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# SA EXAM PAPERS

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**KWAZULU-NATAL PROVINCE**

**EDUCATION**  
REPUBLIC OF SOUTH AFRICA

**GRADE 12**

**NATIONAL  
SENIOR CERTIFICATE**

**ECONOMICS P1**

**PREPARATORY EXAMINATION**

**SEPTEMBER 2023**

**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 number (1.1.1 to 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D.

1.1.1 An open economy is best described as a ... sector economy

- A one
- B two
- C three
- D four

1.1.2 The vertical difference between a trough and the next peak is referred to as the ...

- A Trend line
- B Length
- C Trough
- D Amplitude

1.1.3 The Laffer curve shows the relationship between tax revenue and ... rate.

- A tax
- B expenditure.
- C nominal.
- D income.

1.1.4 Financial capital held by the monetary authorities such as the central bank to finance the trading disequilibrium is referred to as...

- A financial derivatives
- B reserve assets
- C merchandise exports
- D portfolio investments

1.1.5 The practice of selling goods in a foreign country at lower prices than in the country of origin is known as ...

- A exportation
- B importation
- C dumping
- D investment

- 1.1.6 The growth and development policy that aims to eliminate poverty and reduce inequality by 2030 is called ...
- A Joint Initiative For Priority Skill Acquisition
  - B National Development Plan (NDP)
  - C New Growth Path (NGP)
  - D Growth, Employment and Redistribution Programme (GEAR)
- 1.1.7 Unemployment resulting from mismatch between demand of labour and the skills of job seekers is referred to as ... unemployment.
- A Structural
  - B cyclical
  - C frictional
  - D institutional
- 1.1.8 Long term deposits of the domestic sector at the monetary institutions are part of the ... money supply.
- A M1
  - B M2
  - C M3
  - D M4
- (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 number (1.2.1–1.2.8) in the ANSWER BOOK, for example 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Residual item	A	Expresses the number of years a child born today is estimated to live.
1.2.2	Open-market transactions	B	The process by which the standard of living improves.
1.2.3	Privatisation	C	Trade policy that tries to keep the domestic economy safe by restricting the import of goods and services rendered.
1.2.4	Transfer payments	D	Aims to reduce the centralisation of industries.
1.2.5	Protectionism	E	Money received without any productive service rendered.
1.2.6	Economic development	F	Evens out short-term fluctuation in economic data.
1.2.7	Regional development	G	Buying and selling of government securities to influence the money supply.
1.2.8	Life expectancy	H	Transfer of ownership of a government institution to individual ownership.
		I	Allows for all errors and omissions in GDP calculations.

(8 x 1) (8)

- 1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1–1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.
- 1.3.1 People who are able to make use of a good or service without paying for it.
- 1.3.2 A policy that targets taxes and government expenditure to influence economic activity.
- 1.3.3 Exchange rate system that uses forces of demand and supply.
- 1.3.4 Taxes levied on goods as they enter the country.
- 1.3.5 The measurement of the economic output per person.
- 1.3.6 The distribution of employment and investment over a wide range of industrial activities. (6)

**TOTAL SECTION A: 30**

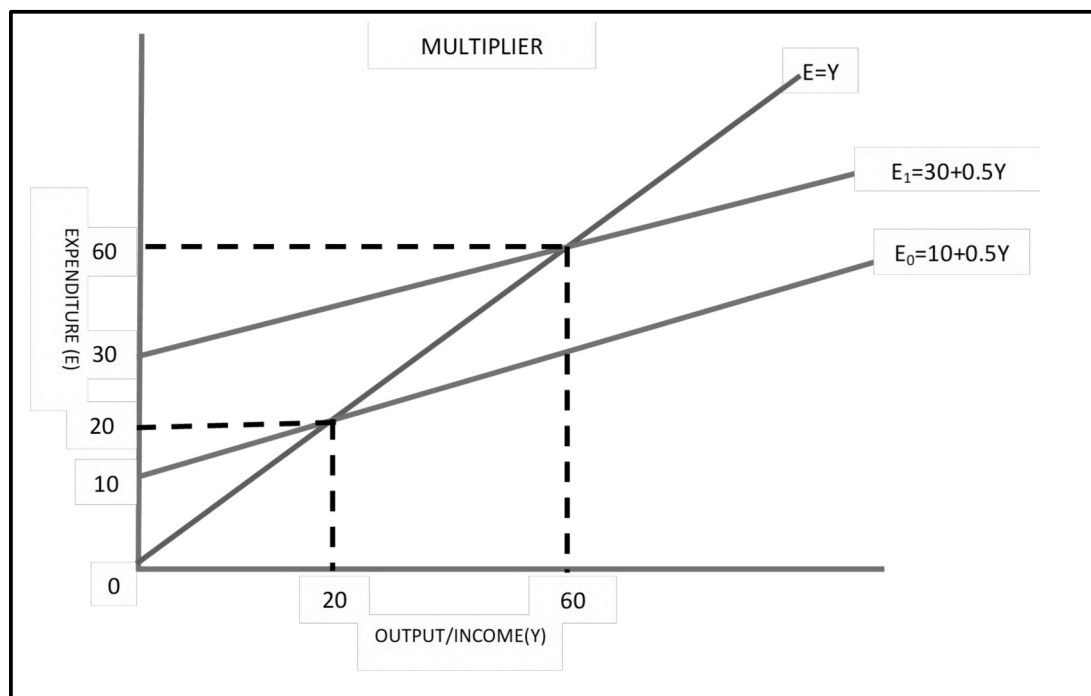
**SECTION B**

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 periods of business cycles. (2 x 1) (2)

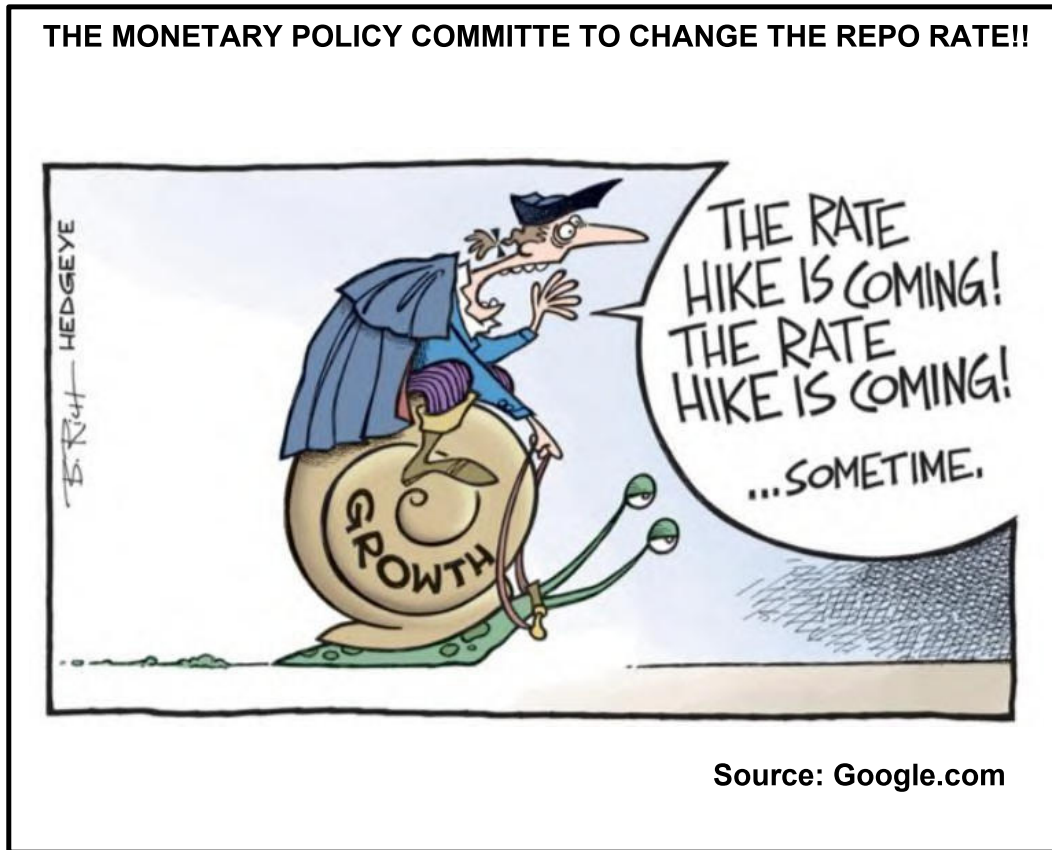
2.1.2 What is the importance of the factor market on the circular flow? (1 x 2) (2)

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

- 2.2.1 Identify the original consumption function on the graph. (1)
- 2.2.2 Give the marginal propensity to consume (mpc) from the above graph. (1)
- 2.2.3 Briefly describe the term *induced consumption*. (2)
- 2.2.4 How does an increase in marginal rate of taxation (mrt) influence the value of the multiplier? (2)
- 2.2.5 Using the formula  $\Delta Y/\Delta J$ , calculate the value of multiplier for the above diagram. Show all calculations. (4)



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



- 2.3.1 Identify the monetary instrument that is mainly used in South Africa. (1)
- 2.3.2 Name the institution that is responsible for the formulation of monetary policy. (1)
- 2.3.3 Briefly describe the term *extrapolation*. (2)
- 2.3.4 What is the negative impact of excessive access to credit on the economy? (2)
- 2.3.5 How can moral suasion be used as a tool to dampen the overheated economy? (4)
- 2.4 Briefly discuss *bureaucracy* and *politicians* as reasons for public sector failure. (8)
- 2.5 How can a decrease in final consumption by households affect the economy? (8)
- [40]**

**QUESTION 3: ECONOMIC PURSUITS****40 MARKS – 30 MINUTES****3.1 Answer the following questions.**

3.1.1 Name the TWO South Africa's industrial development strategies. (2x1) (2)

3.1.2 What is the main objective of the Reconstruction and Development Programme? (1x2) (2)

**3.2 Study the extract below and answer the questions that follow.****SOUTH AFRICA'S EXPORT PROMOTION POLICY EARNS A SECOND SPOT**

South Africa has once again occupied the spot as the second largest economy in sub-Saharan Africa after Nigeria, based on a recorded GDP of \$66.0 billion in the third quarter of 2022 compared with Nigerian GDP of \$101.0 billion in the same period. This growth is attributed to the country's endeavour in promoting exports in the agricultural, transport and manufacturing industries.

Adapted from *Mail and Guardian*, January 2023

3.2.1 Identify the South African international trade policy discussed on the extract above. (1)

3.2.2 Name ONE concession that is given by the South African government to industries that produce exported goods. (1)

3.2.3 Briefly describe the term *direct subsidies*. (2)

3.2.4 What is the negative effect of incentives given by the government on the development of local industries? (2)

3.2.5 How can an increased domestic production benefit the country? (4)

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

THE WORLD HUMAN DEVELOPMENT INDEX – 2021		
Rank	Country	HDI value (2021)
1	Switzerland	0.962
2	Norway	0.961
3	Iceland	0.959
4	Hong Kong, China (SAR)	0.952
5	Australia	0.951
109	South Africa	0.713

Adapted from <https://africacheck.org>

- 3.3.1 Identify the country with the highest human development index from the table above. (1)
- 3.3.2 Name any ONE aspect related to the standard of living. (1)
- 3.3.3 Briefly describe the term *North South divide*. (2)
- 3.3.4 What effect will focusing on primary industries have on the economies of developing countries? (2)
- 3.3.5 How do countries with a high economic divide negatively impact on countries with a low economic divide? (4)
- 3.4 Briefly discuss *Spatial Development Initiatives (SDI)* in South Africa. (8)
- 3.5 How is South Africa affected by the unstable conditions in the world market? (8)
- [40]**

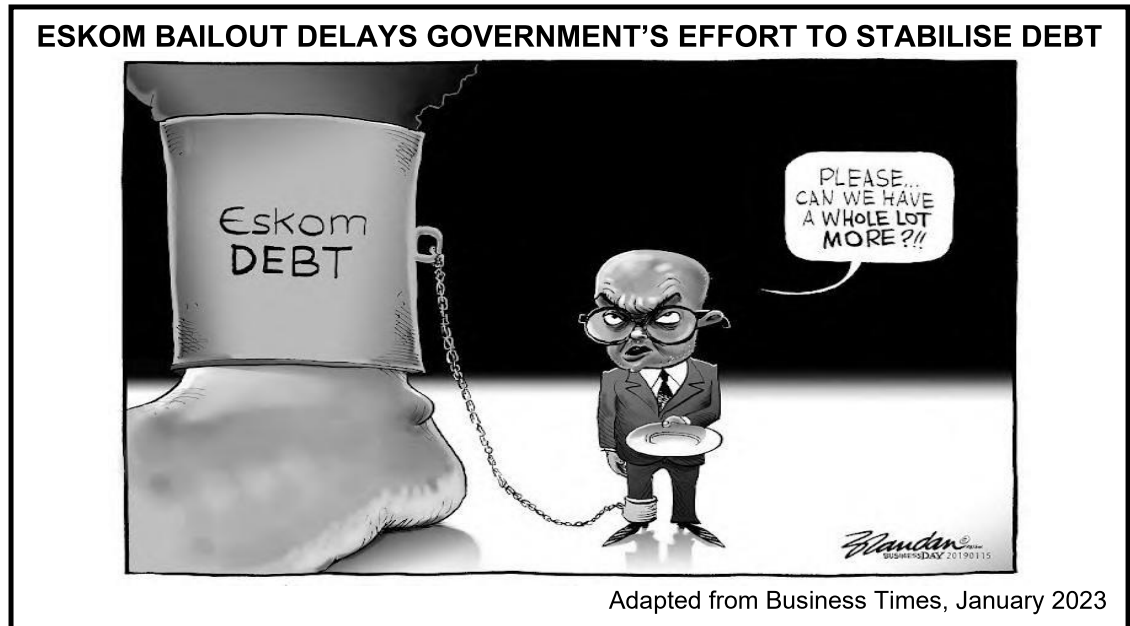
**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS****40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO features of the fiscal policy. (2x1) (2)

4.1.2 What benefits are enjoyed by South Africa as a member country of BRICS? (2)

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



4.2.1 Identify the State-owned Enterprise (SOE) represented by the cartoon above. (1)

4.2.2 Name the institution that regulates the pricing of electricity in South Africa. (1)

4.2.3 Briefly describe the term *budget*. (2)

4.2.4 Explain the impact of high state debt on the provisioning of public goods and services. (2)

4.2.5 How the South African government improve accountability from public servants? (4)

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

### ATLANTIS SPECIAL ECONOMIC ZONE

The Atlantis SEZ is part of the City of Cape Town's initiative taken in 2011 to establish a green-tech manufacturing hub in Atlantis. Situated in the West coast, this SEZ capitalises on the province's already booming renewable energy and green technology sector. A wind tower manufacturer, Gestamp Renewable Industries (GRI) has already invested R300 million and is in full-scale production.

Adapted from *www.thedti.gov.org*

- 4.3.1 Identify the Special Economic Zone (SEZ) that is discussed on the above extract. (1)
- 4.3.2 Name ONE aspect that is taken into consideration when identifying Industrial Development Zones (IDZs). (1)
- 4.3.3 Briefly describe the term *free trade zones*. (2)
- 4.3.4 Explain the negative impact of a shortage of skilled labour on industrial development. (2)
- 4.3.5 Why is it important for the South African government to establish economic hubs? (2X2) (4)
- 4.4 Briefly discuss *leading indicators* and *coincident indicators* as features of forecasting in business cycles. (8)
- 4.5 How can the South African government reduce the high rate of unemployment? (8)
- [40]**

**TOTAL FOR 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:

<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 the 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/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>	<div>Max. 26</div> <div>Max. 10</div>
<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 valued 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 in detail the reasons for international trade. (26)
- How can a deficit on the current account affect the economy of South Africa? (10) **[40]**

## QUESTION 6: ECONOMIC PURSUITS

**40 MARKS – 40 MINUTES**

- Discuss in detail South Africa's social indicators (26)
  - How can South Africa improve its global position when compared with the rest of the world? (10)
- [40]**

<b>TOTAL FOR SECTION C:</b>	<b>40</b>
<b>TOTAL MARKS:</b>	<b>150</b>