education

Department:
Education
PROVINCE OF KWAZULU-NATAL

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P1

PREPARATORY EXAMINATION

SEPTEMBER 2020

MARKS: 150

TIME: 2 hours

This question papers consists of 14 pages.

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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.

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SECTION A

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 The market for short-term savings and loans is known as ...market.

A capital
B money
C foreign exchange
D resource

1.1.2 An economic slump associated with a reduction in purchasing power is called a ...

A boom
B prosperity
C depression
D peak

1.1.3 Goods such as cigarettes which are deemed to be socially harmful are called ... goods.

A demerit
B communal
C merit
D collective

1.1.4 The account that shows records of investments by South Africans in other countries and foreigners to South Africa is known as the...account.

A Capital transfer
B current
C reserve
D Financial

1.1.5 The process by which the standard of living is improved is called ...

A Economic growth
B contraction
C Economic development
D Globalization

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1.1.6 The return of land to those that have lost it due to discriminatory laws in the past is called …

A Natural resources
B Land restitution
C Land redistribution
D Subsidies on properties.

1.1.7 The percentage increase in the general price levels for goods and services in a country over time is called … rate.

A exchange
B production
C employment
D inflation

1.1.8 A concept that describes the number of children that will die before the age one is known as ….

A Infant mortality
B Overweight children
C Primary completion
D Life expectancy

(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.

COLUMN A	COLUMN B
1.1.1. Marginal propensity to consume	A Social security payments that are made by the government.
1.2.2 Kitchin cycles	B A percentage reduction in the total tax payable.
1.2.3 Free-riders	C The total number of people of working age in a country that is willing and able to find work.
1.2.4 Specialisation	D Long term financial instrument, for example bonds.
1.2.5 Rebates	E The percentage of 15 – 24 age groups that have acquired education.
1.2.6 Cash benefits	F The portion of disposable income which households spend on goods and services.
1.2.7 Youth literacy rate	G A situation where individuals still benefit from a good or service even if they do not pay for it.
1.2.8 Economically active population	H When a country concentrates in the production of a certain good or service.
	I They last between three and five years and are caused by businesses adapting their inventory levels.
	(8 x 1) (8)

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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 total market value of all final goods and services produced by permanent residents of a country in a given year.

1.3.2 The duration of the business cycle measured from trough to trough or peak to peak.

1.3.3 Consumption by one individual does not in any way reduce consumption by others.

1.3.4 The Act that promotes redress and transformation in the workplace in terms of race, gender and disabilities.

1.3.5 The amount of goods and services that a group of workers produce in a given amount of time.

1.3.6 The indicator that is used to measure the cost of manufacturing goods and services.

(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 objectives of the state. (2 x 1) (2)

2.1.2 How can the reliability of a country on exports negatively affect the economy? (2 x 1) (2)

2.2 Study the table below answer questions below.

NATIONAL BUDGET REVENUE 2020/ 2021	
R billion	
TAX REVENUE	**(A)**
Of which:	
Personal income tax	546.8
Corporate tax	230.2
Value-added tax	360.6

[Adapted from The National Budget 2020/ 2021]

2.2.1 Identify the fiscal instrument shown on the above table. (1)

2.2.2 According to the table above, how much is contributed by companies to government revenue? (1)

2.2.3 Describe the term *national budget*. (2)

2.2.4 Calculate the value of A from the above table. (2)

2.2.5 How does public sector failure affect the tax system of the country? (2 x 2) (4)

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2.3 Study the extract below and answer questions that follow.

"TARIFFS, PROTECTIONISM, POOR INFRASTRUCTURE, OTHER BANE OF REGION'S GROWTH"

The lingering non-resolution of tariffs among continent's economies, rising protectionism, and a parlous infrastructure have remained a barrier to the region's integration process.

Besides, lack of marketing information, among other barriers to trade, has also severely constrained intra-African trade and impeded the continent's economic development.

In as much as African states have managed to protect their strategic industries, their counterparts from other abroad have retaliated by imposing restrictions on their exports.

Adapted from *Business News February 2020*

2.3.1 Identify the method of protectionism that is discussed on the above extract. (1)

2.3.2 Name ONE strategic industry that is found in South Africa. (1)

2.3.3 Describe the term *protectionism.* (2)

2.3.4 Briefly explain the importance of maintaining infrastructure in a country. (2)

2.3.5 How would protectionism benefit the economy of the country? (2 x 2) (4)

2.4 Briefly discuss economic expansion in business cycles. (8)

2.5 How does a deficit in the balance of payments affect the economy of a country? (8)
[40]

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QUESTION 3: ECONOMIC PURSUITS 40 MARKS – 30 MINUTES

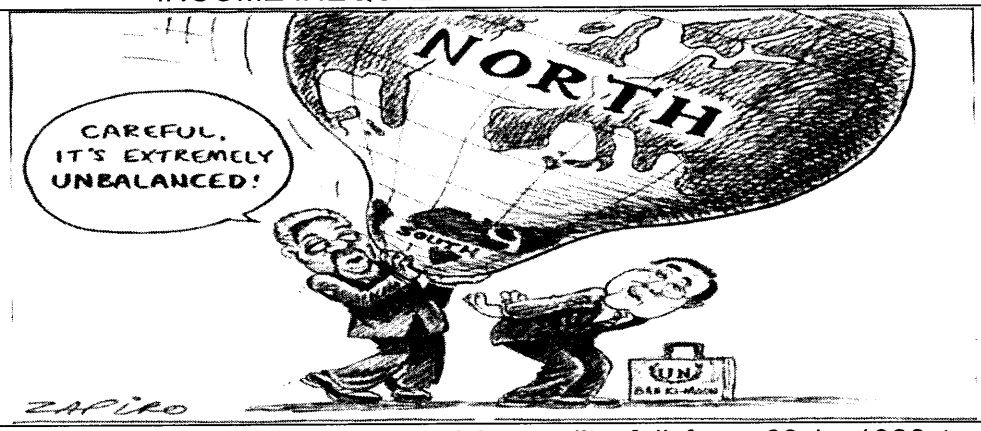
3.1 Answer the following questions.

3.1.1 Name any TWO principles of the Reconstruction and Development Programme. (2 x 1) (2)

3.1.2 How can the National Development Plan (NDP) support economic growth? (1 x 2) (2)

3.2 Study the information below and answer questions that follow.

INCOME INEQUALITY ACROSS COUNTRIES



The Gini co-efficient of international inequality fell from 63 in 1980 to 53 in 2010. Despite this positive trend, absolute disparities among countries are still very large. The average income of people living in Europe is 11 times higher than that of people in Sub-Saharan Africa, the absolute gap between the mean per capita income of high-and low-income countries has changed from $27, 600 in 1990 to over $42, 800 in 2018.

[*adapted from WordPress.com & World Social Report 2020*]

3.2.1 Identify the aspect addressed by the North-South divide on the above information. (1)

3.2.2 How much was the increase in the mean per capita income between 1990 and 2018? (1)

3.2.3 Describe the term *north-south divide*. (2)

3.2.4 What is the negative impact of globalisation in less developed countries? (2)

3.2.5 How can poverty levels be reduced in South Africa? (2 x 2) (4)

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3.3 Study the extract below and answer questions that follow.

THE PERFORMANCE OF ECONOMIC INDICATORS

South African money	Last	Previous
Money supply M1	2063577.00	2047747.00
Money supply M2	3317977.00	3233262.00
Money supply M3	4072977.00	3968717.00
Terms of trade	109	110

[Adapted from *tradingeconomics.com*, June 2020]

3.3.1 Which foreign trade indicator is shown on the table above? (1)

3.3.2 Identify the amount of notes and coins supplied in the previous term? (1)

3.3.3 Describe the term *economic indicators*. (2)

3.3.4 Why should policy makers consider economic indicators when making decisions? (2)

3.3.5 How can a country improve the terms of trade? (2 x 2) (4)

3.4 Briefly discuss the *demand - side approach* in promoting economic growth. (8)

3.5 How does high unemployment rate affect the economy of the country? (8)
[40]

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QUESTION4 MACROECONOMICS AND ECONOMIC PURSUITS
40 MARKS – 30 MINUTES

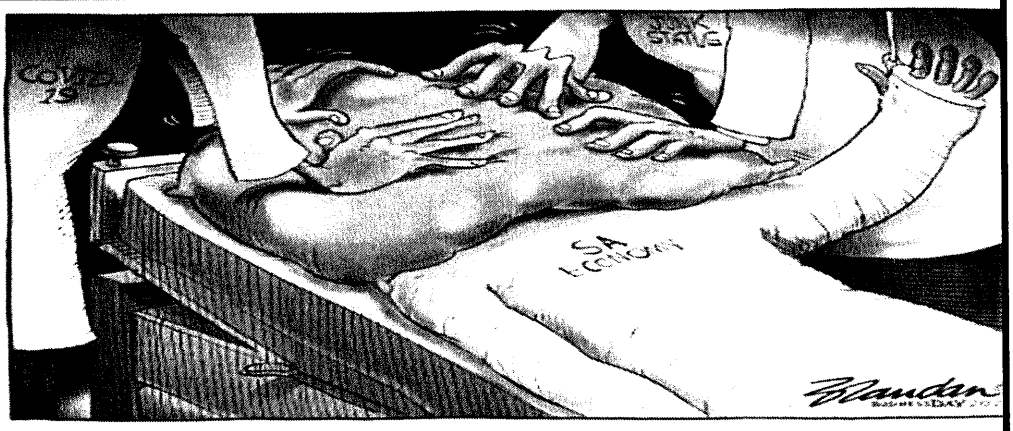
4.1 Answer the following questions.

4.1.1 Name any TWO fiscal instruments that can be used to stimulate economic growth. (2 x 1) (2)

4.1.2 Why is export promotion important for the development of the country? (1 x 2) (2)

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

SA DOWNGRADE SETS SCENE FOR GREATER TURMOIL



The Minister of finance warns that Moody's action to downgrade South Africa will add to prevailing financial market stress caused by the technical recession emanating from power outages and currently the COVID 19. South Africa's financial markets, hit by dislocation that prompted Reserve Bank intervention could have a shaky start after Moody's stripped the country of its last remaining investment-grade rating.

[*Adapted from NEWS 24,February]*

4.2.1 Name the phase of the business cycle that is discussed on the above information. (1)

4.2.2 According to the above information, what has been the cause for the contractions in the economy? (1)

4.2.3 Describe the term *trough*. (2)

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4.2.4 Briefly explain how loss of income can negatively affect the performance of economic activities. (2)

4.2.5 How can the Monetary Policy Committee use interest rate as a tool to reduce slow economic performance? (2 x 2) (4)

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

SA WILL NOT BE RECKLESS IN IMPLEMENTING NATIONAL HEALTH INSURANCE

The introduction of national health insurance would be among the most far-reaching acts of social transformation South Africa had experienced since the advent of democracy in 1994. It will be implemented in an incremental fashion and aim to cover the whole country by 2025.

The private sector is to join the government in seeing the NHI realised. The NHI is to transform the healthcare landscape to make it more efficient, cost-effective and value for money while forging a strong public-private partnership for the delivery of services.

Source: *ANA, February 2020*

4.3.1 Identify the redistribution approach that is discussed on the above extract. (1)

4.3.2 Name the macro-economic approach to growth and development that was implemented in 1994. (1)

4.3.3 Describe the term *public-private partnership*. (2)

4.3.4 Briefly explain the importance for the South African government to provide free-basic service to the poor? (2)

4.3.5 How can improved health care benefit the economy of the country? (2 x 2) (4)

4.4 Briefly discuss *exchange rates* as an economic indicator. (8)

4.5 How does international trade promote economic growth? (8)

[40]

TOTAL SECTION B: [80]

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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. **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	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: MACROECONOMICS **40 MARKS – 40 MINUTES**

- Discuss in detail the markets within the four sector model. (26 marks)
- How do households contribute to the economy? (10 marks

[40]

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QUESTION 6: ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- Discuss in detail the following social indicators:
  - Demographic indicators (8 marks)
  - Housing and urbanisation (8 marks)
  - Nutrition and health (10 marks)

How can the South African government improve literacy rate in the country? (10)

[40]

TOTAL SECTION C: [40]

GRAND TOTAL: [150]

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