LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

LIMPOPO PROVINCE

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P1

SEPTEMBER 2024

MARKS: 150

DURATION: 2 HOURS

This question paper consists of 12 pages.

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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. Number the answers correctly according to the numbering system used in this question paper.

3. Write the number of the question above each answer.

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

5. Leave 2 – 3 lines between subsections of questions.

6. 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.

7. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.

8. Use only black or blue ink.

9. Non-programmable pocket calculators may be used.

10. Write neatly and legibly.

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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, e.g., 1.1.1. D

1.1.1 The value of the multiplier increases as the marginal propensity … increases.

A consume
B savings
C to invest
D investment

1.1.2 The … curve illustrates the relationship between taxes and government revenue.

A Phillips
B Lorenz
C Laffer
D Demand

1.1.3 The ... phase of the business cycle is associated with increased profits and consumption.

A downswing
B trough
C recession
D prosperity

1.1.4 The exchange rate system used by South Africa is called the … exchange rate system.

A managed floating
B free floating
C fixed
D pegged

1.1.5 South Africa has a / an ... economy.

A industrialized
B command
C developed
D developing

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1.1.6 The Maputo corridor is found in the … province.

A Mpumalanga
B Gauteng
C Free state
D Limpopo

1.1.7 People and their skills required for production is known as ...

A natural resources.
B human capital.
C entrepreneurship.
D social skills.

1.1.8 The process whereby previously disadvantaged people are empowered in development is called ...

A Skills support programme.
B Industrial development zones.
C Black economic empowerment.
D Special economic zones. (8 x 2) (16)

1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A – J) next to the question number (1.2.1 – 1.2.8) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Phillips curve	A	countries who have deficits on their Balance of Payments can borrow money from this institution
1.2.2	Basic price	B	a form of credit which can be used when balance of payments difficulties are experienced by member countries
1.2.3	Deregulation	C	the removal or reduction of laws
1.2.4	International Monetary Fund (IMF)	D	inflation and unemployment have a stable and inverse relationship
1.2.5	Quotas	E	the original prices in production, before taxes and subsidies are taken into account
1.2.6	Special drawing rights	F	restrictions placed on the number of imports allowed into the country
1.2.7	Economic development	G	currencies are traded on this market
1.2.8	Closed economy	H	improvements in the standard of living of a country's citizens
		I	goods and services produced by the citizens of the country
		J	countries that does not trade with any other country (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 – 1.3.6.) in the ANSWER BOOK. Abbreviations, acronyms and examples will not be accepted.

1.3.1 Allows for all errors and omissions in gross domestic product calculations.

1.3.2 Compulsory payments made by households and businesses to the state.

1.3.3 The value of the alternative that is sacrificed.

1.3.4 Government policy implemented in 1994 to redress the imbalances of the past.

1.3.5 The ratio between the inputs and outputs of a country.

1.3.6 The institution that formulates monetary policy in South Africa.

(6 x 1) (6)

TOTAL SECTION A: [30]

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SECTION B: (ANSWER TWO OF THE THREE QUESTIONS)

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** sources of state revenue. (2 x 1) (2)

2.1.2 Why are public goods and services more readily available in developed countries compared to developing countries? (1 x 2) (2)

2.2 Study the information below and answer the questions that follow:

South African banks closing the taps – but not for everyone



South Africa's big banks are closing their lending taps due to a rise in nonperforming loans. However, banks are likely to extend further credit to specific sectors, such as renewable energy companies and enterprises that import renewable energy equipment.

[Source: Daily Investor, 7 April 2024]

2.2.1 Identify the institution responsible for approving loans in the above extract. (1)

2.2.2 Name **ONE** reason why loans in South Africa are difficult to repay. (1)

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

2.2.4 Why is it important that loans are granted by banks? (2)

2.2.5 Analyze the relationship between the *real flow* and the *money flow* in an open economy. (2 x 2) (4)

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

Weak rand a tourist magnet, as their dollars go much further than back home

The rand weakened against the US dollar in seven of the last 10 years, but there has also been a massive uptick in tourism due to weaker currency. More visitors coming to South Africa means more revenue entering the country, and more opportunity for employment. Although it will take some time, the effect of the currency devaluation will ripple through the economy and have a knock-on effect throughout the country.

[Adapted from: https://m.primepropertysa.com]

2.3.1 Identify the economic concept that relate to deliberate decrease in the value of currency in terms of another currency. (1)

2.3.2 Name **ONE** effect of international trade. (1)

2.3.3 Briefly describe the term *exchange rate*. (2)

2.3.4 What is the benefit of surplus on the current account of Balance of payments? (2)

2.3.5 How will an increase in the demand for US dollars impact the value of the rand? (2 x 2) (4)

2.4 Discuss the *product markets* and the *financial markets* in the FOUR SECTOR model. (2 x 4) (8)

2.5 Explain how socio-economic rights are integrated into the budget of the South African government. (2 x 4) (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)

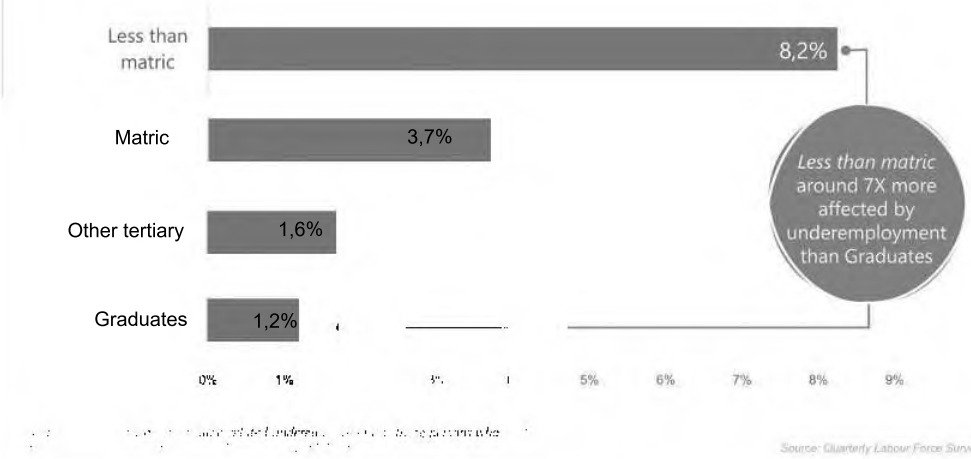
3.1.2 Why are middle income earners critical for economic growth in a country? (1 x 2) (2)

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

Unemployment and Underemployment in South Africa

Graduates are the least affected by underemployment recording the lowest underemployment rate at 1,2% for Q1:2023

Underemployment by education level Q1 : 2023



[Source: STATS SA]

3.2.1 Identify the institution which compiled the data above. (1)

3.2.2 Name **ONE** reason for the high rate of youth unemployment in South Africa. (1)

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

3.2.4 How can the government reduce unemployment in the economy? (2)

3.2.5 Why is malnutrition a concerning social indicator? (2 x 2) (4)

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3.3 Study the article below and answer the questions that follow:

Chinese online fashion threatens local rivals



As South Africa grapple with the surging popularity of Chinese fast fashion companies Temu and Shein, there are concerns their aggressive business models and difficulties in regulating them could spell danger for local competitors – especially brick-and-mortar stores.

[Adapted from: https://mybroadband.co.za/]

3.3.1 Provide an alternative name for world markets. (1)

3.3.2 Which country are the owners of this large online world market mentioned in the article? (1)

3.3.3 Briefly describe the term *comparative advantage*. (2)

3.3.4 How can South Africa benefit from being a BRICS member? (2)

3.3.5 What are the disadvantages of an increase in the demand for imports from those online markets for the South African economy? (2 x 2) (4)

3.4 Discuss *foreign trade* and *inflation rate* as an economic indicator. (2 x 4) (8)

3.5 Examine competition as a supply-side approach in promoting economic growth and development in South Africa. (4 x 2) (8)

[40]

QUESTION 4: MACROECONOMICS & ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

4.1 Answer the following questions:

4.1.1 Name any **TWO** markets that operate within the financial market. (2 x 1) (2)

4.1.2 What is the purpose of current transfers on the Balance of Payments? (1 x 2) (2)

4.2 Study the table below and answer the questions that follow:

Extract of the South African Balance of Payments : 2023	
Current Account:	2023 (**Rm**)
Merchandise exports (free on board)	1 924
Net gold exports	116
Services receipts	262
Primary income receipts	217
Merchandise imports (free on board)	1 937
Services payments	343
Primary income payments	312
Current transfers	114

[Source: STATS SA 2023]

4.2.1 Identify the item in the current account which is unique to South Africa. (1)

4.2.2 Provide **ONE** example of merchandise that South Africa exports other than gold. (1)

4.2.3 Briefly describe the term *current account*. (2)

4.2.4 Why is Net gold exports listed separately and not included as part of merchandise exports? (2)

4.2.5 Calculate the Balance on the Current Account. Show ALL calculations. (2 x 2) (4)

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4.3 Study the article below and answer the questions that follow:

"Rolls of money bound with rubber bands and lying around in packs"

The Reserve Bank's decision to increase the repo rate by 75 basis points to South Africans who are already struggling to keep afloat was expected, but will declare the biggest increase in the repo rate as well as a lot of economic problems of the past 20 years.

[Source: Business Tech, 17 April 2024]

4.3.1 Identify the rate at which the Reserve Bank lends money to commercial banks. (1)

4.3.2 Mention any **ONE** monetary policy instrument (tool) besides the interest rate used to control the velocity of money. (1)

4.3.3 Briefly describe the term *fiscal policy*. (2)

4.3.4 How can the government use taxes as a redress tool in the economy? (2)

4.3.5 Why does the high oil price negatively affect South Africa's economic growth? (2 x 2) (4)

4.4 Briefly discuss *exchange rate stability* and *price stability* as macroeconomic objectives of the state. (2 x 4) (8)

4.5 Evaluate the success of import substitution as a South African trade policy. (4 x 2) (8)

TOTAL SECTION B: [40]

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: • A good starting point will be to define a concept or key. • Include other sentences to support the topic. • Do not include in your introduction any part of the question. • Do not repeat any part of the introduction in the body. • Avoid saying in the introduction what you are going to discuss in body.	Max. 2
Body: • Main part: Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate. • 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? / Your own opinion.	Max. 26 Max. 10
Conclusion: Any relevant higher order conclusion that should include: • A brief summary of what has been discussed / analyzed without repeating facts already mentioned in the body. • An opinion or valued judgement on the facts discussed. • Additional support information to strengthen the discussion / analysis. • A contradictory viewpoint with motivation, if so required. • Recommendations	Max. 2
TOTAL	**40 MARKS**

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

- Discuss in detail the features underpinning forecasting of business cycles. (26 marks)
- How can trade unions cause an expansion (upswing) in the business cycle? (10 marks) **[40]**

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

- Discuss in detail South Africa's initiatives (endeavours) in regional development. (26 marks)
- How successful is the government in promoting industrial development? (10 marks) **[40]**

TOTAL SECTION C: [40]

GRAND TOTAL: [150]

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ECONOMICS GRADE TRIAL PAPER 1: 2024

MARKING GUIDELINE: ERRATA

QUESTION	COMMENT/ERROR	ERRATA / CORRECTION	Page number
1.1.5	Alternatives missed the correct answer in the question paper; dual economy or mixed economy	No changes, the correct answer according to the marking guideline will be accepted; developing countries.✓✓	2
1.3.3	Two alternative answer provided; opportunity cost and marginal cost. Marginal cost is incorrect.	Delete marginal cost and be left with opportunity cost.✓	2
2.1.2	Why are the public goods and service more readily available in the developed countries compared to the developing countries? Developing countries` unemployment rate is much higher than in developed countries because their workers are less skilled. This causes the inhabitants of developing countries to be much more depended on public goods. The answer is not answering the question of why are they easily available in developed countries	Developed countries` employment rate is high and as a result, more people pay tax to the government which is in turn used to provide for public goods and services. ✓✓	3
2.2.2	Name ONE reason why loans are difficult to repay in South Africa?	Add another alternative answer in the marking guideline: • Retrenchments of workers.✓ • Increase in unemployment✓	3
2.3.5	How will an increase in the demand for dollars impact the value of a rand? The marking guideline have ONE instead of TWO facts.	• The value of a rand will depreciate.✓✓ • As a result, South African imports will be expensive while exports cheaper. ✓✓	4
2.5	Explain how socio-economic rights are intergraded into the budget of the South African government? The answer in the marking guidelines is partially addressing the question of socio-economics rights and budgets.	Add the following: • Socio-economic rights are basic things that citizens of a country should have access to.✓✓ Eg, education and health care.✓	5

		• In South Africa, the government ensure that different states departments are allocated a certain budget to cater for the socio economic rights of the population. ✓✓ • The government pays social grant to South African citizens who need assistance to help improve their living standards and alleviate poverty.✓✓ • A large portion of the budget also goes to the department of education to ensure that learners in disadvantaged communities have access to education. ✓✓ • Through the department of rural development, the state ensure that vulnerable people are provided with shelter / houses.✓✓ • Government also makes allocation for the provision of basic health care. ✓✓ (accept any other correct relevant answer)	
4.3.1	Identify the rate at which the reserve bank lends money to commercial banks. The phrasing should have been; identify the type of rate that the reserve bank charge when lending money to businesses. Some learners may be confused and write 75 basis point or the actual current rate of 8.25% even if is not in the extract.	• Repo rate✓ • 8.25%✓	
4.3.3	Briefly describe the term fiscal policy. Fiscal policy is an attempt by the government to influence consumer spending through taxes. Short of – government spending	• Fiscal policy is an attempt by the government to influence consumer spending through taxes and government spending✓✓	