GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2022

10731

ECONOMICS

PAPER 1

TIME: **2 hours**

MARKS: **150**

14 pages

X05

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 1 – 2 lines between sub-sections 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 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 correct 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 One of the biggest challenges when calculating the national income figures is ...

A double counting.
B the residual item.
C compensation of employees.
D net income.

1.1.2 The typical fluctuations of a business cycle will be a/an …

A upswing-downswing-trough-peak.
B downswing-trough-upswing-peak.
C peak-upswing-trough-downswing.
D peak-downswing-upswing-trough.

1.1.3 The institution that provides parliament with annual written reports on the standard of financial management of each government department:

A Treasury control
B Auditor-General
C Ministerial responsibilities
D Parliamentary questioning

1.1.4 When a currency is …, interest rates can be decreased which will result in an outflow of foreign currency.

A overvalued
B depreciated
C undervalued
D appreciated

1.1.5 Which of the following refers to protectionism of infant industries?

A Free trade policies
B Maintaining the exchange rate
C A tax on petrol to finance projects to limit damage related to carbon emissions
D A subsidy on emerging wine farmers to encourage wine exports

1.1.6 Which of the following is a cross-continental trade protocol?

A African Union (AU)
B Southern African Development Community (SADC)
C Brazil, Russia, India, China, and South Africa (BRICS)
D European Union (EU)

1.1.7 Areas that offer an advantage to mining, manufacturing, tourism and other businesses is …

A corridors in South Africa.
B Spatial Development Initiatives.
C Special Economic Zones.
D Industrial Development Zones.

1.1.8 The indicator that is watched most closely, particularly in relation to real wage increases is ...

A economically active population.
B employment rate.
C remuneration per worker.
D labour productivity. (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, for example 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Macroeconomic approach	A	A short-term (three months) debt obligation of the central government
1.2.2	Moving averages	B	The difference between the value of a country's exports and the value of a country's imports for a given period
1.2.3	Treasury bills		
1.2.4	Trade balance	C	Designed to help build South Africa's industrial base in critical sectors of production and value-added manufacturing
1.2.5	SMMEs		
1.2.6	IPAP	D	Benefits and facilities mainly provided by a government to improve the quality of life of citizens
1.2.7	Social services		
1.2.8	Trade liberalisation	E	Removing government intervention in trade flows
		F	The value of exports minus imports
		G	Used to analyse the changes in a series of data over a certain period
		H	A small business that has a small share of the marketplace and is managed directly by owners
		I	It involves output, 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 actual price paid by consumers for goods and services including taxes less subsidies

1.3.2 Government's aim is to increase economic growth without increasing inflation

1.3.3 The government department that oversees the collection, management and expenditure of public revenue

1.3.4 Countries that are transitioning from the "developing" phase to the "developed" phase

1.3.5 Support regional and national economic development and address service delivery in the poorest and least competent provinces

1.3.6 The labour force divided by the total working-age population (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer any 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 aggregate indicators of macroeconomics. (2 x 1) (2)

2.1.2 How does a lack of capacity contribute to public sector failure? (1 x 2) (2)

2.2 Read the following information and answer the questions that follow.

COMPOSITE LEADING BUSINESS CYCLE INDICATOR CLIMBS TO THREE-MONTH HIGH

Business activity in South Africa picked up in November 2021 as the composite leading business cycle indicator climbed to a three-month high on further easing of lockdown restrictions.

[Adapted source: https://www.iol.co.za/business-]

2.2.1 Name ONE example of a leading indicator. (1)

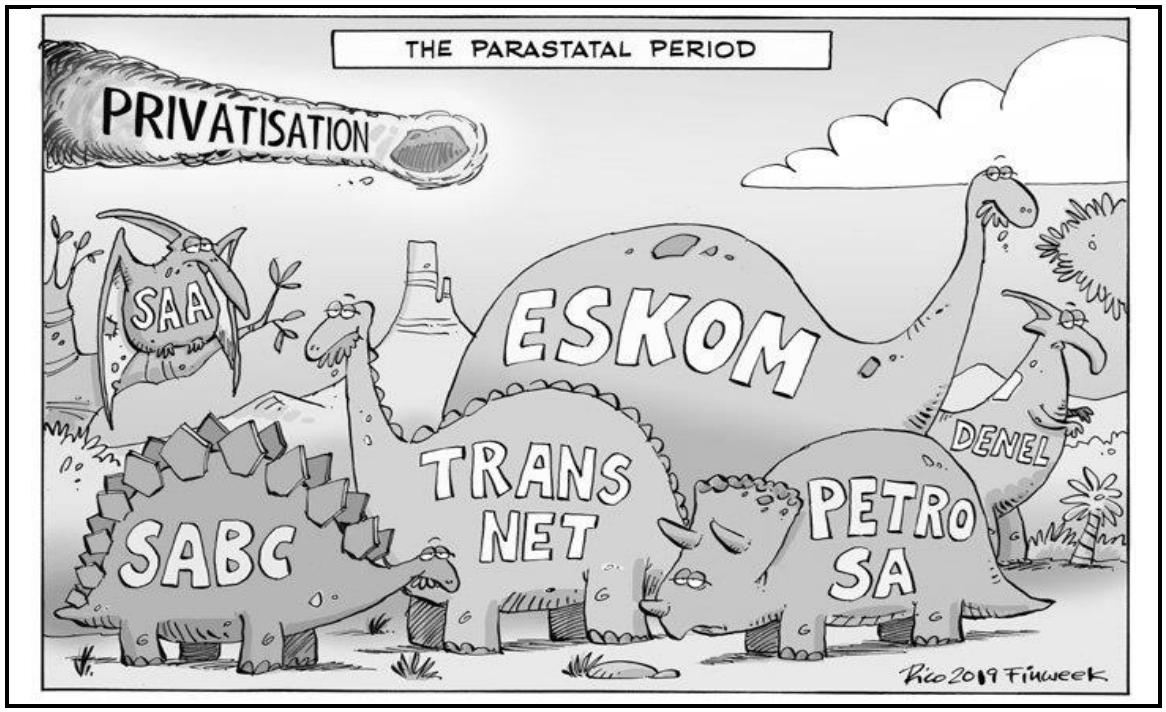
2.2.2 Name ONE external factor that causes business cycles to change. (1)

2.2.3 Briefly describe the term *composite indicator.* (2)

2.2.4 Explain how the upswing phase of the business cycle affects commodity prices. (2)

2.2.5 How can economic indicators improve business efficiency in South Africa? (2 x 2) (4)

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



[Source: https://twitter.com/ricoschacherl/status/1101000368941608961]

2.3.1 Identify the parastatal which was privatised in 2021. (1)

2.3.2 Name ONE reason for the establishment of state-owned enterprises. (1)

2.3.3 Briefly describe the term *public sector.* (2)

2.3.4 How does government finance its deficit? (2)

2.3.5 Why is it necessary for parastatals (SOEs) to publicly give a full account of their activities? (2 x 2) (4)

2.4 Discuss how the expenditure GDP(E) method is used to determine gross domestic product. (4 x 2) (8)

2.5 Analyse the link between the Medium-Term Expenditure Framework (MTEF) and the national budget. (8)

[40]

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

3.1 Answer the following questions.

3.1.1 Name any TWO arguments in favour of free trade. (2)

3.1.2 How does tax policy affect foreign direct investment? (1 x 2) (2)

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

TRADE, INDUSTRY AND COMPETITION ON NEW TRADE AGREEMENTS IN EFFECT FROM 2021

Trade with the rest of the continent is a critical source of output and job growth. African countries recognise that industrialisation is critical to the development of the continent. The new agreement (AfCFTA) that came into effect will take some time to be fully operational but has the potential to be transformative for Africa.

[Adapted source: https://www.gov.za/speeches/trade-industry-and-competition-new-trade-agreements-effect-2021-1-jan-2021-0000]

3.2.1 Which international organisation encourages free trade among all countries in the world? (1)

3.2.2 For what does the abbreviation AfCFTA stand? (1)

3.2.3 Briefly describe the term *trade protocol.* (2)

3.2.4 Why is industrialisation critical for the development of Africa? (2)

3.2.5 How does the implementation of protectionism raise national welfare? (2 x 2) (4)

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

THEY KNOW THE DRILL: GIFT OF THE GIVERS STEPS UP TO SINK BOREHOLES FOR BATTLING JOBURG HOSPITALS



Faced with underfunding, overpopulation and load shedding, Johannesburg Water had battled to consistently supply Johannesburg West, affecting several hospitals. As Gauteng entered a third COVID-19 wave, no hospital wanted to face not having access to water. Once again, Gift of the Givers came to the rescue and began drilling a borehole at Helen Joseph Hospital, having already done so for the Rahima Moosa Mother and Child Hospital.

[Source:https://www.dailymaverick.co.za/article/2021-06-17-they-know-the-drill-gift-of-the-givers-steps-up-to-sink-boreholes-for-battling-joburg-hospitals/]

3.3.1 Provide ONE service indicator linked to social indicators. (1)

3.3.2 Name any ONE health indicator. (1)

3.3.3 Briefly describe the term *social services.* (2)

3.3.4 How does Gift of the Givers impact on government's failure in the provision of basic services in South Africa? (2)

3.3.5 How can the unequal nature of healthcare provision be managed more effectively in South Africa? (2 x 2) (4)

3.4 Discuss the role of Spatial Development Initiatives (SDIs) in South Africa. (4 x 2) (8)

3.5 Analyse the role of entrepreneurs in export promotion. (8)

[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

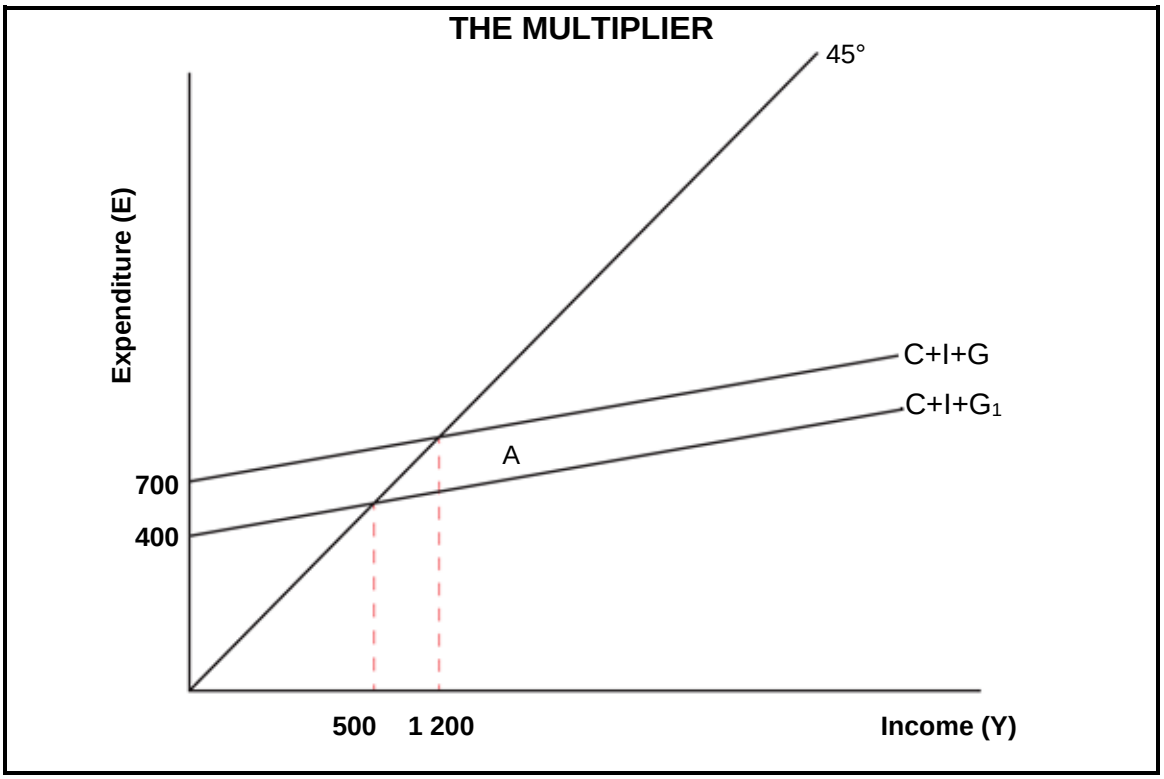
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO government pricing policies when supplying public goods and services. (2 x 1) (2)

4.1.2 Why is a low savings indicator detrimental to the South African economy? (1 x 2) (2)

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



4.2.1 Give the formula of a two-sector model of the multiplier by using the information above. (1)

4.2.2 Identify the component that caused a change in the aggregate expenditure, according to the graph. (1)

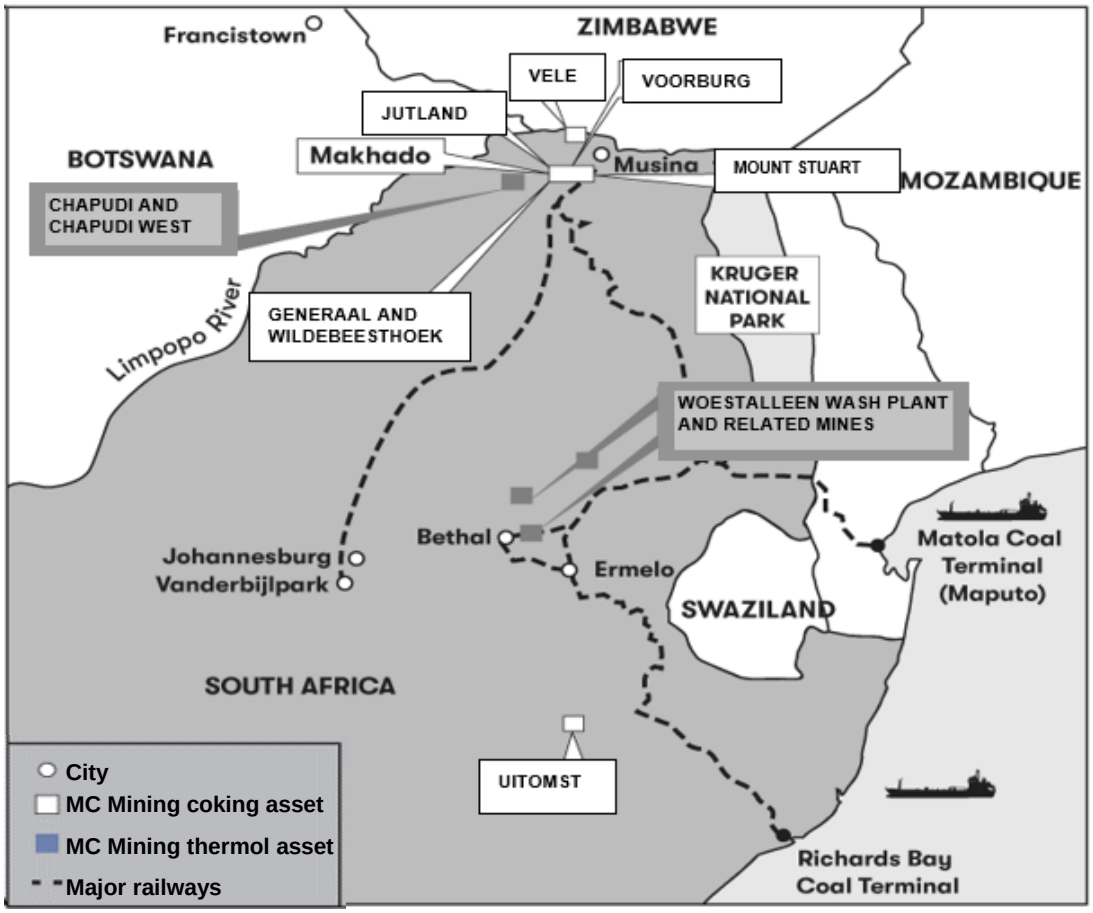
4.2.3 Briefly describe the term *multiplier effect.* (2)

4.2.4 Why does an increase in investment create a positive multiplier effect? (2)

4.2.5 Calculate the multiplier using the information in the graph and explain the multiplier effect on the economy. (2 x 2) (4)

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

MAKHADO SPECIAL ECONOMIC ZONE



[Source: https://www.mcmining.co.za/our-business/projects/makhado]

4.3.1 In which province is the Makhado Special Economic Zone situated? (1)

4.3.2 Name any ONE industry suitable for investment in the above SEZ. (1)

4.3.3 Briefly describe the term *industrial development strategy.* (2)

4.3.4 Explain the statement, *development for the people by the people.* (2)

4.3.5 How can the South African government ensure the promotion of investments in underdeveloped areas? (2 x 2) (4)

4.4 Draw a graph to illustrate the amplitude in a business cycle. Explain the variations of the amplitude on the business cycle. (4 x 2) (8)

4.5 Analyse the impact of COVID-19 on the inflation rate indicator. (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer 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. • 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 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/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Assess/Debate **A maximum of 8 marks may be allocated for headings/examples.** **Additional part:** Critically discuss/Evaluate/Critically evaluate/Debate/ Deduce/Compare/Distinguish/Interpret/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: • 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 supply reasons for international trade. (26 marks)
- Analyse the effect of international trade on the balance of payments. (10 marks) **[40]**

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

- Discuss, in detail, the aims and objectives of the following growth and development policies:

  - New Growth Path (NGP) (13)
  - Expanded Public Works Programme (EPWP) (13)

  (26 marks)
- Analyse South Africa's fiscal policy in terms of benefits in kind (natura benefits), as a measure to improve the economic welfare of its citizens. (10 marks) **[40]**

TOTAL SECTION C: [40]

TOTAL: 150

END