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Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ECONOMICS P1

MAY/JUNE 2025

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, e.g. 1.1.9 D.

1.1.1 Consumer spending that is independent of the level of income is known as ... consumption.

- A induced
- B autonomous
- C household
- D aggregate

1.1.2 An estimation of new data which is unknown, based on facts that are known, is referred to as ...

- A extrapolation.
- B trend line.
- C a moving average.
- D the length of a cycle.

1.1.3 A free rider cannot be excluded from the consumption of ... goods.

- A demerit
- B merit
- C collective
- D community

1.1.4 A decrease in the value of one currency in terms of another currency due to market forces is known as ...

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

1.1.5 A trade agreement that sets the rules governing the exchange of goods between countries is known as ...

- A a trade protocol.
- B trade liberalisation.
- C free trade.
- D a trade contract.

- 1.1.6 The application of scientific knowledge to develop new innovations in the production process is known as ...
- A natural resources.
 - B entrepreneurship.
 - C technology.
 - D labour.
- 1.1.7 The government's key activities and time frames for implementing industrial development programmes are drafted in the ...
- A National Industrial Policy Framework.
 - B Industrial Policy Action Plan.
 - C National Research and Development Strategy.
 - D Integrated Manufacturing Strategy.
- 1.1.8 A global organisation that provides financial assistance to enhance economic development in developing countries is known as the ...
- A United Nations.
 - B World Trade Organisation.
 - C International Monetary Fund.
 - D World Bank.
- (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 J.

COLUMN A		COLUMN B	
1.2.1	Real flow	A	aims to eliminate poverty and reduce inequality by 2030
1.2.2	Phillips curve	B	an excessive accumulation of body fat that has negative effects on health
1.2.3	Nationalisation	C	transfer of functions and ownership of entities from the private sector to the public sector
1.2.4	Absolute advantage	D	an incentive that aims to provide investment in the training of the South African labour force
1.2.5	Economic union	E	countries share a single monetary system, one central bank and a unified fiscal system
1.2.6	National Development Plan	F	transfer of functions and ownership of entities from the public sector to the private sector
1.2.7	Skills Support Programme	G	movement of goods, services and factors of production between economic participants
1.2.8	Obesity	H	when a country can produce a good or service cheaper than other countries while using the same resources
		I	illustrates the relationship between unemployment and inflation

(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 goods and services
- 1.3.2 An economic indicator that changes at the same time as the economy
- 1.3.3 The item in the balance of payments that records transactions linked to the purchase of businesses or fixed property
- 1.3.4 Discretionary changes in monetary and fiscal policies attempting to change the level of aggregate demand
- 1.3.5 The collaboration between the government and private companies to finance, build and operate large infrastructure projects
- 1.3.6 Measures the number of children who die before reaching one year of age, per thousand live births in a year (6 x 1) (6)
- TOTAL SECTION A: 30**

SECTION B

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

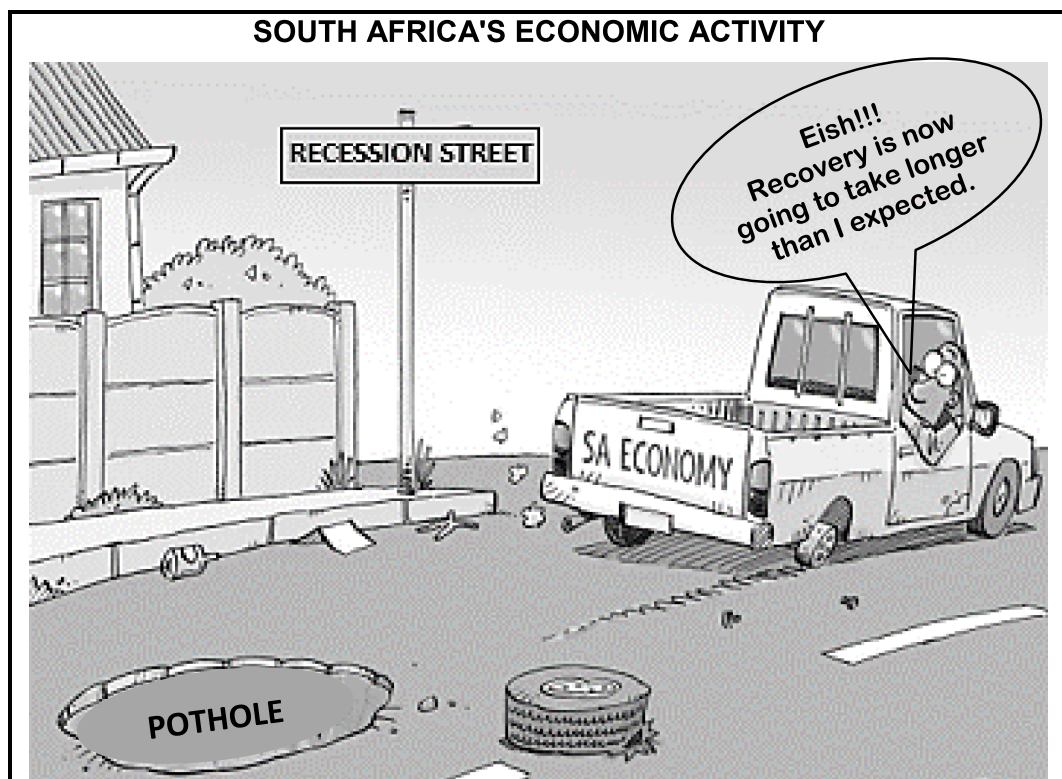
QUESTION 2: MACROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO types of exchange rate systems. (2 x 1) (2)

2.1.2 Why is investment regarded as an injection in the circular flow model? (1 x 2) (2)

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



[Adapted from <https://x.com/zapiro/>]

2.2.1 Identify a contraction phase of the business cycle in the cartoon above. (1)

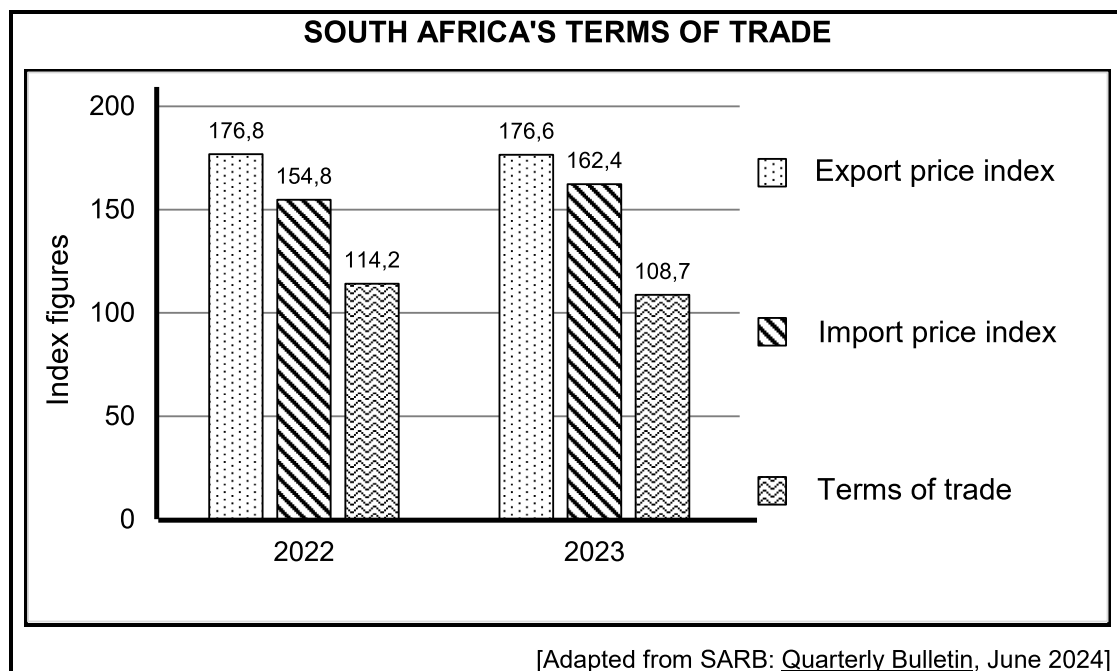
2.2.2 Name any ONE monetary policy instrument that can be used to influence economic activity. (1)

2.2.3 Briefly describe the term *amplitude*. (2)

2.2.4 Why are leading indicators important to policy makers in the economy? (2)

2.2.5 How can an economic recovery benefit the South African economy? (2 x 2) (4)

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



2.3.1 Identify the export price index for 2023 in the graph above. (1)

2.3.2 State the formula for calculating the terms of trade. (1)

2.3.3 Briefly describe the term *globalisation*. (2)

2.3.4 Explain the effect of international trade on production of goods and services. (2)

2.3.5 How will a decrease in the terms of trade influence the economy? (2 x 2) (4)

2.4 Discuss the financial market within the FOUR-SECTOR circular flow model. (4 x 2) (8)

2.5 How can supply-side measures be used to stimulate the level of economic activity in the smoothing of business cycles? (4 x 2) (8)

[40]

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

3.1 Answer the following questions.

3.1.1 Name any TWO cash benefits provided by the government to households. (2 x 1) (2)

3.1.2 Why is high rural-urban migration a problem for local governments? (1 x 2) (2)

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

SOUTH AFRICA'S EMPLOYMENT INDICATORS			
Period	Employment rate	Unemployment rate	Economically active population (EAP)
Q1: 2024	67,1%	32,9%	24,9 million
Q2: 2024	66,5%	33,5%	25,1 million

[Adapted from <https://www.statssa.gov.za>]

3.2.1 Identify the employment rate for the second quarter of 2024 in the table above. (1)

3.2.2 Give ONE reason for the high unemployment rate in South Africa. (1)

3.2.3 Briefly describe the term *economically active population (EAP)*. (2)

3.2.4 Explain the importance of compiling the consumer price index (CPI) figures. (2)

3.2.5 How can the South African economy benefit from an increase in employment? (2 x 2) (4)

- 3.3 Study the extract below and answer the questions that follow.

SPECIAL ECONOMIC ZONES IN SOUTH AFRICA

Special economic zones (SEZs) in South Africa have not fully lived up to their potential. There are aspects of South Africa's SEZ model that clearly need to change, one being that the zones must be made to fit within a long-term development plan, rather than being unplanned projects.

The governments must honestly and competently implement laws to foster investor confidence in SEZs.

[Source: www.mg.co.za]

- 3.3.1 Identify any ONE challenge faced by South Africa in implementing special economic zones (SEZ) in the extract above. (1)
- 3.3.2 Name the purpose-built industrial estate that is physically enclosed and linked to an international airport or sea port. (1)
- 3.3.3 Briefly describe the term *regional development*. (2)
- 3.3.4 Explain the importance of positive investor confidence to the economy. (2)
- 3.3.5 How can businesses benefit from operating in special economic zones (SEZs)? (2 x 2) (4)
- 3.4 Briefly discuss the *Expanded Public Works Programme (EPWP)* and the *Broad-Based Black Economic Empowerment Programme (BBBEE)* as South Africa's growth and development policies. (2 x 4) (8)
- 3.5 How can the South African government ensure the success of regional development policies? (4 x 2) (8)

[40]

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

4.1 Answer the following questions.

4.1.1 Give any TWO examples of exogenous causes of business cycles.
 (2 x 1) (2)

4.1.2 Why is it important for the government to promote a more efficient transport infrastructure in the economy?
 (1 x 2) (2)

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

NATIONAL ACCOUNT CONVERSIONS SOUTH AFRICA 2023	
ITEM	AMOUNT (R million)
Gross value added (GVA) at factor cost	6 175 572
Taxes on production	148 361
Subsidies on production	13 104
Gross value added (GVA) at basic prices	(A)
Taxes on products	730 506
Subsidies on products	17 341
Gross domestic product (GDP) at market prices	7 023 994

[Sources: SARB, Quarterly Bulletin, June 2024]

4.2.1 Identify the item that refers to the prices paid by consumers for goods and services. (1)

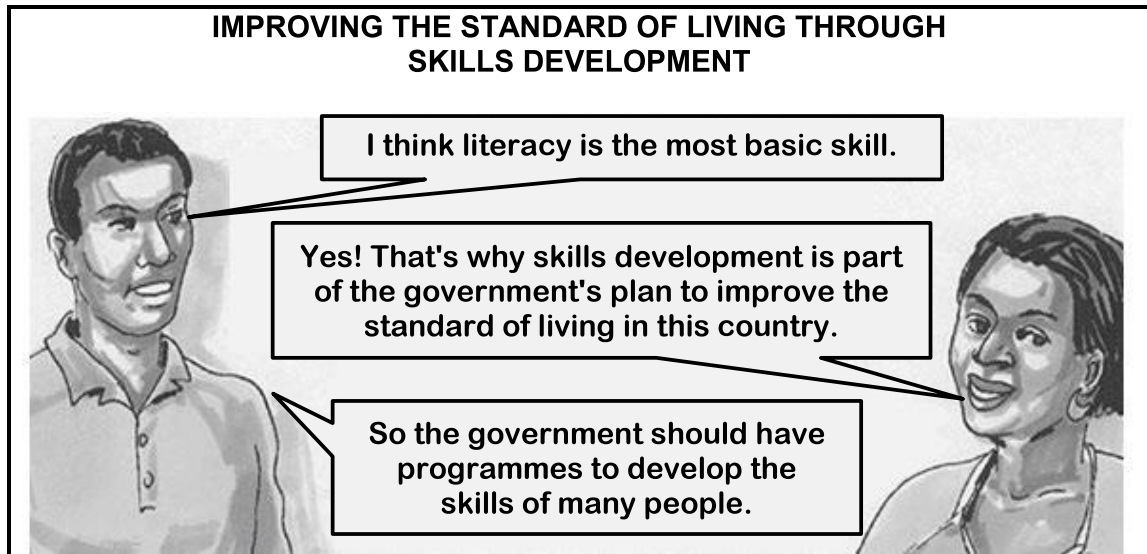
4.2.2 Name any ONE example of taxes on products. (1)

4.2.3 Briefly describe the term *factor cost*. (2)

4.2.4 Explain the impact of subsidies on production to producers of goods and services. (2)

4.2.5 Use the information in the table above to calculate the value of the gross value added at basic prices **(A)**. Show ALL calculations. (4)

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



[Adapted from www.google.com/humandevlopment/]

- 4.3.1 Identify a human development index indicator that relates to education in the dialogue above. (1)
- 4.3.2 Name the growth and development strategy that aims to address the challenge of skills shortages in South Africa. (1)
- 4.3.3 Briefly describe the term *economic development*. (2)
- 4.3.4 Explain the importance of healthcare to human development. (2)
- 4.3.5 How can the government promote skills development in South Africa? (2 x 2) (4)
- 4.4 Briefly discuss *natural resources* and *climate conditions* as supply reasons for international trade. (2 x 4) (8)
- 4.5 Analyse the importance of demographic indicators to the South African government. (4 x 2) (8)
- [40]**

TOTAL SECTION B: 80

