education

Department of Education
FREE STATE PROVINCE

PREPARATORY EXAMINATION

GRADE 12

ECONOMICS P1

SEPTEMBER 2025

MARKS: 150

TIME: 2 HOURS

This question paper consists of 13 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 An investment is an example of a/an … in the circular flow model.

A leakage
B injection
C withdrawal
D loss

1.1.2 In the business cycle, estimating something unknown from information that is known is called …

A an amplitude.
B a trough.
C a trend.
D extrapolation.

1.1.3 Aggregate supply can be stimulated through a government policy of …

A reducing production costs.
B lowering the productivity of the factors of production.
C limiting the efficiency of inputs.
D limiting the efficiency of markets.

1.1.4 An international organisation that lends money to countries with continuous balance of payments problems is known as the ...

A World Bank.
B United Nations.
C International Monetary Fund.
D Foreign Exchange Market.

1.1.5 The strategy that failed to halve poverty and unemployment by 2014 is known as the …

A Accelerated and Shared Growth Initiative for South Africa (AsgiSA).
B New Growth Path (NGP).
C Reconstruction and Development Plan (RDP).
D National Development Plan (NDP).

1.1.6 Regional development policies aim to reduce the effect of ... on industries.

A decentralisation
B centralisation
C mobilisation
D investment

1.1.7 An indicator generally used to measure the cost of production is known as the … index.

A consumer price
B headcount
C price
D production price

1.1.8 The number of employed persons as a percentage of the economically active population (EAP) is called …

A economic growth.
B the productivity rate.
C the employment rate.
D labour productivity. (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 accounts	A *ad valorem* or specific taxes on imported goods
1.2.2 Length	B when the allocation of resources indicates no wastage
1.2.3 Absolute advantage	C systematic and comprehensive record of economic activity
1.2.4 Collective goods	D information about the size and structure of the population
1.2.5 Tariffs	E measured from peak to peak or trough to trough
1.2.6 Cost of living	F what people consume, which is a function of their income
1.2.7 Demographics	G when one country produces goods and services cheaper than another
1.2.8 Real Gross Domestic Product	H the public sector provides parks, etc. where fees are charged to exclude free riders
	I where the effect of inflation has been taken into consideration

(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 Money that South Africans earn from foreign countries

1.3.2 The monetary authorities determine the value of currencies

1.3.3 Compare the country's export prices with its import prices using an index

1.3.4 A nationwide government intervention to create employment using labour-intensive methods

1.3.5 Approaches and methods implemented to improve the expansion of particular industries

1.3.6 The relationship between the output of economic activities and the input of the factors of production

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

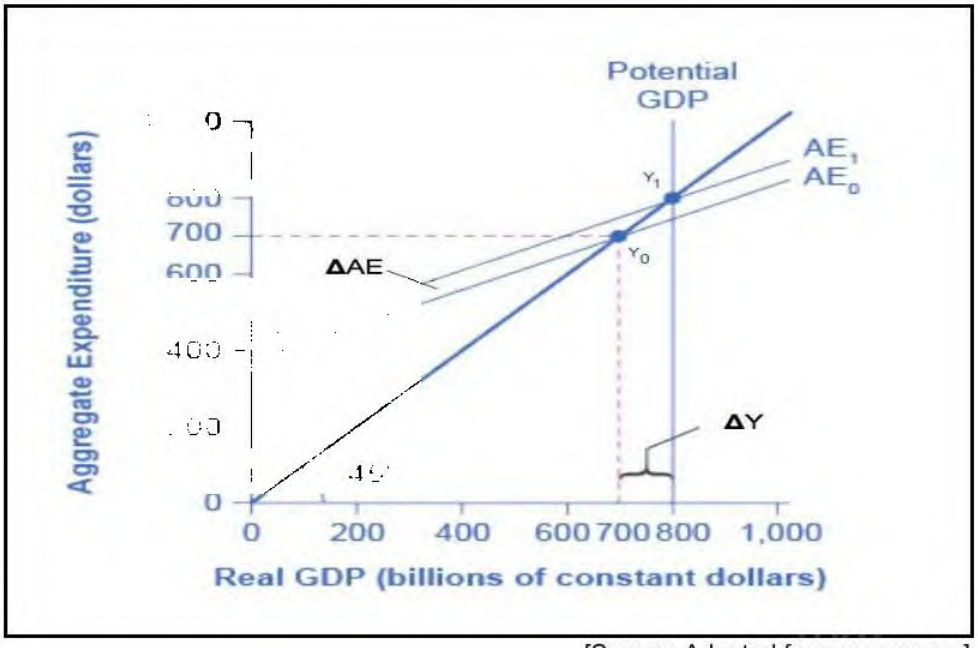
QUESTION 2: MACROECONOMICS **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO methods of correcting surpluses or deficits of the balance of payments. (2 x 1) (2)

2.1.2 What significance does a capital transfer account have in the economy? (1 x 2) (2)

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



[Source: Adapted from w.w.w.com]

2.2.1 Identify the original equilibrium point given in the graph above. (1)

2.2.2 What does the acronym AE stand for? (1)

2.2.3 Briefly describe the term *autonomous spending*. (2)

2.2.4 How will the marginal propensity to consume be affected if the level of savings is increased? (2)

2.2.5 Suppose the change in AE is 50 billion dollars, calculate the multiplier. Show ALL your calculations. (4)

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



2.3.1 Identify the parastatal depicted in the cartoon above. (1)

2.3.2 Give ONE natural resource from the above cartoon. (1)

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

2.3.4 Why would governments decide to nationalise companies as opposed to privatisation? (2)

2.3.5 What are the reasons behind inefficiencies in the public sector? (4)

2.4 Differentiate between the *money market* and the *capital market*. (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 considerations to be made when assessing the economy. (2 x 1) (2)

3.1.2 Why is it important for the government to measure population growth? (1 x 2) (2)

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



[Source: w.w.w.cartoonstock.com]

3.2.1 Which institution is represented by the acronym WTO? (1)

3.2.2 Give a suitable economic concept for the cartoon above. (1)

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

3.2.4 What role does the WTO play globally? (2)

3.2.5 Why would countries of the world prefer to promote their exports? (2 x 2) (4)

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

Maluti-A-Phofung SEZ

Maluti-A-Phofung SEZ in Harrismith, Free State, lies at the mid-point of the crucial Durban-Johannesburg logistics route. This newly established SEZ offers exporters a logistics base that facilitates access to the Port of Durban, and intermodal logistics solutions for the transfer of freight between road and rail.

The zone is well-suited and licensed for general manufacturing, offering a convenient production base for light and medium manufacturing. With excellent logistics links by road or rail to South Africa's industrial heartland, the Port of Durban and the southern Bloemfontein-Cape Town route, the SEZ is a natural choice for investors seeking a cost-effective location to service domestic and export markets.

[Source: Adapted from www.mapsez.co.za]

3.3.1 Which economic term is represented by the acronym SEZ? (1)

3.3.2 Give ONE mode of transport that benefits from the Maluti-A-Phofung SEZ. (1)

3.3.3 Briefly describe the term *corridors.* (2)

3.3.4 Explain the purpose of spatial development initiatives in the economy. (2)

3.3.5 What are the benefits of the Small Business Support Program for industrial development? (4)

3.4 Briefly discuss health as a social indicator. (4 x 2) (8)

3.5 What purpose does the National Industrial Policy Framework serve in the economy? (4 x 2) (8)

[40]

QUESTION 4: MACROECONOMICS & ECONOMIC PURSUIT

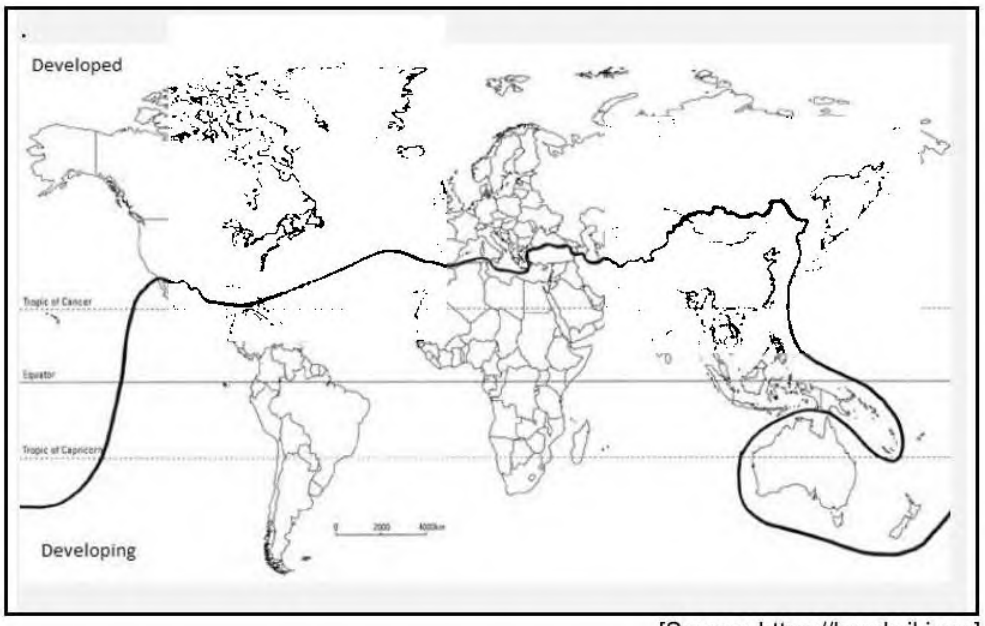
40 MARKS – 40 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO examples of employment indicators. (2 x 1) (2)

4.1.2 What is the relationship between the exchange rate and the balance of payments? (1 x 2) (2)

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



[Source: https://handwiki.org]

4.2.1 Which economic concept is illustrated in the map above? (1)

4.2.2 Give ONE country located in the south, that forms part of the rich northern countries. (1)

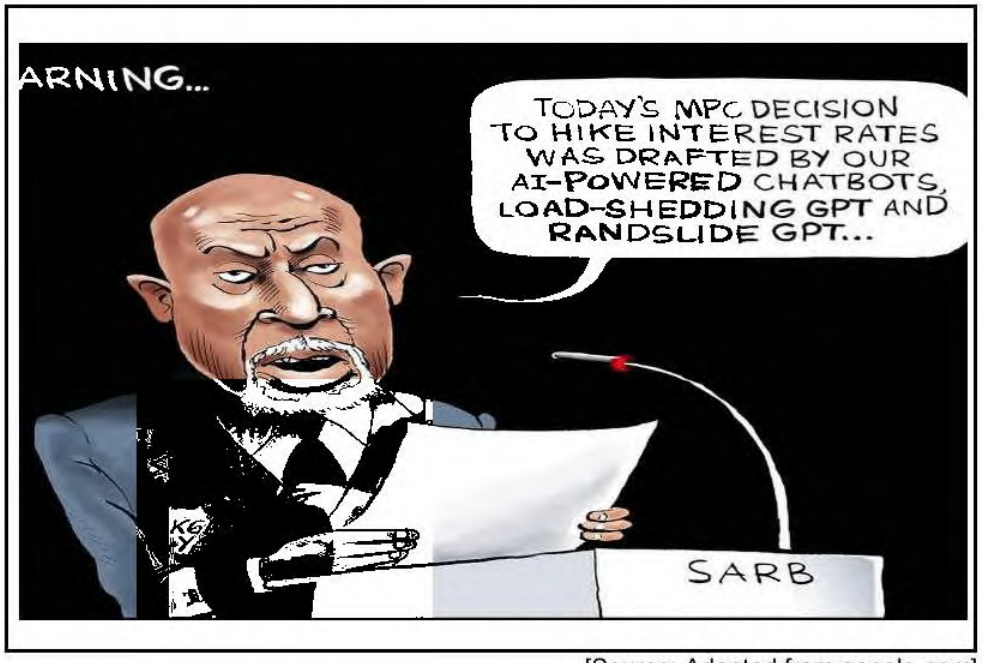
4.2.3 Briefly describe the term *globalisation.* (2)

4.2.4 Explain the purpose of the Expanded Public Works Programme in the South African economy. (2)

4.2.5 What are the major challenges experienced by the developing countries regarding production and trade? (4)

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



[Source: Adapted from google.*com*]

4.3.1 What does the acronym MPC stand for? (1)

4.3.2 Who are regarded as monetary authorities in South Africa? (1)

4.3.3 Briefly describe the term *repo rate.* (2)

4.3.4 Why do the Keynesian school of thought argue that government intervention is necessary? (2)

4.3.5 What impact does the use of open market transactions have on the money supply? (4)

4.4 Discuss tastes and preferences and natural resources as reasons for international trade. (2 x 4) (8)

4.5 Analyse the successes and failures of the Reconstruction and Development Programme in the economy. (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 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 repeat any part of the introduction in the 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 higher-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 reasons for public sector failure. (26 marks)
- How successful has the South African government been in the provision of public goods and services? (10 marks)

[40]

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

- Discuss in detail, the arguments in favour of protectionism. (26 marks)
- Evaluate South Africa's import substitution as a trade policy. (10 marks)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

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