GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2024

10731

ECONOMICS

(PAPER 1)

ECONOMICS: Paper 1

10731E

TIME: **2 hours**

MARKS: **150**

14 pages

X05

P.T.O

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 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 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 What is the function of the Johannesburg Securities Exchange in the capital market?

A It enables shareholders to sell their shares.
B It determines unfair prices for shares.
C It promises to buy unsold shares.
D It stores money.

1.1.2 The hours worked in construction is an example of a … indicator.

A leading
B composite
C coincident
D lagging

1.1.3 According to international benchmarking, the debt ratio rule is … percent of nominal GDP.

A 3
B 20
C 60
D 100

1.1.4 An amount that accounts for statistical errors and ensures that the current and capital accounts sum to zero is known as the …

A balance of exports.
B balance of trade.
C balancing item.
D terms of trade.

1.1.5 A government requirement, that restricts trade and commercial activities with a particular country or the trading of goods, is known as …

A a subsidy.
B an embargo.
C free trade.
D a tariff.

1.1.6 The expanded public works programmes are mostly … intensive.

A labour
B capital
C land
D entrepreneurship

1.1.7 The need for intervention at grassroots level to ensure effective livelihood improvement in communities should be a … approach.

A top-down
B hunger
C starvation
D development-from-below

1.1.8 Which components, in addition to the gross domestic product (GDP) per head, are included in the Human Development Index (HDI)?

A Average earnings and inequalities of incomes
B Life expectancy at birth and expected years of schooling
C Size of the population and the age structure of the population
D Balance of trade and balance of payments (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, e.g. 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Marginal propensity to consume	A	the current percentage charged on goods and services is 15% per purchased item
1.2.2	Kuznets cycles	B	prices of imported goods are shown explicitly
1.2.3	Value Added Tax	C	requires protection and support to become competitive in the market
1.2.4	Comparative advantage	D	set up by government to promote economic growth and industries in South Africa
1.2.5	Infant industries	E	it is depicted in the Lorenz curve and shows the distribution of income
1.2.6	Moral persuasion	F	as disposable income increases, an increase in personal consumer spending occurs
1.2.7	Industrial development corporation	G	caused by changes in the building and construction industries
1.2.8	Gini coefficient	H	SARB consults with banks to act in a responsible manner based on economic conditions
		I	the ability of a country to produce a good more efficiently than another 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 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 An initial change in spending leads to a more significant and broader impact on the overall economy

1.3.2 The process of analysing economic data and making predictions on the trends of economic fluctuations

1.3.3 Strikes, riots and acts of mass disobedience in society

1.3.4 A protocol to promote free trade among Argentina, Brazil, Paraguay and Uruguay

1.3.5 The increase in the capacity of the country to produce goods and services

1.3.6 A measure of monthly changes in price for a range of consumer products (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

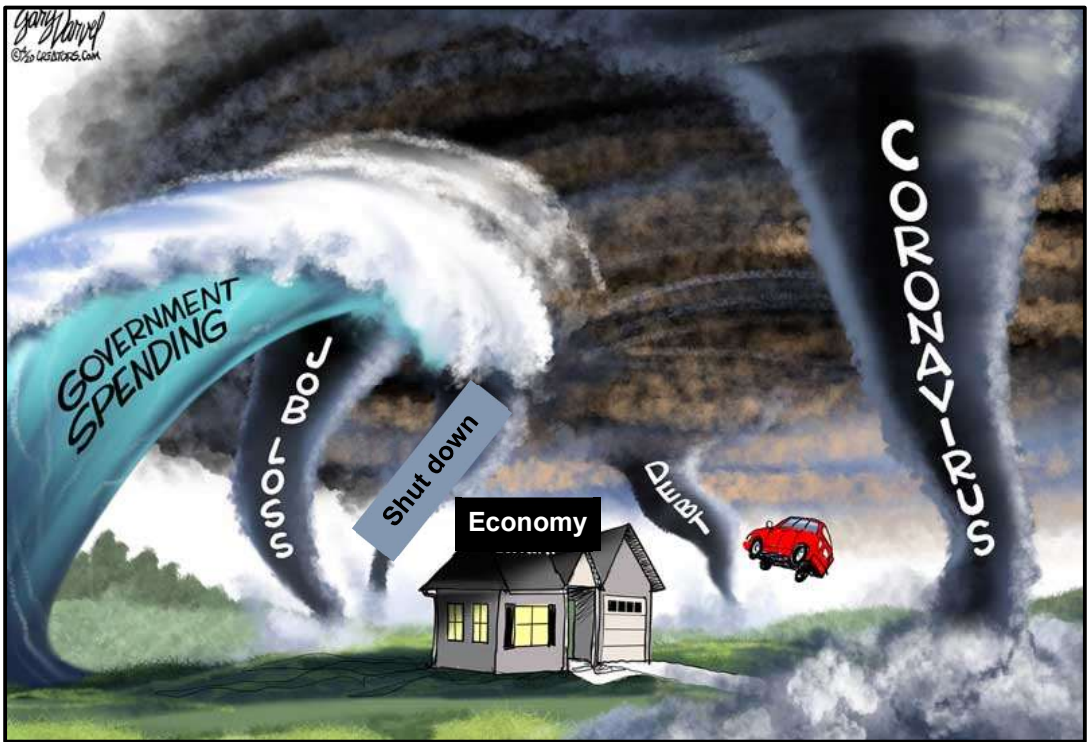
QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name TWO examples of capital goods sold in the product market. (2 x 1) (2)

2.1.2 Why does the free rider problem cause government to provide public goods and services? (1 x 2) (2)

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



[Source: *timesexaminer.com*]

2.2.1 Identify the phase in the business cycle which is portrayed in the cartoon above. (1)

2.2.2 Name the fiscal policy instrument from the information provided in the cartoon. (1)

2.2.3 Briefly describe the term *government policy.* (2)

2.2.4 What is the relationship between unemployment and lagging indicators? (2)

2.2.5 How can the SARB use the Phillips curve to forecast inflation? (2 x 2) (4)

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

AFTER THE BELL: SOUTH AFRICAN STATE-OWNED ENTERPRISES (SOEs) – ONE CORPORATE RING TO RULE THEM ALL

The government is considering restructuring its portfolio of state-owned enterprises (SOEs) and putting the major corporations into a single vehicle. The essential thinking behind this idea is to try to reverse the massive flight of skills and human capital that has reduced a whole range of once-proud entities into dysfunctional, uncompetitive, and degraded organisations.

[Source: *https://www.dailymaverick.co.za/article/2023-06-11-after-the-bell-south-african - soes-one-corporate-ring-to-rule-them-all/*]

2.3.1 Give ONE reason for public sector failure associated with workers. (1)

2.3.2 Name ONE state-owned-enterprise (SOE) in South Africa. (1)

2.3.3 Briefly describe the term *public service provisioning.* (2)

2.3.4 What are the benefits of SOEs being incorporated into a single unit? (2)

2.3.5 How does the lack of funds in the private sector impact on infrastructure provisioning in South Africa? (2 x 2) (4)

2.4 Briefly discuss basic prices using the production method. (4 x 2) (8)

2.5 Evaluate the role of the public sector in the economy with special reference to its economic responsibility in the South African context. (8)

[40]

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

3.1 Answer the following questions.

3.1.1 Name TWO measures of social indicators related to urbanisation. (2 x 1) (2)

3.1.2 How does an increase in the interest rate on bank deposits impact savings? (1 x 2) (2)

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

JAPAN-SOUTH AFRICA BUSINESS FORUM LAUNCHED

The Japan-South Africa Business Forum launched on the back of a strong trade surplus for South Africa, "It can invigorate the economic relationship and boost green industries."
Japan is currently South Africa's fourth largest market for exports after China, the US and Germany.

[Source *http://www.thedtic.gov.za/japan-south-africa-business-forum-launched/*]

3.2.1 Name the trade protocol of which South Africa and China are members. (1)

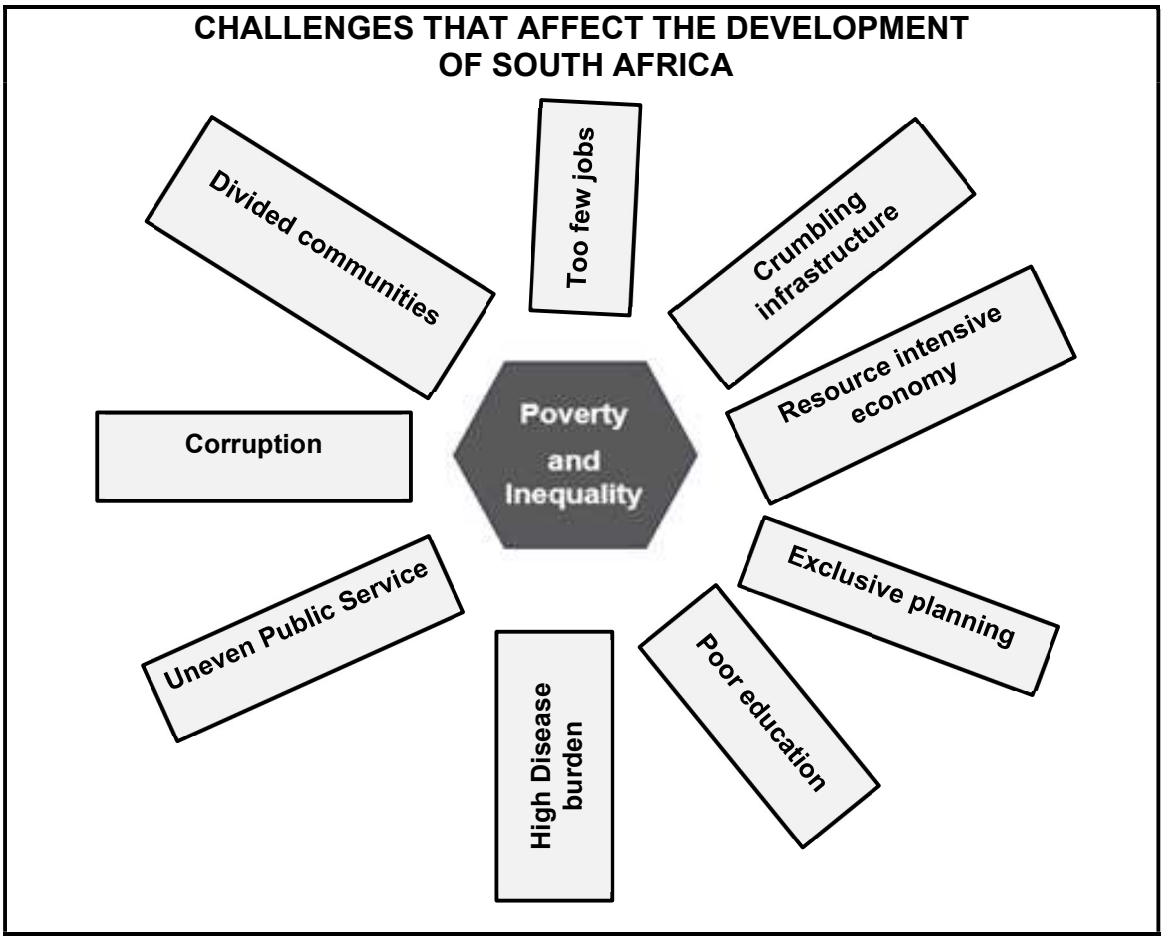
3.2.2 Give any ONE argument in favour of free trade. (1)

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

3.2.4 What does a "strong trade surplus" for South Africa refer to in the Japan-South Africa Business Forum? (2)

3.2.5 How do green industries contribute to export promotion? (2 x 2) (4)

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



[Source*: https://nationalplanningcommission.wordpress.com/the-work-of-the-commission-2/*]

3.3.1 Name ONE example of crumbling infrastructure in South Africa that affects development in the country. (1)

3.3.2 Provide ONE benefit in kind (benefit in natura) that is provided by the central government. (1)

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

3.3.4 Why is an unequal public service a challenge to the South African economy? (2)

3.3.5 How does corruption affect poverty and inequality? (2 x 2) (4)

3.4 Briefly discuss the importance of measuring the performance of the economy. (4 x 2) (8)

3.5 Why are ad valorem tariffs used as a means of protectionism? (8)

[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

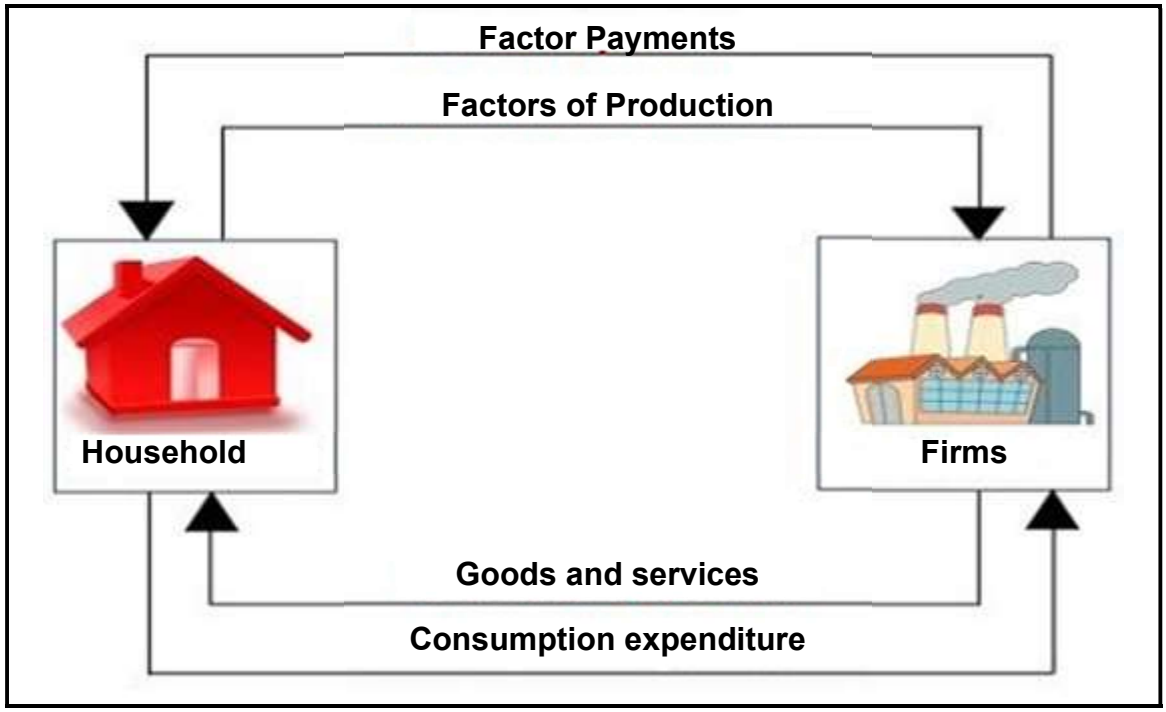
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name the TWO turning points in the business cycle. (2 x 1) (2)

4.1.2 Why are trade barriers necessary for the protection of natural resources? (1 x 2) (2)

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



4.2.1 Name the participant that earns revenue through personal income tax. (1)

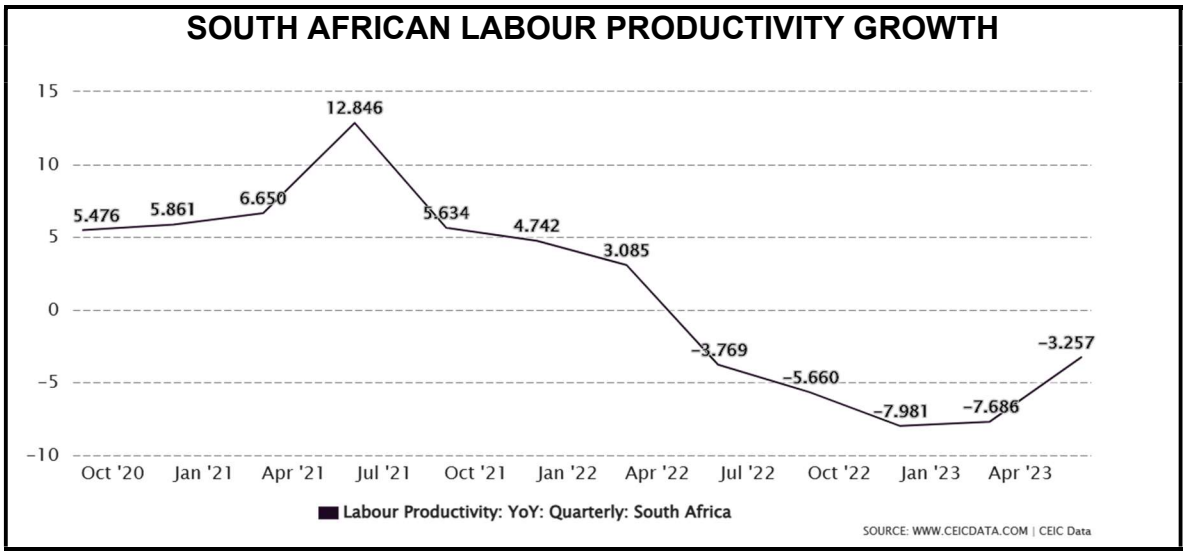
4.2.2 Identify ONE monetary flow that moves through the factor market. (1)

4.2.3 Briefly describe the term *factors of production.* (2)

4.2.4 What effect does low spending have in the goods market? (2)

4.2.5 How does a negative multiplier impact on income in the circular flow model? (2 x 2) (4)

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



[Source: https://www.ceicdata.com/en/indicator/south-africa/labour-productivity-growth]

4.3.1 Identify the period with the lowest labour productivity in the graph above. (1)

4.3.2 Name ONE indicator used to measure employment. (1)

4.3.3 Briefly describe the term *productivity.* (2)

4.3.4 Explain the reasons for the decrease of labour productivity between July 2021 and January 2023. (2)

4.3.5 Why should a country evaluate the efficiency and effectiveness of its workforce? (2 x 2) (4)

4.4 Briefly discuss improving the *efficiency of inputs* and improving the *efficiency of markets* as supply-side policies to smooth out business cycles. (2 x 4) (8)

4.5 Evaluate the impact of globalisation on international trade. (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer 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 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 the 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.**	Max. 26
Additional part: Critically discuss/Evaluate/Critically evaluate/ Debate/Deduce/Compare/Distinguish/Interpret/How?/Suggest **A maximum of 2 marks may be allocated for the mere listing of facts.**	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 demand reasons for international trade. (26 marks)

- How does the manipulation of the rand affect the foreign exchange market? (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 do municipalities use good governance to promote industrial development in their communities? (10 marks) **[40]**

TOTAL SECTION C: 40

TOTAL: 150

END