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education

**MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA**

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ECONOMICS P1
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. Number the answers correctly according to the numbering system used in this question paper.
3. Write the number of the question above each answer.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2 – 3 lines between subsections of questions.
6. 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.
7. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
8. Use only black or blue ink.
9. Non-programmable pocket calculators may be used.
10. 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 correct answer and write only the letter (A – D) next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK.

1.1.1 Factor costs include ... such as salaries and wages.

- A tax on products
- B subsidy on production
- C compensation of employees
- D primary production

1.1.2 The open market requirement is an instrument of the ... policy.

- A fiscal
- B monetary
- C internal
- D government expenditure

1.1.3 A plan of estimated government expenditure that covers a period of three years is known as the ...

- A Medium term expenditure framework.
- B Medium term budget policy statement.
- C Budget.
- D government spending.

1.1.4 The shortest business cycle with a duration of 3 to 5 years is called the ... cycle.

- A Juglar
- B Kuznets
- C Kitchin
- D Kondratieff

1.1.5 South Africa joined as a full member of the ... bloc countries in the year 2011.

- A Southern African Development Community African Union
- B South African Custom Union
- C African Union
- D Brazil, Russia, India, China and South Africa (BRICS)

1.1.6 The policy that was first implemented in 1994 to focus on the provision of housing, water, electricity, and public health care to the poor is called ...

- A National Development Plan.
- B New Growth Path.
- C National Development Plan.
- D Reconstruction and Development Programme.

1.1.7 If the index of export prices is higher than the index of import prices, it shows that the ... is positive.

- A supply
- B terms of trade
- C balance of trade
- D balance of payment

1.1.8 The relationship between goods produced and the resources used to produce them is known as ...

- A productivity.
- B production.
- C remuneration per worker.
- D labour rate.

(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 number (1.2.1 – 1.2.8) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Residual item	A	member countries agree to abolish tariffs among themselves, but levy tariffs on non-members
1.2.2	Endogenous reasons	B	measures that are implemented to influence the aggregate spending in the economy
1.2.3	Price stability	C	the financial incentives aimed at helping to improve the quality of workers
1.2.4	Free-floating exchange rate	D	factors from within the market system that lead to changes in the level of economic activities
1.2.5	Free trade area	E	the United Nations recommends its use in order to standardise the calculations of social and economic indicators
1.2.6	Demand-side policy	F	the price of a currency is determined purely by market forces of demand and supply
1.2.7	Skill support program	G	measures implemented to influence the aggregate supply of goods and services.
1.2.8	System of National Accounts	H	the inflation rate of between 3% - 6% in South Africa
		I	the figure used to correct errors and omissions in the calculation of the GDP
		(8 x 1) (8)	

1.3 Write the concept described in each of the following statements. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK. Examples, acronyms, and abbreviations WILL NOT be accepted.

1.3.1 A market for short-term savings and loans.

1.3.2 The lower turning point of a business cycle.

1.3.3 Public goods that are characterized by non – excludability and non-rivalry.

1.3.4 The number of children per 1000 births who die before the age of one year in a year.

1.3.5 Indirect taxes that are levied on imported goods and services.

1.3.6 The return of land to its rightful owners who lost it due to discriminatory laws in the past.

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

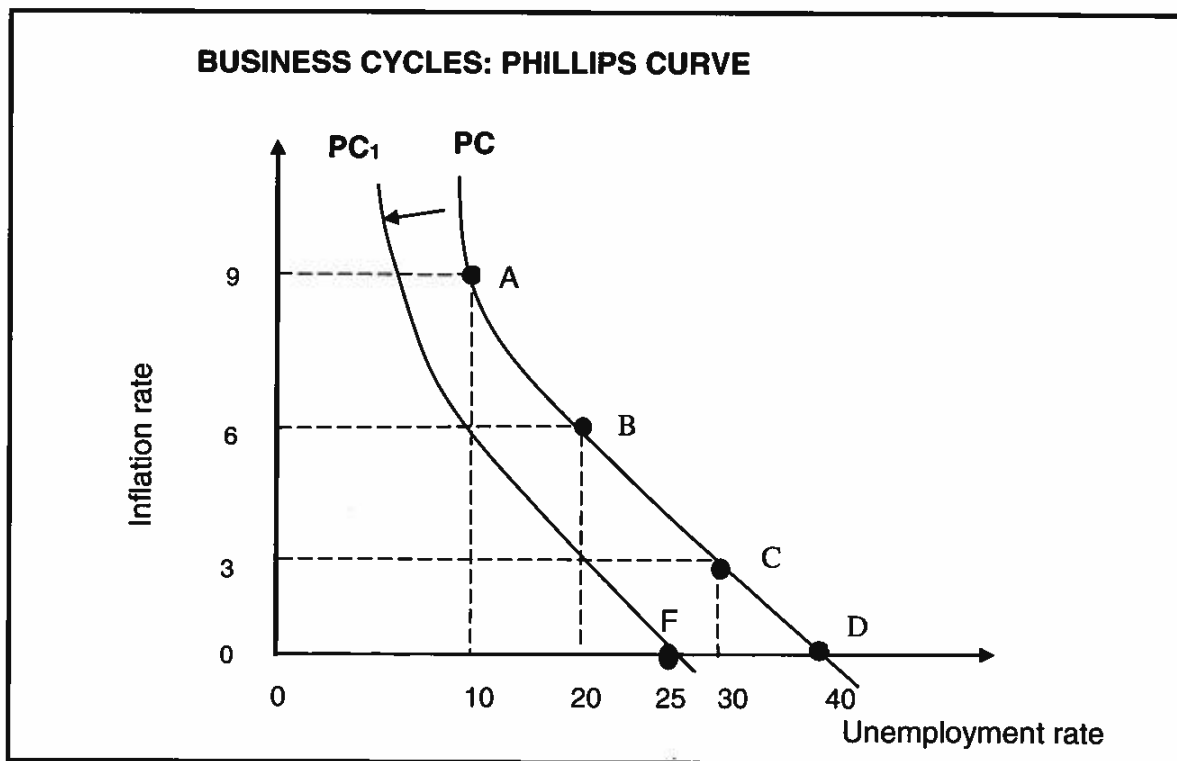
QUESTION 2: MACROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions:

2.1.1 Name any TWO pricing policy options used in the public sector. (2 x 1) (2)

2.1.2 Why are taxes on products added to basic prices to obtain the market price? (1 x 2) (2)

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



2.2.1 Identify any ONE point in the graph that shows the natural rate of unemployment. (1)

2.2.2 Name the business cycle turning point during which inflation is often the highest. (1)

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

2.2.4 Explain a reason for the curve to move to PC1? (2)

2.2.5 Why is the relationship between inflation and unemployment regarded as inverse? Use the information in the graph to motivate your answer. (2 x 2) (4)

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

PROBLEMS OF PUBLIC SECTOR PROVISIONING

Electricity blackouts (load-shedding) has worsened since the beginning of 2022 in South Africa. This indicates that problems related to provision of services are worsening. Increasingly, parastatals are contributors to these problems. Problems related to parastatals are made worse by other problems such as pricing policy and the difficulty of the public sector to correctly assess the needs of the citizens in regard to provision of other public goods.

[Adapted from: www.google.com]

- 2.3.1 Which parastatal produces electricity in South Africa? (1)
- 2.3.2 Name the level of government that focuses on the provision of services at the community level. (1)
- 2.3.3 Briefly describe the term *public sector failure*. (2)
- 2.3.4 Why is it difficult for the government to correctly assess the needs of the citizens for public goods? (2)
- 2.3.5 How can public sector failure affect South Africans? (2 x 2) (4)
- 2.4 Discuss the exogenous (monetarist) explanation of business cycles. (8)
- 2.5 Evaluate the contribution of the business sector to the economy. (8)
- [40]**

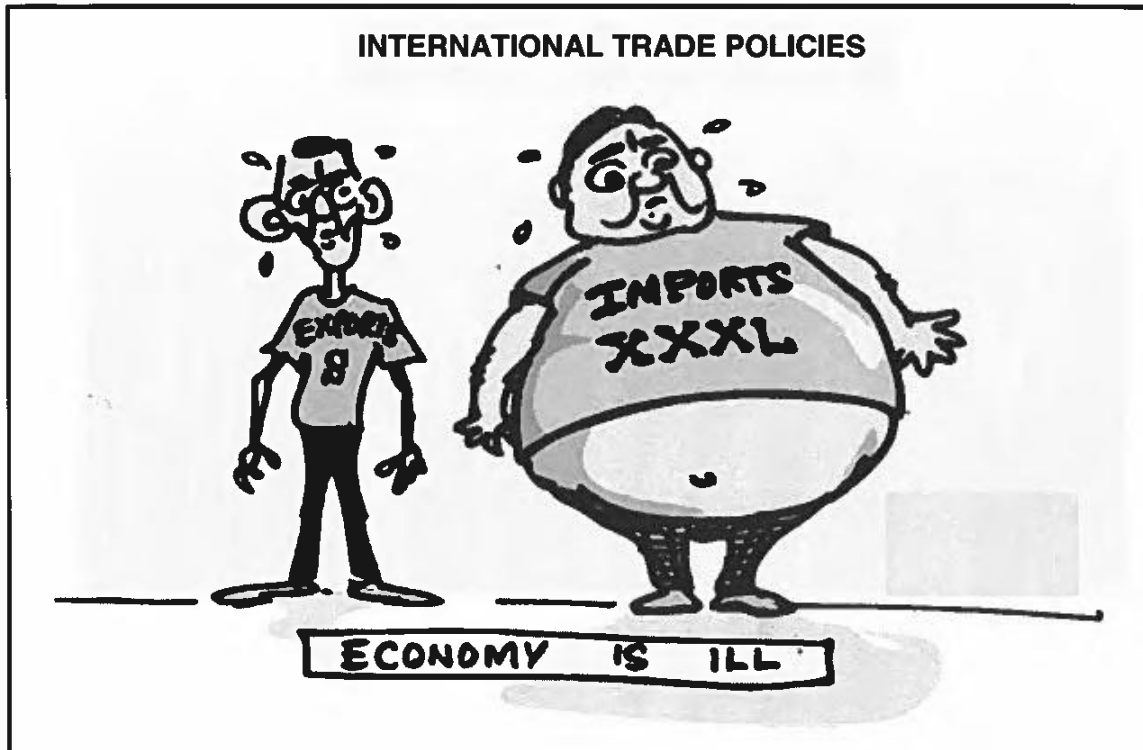
QUESTION 3: ECONOMIC PURSUITS**40 MARKS – 30 MINUTES**

3.1 Answer the following questions. DENOTES

3.1.1 Name TWO instruments of fiscal policy. (2 x 1) (2)

3.1.2 How can physical control be used to reduce imports? (1 x 2) (2)

3.2 Study the data item below and answer the questions that follow.

[Source: www.amaze.com]

- 3.2.1 Name the international trade policy whereby the government uses tariffs to protect domestic infant industries. (1)
- 3.2.2 List any ONE method of export promotion. (1)
- 3.2.3 Briefly describe the term *free trade*. (2)
- 3.2.4 Why are subsidies used when implementing import substitution? (2)
- 3.2.5 How can an economy be disadvantaged by importing more than exporting? (2 x 2) (4)

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

ECONOMIC INDICATORS		
Indicators	2021	2022
Exchange rate (dollar)	\$1 = R14,79	\$1 = R16,77
Interest rate (repo rate)	6.25%	7%
Unemployment rate	35,3%	32,9%
Inflation rate	4,5%	6.9%

[Source: *statssa.gov.za*]

- 3.3.1 Identify in the table, the economic indicator that has improved in 2022 compared to 2021. (1)
- 3.3.2 Name the price index used to measure the cost of living. (1)
- 3.3.3 Briefly describe the term *economic indicator*. (2)
- 3.3.4 How are interest rates used to influence the inflation rate? (2)
- 3.3.5 What effects can a depreciating rand have on international (foreign) trade for South Africa? (2 x 2) (4)
- 3.4 Distinguish between *economic growth* and *economic development*. (2 x 4) (8)
- 3.5 Evaluate the achievements of the Japan - South Africa partnership forum for the South African economy. (8)
- [40]**

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

4.1 Answer the following questions.

4.1.1 List TWO demographic indicators. (2 x 1) (2)

4.1.2 How does the government manage the economy? (1 x 2) (2)

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

MULTIPLIER IN A TWO SECTOR ECONOMY

Country Y which has only two participants has a marginal propensity to consume of 0.6. The autonomous consumption is 30. The equilibrium national income is 75.

[Adapted from: *Clever Economics text book*]

4.2.1 Name the leakage that is possible in a two-sector economy. (1)

4.2.2 List the participant who spends money on goods and services in the above economy. (1)

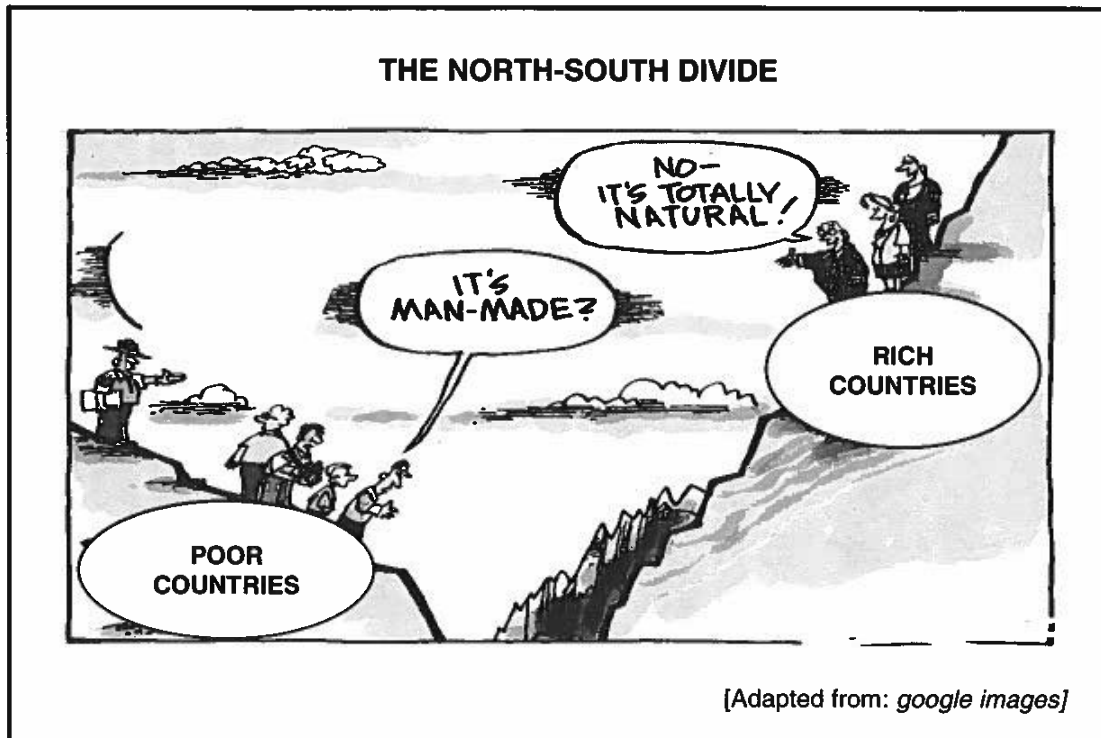
4.2.3 Briefly describe the term *autonomous consumption*. (2)

4.2.4 Use the following formula to calculate the multiplier. Show all calculations (2)

$$\frac{1}{mps}$$

4.2.5 Draw a well labelled multiplier graph on the above information. (4)

4.3 Study the data item below and answer questions that follow:



- 4.3.1 Identify the alternative term used to describe poor countries. (1)
- 4.3.2 Name any ONE indicator that relates to unequal living standards. (1)
- 4.3.3 Briefly describe the term *north-south divide*. (2)
- 4.3.4 How do farming subsidies offered by rich countries negatively affect farmers from developing countries? (2)
- 4.3.5 Why are developed countries regarded as the major contributors to climate change? (2 x 2) (4)
- 4.4 With the aid of a well labeled diagram, explain the relationship between tax rate and tax revenue. (8)
- 4.5 Analyse the role of education in the economy. (8)
- [40]**

TOTAL SECTION B: 80

SECTION C

Answer ONE of the two questions from this section in the ANSWER BOOK

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction <ul style="list-style-type: none"> A good starting point would be to define a concept or key word that appears in the question. Include other sentences to support the topic. Do not include in your introduction any part of the question. 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. 	Max. 2
Body: Main part: Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate 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	Max. 26 Max. 10
Conclusion <ul style="list-style-type: none"> The conclusion is a wrap up of the discussion of the topic in the body and should be treated as a higher order response. The conclusion can take the form of an own opinion, examples to support your discussion or contradictory viewpoint from what has been discussed. No aspect from either the introduction or body should be included in the conclusion. 	Max. 2
TOTAL	40

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

- Discuss in detail the reasons for international trade. (26 marks)
- Evaluate the effects of international trade on a country. (10 marks)

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

- Discuss in detail South Africa's initiatives (endeavours) in regional development. (26marks)
- How can a country benefit from successfully implementing its industrial development policies? (10 marks)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150