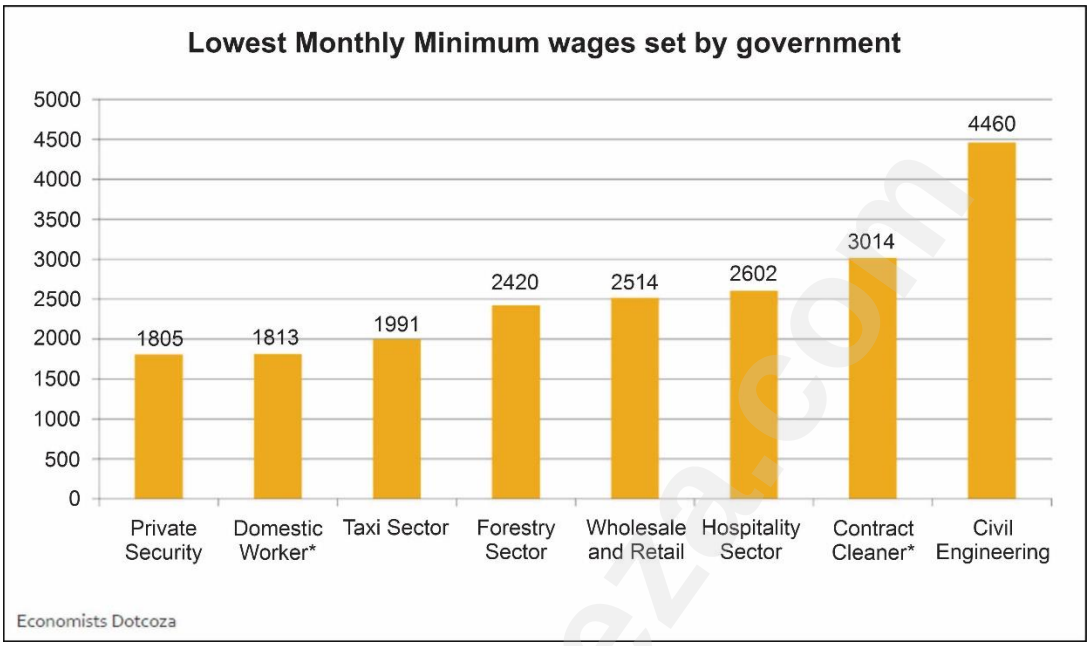
4.3 Study Graph 5 below and answer the questions that follow.

Graph 5: Minimum wage in South Africa



4.3.1 **Explain** TWO reasons why the South African government introduced a minimum wage.

_____

_____

_____

_____

_____

(4)

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4.3.2 **Illustrate** the minimum wage graph by means of a clearly labelled diagram.

(4)

4.3.3 **Analyse** the impact of a minimum wage on businesses that used to pay below the minimum wage.

(4)
[50]

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QUESTION 5 MIXED QUESTIONS

5.1 **"The foreign exchange market is a global marketplace that determines the exchange rates for currencies around the world"**

5.1.1 **Explain, with examples,** the difference between currency appreciation and currency depreciation.

(4)

5.1.2 **Compare** a free-floating exchange rate system with a managed-floating exchange rate system.

(8)

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5.1.3 **Discuss** with headings FOUR reasons why countries trade.

(12)

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5.2 Study Table 9 below and answer the questions that follow.

Table 9: Cost and revenue data for Firm X

Quantity	Price	Total Revenue	Fixed Cost	Variable cost	Total cost	Marginal cost	Profit
0	–	–	25	0	25	–	–25
1	20	20	25	12	37	12	–17
2	20	40	25	**A**	45	8	–5
3	20	60	25	22	47	**B**	13
4	20	80	25	26	51	**C**	29
5	20	100	25	36	61	10	**D**
6	20	120	25	51	**E**	15	44

5.2.1 **Identify** the quantity at which revenue-maximising output is reached.

_____

(1)

5.2.2 **Differentiate** between normal and economic profit.

_____

_____

_____

_____

_____

(4)

5.2.3 **Calculate** the missing values A–E in Table 9 above.
(You do not need to show your calculations.)

A: _____

B: _____

C: _____

D: _____

E: _____ (5)

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5.3 Study Excerpt 3 below and answer the questions that follow.

The consolidated budget deficit will narrow from 4,9 per cent of GDP in 2022/23 to 3,2 per cent of GDP in 2025/26.

[Source: <https://www.treasury.gov.za>]

5.3.1 **Describe** the economic term *government budget deficit*.

(2)

5.3.2 **Give** a possible reason for the budget deficit that is expected to narrow to 3,2% of GDP in 2025/2026.

(2)

5.3.3 **Explain** the impact of a 4.9% budget deficit on the South African economy.

(2)

5.3.4 **List** ONE example of a direct tax and ONE example of an indirect tax in South Africa.

Direct tax:

Indirect tax:

(2)

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5.3.5 **Evaluate** the **extent** to which an increase in taxes will improve the South African budget deficit.

Direct tax:

Indirect tax:

(8)
[50]

200 marks

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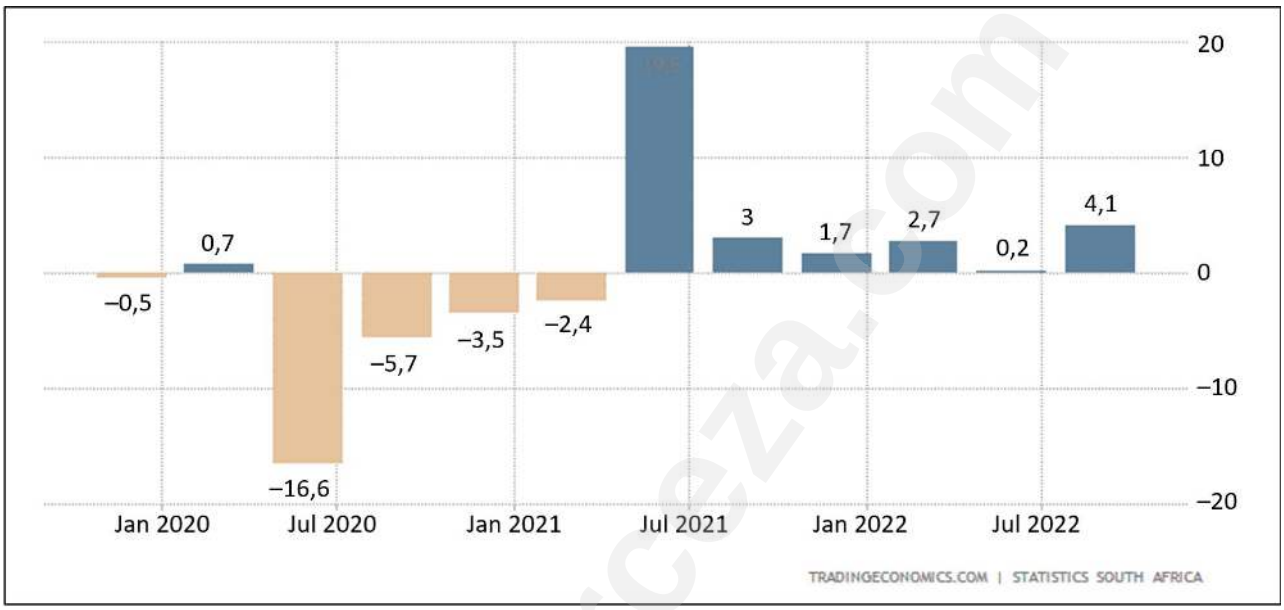
SECTION C

QUESTION 6 DATA RESPONSE

6.1 Study Source 1 below and answer the questions that follow.

Source 1: South Africa GDP Annual Growth Rate



[Source: <tradingeconomics.com/south-africa/gdp-growth-annual>]

6.1.1 **Give** ONE economic term for the last three quarters of 2020 in Source 1 above.

_____

(2)

6.1.2 **Describe** the following economic terms:

(a) Economic growth

_____

_____

_____

(2)

(b) Economic development

_____

_____

_____

(2)

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6.1.3 Use an aggregate demand and aggregate supply diagram to **illustrate** how ***'relaxing rigid regulations applying to businesses'*** can help to increase the long-run growth rate of the economy.

(4)

6.1.4 Refer to Source 1 and **evaluate** the **extent** to which a positive economic growth rate could lead to an improvement in economic development in South Africa.

(8)

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6.2 Study Source 2 and answer the questions that follow.

Source 2: Price Elasticity of Demand (PED)

"When the price of a product increases from R3 to R5, the quantity demanded falls from 60 to 40 units."

6.2.1 **Describe** the economic term *arc elasticity of demand*.

(2)

6.2.2 **Calculate** the Price elasticity of demand (PED) using the **arc method**. (Show all calculations.)

(4)

6.2.3 **Identify** whether the price elasticity of demand for Question 6.2.2 above is **elastic** or **inelastic**.

(2)

6.2.4 **Name** TWO factors that could possibly influence the price elasticity of demand of a product.

(2)

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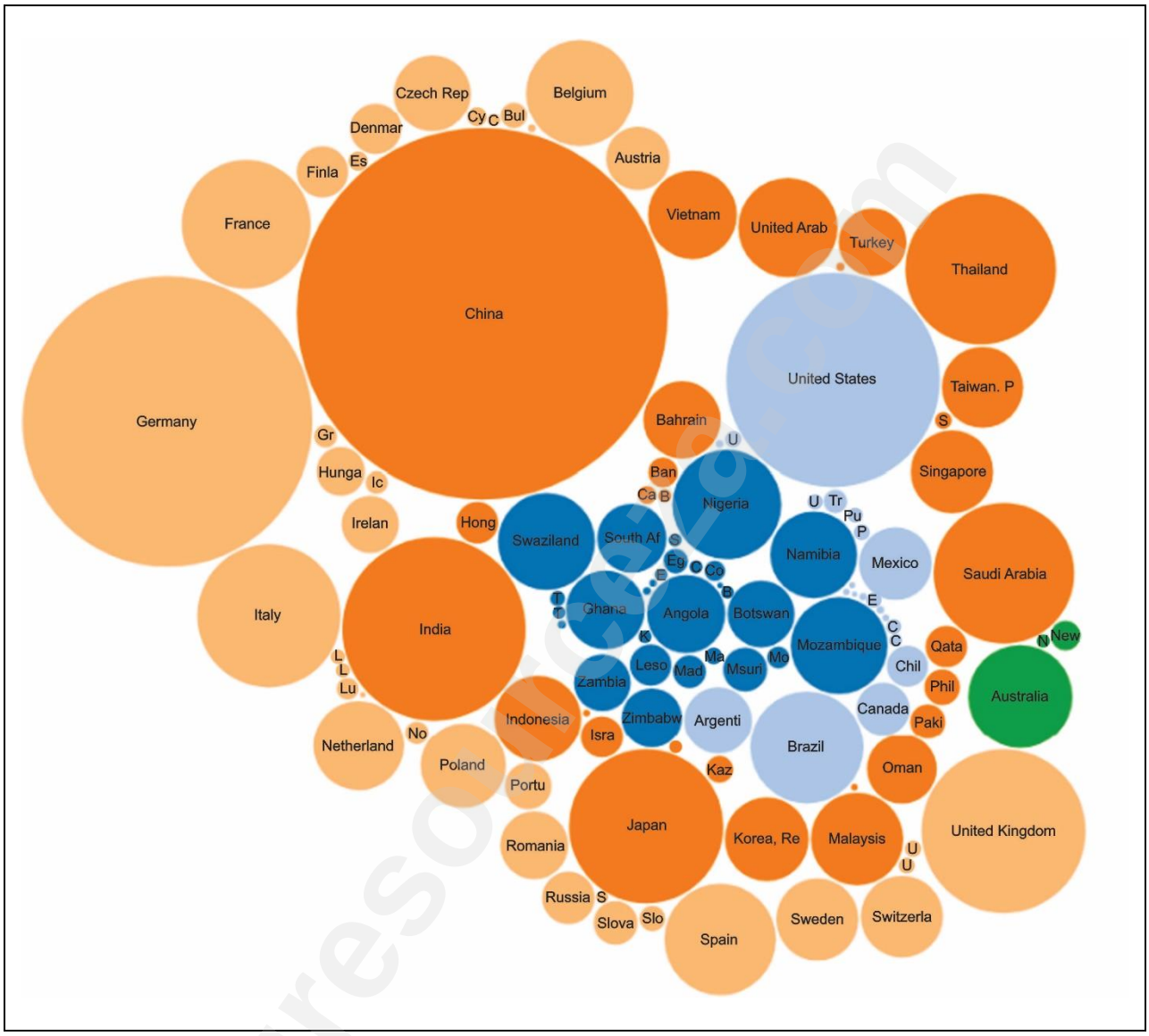
6.3 Study Source 3 below and answer the questions that follow.

Source 3: South Africa's biggest trading partners



[Source: <https://za.investing.com/analysis/south-africas-biggest-trading-partners>]

6.3.1 **Identify** FOUR of South Africa's biggest individual trading partners from Source 3 above.

_____

_____

_____

_____

_____

(4)

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6.3.2 **Discuss** the benefits of trade on the South African economy and refer specifically to the top trading partner as listed in Source 3 on page 33.

(6)

6.3.3 **Discuss** THREE methods the South African government can use to promote South African exports.

(6)

6.3.4 **Assess** the impact of a policy of export promotion on the South African economy.

(6)

50 marks

Total: 300 marks

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ADDITIONAL SPACE TO ANSWER 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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