



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

**ECONOMICS P1
SEPTEMBER 2024**

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 Savings flow back into the economy as ... for businesses.
- A government spendings
 - B investments
 - C imports
 - D exports
- 1.1.2 Society is discouraged from consuming harmful goods known as ...
- A demerit.
 - B common.
 - C merit.
 - D collective.
- 1.1.3 The intensity of cyclical fluctuations in business cycles is indicated by ...
- A trend line.
 - B moving averages.
 - C extrapolation.
 - D amplitude.
- 1.1.4 An increase in the price of the currency in terms of another currency due to market forces is called ...
- A devaluation.
 - B depreciation.
 - C appreciation.
 - D revaluation.
- 1.1.5 A method by government to offer cash payments to exporters or refunds on import tariffs and general tax rebates.
- A Trade neutrality
 - B Incentives
 - C Subsidies
 - D Import substitution

1.1.6 The nationwide government intervention plan using labour intensive methods and to give people skills is ...

- A National Development Plan.
- B Industrial Policy Action Plan.
- C Strategic Investment Program.
- D Expanded Public Works Programme.

1.1.7 The main objective of the Skills Support Programme is to ...

- A reduce government expenditure.
- B encourage greater investment in training.
- C build five million houses.
- D increase the standard of living.

1.1.8 The price of one country's currency in terms of another country's currency is ...

- A exchange rate.
- B terms of trade.
- C trade balance.
- D production price.

(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	Money market	A	A business that is wholly or partly owned by the state and run by a public authority
1.2.2	Lagging indicator	B	A market for short-term savings and loans
1.2.3	Parastatals	C	Industries or businesses should not need ongoing financial aid from government
1.2.4	Balance of payments	D	A country's record of transactions with the rest of the world over a period of time
1.2.5	Free trade	E	It doesn't change direction until after the business cycle has changed
1.2.6	National Growth Plan (NGP)	F	Is measured by dividing the real GDP by the number of workers employed
1.2.7	Competitiveness	G	The market includes buying and selling of foreign currencies
1.2.8	Labour productivity	H	Its aim is to enhance growth, create employment and greater equity
		I	Member countries agree to the removal of all tariffs whilst trade protection is maintained against non-members

(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 sector that must be included in order for the economy to be considered open.
- 1.3.2 The curve which illustrates that inflation and unemployment have a stable and inverse relationship.
- 1.3.3 The statement of government's planned expenditure and anticipated income for the fiscal year.
- 1.3.4 Production cost per unit will decrease as the quantity of produced products increase.
- 1.3.5 The abolition of government intervention in trade flows on both the import and the export side.
- 1.3.6 Indicators that monitor issues related to human well-being over a period of time. (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 phases of a business cycle. (2 x 1) (2)

2.1.2 Why is education regarded as a socio-economic right? (1 x 2) (2)

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

NATIONAL INCOME ACCOUNTS OF SOUTH AFRICA		
	R millions	
	2022	2023
Compensation of employees	2 866 723	2 997 505
Net operating surplus	1 825 975	1 963 249
Consumption of fixed capital	785 997	865 121
Gross value added at factor cost	5 478 696	5 825 875
	126 125	136 784
	9 515	9 951
Gross domestic product at basic prices	5 595 306	5 952 708
Taxes on products	628 389	691 240
LESS: Subsidies on products	14 909	15 398
Gross domestic product at market prices	6 208 786	A

[Adapted from *SARB Quarterly Bulletin*, September 2023]

2.2.1 Which method was used to determine the gross domestic product? (1)

2.2.2 Give ONE type of taxes on products. (1)

2.2.3 Briefly explain the term *basic prices*. (2)

2.2.4 Explain the impact subsidies will have on production. (1 x 2) (2)

2.2.5 Determine the value of GDP at market prices in 2023 (**A**) from the table above. Show ALL calculations. (2 x 2) (4)

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

THE 15-YEAR STRATEGY THAT NEGATIVELY AFFECTED SOUTH AFRICA

The Centre for Development and Enterprise (CDE) has argued that the slow economic growth and general decline in the country can be attributed to “bad policy choices, a catastrophic decline in government performance and a devastating lack of leadership”.

The CDE has further identified ways in which the government wrecked South Africa’s growth prospects: poor policy and bad governance at Eskom, poor Fiscal policy, corruption, decaying public infrastructure and lack of leadership.

[Adapted from: *Businessstech*, 7 June 2023]

- 2.3.1 Identify ONE reason from the extract above for public sector failure. (1)
- 2.3.2 Give ONE example of infrastructure. (1)
- 2.3.3 Briefly describe the term *bureaucracy*. (2)
- 2.3.4 Why is bad governance at Eskom such a big threat to the South African economy? (2)
- 2.3.5 How can the government achieve its main objective of economic growth? (2 x 2) (4)
- 2.4 Distinguish between *endogenous approaches* and *exogenous approaches* to business cycles. (2 x 4) (8)
- 2.5 Analyse the multiplier effect on national income, if the marginal propensity to consume (MPC) is 0,6 and the investment increases by R20 million. (8)
- [40]**

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

3.1 Answer the following questions.

3.1.1 Name any TWO methods of import substitution. (2 x 1) (2)

3.1.2 What is the negative impact of urbanisation on the South African economy? (1 x 2) (2)

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

[Adapted from: <https://www.wsj.com/articles/confessions-of-a-free-trade>]

3.2.1 Identify an international organisation that encourages free trade. (1)

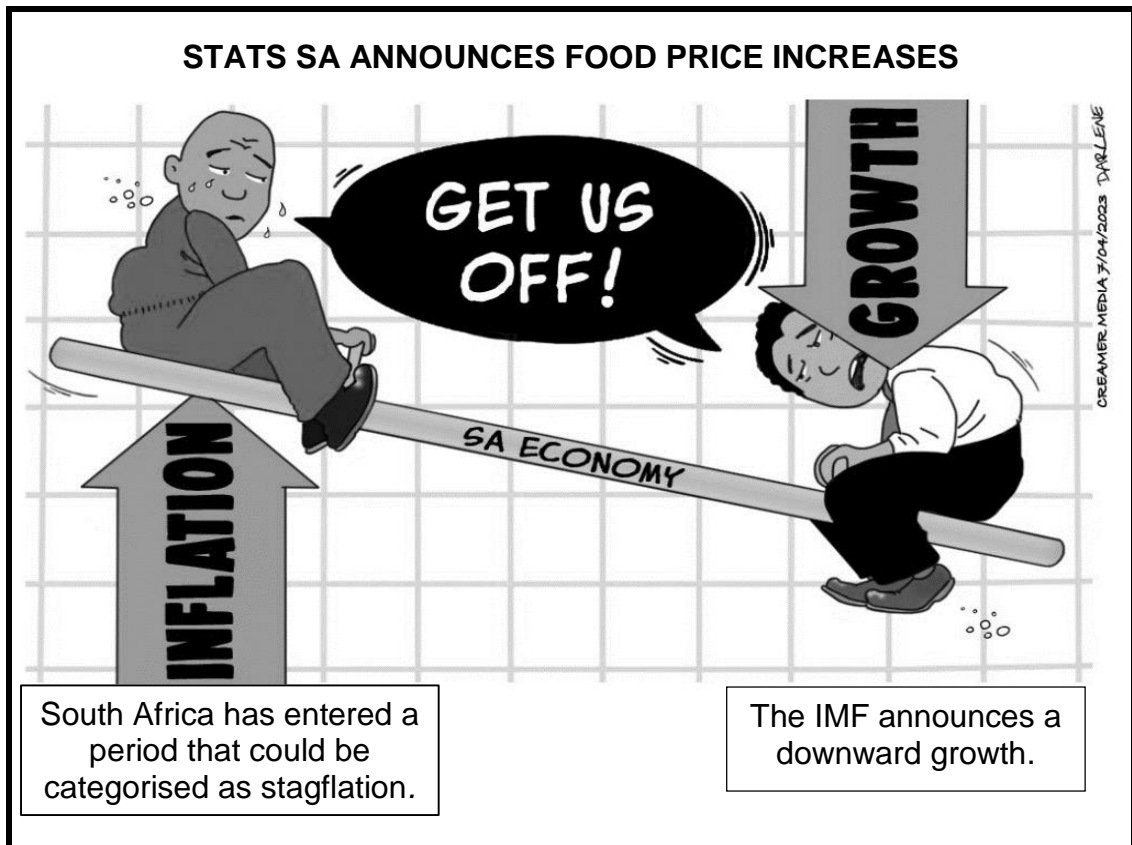
3.2.2 Name the economic term that refers to the worldwide integration of economies through trade. (1)

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

3.2.4 What impact will protectionism have on the value of the rand? (2)

3.2.5 How would consumers benefit from a policy of free trade? (2 x 2) (4)

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



[Adapted from: <https://www.miningweekly.com/article/hard-times-2023-04-07>]

- 3.3.1 Identify an institution that works to achieve sustainable growth and prosperity for all its member countries. (1)
- 3.3.2 Name the economic indicator that refers to extremely weak economic growth combined with rising prices as well as high unemployment. (1)
- 3.3.3 Briefly describe the term *inflation*. (2)
- 3.3.4 Why is the consumer price index used as an inflation rate indicator? (2)
- 3.3.5 How does inflation lead to lower economic growth? (2 x 2) (4)
- 3.4 Use full sentences to compare countries in the North with those in the South with respect to challenges of globalisation. (2 x 4) (8)
- 3.5 Evaluate the success of AsgiSA as government initiative to promote growth and development. (4 x 2) (8)
- [40]**

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

4.1 Answer the following questions.

4.1.1 Name the participants in a two sector economy. (2 x 1) (2)

4.1.2 How will South African producers benefit from export promotion?
(1 x 2) (2)

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

SOUTH AFRICA NARROWLY AVOIDS RECESSION

After faltering in the fourth quarter of 2022, the South African economy expanded by 0,4% in the first quarter of 2023, narrowly avoiding a recession.

Eight of the ten industries grew in the first quarter, with manufacturing and finance, real estate & business services driving much of the momentum. On the downside, agriculture decreased sharply. The electricity, gas & water industry continued to struggle with its fourth consecutive quarter of decline.

The demand side of the economy registered a rise in exports, backed up by increased investment and positive government as well as household spending.

Despite the positive GDP reading, the level of economic activity is still 0,7% down from the recent peak reached in the third quarter of 2022.

[Adapted from: StatsSA, June 2023]

4.2.1 Identify the main economic indicator used to determine the state of the South African economy? (1)

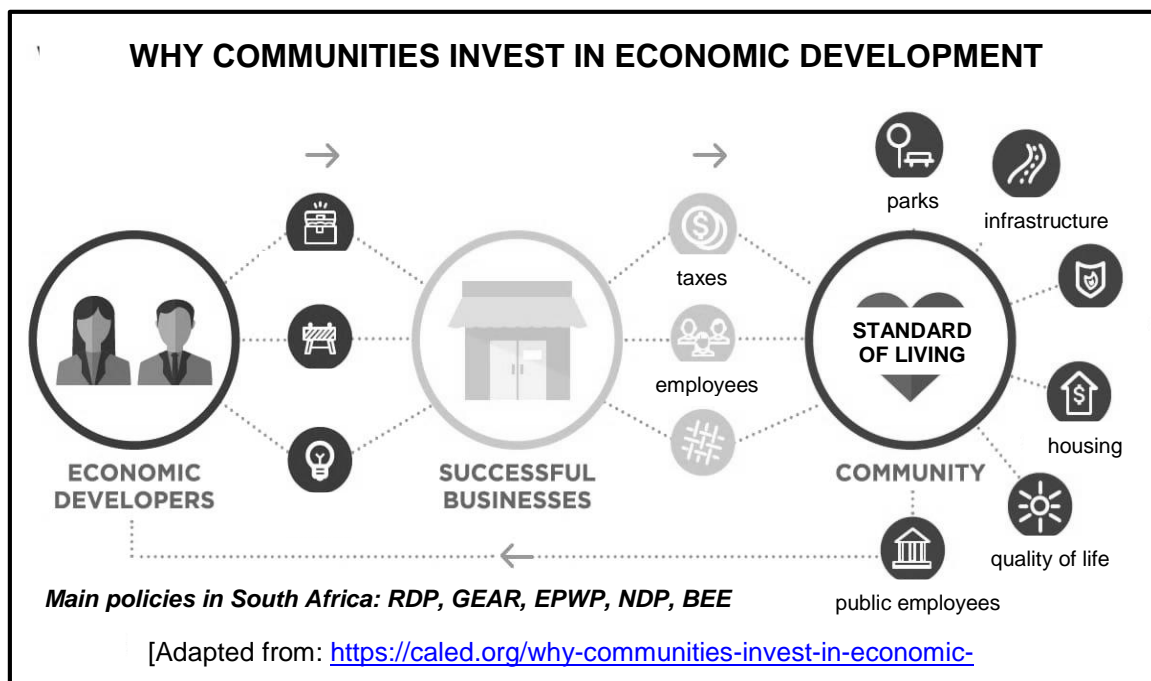
4.2.2 Name ONE turning point in the business cycle. (1)

4.2.3 Briefly describe the term *economic recovery*. (2)

4.2.4 Why will a decrease in agriculture have a negative effect on the business cycle? (2)

4.2.5 How can the government use fiscal policy to stabilise the business cycle fluctuations? (2 x 2) (4)

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



- 4.3.1 Identify the aspect used to measure economic development. (1)
- 4.3.2 Which government initiative is set to eliminate poverty and reduce inequality by 2030? (1)
- 4.3.3 Briefly describe the term *economic growth*. (2)
- 4.3.4 What economic benefit will an improved infrastructure have on the South African economy? (1 x 2) (2)
- 4.3.5 How can the supply-side approach ensure economic growth and development in South Africa? (2 x 2) (4)
- 4.4 Differentiate between *population growth* and *life expectancy* as social indicators related to demography. (2 x 4) (8)
- 4.5 Refer to the Laffer curve to analyse the relationship between tax rates and tax revenue. (4 x 2) (8)

[40]

TOTAL SECTION B: 80

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

Answer only ONE of the two questions from 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. <ul style="list-style-type: none"> • A good starting point would be to define the main concept related to the question topic. • Do NOT include any part of the question in the 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 A maximum of 8 marks may be allocated for heading/examples. 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/How/Suggest A maximum of 2 marks may be allocated for mere listing of facts.	Max. 26 Max .10
Conclusion Any higher-order conclusion should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value 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 reasons for international trade. (26 marks)
- Analyse the different measures used in South Africa to correct the BoP surplus and deficit (disequilibria). (10 marks) **[40]**

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

- Discuss in detail the South African initiatives in regional development. (26 marks)
- How successful has the government been in promoting industrial development in South Africa? (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150

