education

Department:
Education
North West Provincial Government
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 INFORMATON

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 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 A negative economic growth for at least two consecutive quarters is known as …

A recession.
B investments.
C inflation.
D unemployment.

1.1.2 The curve that illustrates the relationship between tax rates and government revenue is known as the …

A Phillips curve.
B Laffer curve.
C Lorenz curve.
D Engel curve.

1.1.3 Liquid assets made available to countries to correct their balance of trade deficits …

A Systems of National Accounts.
B Special Drawing Rights.
C AGOA.
D European Union.

1.1.4 The theory of … refers to a situation whereby one country can produce goods cheaper than other countries given the same amount of input and resources.

A international advantage
B comparative advantage
C absolute advantage
D economic advantage

1.1.5 A strategy to strengthen institutional capacity to deliver services that will facilitate development is known as the …

A Integrated Manufacturing Strategy.
B Sustainable Manufacturing Strategy.
C Computer Manufacturing Strategy.
D Mass Production Strategy.

1.1.6 An improvement in the people's standards of living is known as …

A contraction.
B life expectancy.
C economic growth.
D economic development.

1.1.7 A penalty applied by one or more countries on another country is known as …

A export promotion.
B revaluation.
C sanctions.
D depression.

1.1.8 The worldwide interaction with trade as a key element is known as …

A national trade.
B national production.
C international production.
D globalisation. (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 Open Economy	A national account figures at constant prices
1.2.2 Trough	B an economy that includes the foreign sector
1.2.3 Real figures	C point where the economic contraction is at its lowest
1.2.4 Nationalisation	D countries with advanced technological infrastructure
1.2.5 Developed countries	E transfer of ownership of entities from the private sector to the public sector
1.2.6 Disinvestment	F removal of barriers to trade in global economies
1.2.7 Trade liberalisation	G withdrawal of capital investment from a country or company
1.2.8 Small Business Development Support Programme	H focuses on incentives for small businesses
	I available to any registered small companies which would like to operate in the manufacturing sector

(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 use of taxes and government spending to influence the economy

1.3.2 The highest turning point of the business cycle

1.3.3 Record all financial transactions between a country and the rest of the world over a period

1.3.4 Purpose-built industrial estates that are physically enclosed and linked to an international port or airport

1.3.5 All persons between the ages of 15 and 65 who are willing to work for income in cash or in kind

1.3.6 An official state ban on trade with a particular country (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 features of the fiscal policy. (2 x 1) (2)

2.1.2 What is the importance of government spending on the economy? (1 x 2) (2)

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

STATE OF THE NATION ADRESS (SONA)

[Source: Adapted from *Business Day* February 2024]

2.2.1 Identify an example of a transfer payment in the cartoon above. (1)

2.2.2 Name any ONE objective of the public sector. (1)

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

2.2.4 What is the purpose of the State of the Nation Address? (2)

2.2.5 What negative impact will lack of service delivery by municipalities have on local communities? (2 x 2) (4)

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

BUSINESS CYCLE INDICATOR FOR SOUTH AFRICA

The leading business cycle indicator decreased by 0,4% in June 2024 as decreases in five of the seven available component time series outweighed increases in the remaining two. The largest negative contributors were a decrease in the number of residential building plans approved and a narrowing of the interest rate spread. The only positive contributors were accelerations in the six-month smoothed growth rates of the real M1 money supply and the number of new passenger vehicles sold.

[Adapted from: https://www.resbank.co.za]

2.3.1 Identify the largest contributor to a decrease of the leading business cycle indicator in the extract above. (1)

2.3.2 Name any ONE other business cycle indicator. (1)

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

2.3.4 Explain the impact of recession on businesses. (2)

2.3.5 How can the monetary policy be used to stimulate a depressed economy? (2 x 2) (4)

2.4 With the aid of a well labelled graph explain the influence of the supply-side policy in increasing output whilst lowering prices. (8)

2.5 How successful has the national treasury (Department of Finance) been in adhering to discretionary limitations on spending, budgeting and borrowing? (8)

[40]

QUESTION 3: ECONOMIC PURSUITS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 List any TWO aspects that determine the standard of living in a country. (2 x 1) (2)

3.1.2 What is the main focus of BRICS? (1 x 2) (2)

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

INDUSTRIAL DEVELOPMENT ZONES (IDZ)/
SPECIAL ECONOMIC ZONES (SEZ)/CORRIDORS IN SOUTH AFRICA

South Africa's regional development policies are embedded in the Industrial Development Programme (IDP), with the Department of Trade and Industry (DTI) as the driving force concerning industrial and spatial development. The IDP includes SDIs, corridors, IDZs and SEZs such as:

Maputo development Corridor	Richardsbay SDI	Lubombo SDI

[Adapted from: https//www.bing.com]

3.2.1 Identify ONE of South Africa's initiatives (endeavours) that are used to promote regional development. (1)

3.2.2 Name the province where the Richardsbay SDI is situated. (1)

3.2.3 Briefly describe the term *corridors.* (2)

3.2.4 What is the aim of the government regarding regional development? (2)

3.2.5 How does South Africa's regional development benefit Africa as a continent? (2 x 2) (4)

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

KEY ECONOMIC INDICATORS IN SOUTH AFRICA

[Source:*Business Day*, Thursday 15 August 2024]

3.3.1 Identify the economic indicator from the cartoon above. (1)

3.3.2 Name ONE international institution that requires South Africa to standardise their economic indicator. (1)

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

3.3.4 What measures can the government put in place to increase the country's gross domestic product? (2)

3.3.5 How can the government reduce unemployment in the economy? (2 x 2) (4)

3.4 Differentiate between *producer price index* and *consumer price index*. (2 x 4) (8)

3.5 Analyse the challenges that a country might face in implementing protectionism as an economic policy. (8)
[40]

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

4.1 Answer the following questions.

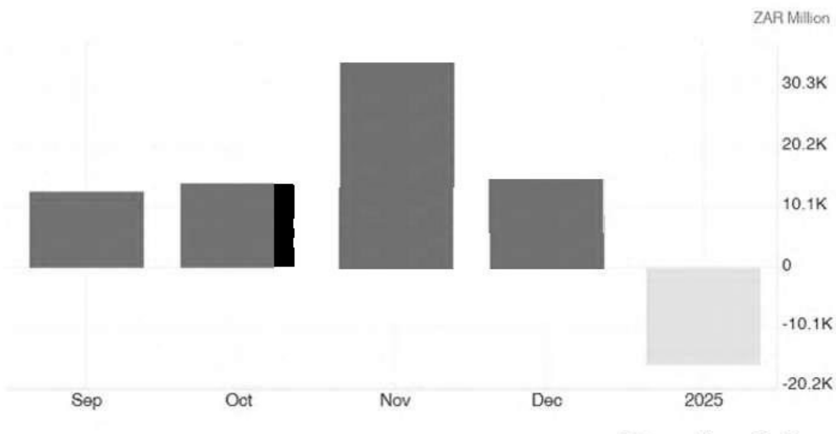
4.1.1 List any TWO incentives that are used by the South African government to improve industrial development. (2 x 1) (2)

4.1.2 How can the government intervene indirectly in the foreign exchange market when the local currency is undervalued? (1 x 2) (2)

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

SOUTH AFRICA'S TRADE BALANCE

South Africa posted a trade gap of R16,4 billion in January 2025, compared to a downwardly revised R14,7 billion in the prior month.



[Source: *South African Revenue Service*]

4.2.1 Identify the date on which the highest deficit on the trade balance was recorded. (1)

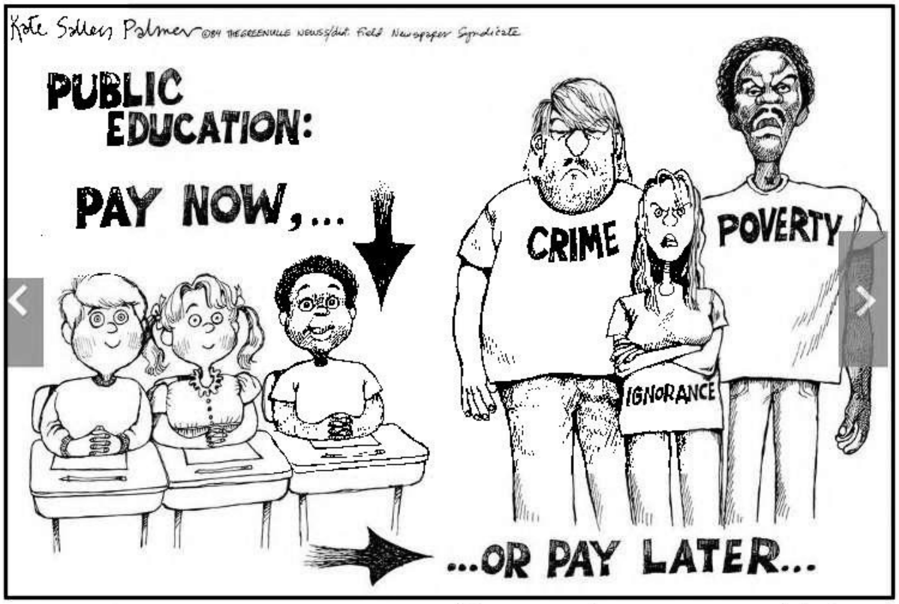
4.2.2 Name the type of exchange rate system used in South Africa. (1)

4.2.3 Briefly describe the term *terms of trade*. (2)

4.2.4 What negative impact will a decrease in terms of trade have on the economy? (2)

4.2.5 Calculate the percentage change in the trade balance between December 2024 and January 2025. (2 x 2) (4)

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



[Source: cartoon-pay-now-or-later1.png]

4.3.1 Identify a social indicator in the cartoon above. (1)

4.3.2 Name ONE problem that South Africa is facing according to the cartoon above. (1)

4.3.3 Briefly describe the term *social welfare*. (2)

4.3.4 Explain the impact of poor literacy levels on citizens. (2)

4.3.5 What is the relationship between economic growth and social indicators? (2 x 2) (4)

4.4 Briefly discuss *export incentives* and *export subsidies* as methods of export promotion. (2 x 4) (8)

4.5 Evaluate the impact of specialisation on the South African economy. (8)
[40]

SECTION C

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

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response: • A good starting point will be to define the main concept related to the question topic. • DO NOT include any part of the question in your introduction. • DO NOT repeat any part of the introduction in the body. • Avoid mentioning 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 **A maximum of 8 marks may be allocated for headings/examples.**	Max. 26
Additional part: Critically discuss/Evaluate/Critically evaluate/Deduce/ Compare/ Distinguish/Suggest/Interpret/Debate/How **A maximum of 2 marks may be allocated for mere listing of facts.**	Max. 10
Conclusion Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max. 2
TOTAL	**40**

QUESTION: 5 MACROECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail the markets within the four-sector circular flow model. (26)
- Analyse the impact of spending changes on the multiplier. (10)

[40]

QUESTION: 6 ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- Discuss in detail the South African growth and development policies and strategic initiatives. (26)
- Critically discuss the challenges encountered by the South African government in achieving its economic growth targets. (10)

[40]

TOTAL SECTION C: 40

GRAND TOTAL: 150