education
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P1

SEPTEMBER 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. 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 To convert GDP at market prices to the GNP at market prices, primary income from abroad is…

A multiplied.
B subtracted.
C added.
D divided.

1.1.2 The graph that shows the trade-off between inflation and unemployment is known as the …

A Phillips curve
B Multiplier graph
C Laffer curve
D Business cycle

1.1.3 The main budget is presented in Parliament in … by the Minister of Finance.

A April
B October
C February
D May

1.1.4 A reason for the supply of foreign exchange by South Africa is …

A investments made by foreign countries.
B repayments of overseas loans.
C payments for imports.
D transferring capital to foreign countries.

1.1.5 Cash grants offered for exhibitions overseas and funds for market research are examples of … subsidies.

A indirect
B direct
C common
D money

1.1.6 South Africa uses the … tax systems on personal and company incomes.

A transfer
B proportional
C regressive
D progressive

1.1.7 The government department responsible for industrial development in South Africa is the Department of …

A Tourism.
B Trade, Industry and Competition.
C Social Development.
D Finance.

1.1.8 The official index used by the SARB in inflation targeting is called the …

A Inflation index.
B CPIX.
C PPI
D CPI

(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 Households	A includes measures such as a complete ban on the import of certain products
1.2.2 Keynesian Economists	B movement of people from rural areas to cities and towns
1.2.3 Community goods	C the government`s three-year rolling action strategy aimed at improving the manufacturing sector
1.2.4 International trade	D provision of services such as basic health care and school meals for free to the poor
1.2.5 Physical control	E money given by the government to a person who is unable to care for themselves financially
1.2.6 Benefits in kind	F importing and exporting goods and services across countries
1.2.7 Industrial Policy Action Plan	G characterised by non-excludability and non-rivalry in consumption
1.2.8 Urbanisation	H they believe that the business cycle is caused by factors from within the economy
	I the main participants and owners of factors of production in the economy

(8 x 1) (8)

1.3 Write the term 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 Initial prices in the production of final goods and services before considering any taxes and subsidies.

1.3.2 Goods which are regarded as harmful to the welfare of the society and are usually highly supplied.

1.3.3 The exchange rate system whereby only the market forces of demand and supply determine the value of a currency.

1.3.4 A development policy designed to create economic opportunities for previously disadvantaged groups.

1.3.5 Tracks of land that form passageways allowing access from one area to another.

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

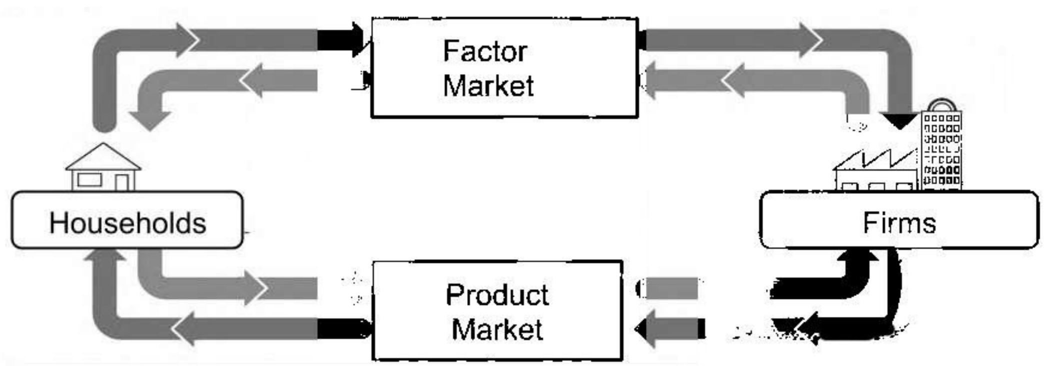
2.1 Answer the following questions.

2.1.1 Name any TWO examples of money flows in a circular flow. (2 x 1) (2)

2.1.2 How does deregulation help to improve the efficiency of markets? (1 x 2) (2)

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

TWO - SECTOR CIRCULAR FLOW MODEL



[Adapted from: www.google.com/images]

2.2.1 Identify the market in which land can be bought and sold. (1)

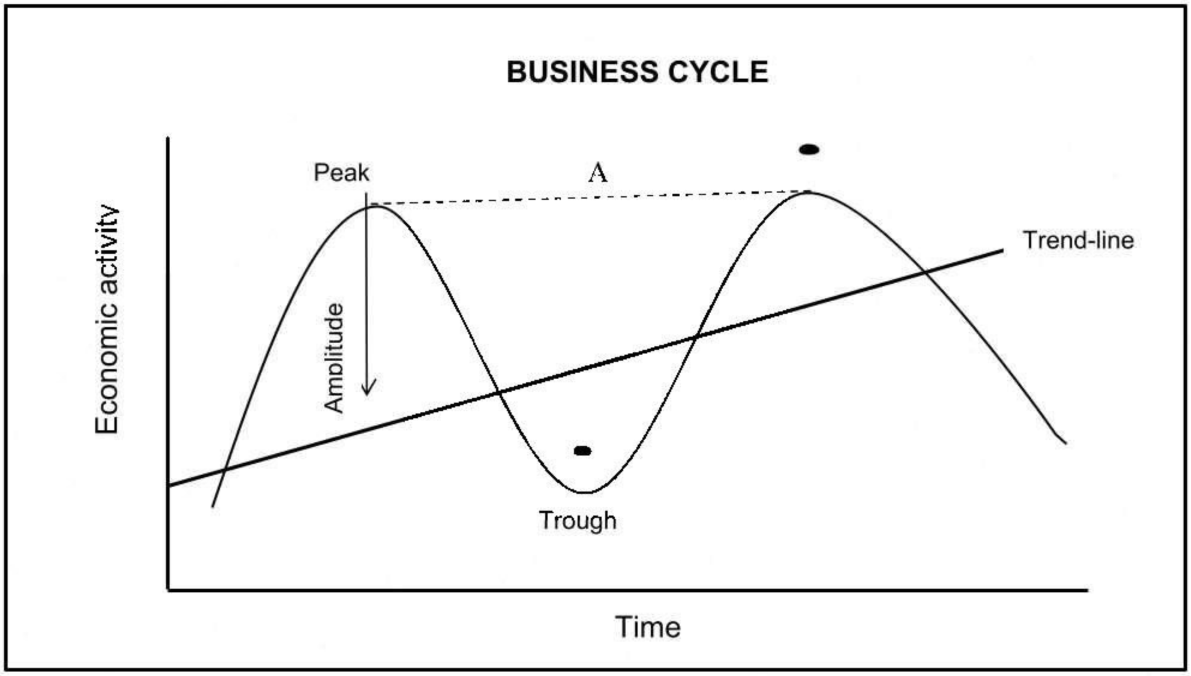
2.2.2 Name the leakage in the economy above. (1)

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

2.2.4 Explain the relationship between multiplier and circular flow. (2)

2.2.5 If the households consume 80% of their income, what would be the size of the multiplier in this economy? Show all the calculations. (4)

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



2.3.1 Identify the turning point during which there is very high employment of factors of production. (1)

2.3.2 Name the business cycle feature labeled **A** in the diagram above. (1)

2.3.3 Briefly describe the term *leading indicators.* (2)

2.3.4 What does a low amplitude explain about a business cycle? (2)

2.3.5 How can the restrictive fiscal policy be applied to influence economic activities? (2 x 2) (4)

2.4 Explain the composition of the monetary policy. (8)

2.5 How can the government reduce a deficit on the Balance of Payment? (8)
[40]

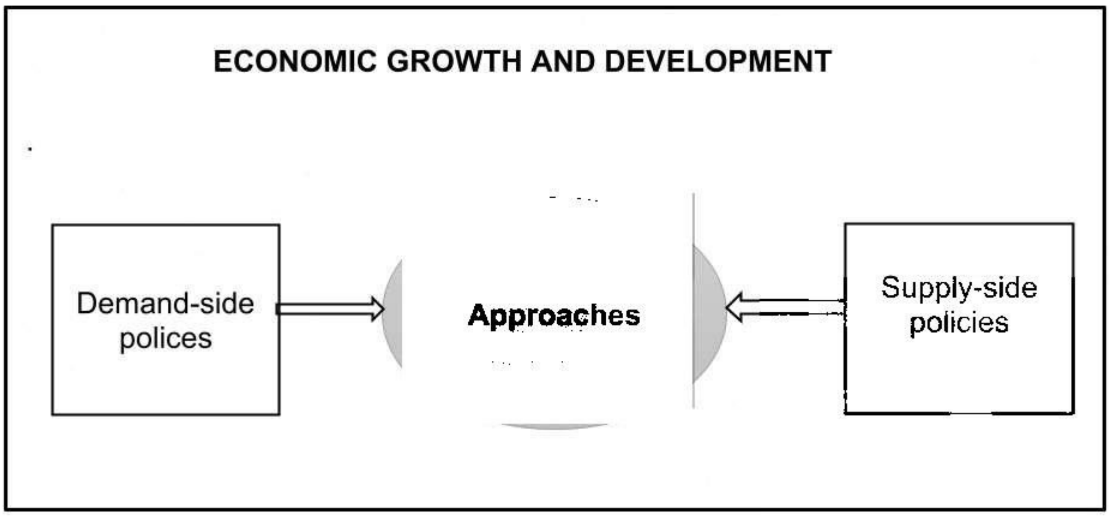
QUESTION 3: ECONOMIC PURSUITS **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name the TWO elements (indicators) of productivity. (2 x 1) (2)

3.1.2 How can depreciation of a currency affect the demand for imported goods and services? (1 x 2) (2)

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



3.2.1 Identify the growth and development approach that focuses on increasing total consumption. (1)

3.2.2 Name the indicator used to measure economic development. (1)

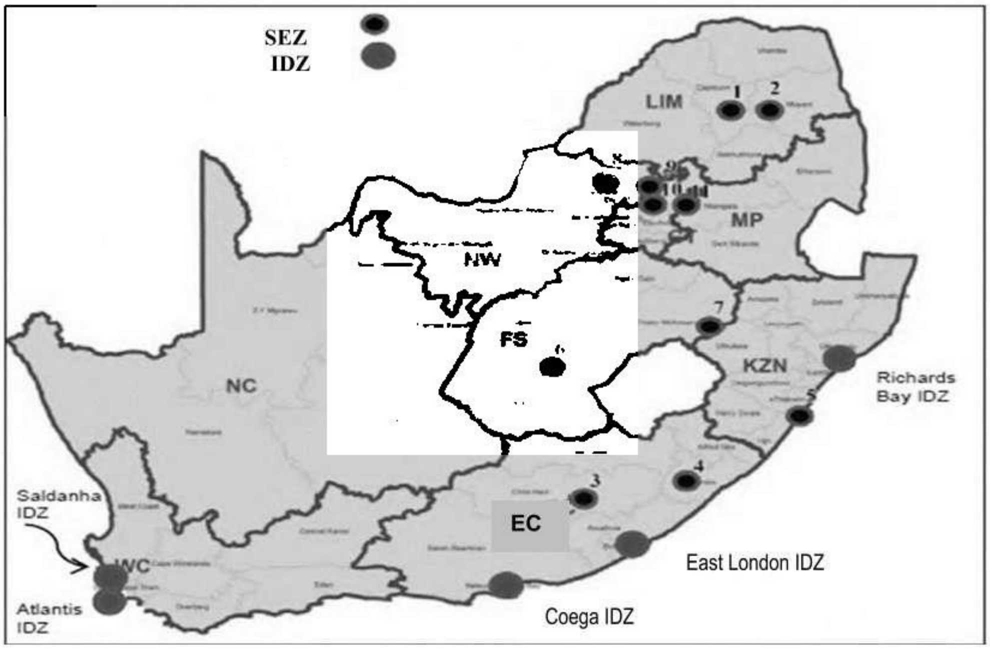
3.2.3 Briefly describe the term *economic growth.* (2)

3.2.4 Why can economic growth sometimes fail to result in economic development? (2)

3.2.5 How can government improve business efficiency to achieve economic growth and development? (2 x 2) (4)

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

SOUTH AFRICA'S INITIATIVES IN REGIONAL DEVELOPMENT



[Source: www.google.com/images]

3.3.1 Identify the IDZ located in the Eastern Cape whose industry is automotive and general manufacturing. (1)

3.3.2 Name the type of industry that is found in the Saldanha IDZ. (1)

3.3.3 Briefly describe the term *special economic zones*. (2)

3.3.4 Explain the objective of the spatial development initiatives. (2)

3.3.5 Why is industrial development important for a country? (2 x 2) (4)

3.4 Briefly discuss *good governance* and *sustainability* as the benchmark criteria for industrial development. (2 x 4) (8)

3.5 Analyse the globalisation challenges faced by developing countries. (8)
[40]

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

4.1 Answer the following questions.

4.1.1 Name any TWO incentives used for industrial development in South Africa. (2 x 1) (2)

4.1.2 Why do some countries prefer to fix their currencies to the US dollar? (1 x 2) (2)

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

BALANCE OF PAYMENT

Current account	**Year: 2024**
	Q1
Merchandise exports	1914
Net gold export	113
Services receipts	281
Income receipts	195
Merchandise imports	1843
Services payments	343
Income payment	356
Current transfers	-45
Balance on current account	**A**
Memo item: trade balance	184

[Extracted from: www.resbank.co.za]

4.2.1 Identify the product (commodity) that earns the largest foreign exchange when exported. (1)

4.2.2 Name any ONE other main account of the balance of payment. (1)

4.2.3 Briefly describe the term *Balance of Payment.* (2)

4.2.4 Why is the trade account important for a country? (2)

4.2.5 Calculate the balance on current account as indicated by letter **A.** Show all the calculations. (4)

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

SOUTH AFRICA'S ECONOMIC INDICATORS

South Africa's economy was forecasted to grow by 1.5% in 2025 and 1.8% in 2026. Inflation is expected to remain well below the target in 2025. The decrease in fuel prices in September to November 2024, also played a major role in the reduction of inflation. The exchange rate of the rand to the major currencies such as the US dollar had also improved, leading to relatively cheaper fuel prices.

However, the unemployment rate is still a concern as it influences economic development and is expected to decrease slightly. This was due to the upwardly adjusted economic growth expectation resulting from the positive effect of interest rate reduction.

4.3.1 Identify the economic indicator related to foreign trade in the extract. (1)

4.3.2 Name the inflation indicator that informs about the cost of producing goods in a country. (1)

4.3.3 Briefly describe the term *economic indicator*. (2)

4.3.4 Why are countries required to standardise their economic and social indicators? (2)

4.3.5 How are the employment indicators useful in an economy? (2 x 2) (4)

4.4 Briefly discuss the *money market* and *capital markets*. (2 x 4) (8)

4.5 Evaluate the provision of basic services (as indicators of social development) in South Africa. (8)

TOTAL SECTION C: [40]

SECTION C

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

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction • A good starting point would be to define a term 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 • 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 introduction or body aspect should be included in the conclusion.	Max. 2
TOTAL	**40**

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

- Discuss in detail the main objectives of the public sector in the economy (26 marks)
- Why does the public sector often fail to achieve its macroeconomic objectives? (10 marks) **[40]**

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

- Discuss in detail arguments in favour of protectionism. (26 marks)
- How can export promotion be beneficial to a country's economy? (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150