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# **basic education**

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Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

**ECONOMICS P1**

**2019**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 12 pages.**

**INSTRUCTIONS AND INFORMATION**

1. Answer FOUR questions as follows in the ANSWER BOOK:  
  
SECTION A: COMPULSORY  
SECTION B: Answer TWO of the three questions.  
SECTION C: Answer ONE of the two questions.
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. Write the question number above each answer.
5. Read the questions carefully.
6. Start EACH question on a NEW page.
7. Leave 2–3 lines between subsections of questions.
8. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
9. Use only black or blue ink.
10. You may use a non-programmable calculator.
11. Write neatly and legibly.

**SECTION A (COMPULSORY)****QUESTION 1****30 MARKS – 20 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the 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 Labour can be bought and sold in the ... market.
- A goods
  - B factor
  - C financial
  - D consumer
- 1.1.2 Comparative cost advantage shows that world output can increase if countries ... in what they do best.
- A impose tariffs
  - B limit the use of technology
  - C specialise
  - D protect workers
- 1.1.3 The medium-term expenditure framework (MTEF) is a ...-year government expenditure and revenue projection.
- A three
  - B one
  - C two
  - D four
- 1.1.4 The peak of a business cycle is characterised by a ...
- A high demand for credit.
  - B stable inflation rate.
  - C high unemployment rate.
  - D low output.
- 1.1.5 An increase in the productive capacity of the economy over a specific period of time is called ...
- A contraction.
  - B economic development.
  - C economic growth.
  - D globalisation.
- 1.1.6 Cost-sharing grants by government to improve roads is called the ... Programme.
- A Expanded Public Works
  - B Critical Infrastructure
  - C Small Business Support
  - D Skills Development

1.1.7 An example of an economic indicator is ...

- A sanitation.
- B population growth.
- C life expectancy.
- D production price index.

1.1.8 Social grants to the citizens of South Africa forms part of the ... policy.

- A monetary
- B trade
- C growth
- D fiscal

(8 x 2) (16)

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

COLUMN A		COLUMN B	
1.2.1	Multiplier	A	when a state-owned business is sold to a private sector enterprise
1.2.2	Privatisation	B	bring disadvantaged groups to an equal level in terms of hiring, promotion and other aspects of employment
1.2.3	Diverting trade	C	responsible for infrastructure and business investments in neglected and underdeveloped areas
1.2.4	Free-floating exchange rate	D	international institution established to promote recovery and development
1.2.5	World Bank	E	high quality standards are imposed to make the importing of goods more difficult
1.2.6	Industrial development zones (IDZ)	F	the value of a currency in terms of another, that is determined by market forces
1.2.7	Employment equity	G	measures price changes of an average basket of goods and services purchased by a consumer
1.2.8	Consumer price index (CPI)	H	a small initial increase in spending produces leads to a proportionally larger increase in aggregate income
		I	industrial estates that are physically enclosed and near to a harbour or airport

(8 x 1) (8)

- 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 The total value of final goods and services produced within the borders of a country in a given period
- 1.3.2 Predicting the future economic activities using facts or information that is known
- 1.3.3 Record of all trade and financial transactions between a country and the rest of the world
- 1.3.4 The increase in the standard of living of the people over a period of time
- 1.3.5 Efforts by governments to move manufacturing and other businesses from metropolitan areas to rural areas
- 1.3.6 It measures the distance between the peak and the trough of a business cycle (6 x 1) (6)
- TOTAL SECTION A: 30**

**SECTION B**

Answer any TWO of the three questions in this section in the ANSWER BOOK.

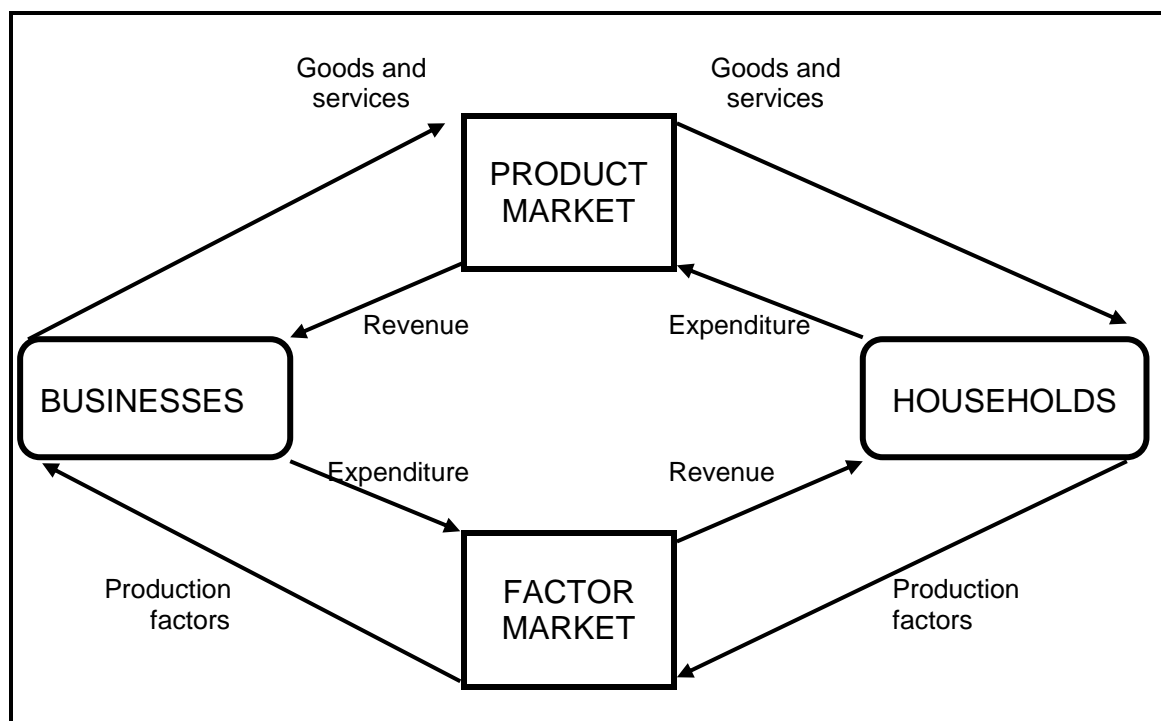
**QUESTION 2: MACROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO monetary policy instruments used by the South African Reserve Bank. (2 x 1) (2)

2.1.2 What is the purpose of a trend line in a business cycle? (1 x 2) (2)

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



2.2.1 What is depicted in the diagram above? (1)

2.2.2 Identify ONE example of a real flow. (1)


2.2.3 Briefly describe the term *product market*. (2)

2.2.4 What could the Minister of Finance do to promote economic activities in South Africa? (2)

2.2.5 How can foreign direct investment (FDI) influence the national income? (2 x 2) (4)

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

**SOUTH AFRICA EXITS RECESSION WITH 2,5% GDP GROWTH**



[Adapted from Google images, 2018]

Growth in the agricultural sector is going through the roof by 33,6%. Mining grew by 3,9%, contributing 0,3 of a percentage point to the overall growth. The secondary sector grew 1,9% and the manufacturing industry 1,5%.

2.3.1 Name ONE characteristic of the trough of a business cycle. (1)

2.3.2 In which sector does agriculture operate? (1)

2.3.3 Briefly describe the term *business cycle*. (2)

2.3.4 What economic spin-offs can result due to the 2,5% GDP growth? (2)

2.3.5 How can the mining sector stimulate economic growth? (2 x 2) (4)

2.4 Briefly discuss *income levels* and *preferences and taste* as demand reasons for international trade. (2 x 4) (8)

2.5 Evaluate taxation as part of the government's strategy to grow the economy. (8)

**[40]**



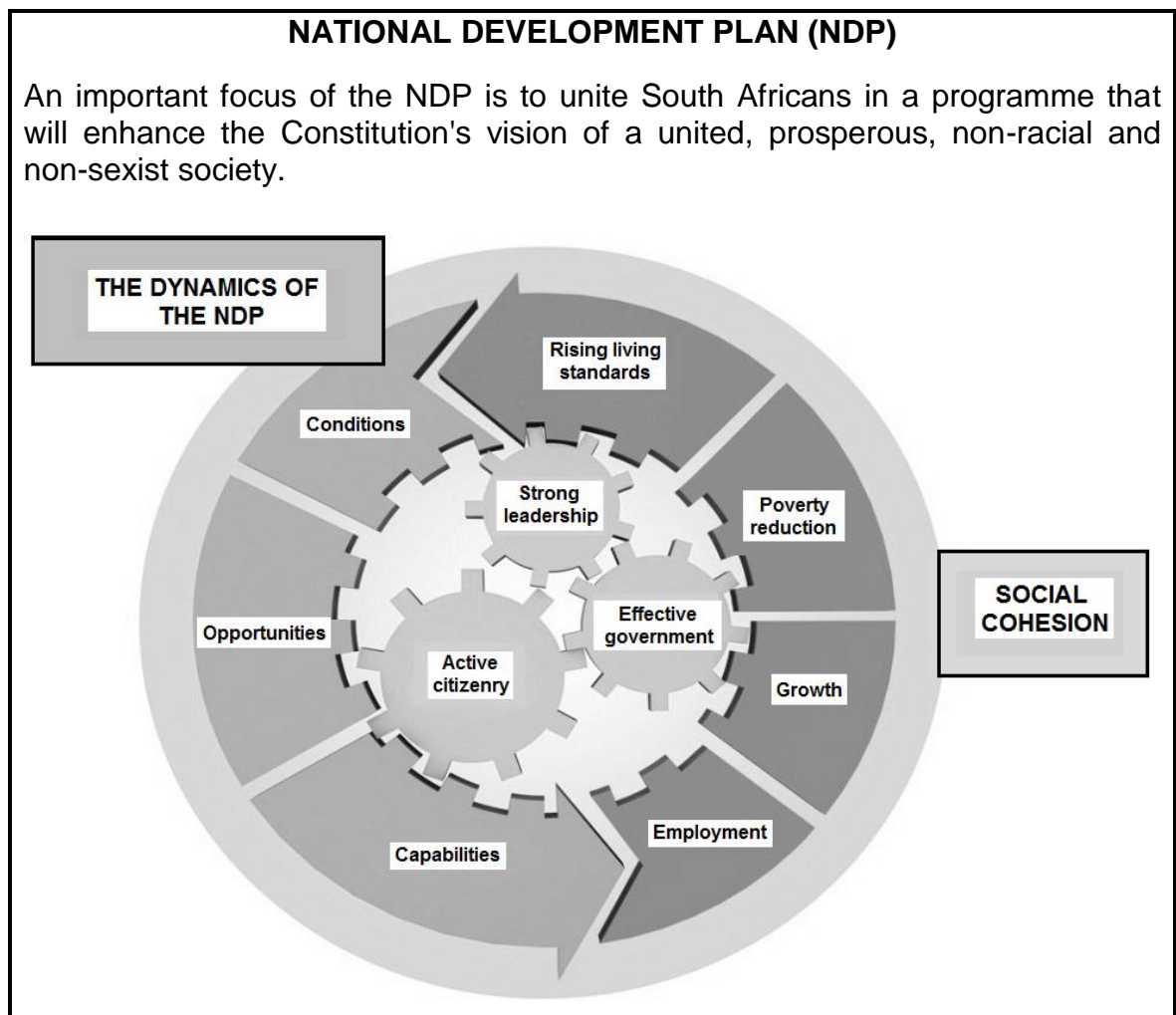
**QUESTION 3: ECONOMIC PURSUITS****40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO aspects addressed by the North-South divide. (2 x 1) (2)

3.1.2 How would an increase in productivity benefit foreign investment in South Africa? (1 x 2) (2)

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



3.2.1 Name ONE inequality that should be addressed by the National Development Plan. (1)

3.2.2 Which economic indicator measures the standard of living of a community? (1)

3.2.3 Briefly describe the term *employment*. (2)

3.2.4 Why should government focus on small-business development to solve the major problem of unemployment? (2)

3.2.5 How would the success of the NDP benefit the economy? (2 x 2) (4)

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

**B-BBEE MORE RELEVANT THAN EVER**

B-BBEE aims to ensure that the economy is structured and transformed. This will enable the meaningful participation of the majority of the citizens promoting the entry of black entrepreneurs into the mainstream economic activities and the advancement of co-operatives.

[Adapted from *News24*, February 2017]

- 3.3.1 What does the acronym *B-BBEE* stand for? (1)
- 3.3.2 Which government department is responsible to ensure that the B-BBEE policy becomes a reality? (1)
- 3.3.3 Briefly describe the term *industrial development*. (2)
- 3.3.4 What positive role does the Industrial Policy Action Plan (IPAP) play regarding black economic empowerment? (2)
- 3.3.5 What can be done to promote entry of black entrepreneurs into businesses? (2 x 2) (4)
- 3.4 Briefly discuss the *supply-side approach* in promoting economic growth. (4 x 2) (8)
- 3.5 Why are special economic zones important to the economy? (8)
- [40]**

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**  
**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Give any TWO benefits of the Expanded Public Works Programme (EPWP). (2 x 1) (2)

4.1.2 How will the decentralisation of industries contribute towards employment creation in the country? (1 x 2) (2)

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

<b>FINAL CONSUMPTION EXPENDITURE BY HOUSEHOLDS</b>			
<b>AT CURRENT PRICES (R millions)</b>	<b>2010</b>	<b>2015</b>	<b>2017</b>
Durable goods	136 049	199 971	209 997
Semi-durable goods	133 323	203 082	231 668
Non-durable goods	625 989	962 467	1 124 170
Services	726 476	1 051 760	1 199 221
<b>TOTAL</b>	<b>1 621 836</b>	<b>2 417 271</b>	<b>2 764 397</b>

[Adapted from *Quarterly Bulletin South African Reserve Bank*, March 2018]

4.2.1 Give ONE example of a non-durable good. (1)

4.2.2 Name ONE other item that is used to calculate GDE. (1)

4.2.3 Briefly describe the term *durable goods*. (2)

4.2.4 Why are the figures above NOT a true reflection of GDE growth? (2)

4.2.5 Calculate the percentage contribution of services in the final consumption expenditure by households in 2017. (2 x 2) (4)

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

<b>BUDGET SPEECH 2018: CHANGES IN INDIRECT TAXES</b>	
<b>INDIRECT TAXES</b>	<b>INCREASES IN TAX RATES</b>
Carbon tax	The price of plastic bags increases by 50% to 12c per bag.
Estate duty	Increase by 25% for estates greater than R30 million.
Tax on luxury goods	The ad valorem excise duties on luxury goods, such as motor vehicles, increased from 7% to 9%.

[Adapted from <https://www.fin24.com/budget-speech-2018>]

- 4.3.1 Which ministry (department) is responsible for the presentation of the national budget speech to the parliament? (1)
- 4.3.2 Name ONE form of direct tax payable to the state. (1)
- 4.3.3 Briefly describe the term *budget*. (2)
- 4.3.4 How will the increase in carbon tax on plastic bags benefit the economy? (2)
- 4.3.5 Briefly describe the extent to which the government addresses economic equity. (2 x 2) (4)
- 4.4 Briefly describe *free market orientation* and *competitiveness* as guidelines for regional development in South Africa. (2 x 4) (8)
- 4.5 How does an improvement in the *terms of trade* influence the balance on the current account? (8)
- [40]**

**TOTAL SECTION B: 80**

**SECTION C**

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

Ensure that your answer follows the structure indicated below in order to obtain the maximum marks:

STRUCTURE OF ESSAY	MARK ALLOCATION
<b>Introduction</b> The introduction is a lower-order response. <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do not include any part of the question in your introduction.</li> <li>• Do not repeat any part of the introduction in the body.</li> <li>• Avoid mentioning 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 <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/How/Suggest	Max. 26  Max. 10
<b>Conclusion</b> Any higher-order conclusion should include: <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned</li> <li>• Any opinion or value judgement on the facts discussed</li> <li>• Additional support information to strengthen the discussion/analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

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

- Discuss import substitution as an international trade policy under the following:
  - Advantages (8 marks)
  - Disadvantages (8 marks)
  - Methods (10 marks) (26 marks)
- Why should free trade be favoured instead of protectionism? (10 marks) **[40]**

**QUESTION 6: ECONOMIC PURSUITS****40 MARKS – 40 MINUTES**

- Discuss social indicators in detail under the following:
  - Education (8 marks)
  - Services (8 marks)
  - Demographics (10 marks) (26 marks)
- How can the use of social indicators assist government in decision-making? (10 marks) **[40]**

**TOTAL SECTION C: 40**  
**GRAND TOTAL: 150**