education

Department of Education
FREE STATE PROVINCE

# PREPARATORY EXAMINATION

## GRADE 12

# ECONOMICS P1

## SEPTEMBER 2024

## MARKS: 150

## TIME: 2 HOURS

**This question paper consists of 14 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. 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.

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## SECTION A (COMPULSORY)

## QUESTION 1

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, for example, 1.1.9 C.

1.1.1 The best measure of production or output in an economy is …

A gross national income.
B the unemployment rate.
C gross domestic product.
D the prime rate.

1.1.2 Business cycle indicators that change direction before the economy changes are known as … indicators.

A leading
B lagging
C coincident
D juggler

1.1.3 The… curve illustrates the relationship between tax revenue and the tax rate.

A Lorenz
B Phillips
C Laffer
D indifference

1.1.4 If the rand/dollar exchange rate changes from R17,80 to R18,00 to the dollar, …

A imports from the USA will increase.
B the number of American tourists to SA will decrease.
C exports to the USA will increase.
D the dollar will depreciate against the rand.

1.1.5 Trade agreements that specify the rules governing the level of trade between the parties are called trade …

A areas.
B relations.
C surplus.
D protocols.

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1.1.6 The developmental gap between developed and developing countries is called the …

A North-East divide.
B North-South divide.
C North-West divide.
D North-South integration.

1.1.7 A track of land that forms a passageway allowing access from one area to another is known as an economic …

A bridge.
B corridor.
C railway.
D path.

1.1.8 The type of inflation that measures the change in the price of an average basket of goods and services purchased by households is called …

A stagflation.
B produce price index.
C public goods.
D consumer price index.

(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 |
|---|---|
| 1.2.1 National account aggregates | A the state takes ownership of natural resources and strategic industries in the economy |
| 1.2.2 Moving averages | B designed to help build South Africa's industrial base in critical sectors of production and value-added manufacturing |
| 1.2.3 Nationalisation | C the difference between the value of a country's exports and the value of a country's imports for a given period |
| 1.2.4 Trade liberalisation | D public goods and services that the government provides for all citizens to use |
| 1.2.5 Dumping | E a feature for forecasting a business cycle whereby means are repeatedly calculated along time series |
| 1.2.6 Trade balance | F a summary of a country's economic activity of production, income and expenditure |
| 1.2.7 Benefits in kind | G financial incentive for foreign investors who invest in new manufacturing businesses in South Africa |
| 1.2.8 Industrial Policy Action Plan | H the removal of restrictions such as tariffs on the exchange of goods and services |
| | I foreign products are sold in another country at a price that is below their cost of production |

(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 An economy that excludes the foreign sector

1.3.2 Measures the vertical difference between a trough and the trend line as well as between the peak and the trend line

1.3.3 The decrease in the value of a currency due to monetary authorities' intervention

1.3.4 Support regional and national economic development and address service delivery in the poorest and least developed provinces

1.3.5 The labour force divided by the total working-age population

1.3.6 All persons between 15 to 65 years of age who are either employed or unemployed and seeking employment

(6 x 1) (6)

**TOTAL SECTION A: 30**

## SECTION B

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

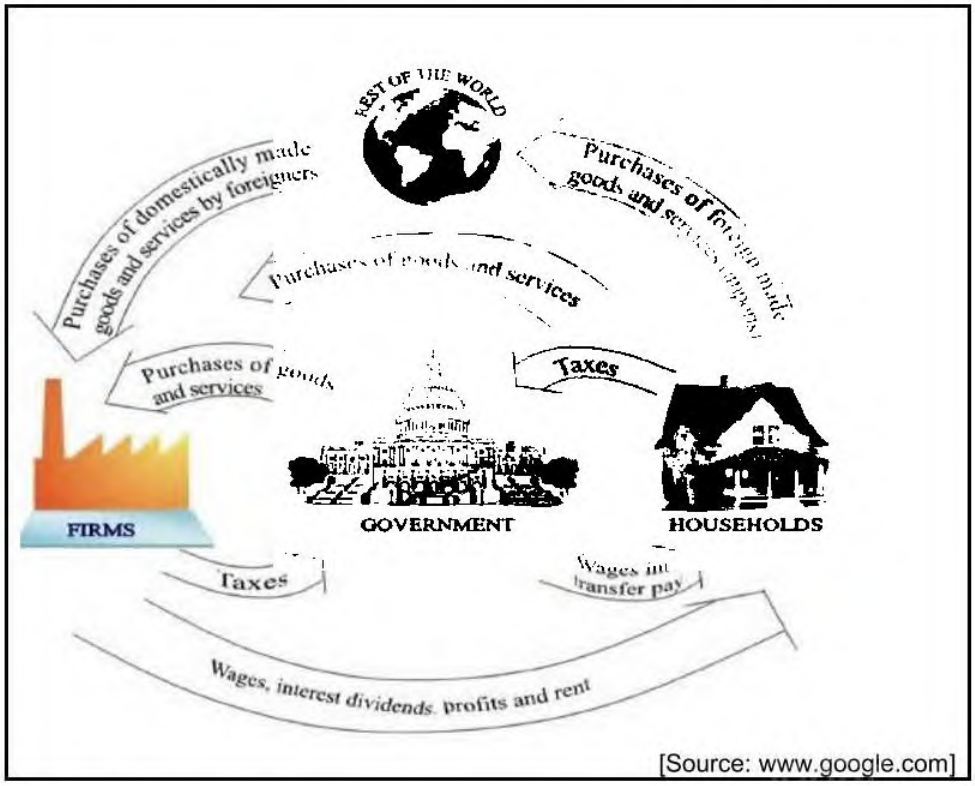
**QUESTION 2: MACROECONOMICS** **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO instruments of the monetary policy. (2 x 1) (2)

2.1.2 How can an increase in the marginal propensity to save (MPS) affect the size of the multiplier? (1 x 2) (2)

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




[Source: www.google.com]

2.2.1 Identify the type of economy illustrated in the diagram above. (1)

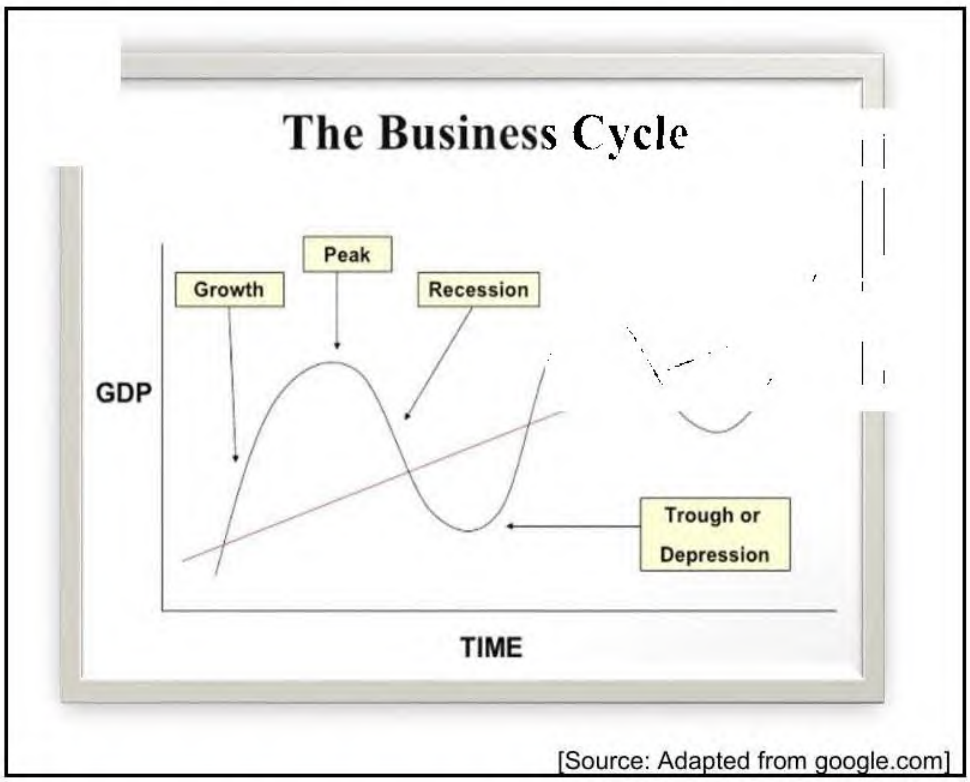
2.2.2 Which flow is not indicated in the diagram above? (1)

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

2.2.4 Why is the gross domestic product always greater than the gross national product for South Africa? (2)

2.2.5 What measures can the South African government employ to ensure that money does not flow out of the country easily? (4)

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




[Source: Adapted from google.com]

2.3.1 Give ONE phase that is not indicated on the graph. (1)

2.3.2 Identify the trend followed by the economy as illustrated in the graph above. (1)

2.3.3 Briefly describe the term *recession*. (2)

2.3.4 Explain the relationship between unemployment and inflation as outlined in the Phillips curve. (2)

2.3.5 What explanations are the monetarists giving with regard to business cycles? (4)

2.4 Distinguish between *injections* and *leakages* in the circular flow. (2 x 4) (8)

2.5 How can aggregate supply be stimulated by improving the efficiency of inputs? (4 x 2) (8)

**[40]**

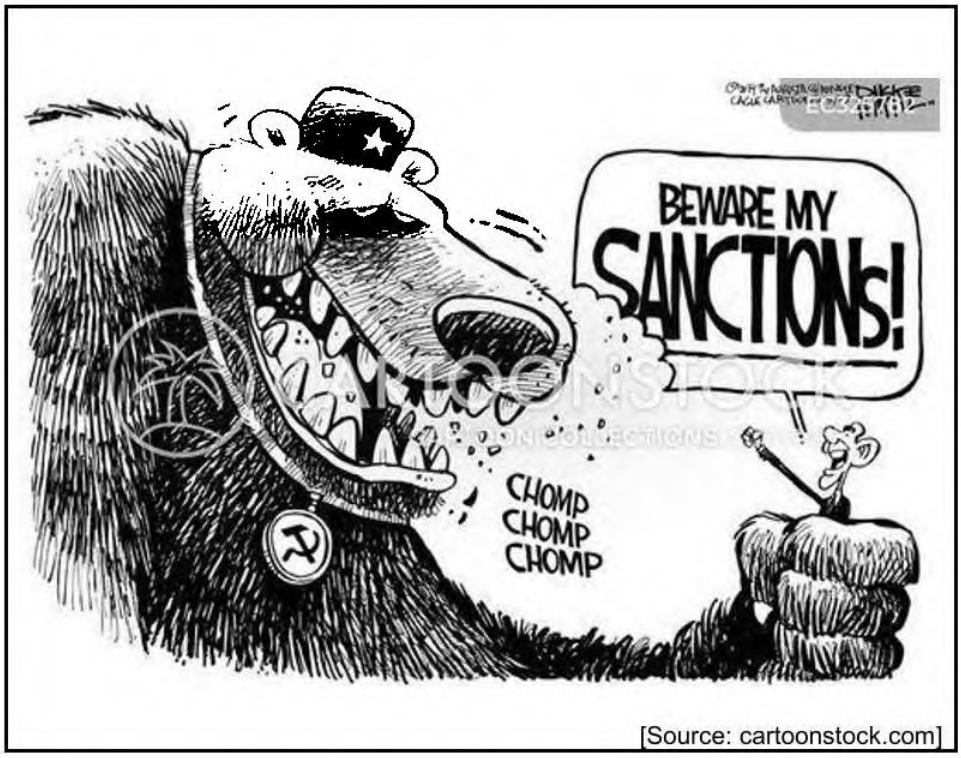
**QUESTION 3: ECONOMIC PURSUITS** **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO forms of economic integration. (2 x 1) (2)

3.1.2 What purpose does the Skills Support Programme (SSP) serve in the economy? (1 x 2) (2)

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




[Source: cartoonstock.com]

3.2.1 Which method of import substitution is related to sanctions and embargoes? (1)

3.2.2 Give ONE reason for the application of import substitution. (1)

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

3.2.4 Why are sanctions imposed internationally? (2)

3.2.5 What effects do imposed tariffs have on the economy of the country? (2 x 2) (4)

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

**DEVELOPMENT PACE OF THE GAUTENG AREA**

| Year | Developed Area (in km²) | Not Yet Developed Area (in km²) | Change in Developed Area (in km²) | % Change in Developed Area (in km²) |
|---|---|---|---|---|
| **1986** | 1422 | 16748,31 | - | - |
| **1999** | 2492,64 | 15677,67 | 1070,64 | 6,39% |
| **2007** | 3224,63 | 14945,68 | 731,99 | 4,67% |
| **2019** | 3849,75 | 14320,56 | 625,12 | **A** |

[Source: Adapted from google.com]

3.3.1 Identify the area development trend in Gauteng since 1986. (1)

3.3.2 Which development concept is best illustrated in the table above? (1)

3.3.3 Briefly describe the term *Spatial Development Initiatives.* (2)

3.3.4 Explain the key difference between *Special Economic Zones* and *Industrial Development Zones*. (2)

3.3.5 Calculate the percentage change in the developed area as indicated by the letter **A**. Show ALL your calculations. (4)

3.4 Briefly discuss the provision of resources and competitiveness as benchmark criteria for South Africa's regional development policies. (2 x 4) (8)

3.5 How essential is the protection of newly established industries in the economy? (4 x 2) (8)

**[40]**

## QUESTION 4: MACROECONOMICS & ECONOMIC PURSUIT

**40 MARKS – 40 MINUTES**

4.1 Answer the following questions.

4.1.1 Name TWO inflation rate indicators. (2 x 1) (2)

4.1.2 What impact does access to capital have on countries globally? (1 x 2) (2)

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

**FOREIGN EXCHANGE**

JOHANNESBURG, 2023 May 11 (Reuters) – A sell-off in the South African rand and bonds gathered pace on Thursday, as news reports that South Africa had provided arms to Russia spooked investors already concerned about the economic impact of crippling power cuts.

The rand touched a low of 19.3250 against the dollar, down as much as 2.4% on the day and hitting its weakest since the record low set on April 6, 2020, early in the COVID-19 pandemic.

[Source: Adapted from reuters.com]

4.2.1 Give the exchange rate on 11 May 2023. (1)

4.2.2 Did the US dollar experience a loss or a gain in value against the South African rand on 11 May 2023? (1)

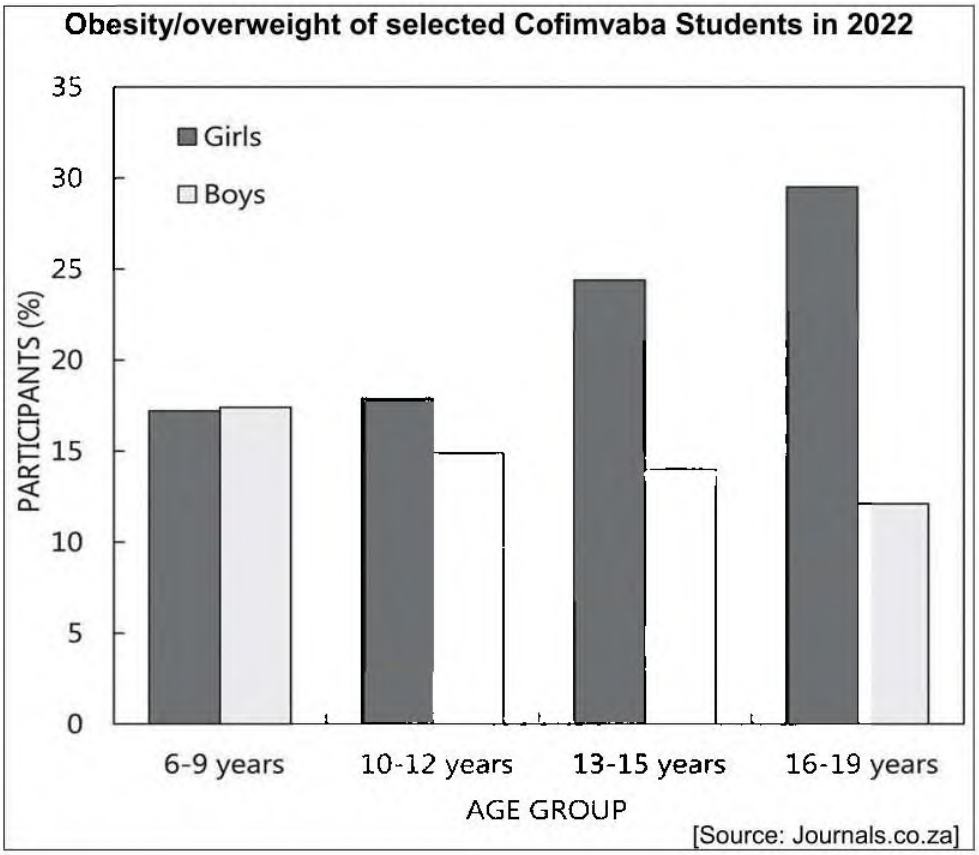
4.2.3 Briefly describe the term *appreciation.* (2)

4.2.4 Explain the value or purpose of the balance of payments. (2)

4.2.5 What effects do terms of trade have on the economy of the country? (4)

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




4.3.1 Which social indicator is reflected in the graph above? (1)

4.3.2 Identify the gender with the lowest participation rate in obesity from the graph above. (1)

4.3.3 Briefly describe the term *under-five mortality*. (2)

4.3.4 Explain the negative impact that overweight in younger age groups can have on the economy. (2)

4.3.5 Why are demographic indicators important in the economy? (4)

4.4 Discuss factors affecting the demand for foreign exchange. (4 x 2) (8)

4.5 Analyse the usage of the repo rate as an interest rate indicator in South Africa. (4 x 2) (8)

**[40]**

**TOTAL SECTION B: 80**

## SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

Your answer will be assessed as follows:

| STRUCTURE OF ESSAY | MARK ALLOCATION |
|---|---|
| **Introduction**<br>The introduction is a lower-order response.<br>• A good starting point would be to define the main concept related to the question topic.<br>• Do not include any part of the question in your introduction.<br>• Do not repeat any part of the introduction in the body.<br>• Avoid saying in the introduction what you are going to discuss in the body. | **2 marks** |
| **Body**<br>**Main part**:<br>Discuss in detail/In-depth discussion/Examine/Critically discuss/ Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain<br>**Additional part:**<br>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 | **26 marks**<br><br>**10 marks** |
| **Conclusion**<br>Any higher-order conclusion should include:<br>• A brief summary of what has been discussed without repeating facts already mentioned<br>• Any opinion or value judgment on the facts discussed<br>• Additional support information to strengthen the discussion/ analysis<br>• A contradictory viewpoint with motivation, if required<br>• Recommendations | **2 marks** |
| **TOTAL** | **40** |

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

- Discuss in detail the reason(s) for public sector failure. (Link them to typical problems experienced through public sector provisioning.) (26 marks)

- Analyse the challenges that the South African government is facing with rendering services to its citizens. (10 marks) **[40]**

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

- Discuss in detail the South African growth and development policies and strategic initiatives. (26 marks)

- Evaluate South Africa's growth and development policies and strategic initiatives. (10 marks) **[40]**

**TOTAL SECTION C: 40**
**GRAND TOTAL: 150**

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