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PREPARATORY EXAMINATION

GRADE 12

ECONOMICS P1

SEPTEMBER 2023

MARKS: 150

TIME: 2 HOURS

This question paper consists of 14 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**

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 C.

1.1.1 A Nigerian consultant working for Vodacom in Bloemfontein, forms part of ...

- A South Africa's GNP and Nigeria's GDP.
- B Nigeria's GNP and South Africa's GDP.
- C only South Africa's national income figures.
- D only Nigeria's national income figures as he is a Nigerian citizen.

1.1.2 One of the reasons for public sector failure is ...

- A a mixed economy.
- B opportunities for investment.
- C merit goods.
- D structural weakness.

1.1.3 Components of the monetary policy used by the state to influence the economy in a desired direction, are moral suasions and ...

- A taxation.
- B state debt.
- C cash reserve requirements.
- D government spending.

1.1.4 An increase in the value of a currency under a fixed exchange rate system is called ...

- A depreciation.
- B devaluation.
- C appreciation.
- D revaluation.

1.1.5 An example of an economic indicator is ...

- A producer price index.
- B electricity supply.
- C sanitation.
- D health.

1.1.6 Regional development policies aim to reduce the effect of ... on industries.

- A decentralisation
- B centralisation
- C mobilisation
- D investment

1.1.7 When import duties are imposed as a percentage of the value of imported goods, it is known as ... duties.

- A ad valorem
- B specific
- C progressive
- D protectionism

1.1.8 Increasing the repo rate can be considered as a ... approach to growth and development.

- A supply-side
- B stimulatory
- C demand-side
- D fiscal

(8 x 2) (16)

- 1.2 Choose a description from COLUMN B that matches an 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 J.

COLUMN A	COLUMN B
1.2.1 Consumption of fixed capital	A promotes affirmative action and prevents discrimination in the workplace
1.2.2 Length	B net difference between merchandise exports plus net gold exports and merchandise imports
1.2.3 Trade balance	C depreciation in the value of fixed assets that occurs during the production process
1.2.4 Bureaucracy	D information about the size and structure of the population
1.2.5 Employment Equity Act	E measured from peak to peak or trough to trough
1.2.6 Specific duty	F rules and regulations that hamper progress in the economy
1.2.7 Demographics	G financial incentive for foreign investors who invest in new manufacturing businesses in South Africa
1.2.8 National Research and Development Strategy	H focuses on using science and technology to promote and expand industrialisation
	I when import tariff is levied as the amount per unit, mass or any measure

(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 proportion of additional income that households choose to spend on consumer goods and services

1.3.2 The expansion period of a business cycle

1.3.3 When state expenditure is more than state income

1.3.4 A nationwide government intervention to create employment using labour-intensive methods

1.3.5 Implemented to improve the expansion of particular industries

1.3.6 The relationship between the output of economic activities and the input of the factors of production

(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 TWO examples of injections in the economy. (2 x 1) (2)

2.1.2 What is the relationship between real flows and money flows in the economy? (1 x 2) (2)

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

PERIOD (IN YEARS & QUARTERS)	GROSS DOMESTIC PRODUCT GROWTH RATE (IN %)
Q4 2020	2.7
Q1 2021	0,8
Q2 2021	1.4
Q3 2021	-1.8
Q4 2021	1.4
Q1 2022	1.9
[Adapted from www.google]	

2.2.1 By what percentage did the gross domestic product growth rate improve between quarter 4 of 2021 and quarter 1 of 2022? (1)

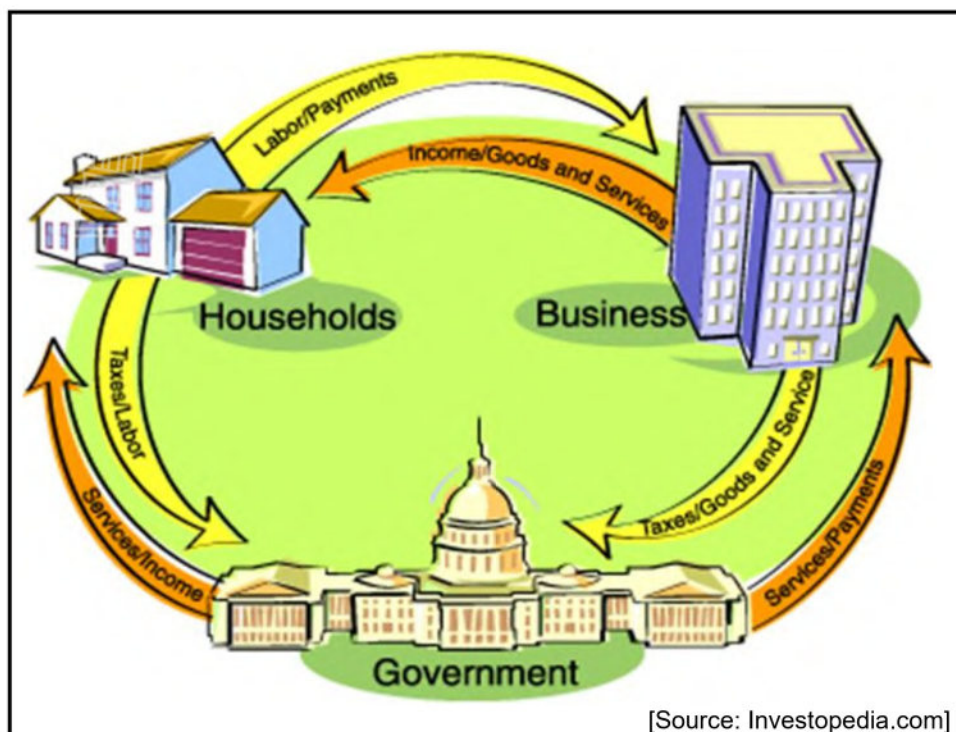
2.2.2 Indicate the gross domestic product growth rate trend from quarter 3 of 2021 to quarter 1 of 2022. (1)

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

2.2.4 Explain the reason why the growth rate remained positive in South Africa for the last quarter of 2020 and the first two quarters of 2021 against COVID-19 expectations. (2)

2.2.5 What measures can the government employ to ensure that economic growth is achieved? (4)

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



- 2.3.1 What kind of the economy is depicted in the diagram above? (1)
- 2.3.2 How many flows are indicated by the services/payments in the diagram above? (1)
- 2.3.3 Briefly describe the term *circular flow*. (2)
- 2.3.4 Briefly explain the significance of the foreign sector in the economy. (2)
- 2.3.5 How can an increase in household spending influence the economy? (2 x 2) (4)
- 2.4 Briefly explain economic equity and price stability as macroeconomic objectives of the government. (2 x 4) (8)
- 2.5 How can aggregate supply be stimulated by improving the efficiency of markets? (4 x 2) (8)

[40]

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

3.1 Answer the following questions.

3.1.1 Name TWO indexes used to measure inflation. (2 x 1) (2)

3.1.2 How is the economically active population constituted as an employment indicator? (1 x 2) (2)

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



3.2.1 Identify the economic concept illustrated in the cartoon above. (1)

3.2.2 Which threat is depicted in the cartoon above? (1)

3.2.3 Briefly describe the term *economic development*. (2)

3.2.4 How does life expectancy in countries in the North compare to that of countries in the South? (2)

3.2.5 Why would countries in the North have distinct trade advantages over countries in the South? (2 x 2) (4)

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



- 3.3.1 Which type of social indicator is depicted in the picture above? (1)
- 3.3.2 Identify the child malnutrition illustrated in the picture above. (1)
- 3.3.3 Briefly describe the term *infant mortality*. (2)
- 3.3.4 Briefly explain why obesity in children is associated with other diseases. (2)
- 3.3.5 What impact can poor services have on the well-being of people? (4)
- 3.4 Differentiate between *cash benefits* and *benefits in kind*. (2 x 4) (8)
- 3.5 How can social indicators assist the government in making more informed decisions? (8)

[40]

QUESTION 4: MACROECONOMICS & ECONOMIC PURSUIT**40 MARKS – 40 MINUTES**

4.1 Answer the following questions.

4.1.1 Name TWO variables illustrated in the Phillips Curve graph. (2 x 1) (2)

4.1.2 What is the government's main purpose with subsidies on property?
(1 x 2) (2)

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

DYSFUNCTIONAL MAPUTO CORRIDOR

The government needs to address the severe congestion at the Lebombo/Ressano Garcia border post, which has cost trucking companies R1.3bn in lost revenue so far this year.

[Source: Adapted from timeslive.co.za]

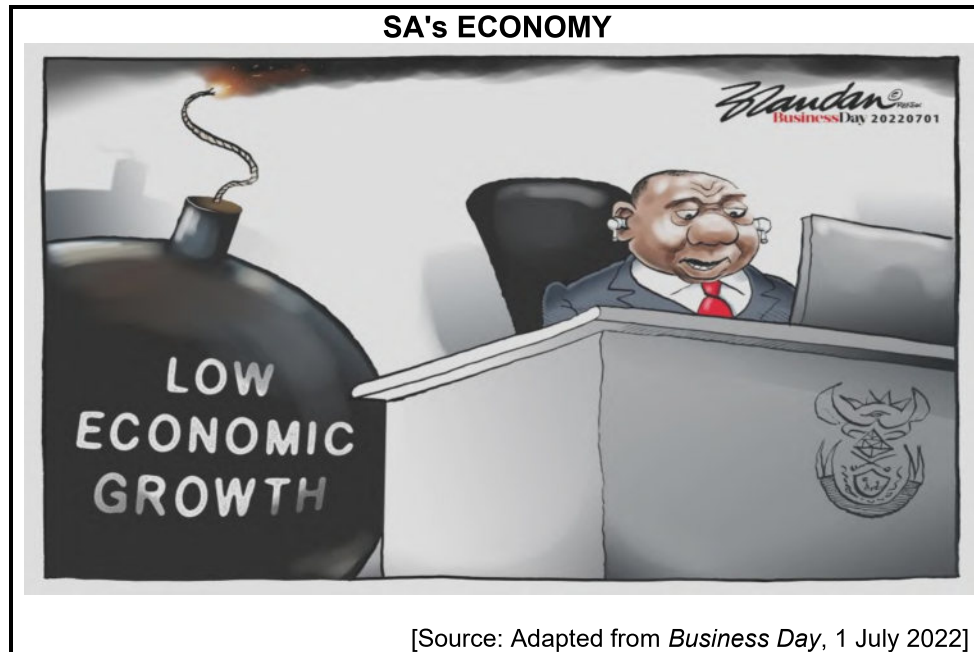
4.2.1 Give a word or phrase from the information above that serves as a reason for the dysfunctional Maputo Corridor. (1)

4.2.2 Which African country is associated with the corridor indicated above? (1)

4.2.3 Briefly describe the term *corridor*. (2)4.2.4 Explain *free market orientation* as international benchmark criteria. (2)

4.2.5 What are the objectives of the government with regard to corridors? (4)

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



- 4.3.1 Which government policy most effectively overcomes the low economic growth depicted in the cartoon? (1)
- 4.3.2 When is the Medium-term Budget Policy Statement presented in parliament each year? (1)
- 4.3.3 Briefly describe the term *public sector failure*. (2)
- 4.3.4 Explain the impact that low productivity can have on the South African balance of payment. (2)
- 4.3.5 How can the South African government improve its growth rate? (4)
- 4.4 Discuss the Spatial Development Initiatives (SDIs) in South Africa and link them to the private-public partnership. (2 x 4) (8)
- 4.5 Analyse the importance of expressing national figures in real rather than nominal terms. (4 x 2) (8)

[40]

TOTAL SECTION B: 80

SECTION C

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

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. <ul style="list-style-type: none"> • A good starting point would be to define the main concept related to the question topic. • Do not include any part of the question in your introduction. • Do not repeat any part of the introduction in the body. • Avoid saying in the introduction what you are going to discuss in the body. 	2 marks
Body Main part: Discuss in detail/In-depth discussion. /Examine/Critically discuss/ Analyse/Compare/Evaluate/Distinguish/Differentiate/ Explain Additional part: 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	26 marks 10 marks
Conclusion Any higher-order conclusion should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value judgment on the facts discussed • Additional support information to strengthen the discussion/ analysis • A contradictory viewpoint with motivation, if required • Recommendations 	2 marks
TOTAL	40

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

- Discuss in detail the reasons for international trade. (26 marks)
- What impact can international trade have on countries of the world? (10 marks)

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

- Discuss in detail, the arguments in favour of protectionism. (26 marks)
- Evaluate South Africa's import substitution as a trade policy. (10 marks)

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