KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P1

PREPARATORY EXAMINATION

SEPTEMBER 2022

MARKS: 150

DURATION: 2 Hours

This question paper consists of 14 pages.

Copyright reserved

INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows:

   - SECTION A: COMPULSORY
   - SECTION B: Answer any TWO questions from this section.
   - SECTION C: Answer any 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 each question above each answer.

4. Read the questions carefully and start EACH question on a new page.

5. Leave at least ONE line between subsections of each question.

6. Start each question on a new page.

7. Answer questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.

8. Answer ONLY the required number of questions. Answers in excess of the required number will NOT be marked.

9. Use ONLY blue or black ink.

10. Non-programmable pocket calculators may be used.

11. Write legibly and present your work neatly.

Copyright reserved

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, for example 1.1.9. D.

1.1.1 Spending that takes place irrespective of the level of income is called … expenditure.

A. consumption
B. autonomous
C. induced
D. government

1.1.2 The highest turning point of a business cycle is known as …

A. boom
B. trough
C. peak
D. recovery

1.1.3 Business cycles that last between three to five years are called ... cycles.

A. Kitchin
B. Kuznets
C. Jugler
D. Kondratief

1.1.4 The purchasing power of a currency in terms of how much of other currencies it can buy is called …rate

A. interest
B. exchange
C. money
D. purchasing

1.1.5 The practise of selling goods in a foreign country at a lower price than the cost of production in the country of origin is known as …

A. integrating
B. exporting
C. importing
D. dumping

Copyright reserved

1.1.6 Strategies, rules and regulations aimed at affecting import and exports in the country is referred to as ... policy

A. monetary
B. development
C. trade
D. fiscal

1.1.7 An increase in a number of people living in towns and cities is known as ...

A. privatisation
B. nationalisation
C. centralisation
D. urbanisation

1.1.8 An interest rate that commercial banks offer to their most creditworthy clients is called the ... rate.

A. prime
B. repo
C. fixed
D. preference (8 x 2) (16)

Copyright reserved

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.

COLUMN A	COLUMN B
1.2.1 Double counting	A. Encompasses industries that produce finished, usable goods or are involved in construction.
1.2.2 Trend line	B. An international reserve asset created by the IMF to supplement the official reserves of its member countries.
1.2.3 Budget	C. Number of years a new-born is anticipated to live from birth.
1.2.4 Special drawing rights	D. An official state ban on trade or other activities with a particular country.
1.2.5 Embargo	E. An economic indicator showing the general direction in which the economy is moving.
1.2.6 Wealth taxes	F. The document that details expected revenue and projected expenditure.
1.2.7 Secondary sector	G. Incorrect higher total in national accounts caused by adding intermediate products to final products.
1.2.8 Life expectancy	H. Transfer duties based on the market value of assets owned by taxpayers.

(8 x 1) (8)

Copyright reserved

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 Value of all final goods and services produced by permanent citizens of the country over a specified period.

1.3.2 The action by the South African Reserve Bank to occasionally change the balance that banks are required to maintain.

1.3.3 Removal of unnecessary restrictions by law.

1.3.4 When a country can produce a specific goods and services at lower average cost than other countries.

1.3.5 The worldwide movement towards economic, financial, trade and communication integration.

1.3.6 The study of a population in terms of age, sex and race.

(6 x 1) (6)

TOTAL SECTION A: 30 MARKS

Copyright reserved

SECTION B

Answer 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 TWO examples of financial markets. (1 x 2) (2)

2.1.2 How does an improvement in technology benefit the economy? (2)

2.2 Study the extract below and answer questions that follow.

CHANGES IN HOUSEHOLD SPENDING PATTERNS

During the second quarter of 2021, final consumption expenditure by households represents two thirds of domestic expenditure, with government spending and capital formation accounting for the other third. Net exports dropped to 60%. Private consumption expenditure amounted to R920-billion, which was higher than two years ago in nominal terms, but 1.9% lower when adjusted for inflation.

Source: *Daily Maverick, September 2021*

2.2.1 Identify the method used to calculate the national income from the above extract. (1)

2.2.2 What trend is shown by net exports? (1)

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

2.2.4 Why are nominal figures not a true reflection of the country's economic growth? (2)

2.2.5 Why is it important for a country to calculate its national income? (2 x 2) (4)

Copyright reserved

2.3 Study the table below and answer questions that follow.

MOVING AVERAGES

YEAR	2017	2018	2019	2020	2021
GDP GROWTH (%)	1.4%	0.8%	0.2%	-6.4%	4.9%

[Adapted from *Worldbank.org*, March 2022]

2.3.1 Identify the trend shown by GDP growth between 2020 and 2021? (1)

2.3.2 Provide a term that refers to the use of past data to predict the future. (1)

2.3.3 Briefly describe the term *moving averages.* (2)

2.3.4 Explain the effect of COVID-19 restrictions on the economy. (2)

2.3.5 How can monetary policies be used to smooth-out fluctuations on business cycles? (2 x 2) (4)

2.4 With the aid of a well-labelled graph, explain the relationship between unemployment and inflation. (8)

2.5 How can the government reduce a deficit on the balance of payments? (8)

[40]

QUESTION 3: ECONOMIC PURSUITS 40 MARKS – 30 MINUTES

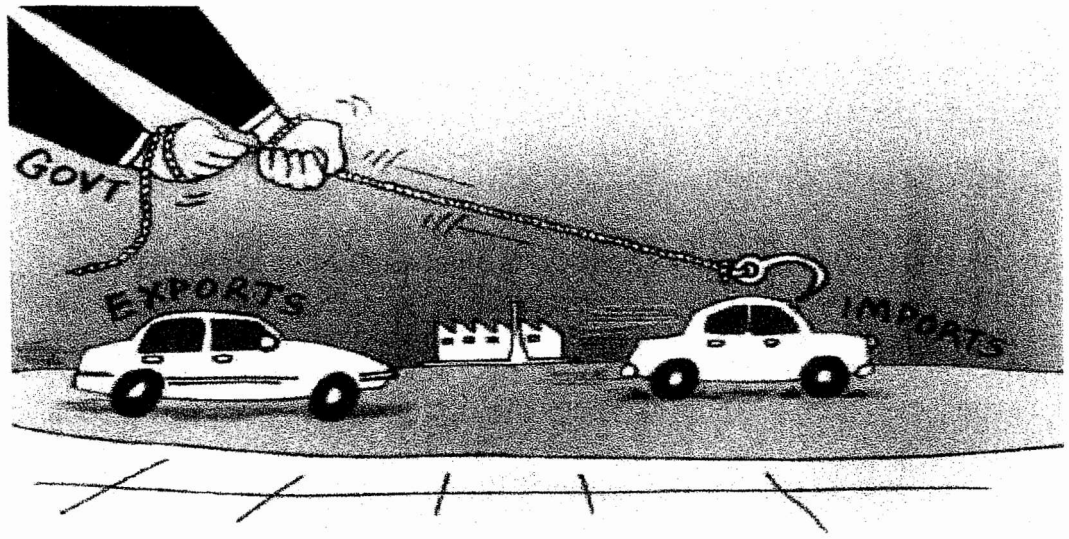
3.1 Answer the following questions.

3.1.1 Name any TWO examples of cash benefits received by households from the government. (2)

3.1.2 How can labour-intensive production benefit the South African economy? (2)

3.2 Study the cartoon below and answer questions that follow.

IMPORTS SUBSTITUTION, THE WAY TO GO!



SOURCE: *Google.com*

3.2.1 Identify the policy used by the government to discourage expenditure on foreign products. (1)

3.2.2 Name the international organization that promotes free trade. (1)

3.2.3 Briefly describe the term *export promotion*. (2)

3.2.4 Why is it important for South Africa to trade with other countries? (2)

3.2.5 How does an increase in imports affect the country? (2 x 2) (4)

3.3 Study the extract below and answer questions that follow.

JIPSA: THE SOLUTION FOR SKILLS SHORTAGE

The Joint Initiative on Priority Skills Acquisition (JIPSA) was launched on 27 March 2006. Its aim is to identify urgent skills needs and effective solutions such as special training programmes, re-engaging retirees and drawing immigrants with necessary skills as well as to focus on developing skills in infrastructure project management. JIPSA is a joint initiative between government, labour and businesses.

[Adapted from *Google.com*]

3.3.1 Identify the growth and development strategy discussed above. (1)

3.3.2 Name the government department that is responsible for skills development in South Africa. (1)

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

3.3.4 Explain the negative impact of a shortage of skilled labour force in the country? (2)

3.3.5 How does the Black Economic Empowerment Programmes improve the lives of the previously disadvantaged groups? (2 x 2) (4)

3.4 Discuss the National Development Plan as the South African approach for growth and development. (8)

3.5 How can protectionism positively influence the economy? (8)

[40]

Copyright reserved

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

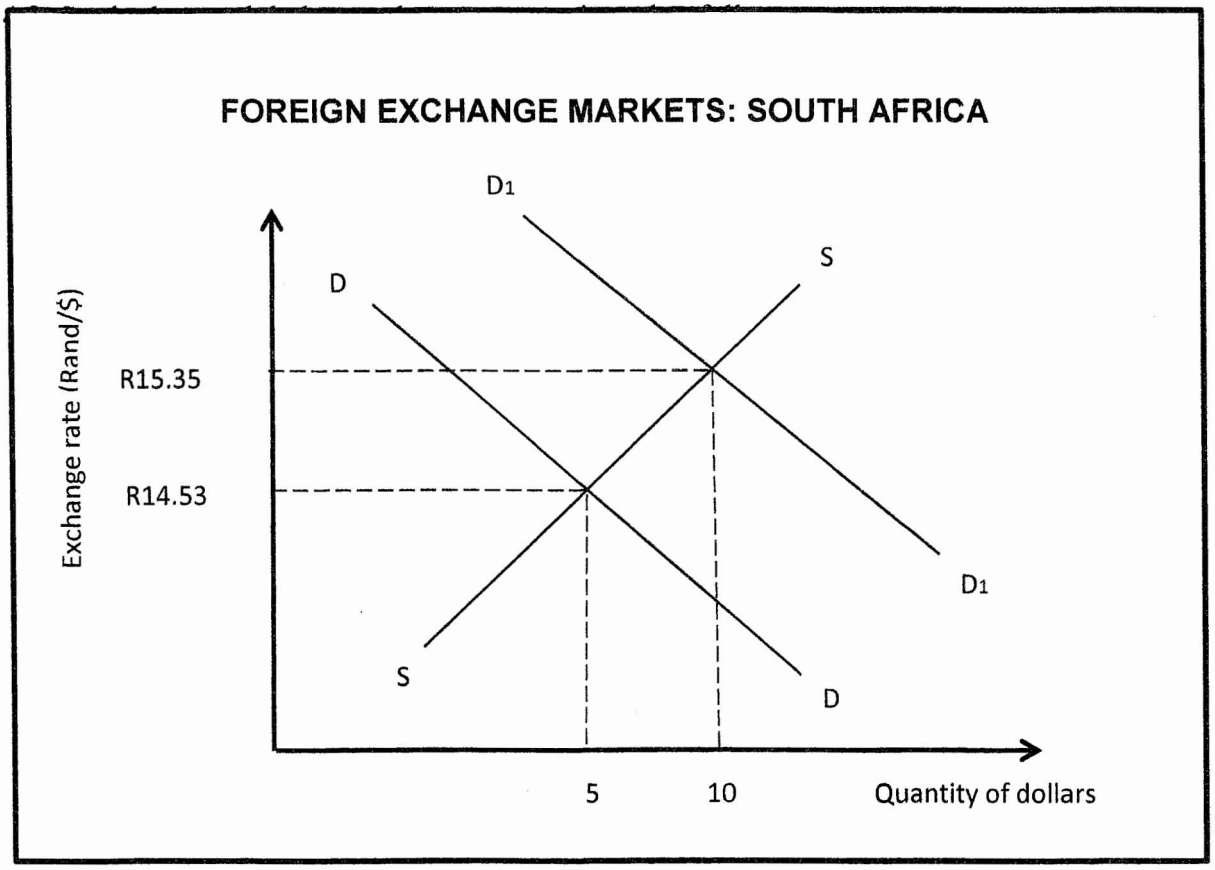
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name TWO methods of export promotion. (2 x 1) (2)

4.1.2 How does an increase in aggregate demand benefit the economy? (1 x 2) (2)

4.2 Study the graph below and answer questions that follow.



4.2.1 Identify the original exchange rate on the graph above. (1)

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

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

4.2.4 Explain any factor that can cause an increase in demand for US dollars in South Africa. (2)

4.2.5 How can the central bank stabilize the value of currency? (2 x 2) (4)

Copyright reserved

4.3 Study the extract below and answer the questions that follow

CONSUMER INFLATION CONTINUES TO BITE

Consumer Price index is the most comprehensive indicator measuring consumer inflation in the country. It shows changes in the general purchasing power of the rand. This week, the South African Reserve Banks (SARB) could be seen tightening monetary policy as inflation continues to head towards the top end of its 3-6% target range. Global producer price and food price inflation continues to surprise higher on fears of supply chain disruption, with the Russian war in Ukraine pushing oil prices to a 14-year high.

[Source: *iol.co.za, March 2022]*

4.3.1 Identify a product that is regarded as a commodity from the above extract. (1)

4.3.2 Name ONE institution that is responsible for publishing economic indicators in South Africa. (1)

4.3.3 Briefly describe the term *economically active population*. (2)

4.3.4 Explain the importance of money supply as an economic indicator? (2)

4.3.5 How does low productivity affect the economy? (2 x 2) (4)

4.4* Distinguish between *nominal* and *real* figures when calculating the GDP. (4 x 2) (8)

4.5* How can Small Business Development Programme stimulate the economy? (8)

[40]

TOTAL SECTION B: 80 MARKS

Copyright reserved

SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK. Ensure that your answer follows the structure indicated below in order to obtain maximum marks:

STRUCTUTURE 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 include any part of the introduction in your 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. **A maximum of 8 marks may be allocated for headings/ 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 high-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned. • Any opinion or value judgment 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: MACRO-ECONOMICS **40 MARKS – 40 MINUTES**

- Discuss in detail the reasons for public sector failure. (26)

- How can the South African government improve the provisioning of public goods? (10)

[40]

Copyright reserved

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

- Discuss in details South Africa's initiatives (endeavours) in regional development. (26)
- Evaluate the appropriateness of South Africa's regional development policies in terms of the international best practice. (10)

[40]

TOTAL SECTION C: 40 MARKS

GRAND TOTAL: 150 MARKS

Copyright reserved