Province of the
EASTERN CAPE
EDUCATION

Iphondo leMpuma Kapa: Isebe leMfundo
Provinsie van die Oos Kaap: Department van Onderwys
Porafensie Ya Kapa Botjhabela: Lefapha la Thuto

NATIONAL
SENIOR CERTIFICATE

GRADE 12

JUNE 2025

ECONOMICS P1

MARKS: 150

TIME: 2 hours

JECONE1

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: MACROECONOMICS   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   An economy in equilibrium is represented by …

A $Y = C + I + X + M$.
B $Y = C + I + G + (X + M)$.
C $Y = C + I + G + E$.
D $Y = C + I + G + (X – M)$.

1.1.2   The national account aggregate that includes contribution by permanent residents of a country is the …

A   gross national policy.
B   gross national good.
C   gross national product.
D   gross national service.

1.1.3   Parks, beaches and toll gates are examples of … goods.

A   community
B   collective
C   accessible
D   general

1.1.4   The … is presented in October to inform parliament of changes in the budget since February.

A   main budget
B   Medium-term Budget Policy Statement
C   Medium-term Expenditure Framework
D   national budget

1.1.5   The point where the economic contraction is at its lowest is a …

A   trough.
B   boom.
C   recession.
D   indicator.

1.1.6   A policy of the central bank to change the quantity of money in circulation is known as …

A   fiscal policy.
B   budget policy.
C   monetary policy.
D   circular policy.

1.1.7   An international organisation that lends money to countries with ongoing balance of payment problems is the …

        A   World Health Organisation.
        B   trade liberalisation.
        C   World Bank.
        D   International Monetary Fund.

1.1.8   Money received without any productive service rendered is the …

        A   real money.
        B   transfer payment.
        C   salary.
        D   service payment.

                                            (8 x 2)   (16)

1.2   Choose a description in 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, for example 1.2.9 J.

COLUMN A		COLUMN B
1.2.1 Bureaucracy	A	prescribed by the United Nations to compile gross domestic product figures
1.2.2 Investment	B	process of removing regulations in a specific industry by the government
1.2.3 Downswing	C	transfer of functions and ownership of entities from the private to the public sector
1.2.4 System of national accounts	D	minimum balances permitted by the SARB to banks
1.2.5 Cash reserve requirement	E	obtaining a meaningful share of a business
1.2.6 Nationalisation	F	money spent by firms to buy capital goods
1.2.7 Deregulation	G	buying of financial assets in companies on the stock exchange
1.2.8 Direct investment	H	official rules and regulations that can hinder service delivery
	I	the contraction period of the business cycle

                                            (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   Compulsory payments made by households and businesses to the
state

1.3.2   Goods and services whose provision has benefits for the user and the
society

1.3.3   The graph that shows the relationship between unemployment and
inflation

1.3.4   A deliberate increase in the price of the currency in terms of another
currency

1.3.5   Business cycles that are caused by changes in construction activities,
lasting for 15 to 20 years

1.3.6   An economy that trades with the foreign sector
                                                               (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 instruments of the fiscal policy.   (2 x1)   (2)

2.1.2   How could natural disasters influence the South African trade balance?   (2)

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

> Banks and other financial institutions play a crucial role in the economy. By providing certain services, they help to create a continuous flow of money within the economy, contributing to the overall economic activity. In the context of the circular flow model, the inclusion of banks and financial institutions is essential for a comprehensive understanding of how funds circulate between the various sectors in an economy.
>
> [Source: Adapted from Corporate Finance Institute]

2.2.1   Identify an example of a financial institution from the extract above.   (1)

2.2.2   Name any ONE injection in an open economy.   (1)

2.2.3   Briefly describe the term *circular flow*.   (2)

2.2.4   Explain the role of the financial sector in the circular flow.   (2)

2.2.5   Why are households regarded as the primary participants in a circular flow?   (2 x 2)   (4)

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

REASONS FOR INTERNATIONAL TRADE

#34 DEMAND REASONS FOR INTERNATIONAL TRADE

Countries can benefit through trade when they focus on their comparative advantage. This is because of widespread globalisation and increases in population size of countries

#35 SUPPLY REASONS FOR INTERNATIONAL TRADE

[Source: Adapted from the Internet]

2.3.1   Identify an effect of international trade from the above information.   (1)

2.3.2   Name any ONE supply side reason for international trade.   (1)

2.3.3   Briefly describe the term *international trade.*   (2)

2.3.4   Explain the theory of comparative advantage in trading of goods and services.   (2)

2.3.5   How can income levels lead to international trade?   (2 x 2)   (4)

2.4   Discuss the product market within a circular flow.   (8)

2.5   How can an improvement in terms of trade affect the South African economy?   (8)
                                                                               [40]

QUESTION 3: MACROECONOMICS   **40 MARKS – 30 MINUTES**

3.1   Answer the following questions.

    3.1.1   Name any TWO problems of public sector provisioning.   (2 x 1)   (2)

    3.1.2   How does gross capital formation impact the economy positively?   (2)

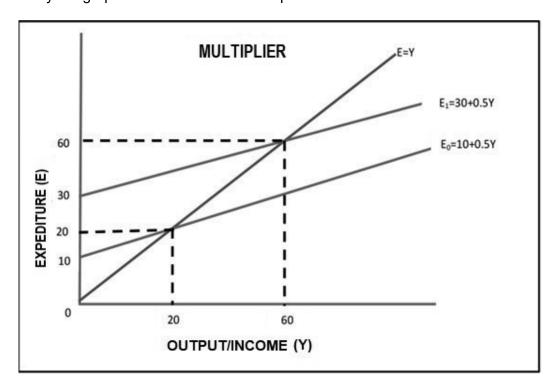3.2   Study the table below and answer the questions that follow.

BALANCE OF PAYMENT 2024 (R BILLION)

CURRENT ACCOUNT	2024
Merchandise exports	1 820
Net gold exports	139
Service receipts	298
Income receipts	281
Less: Merchandise imports	1 782
Less: Payments for services	369
Less: Income payments	451
A?	-248

[Source: Adapted from SARB QB December 2024]

    3.2.1   Identify the item in the current account that is unique to South Africa.   (1)

    3.2.2   Name the missing item **A** from the current account in the table above.   (1)

    3.2.3   Briefly describe the term *balance of payment.*   (2)

    3.2.4   Explain change in demand as a measure to correct balance of payment disequilibria.   (2)

    3.2.5   Calculate the value of the trade balance. Show the formula and ALL calculations.   (4)

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

3.3.1   Identify the original autonomous consumption on the graph.   (1)

3.3.2   Name the marginal propensity to consume (mpc) from the above graph.   (1)

3.3.3   Briefly describe the term *multiplier.*   (2)

3.3.4   Explain the relationship between the marginal propensity to consume and the multiplier.   (2)

3.3.5   Using the formula $\Delta Y/\Delta J$, calculate the value of the multiplier for the above graph. Show ALL calculations.   (4)

3.4   Differentiate between *exogenous* and *endogenous* explanations of business cycles.   (8)

3.5   What challenges face the South African government in achieving full employment?   (8)

[40]

QUESTION 4: MACROECONOMICS   **40 MARKS – 30 MINUTES**

4.1   Answer the following questions.

    4.1.1   Name any TWO components of the financial account of the balance of payment.   (2 x 1)   (2)

    4.1.2   Explain the importance of savings in the economy.   (2)

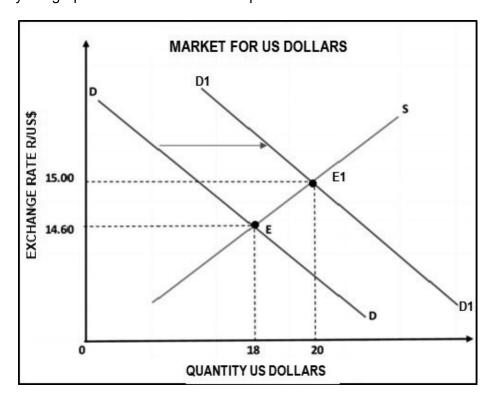4.2   Study the table below and answer the questions that follow.

NATIONAL INCOME AT CURRENT PRICES: 2023 (Billions)	
Gross value added at basic prices	6 310 829
Taxes on products	730 506
Subsidies on products	17 341
Gross domestic product at market prices	**A**

[Source: Adapted from SARB QB December 2023]

    4.2.1   Identify an item used to convert basic prices to market prices.   (1)

    4.2.2   Name any ONE method used to calculate gross domestic product.   (1)

    4.2.3   Briefly describe the term *current prices.*   (2)

    4.2.4   Explain the importance of calculating national account aggregates.   (2)

    4.2.5   Calculate the gross domestic product at market prices **A**. Show ALL calculations.   (4)

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

MARKET FOR US DOLLARS

4.3.1   Identify the curve that represents an increase in the demand for foreign
currency.   (1)

4.3.2   Name the exchange system used in South Africa.   (1)

4.3.3   Briefly describe the term *exchange rate.*   (2)

4.3.4   Explain the reason for the shift to the right of the original demand
curve.   (2)

4.3.5   What benefits can countries of the world obtain from international
trade?   (2 x 2)   (4)

4.4   Discuss real and money flows.   (8)

4.5   Analyse the impact of a devaluation of the rand on the economy.   (4 x 2)   (8)
[40]

TOTAL SECTION B: 80

SECTION C

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

Your answer will be assessed as follows:

STRUCTURE OF THE ESSAY	MARK ALLOCATION
Introduction • A good starting point would be to define a concept or key word that appears in the question. • 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/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 Any relevant higher order conclusion that should include: • A brief summary of what has been discussed/analysed without repeating facts already mentioned in the body • An opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if so required • Recommendations	Max. 2
TOTAL	**40**

QUESTION 5: MACROECONOMICS

- Discuss in detail the features underpinning forecasting.   (26)
- How can monetary and fiscal policies be used in smoothing out business cycles?   (10)

QUESTION 6: MACROECONOMICS

- Discuss in detail the reason(s) for public sector failure (link them to typical problems experienced through public sector provisioning).   (26)
- How will public sector failure negatively influence economic stability in South Africa?   (10)
                                                                                       [40]

                                                       TOTAL SECTION C: 40
                                                       GRAND TOTAL: 150