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## **education**

**Lefapha la Thuto la Bokone Bophirima  
Noordwes Departement van Onderwys  
North West Department of Education  
NORTH WEST PROVINCE**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ECONOMICS P1  
SEPTEMBER 2022**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 13 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 pocket 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, for example 1.1.9 B.
- 1.1.1 The best measure of production or output in an economy is ...
- A Gross National income.
  - B unemployment rate.
  - C Gross domestic product.
  - D Prime rate.
- 1.1.2 ... business cycle indicators change direction before the economy change.
- A Leading
  - B Lagging
  - C Coincident
  - D Juggler
- 1.1.3 Merit goods such as education and health have important benefits to their users and the market tends to ... them.
- A oversupply
  - B eliminate
  - C tax
  - D undersupply
- 1.1.4 If the rand/dollar exchange rate changes from R6,80 to R7,00 to the dollar, ...
- A imports from USA will increase.
  - B the number of American tourists to SA will decrease.
  - C exports to the USA will increase.
  - D the dollar will depreciate against the rand.
- 1.1.5 A trade policy implemented to protect local producers against the unfair effects of foreign competition:
- A Free trade
  - B Protectionism
  - C Export promotion
  - D Exchange rate control

1.1.6 ... is a geographical designed, purpose-built, physically enclosed industrial estate linked to an international air, or sea port.

- A Special economic zone
- B Industrial development zone
- C Corridor
- D Spatial Development Initiative

1.1.7 A type of inflation that measures the change in the prices of an average basket of goods and services purchased by households.

- A Stagflation
- B Consumer price index
- C Production price index
- D Public goods

1.1.8 To sell goods in another country at low prices that local industries are unable to compete is ...

- A dumping.
- B export promotion.
- C import substitution.
- D national trade.

(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, e.g. 1.2.9 K

COLUMN A	COLUMN B
1.2.1 Real flow	A. compare a country's export prices against its import prices by means of indexes
1.2.2 Gross domestic income	B. a technique used to predict the future events based on current knowledge
1.2.3 Extrapolation	C. taxes that tend to shift demand from imports to domestic products
1.2.4 Terms of trade	D. an organisation making financial resources available to member countries to meet their balance of payments needs
1.2.5 Trade liberalisation	E. the removal of restrictions such as tariffs on the exchange of goods and services
1.2.6 Department of Trade, Industry and Competition	F. the provision of goods and services as well as factors of production
1.2.7 International Monetary Fund (IMF)	G. total income earned by the factors of production
1.2.8 Tariffs	H. the total income received by foreigners in South Africa
	I. provide a competitive, socially responsible environment for investment, trade and business development

(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 An economy that includes the foreign sector
- 1.3.2 Measures the vertical difference between a trough and the trend line as well as between the peak and the trend line
- 1.3.3 The state promotes domestic production of surpluses to increase exports and by mentoring changes in exchange rates
- 1.3.4 The transfer of functions and ownership from the private to the public sector
- 1.3.5 All persons between 15 to 65 years of age who are either employed or unemployed and seeking employment
- 1.3.6 Seeks to provide the disadvantaged and the poor with access to land for residential and productive purposes (6 x 1) (6)
- TOTAL SECTION A: 30**

**SECTION B**

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

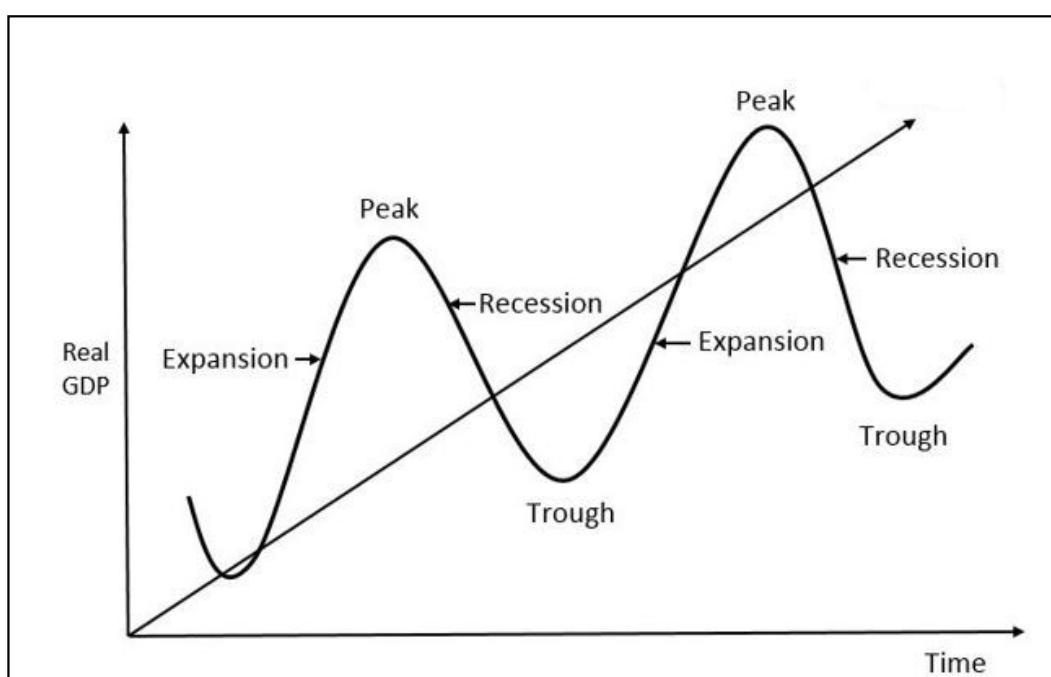
**QUESTION 2: MACROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO examples of subsidies in the economy. (2 x 1) (2)

2.1.2 Why is it important for the government to establish price stability? (1 x 2) (2)

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



[Source: [www.google.com](http://www.google.com)]

2.2.1 Identify the point where inflation is the highest. (1)

2.2.2 Name the economic indicator that shows the general direction in which the economy is moving. (1)

2.2.3 Briefly describe the term *business cycles*. (2)

2.2.4 Why is a recession an undesirable situation in the economy? (2)

2.2.5 How can the government lower the demand in the business cycle? (2 x 2) (4)



2.3 Study the table below and answer the questions that follow:

<b>THE SOUTH AFRICAN BALANCE OF PAYMENTS (BOP) – 2020</b>					
	<b>Q. 1</b>	<b>Q. 2</b>	<b>Q. 3</b>	<b>Q. 4</b>	<b>Year (Rm)</b>
<b>Current account (receipts)</b>					
• Merchandise exports	1288	984	1376	1497	1286
• Net gold exports	97	79	129	129	108
• Services receipts	212	87	87	98	121
<b>Current account (payments)</b>					
• Merchandise imports	1185	999	1064	1199	1109
• Service payments	205	144	141	151	160

[Adapted from SARB Quarterly Bulletin, 2020]

- 2.3.1 Name ONE other account of the BOP not mentioned in the table. (1)
- 2.3.2 Why is gold exports shown separately in the BOP? (1)
- 2.3.3 Briefly describe the term *balance of payments*. (2)
- 2.3.4 Give a possible reason for the decrease in services receipts during Quarter 2 and Quarter 3 of 2020? (2)
- 2.3.5 What can bring an improvement in the country's terms of trade? (4)
- 2.4 Distinguish between *endogenous explanations* and *exogenous explanations* for business cycles. (2 x 4) (8)
- 2.5 How do *lack of motivation* and *corruption* contribute to public sector failure? (8)
- [40]**

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

3.1 Answer the following questions:

3.1.1 Name any TWO methods of export promotion. (2 x 1) (2)

3.1.2 Why is it important to assess the performance of an economy? (1 x 2) (2)

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

**SA's SPECIAL ECONOMIC PROGRAMME GAINS GROUND**

The plans are in place to designate the Sedibeng area into a Special Economic Zone (SEZ) that will be named the Vaal SEZ. The Vaal SEZ will be added to the list of other IDZ's in SA, such as Coega, OR Tambo International Airport, East London, Richards Bay and Saldanha Bay.

The government and private sector will jointly embark on a journey to reconstruct and reshape the economy of the Sedibeng region. The decision was taken based to the decline in the steel industry. The government efforts are to transform the economy into a globally competitive industrial economy.

[Adapted from *Mail & Guardian: Special Reports*, 22 Oct 2021]

3.2.1 Identify ONE other IDZ that focuses on growth in the steel industry in SA? (1)

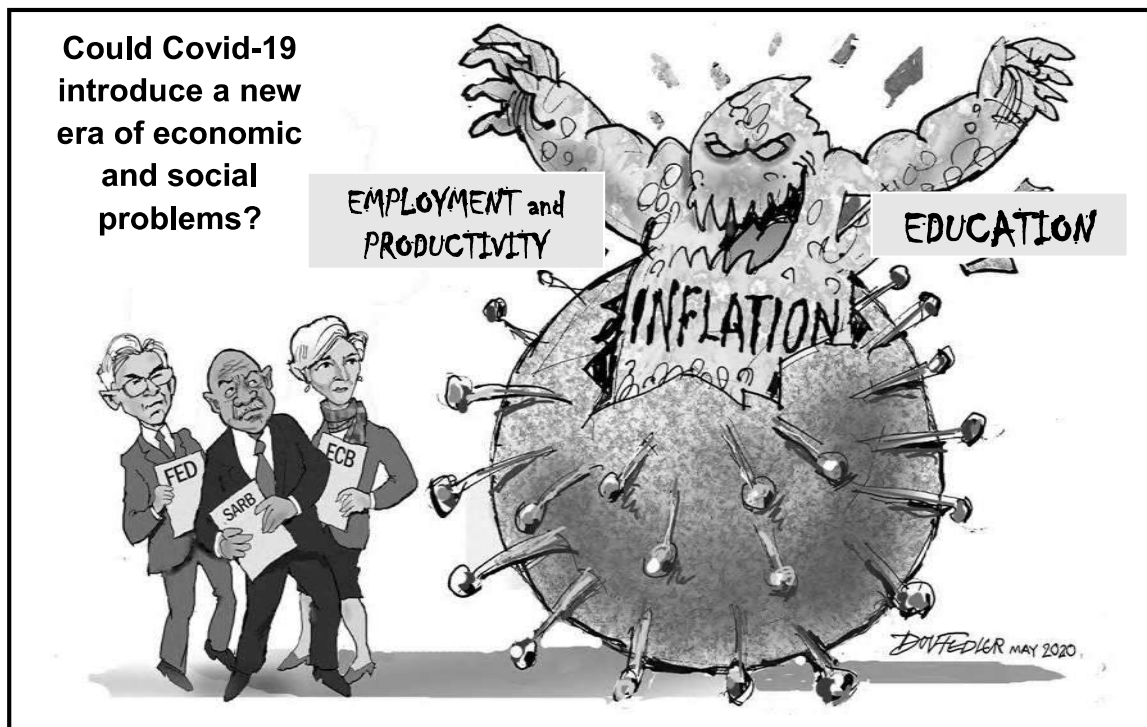
3.2.2 Name any possible incentive to encourage the industrial development in the Sedibeng region. (1)

3.2.3 Briefly describe the term *Special Economic Zone*. (2)

3.2.4 How do public-private partnerships influence the economy? (2)

3.2.5 Why does the government want to create a globally competitive industrial economy? (2 x 2) (4)

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



[Adapted from Investec, Patrick Lawlor, 29 Mei 2020]

- 3.3.1 Identify the social indicator indicated in the above cartoon? (1)
- 3.3.2 Name any key price change indicator used in the economy. (1)
- 3.3.3 Briefly describe the term *inflation*. (2)
- 3.3.4 Explain the impact of Covid 19 on people's standard of living. (2)
- 3.3.5 How can the South African Reserve Bank reduce money supply in the economy? (2 x 2) (4)
- 3.4 Discuss *demographics* as an indicator for social development in South Africa. (4 x 2) (8)
- 3.5 Analyse the benefits of free trade in the economy. (8)
- [40]**

**QUESTION 4: MACRO-ECONOMICS AND ECONOMIC PURSUITS****40 MARKS – 30 MINUTES**

4.1 Answer the following questions:

4.1.1 Name any TWO types of business cycles. (2 x 1) (2)

4.1.2 How does South Africa benefit from being a member of BRICS?  
(1 x 2) (2)

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

**INVESTMENT THAT WILL BRING BILLIONS OF RANDS TO SOUTH AFRICA**

The fourth annual South Africa Investment Conference will be held in March 2023 and the event is expected to attract significant international funding to South Africa. The first investment conference was held in 2018 as part of a drive to raise R1.2 trillion in new investment over five years.

Company taxes as well as infrastructure spending were lowered by the South African government as part of Covid-relief, resulting in slow rate of investment.

The South African president has outlined some key growth areas which are likely to attract investment:

1. Pharmaceuticals
2. Energy

Energy is another area of growth, and the 25 preferred bidders are expected to invest around R50 billion into the economy.

[Adapted from *BUSINESS TECH.* 8 November 2021]

4.2.1 Which category of South Africa's infrastructure will benefit the most from this investment? (1)

4.2.2 Name any other *leakage*, apart from taxes. (1)4.2.3 Briefly describe the term *multiplier effect*. (2)

4.2.4 Why are injections important in the economy? (2)

4.2.5 Determine the value of the multiplier, if households save 20% of the extra income earned after the investment drive. Show all calculations. (4)

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



[Adapted from *Public Affairs Research Institute*]

- 4.3.1 Name the industrial development policy of the Department of Trade, Industry and Competition. (1)
- 4.3.2 Which benchmark criteria can be linked to *democratic decision making, transparency and financial management*? (1)
- 4.3.3 Briefly describe the term *regional development*. (2)
- 4.3.4 What could be the reason for an uneven geographical economic development? (2)
- 4.3.5 How can the South African government promote industrial development through *investment in social capital*? (2 x 2) (4)
- 4.4 Use a well-labelled graph to explain the effect an increase in tax rate will have on government revenue. (8)
- 4.5 Why should local industries be protected against unfair competition from abroad? (4 x 2) (8)

**[40]**

**TOTAL SECTION B: 80**

**SECTION C**

Answer only ONE of the two questions from this section in your ANSWER BOOK.  
Your answer will be assessed as follows:

<b>STRUCTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<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 saying 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/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Assess/Debate <b>A maximum of 8 marks may be allocated for headings/examples.</b> <b>Additional part:</b> Critically discuss / Evaluate / Critically evaluate/Debate/Deduce/Compare/Distinguish/Interpret/How?/Suggest <b>A maximum of 2 marks may be allocated for mere listing of facts.</b>	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 NUMBER OF MARKS</b>	<b>40</b>

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

- Discuss in detail the reasons for international trade. (26 marks)
  - How can the South African government correct balance of payments disequilibrium? (10 marks)
- [40]**

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

- Discuss in detail the demand-side approach in promoting economic growth and development in South Africa. (26 marks)
  - Evaluate the effectiveness of the Expanded Public Work Programme in reducing poverty and unemployment in the country. (10 marks)
- [40]**

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