



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

ECONOMICS P1
JUNE 2025

MARKS: 150

TIME: 2 hours

This question paper consists of 12 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

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 The fuel used when traveling is seen as ...

- A intermediate goods.
- B non-durable goods.
- C services.
- D semi-durable goods.

1.1.2 The ... of employees includes all gross salaries and wages.

- A consumption
- B expenditure
- C compensation
- D production

1.1.3 A country's ... consists of its current stock of currency and the deposits its domestic private sector have in financial institutions.

- A monetary policy
- B fiscal policy
- C cash flow
- D money supply

1.1.4 The length of a business cycle can be measured from ...

- A peak to peak.
- B peak to trough.
- C peak to the trend line.
- D peak to the amplitude.

1.1.5 ... protect the low-income earners from being overwhelmed by the burden of tax.

- A Progressive tax system
- B Regressive tax system
- C Value added tax system
- D Proportional tax system

1.1.6 All taxes are paid by ...

- A government.
- B companies.
- C individuals.
- D voters.

1.1.7 A ... category that act to contain items that do not fall into the other categories.

- A trade
- B residual
- C investment
- D portfolio

1.1.8 ... are expressed as an percentage that gives the value of a country's exports relative to the value of its imports.

- A Trade balance
- B Trade surplus
- C Terms of trading
- D Terms of trade

(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 Fallacy of composition	A Income earned more than the minimum required to keep a factor of production employed
1.2.2 Extrapolation	B Manages the country's economic policy
1.2.3 Appreciation	C Generalising their own experience as individuals when explaining the operation of the economy as a whole
1.2.4 Economic rent	D The systems that countries use to manage their currencies
1.2.5 Autonomous consumption	E The value of a currency increases in terms of another countries currency
1.2.6 Globalisation	F Estimate the unknown data based on a pattern of known data
1.2.7 National Treasury	G Government decrease spending and increase taxation
1.2.8 Contractionary fiscal policy	H The amount of money spent by a consumer even when they have no income
	I The process of increased international co-operation and communication leading to increased trade and international business transactions

(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 A payment made by government to its citizens without counter performance
- 1.3.2 The average interest rate that commercial banks charge their best customers
- 1.3.3 A general reduction in the prices of products
- 1.3.4 The process of transforming ownership from the public sector to the private sector
- 1.3.5 The set of accounts that record the flow of currency between a country and the rest of the world
- 1.3.6 The central bank allows the currency of a country to fluctuate in value according to the demand and supply for this currency
- (1 x 6) (6)
- TOTAL SECTION A: 30**

SECTION B

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

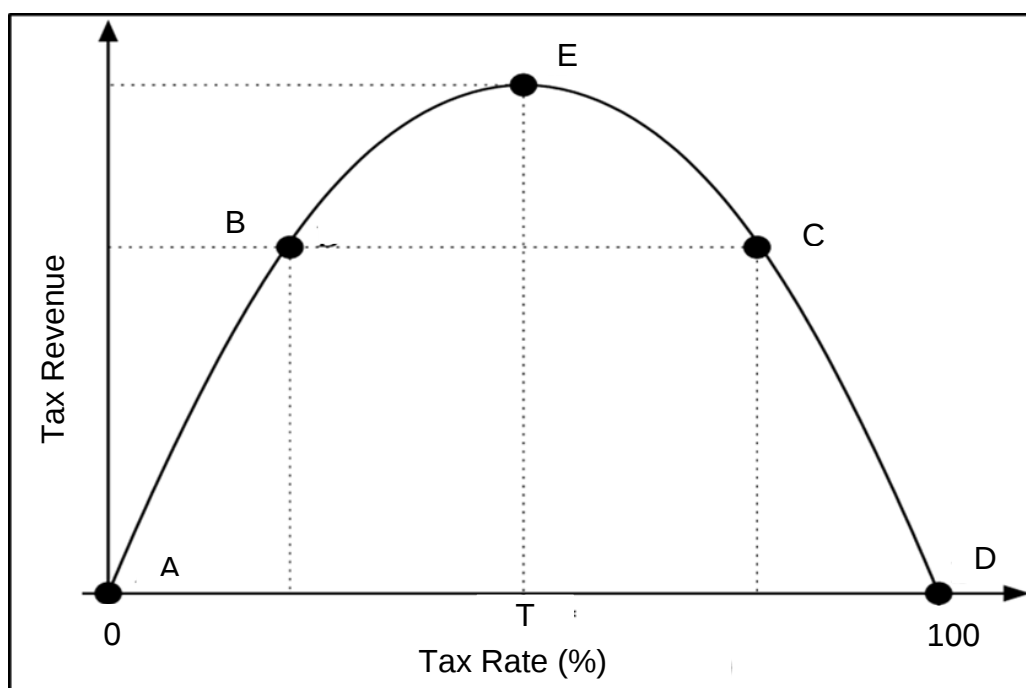
QUESTION 2 : MACROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO leakages found in the circular flow model. (2 x 1) (2)

2.1.2 Why should business cycles not exist in planned economies? (1 x 2) (2)

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



2.2.1 Identify the curve used in the graph above. (1)

2.2.2 Name ONE source of income for the government. (1)

2.2.3 Briefly describe the term *Medium Term Expenditure Framework (MTEF)*. (2)

2.2.4 Examine indirect taxes as a form of income for the government. (2)

2.2.5 How are socio-economic rights embedded in the budget of the South African government? (2 x 2) (4)

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

BALANCE OF PAYMENTS

The balance of payments (BoP) is compiled by the South African Reserve Bank.

The fact that the balance of payments is an official document often creates the illusion that it only records transactions between the government and foreign governments, or that the government controls all the transactions with the rest of the world. This is not the case. The South African balance of payments is simply a record of the transactions of all South African households, firms and levels of government with household, firms or governments in the rest of the world.

[Adapted from *Economics for South Africans Sixth Edition*]

- 2.3.1 Identify the institution responsible for compiling the balance of payments in the extract above. (1)
- 2.3.2 Name ONE product where South Africa has an *absolute advantage* in international trade. (1)
- 2.3.3 Briefly describe the term *foreign direct investments (FDI)*. (2)
- 2.3.4 Explain the concept of *surpluses* in the balance of payment account. (2)
- 2.3.5 Why are *foreign direct investments* recorded as a liability? (2 x 2) (4)
- 2.4 Discuss the relationship between consumers and government. (4 x 2) (8)
- 2.5 Examine the relationship between inflation and unemployment. (2 x 4) (8)
- [40]**

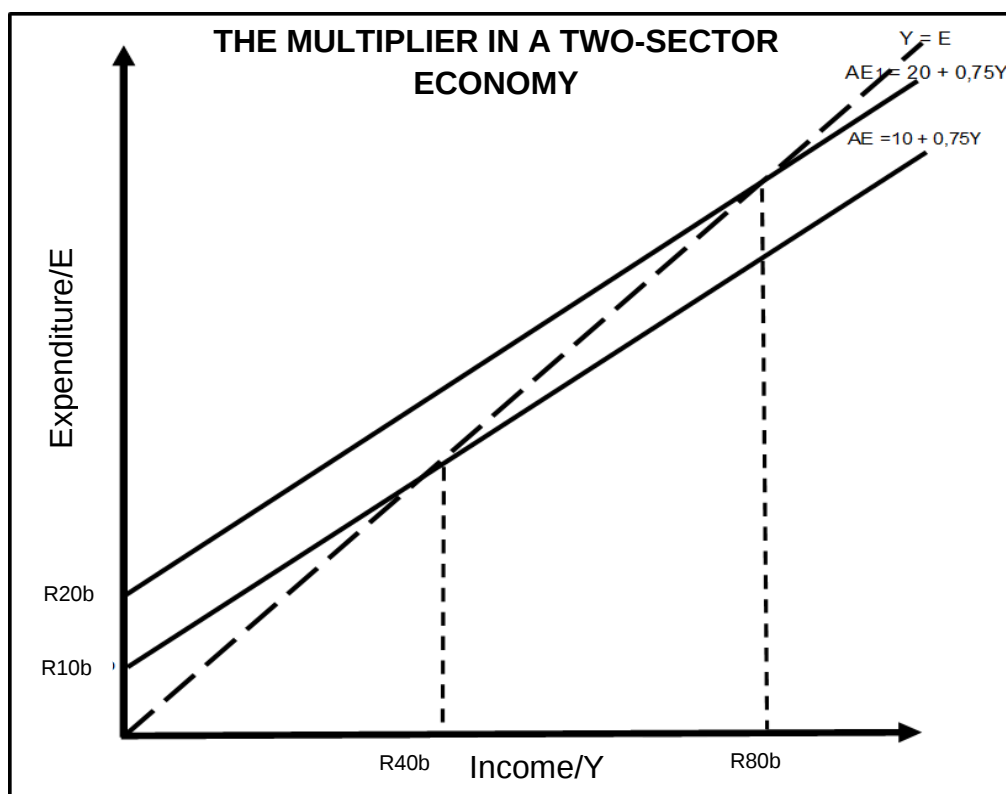
QUESTION 3

3.1 Answer the following questions.

3.1.1 Name any TWO policies used to achieve the economic growth. (2 x 1) (2)

3.1.2 Explain the impact of international trade on mass production. (1 x 2) (2)

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



3.2.1 Identify the line of equilibrium from the graph above (1)

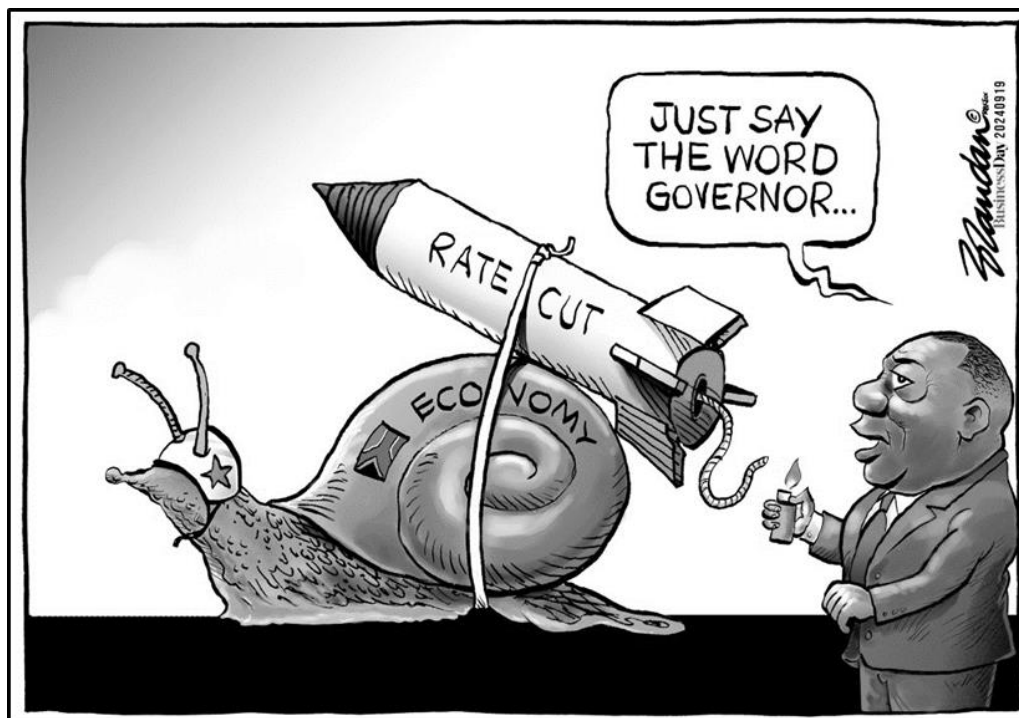
3.2.2 Name any ONE of the participants in the graph above. (1)

3.2.3 Briefly describe the term *multiplier effect*. (2)

3.2.4 Examine the concept of *autonomous consumption*. (2)

3.2.5 Calculate the multiplier, use the formula:
 $k = 1 / (1 - MPC)$. (4)

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



[Source: <https://brandanreynolds.com>]

- 3.3.1 Identify the monetary policy instrument implemented in the cartoon above. (1)
- 3.3.2 Name the institution responsible for monetary policy. (1)
- 3.3.3 Briefly describe the term *business cycle*. (2)
- 3.3.4 What fiscal policy instruments are available for governments to control business cycles? (2)
- 3.3.5 Explain how monetary policy instruments should be implemented when the business cycle is entering a boom phase. (2 x 2) (4)
- 3.4 Discuss the relationship between economic growth and economic development as public sector objectives. (4 x 2) (8)
- 3.5 Examine the measures available to correct a balance of payment deficit. (4 x 2) (8)
- [40]**

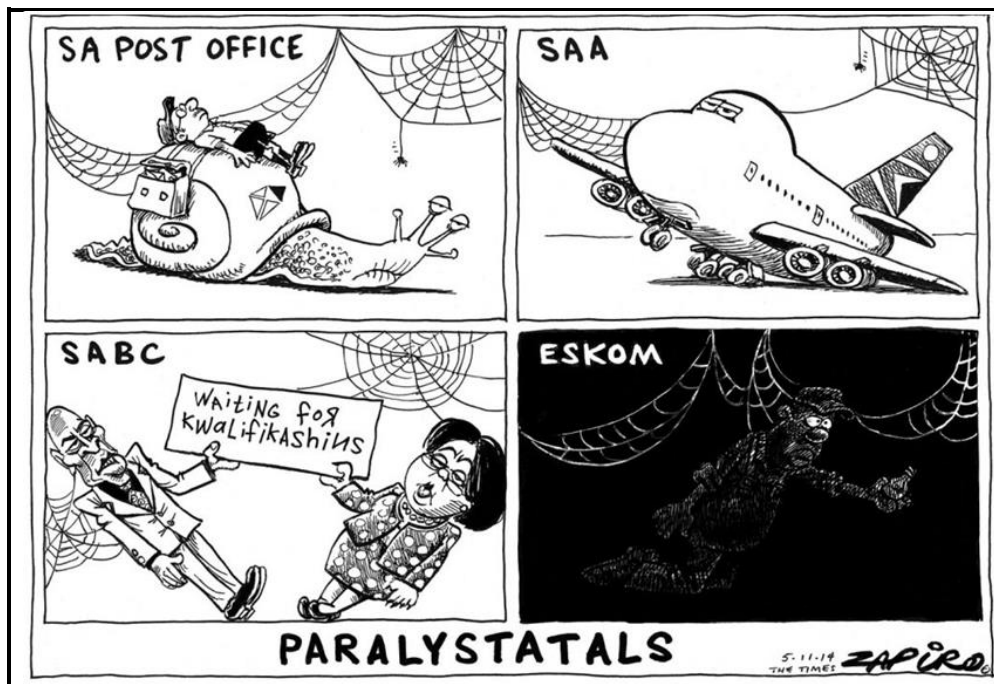
QUESTION 4

4.1 Answer the following questions

4.1.1 Name any TWO factors that can influence the exchange rate. (2 x 1) (2)

4.1.2 Explain the nature of business cycles. (1 x 2) (2)

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



[Source: <https://mg.co.za/cartoons>]

4.2.1 Identify ONE state operated enterprise in the cartoon above. (1)

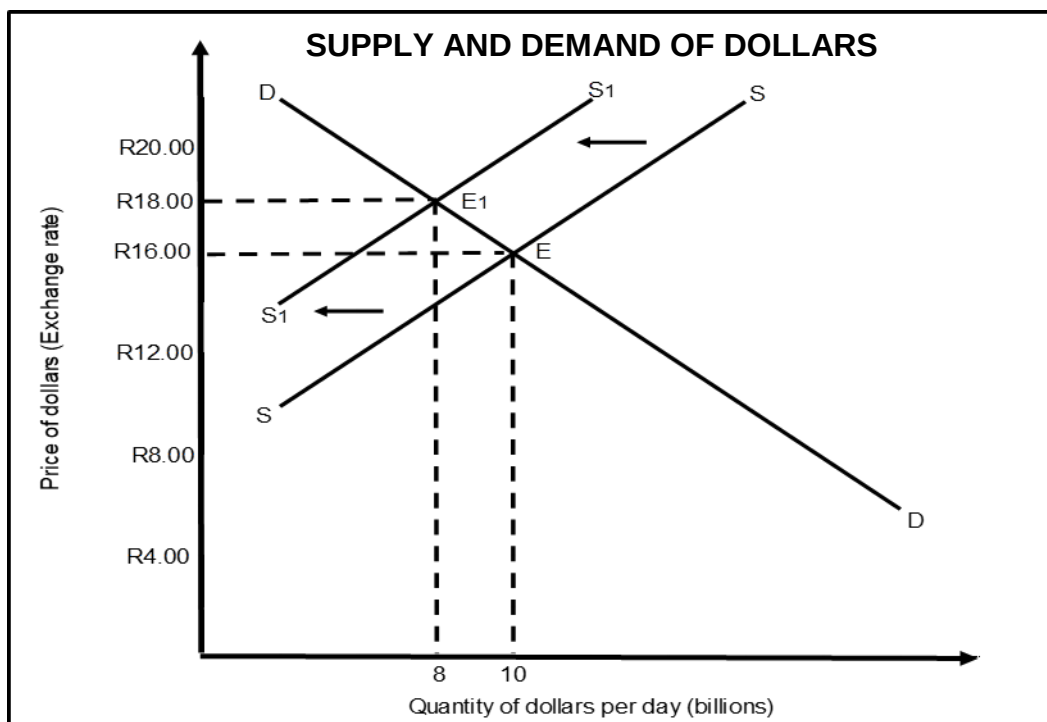
4.2.2 Name ONE necessity of the public sector. (1)

4.2.3 Briefly describe the term *parastatals*. (2)

4.2.4 Explain the advantages of privatising state-owned enterprises. (2)

4.2.5 Discuss reasons for public sector provisioning. (2 x 2) (4)

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



4.3.1 Name ONE currency used in the graph above. (1)

4.3.2 Identify the original exchange rate equilibrium. (1)

4.3.3 Briefly describe the term *devaluation*. (2)

4.3.4 Why did the demand for dollars per day decrease? (2)

4.3.5 What type of interventions can be implemented to influence a free-floating exchange rate? (2 x 2) (4)

4.4 Interpret leading and composite indicators as features underpinning forecasting in business cycles. (2 x 4) (8)

4.5 Discuss supply side reasons as reasons for international trade. (4 x 2) (8)

[40]

TOTAL SECTION B: 80

