KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P1

PREPARATORY EXAMINATION

SEPTEMBER 2021

MARKS: 150

TIME: 2 hours

This question paper consists of 13 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

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 number (1.1.1 – 1.1.8) in the ANSWER BOOK, for example 1.1.9 D.

1.1.1 The circular flow that includes the foreign sector is called a/ an ... economy.

A fixed
B open
C closed
D monetary

1.1.2 The business cycle that is caused by changes in inventory levels is known as ... cycle.

A Kondratief
B Kuznets
C Juggler
D Kitchin

1.1.3 Transfer of function and ownership of entities from the private sector to the public sector is called ...

A privatisation
B regulation
C nationalisation
D accountability

1.1.4 Money received without any productive service rendered is known as ...

A nominal wages
B income payment
C transfer payment
D special drawings

1.1.5 A penalty applied by one or more countries on another country is known as ...

A incentives
B protocol
C imports
D sanction

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1.1.6 The reduction of interest rates to stimulating aggregate demand is part of ... policies.

A monetary
B fiscal
C development
D trade

1.1.7 The economic segment that creates finished, usable products is known as the ... sector.

A primary
B secondary
C tertiary
D services

1.1.8 The indicator that measures the number of children who dies before reaching one year is known as ... rate.

A Infant mortality
B Population growth
C HIV prevalence
D dependency (8 x 2) (16)

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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 Marginal propensity to consume	A. The Keynesian school of thought which holds the view that the economy is inherently unstable.
1.2.2 Endogenous factors	B. The simultaneous operation of state-owned and privately-owned enterprise.
1.2.3 Mixed economy	C. Statistical data on well-being of a society usually over time.
1.2.4 Appreciation	D. An official state ban on trade or other activities with a particular country.
1.2.5 Embargo	E. A movement of people from rural areas to urban areas.
1.2.6 Urbanisation	F. Industrial policy whereby investment and production are moved from the central area.
1.2.7 Decentralisation	G. This indicates that as disposable income increases, an increase in consumer spending occurs.
1.2.8 Social indicators	H. An increase in the price of currency in terms of another currency due to market forces.

(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 A small initial change in spending produces a proportionately larger increase in national income.

1.3.2 Successive periods of increasing or decreasing economic activity.

1.3.3 Goods and services whose provision has benefits for the user and for the society.

1.3.4 The price of one currency in terms of another.

1.3.5 A form of tax that is levied on imports.

1.3.6 A nation-wide intervention to create employment using labour-intensive methods to give people skills. (6 x 1) (6)

TOTAL SECTION A: [30]

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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 examples of products exchanged on the factor market. (1 x 2) (2)

2.1.2 How does volatile (weak) currency negatively affect productivity of the country? (2)

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

CONTRIBUTIONS OF EXPENDITURECOMPONENTS - 2020

COMPONENT	2020
Final consumption expenditure by households	1 883 714
Final consumption spending by ... **(A)**	653 776
Gross fixed capital formation	480 311
Change in inventories	-144 150
Residual	32
Gross domestic expenditure	2 873 685

Source: *Stats SA and SARB, September2020*

2.2.1 Identify the method of deriving the gross domestic product shown on the above table. (1)

2.2.2 Name the missing item (A) from the table above. (1)

2.2.3 Briefly describe the term *gross fixed capital formation.* (2)

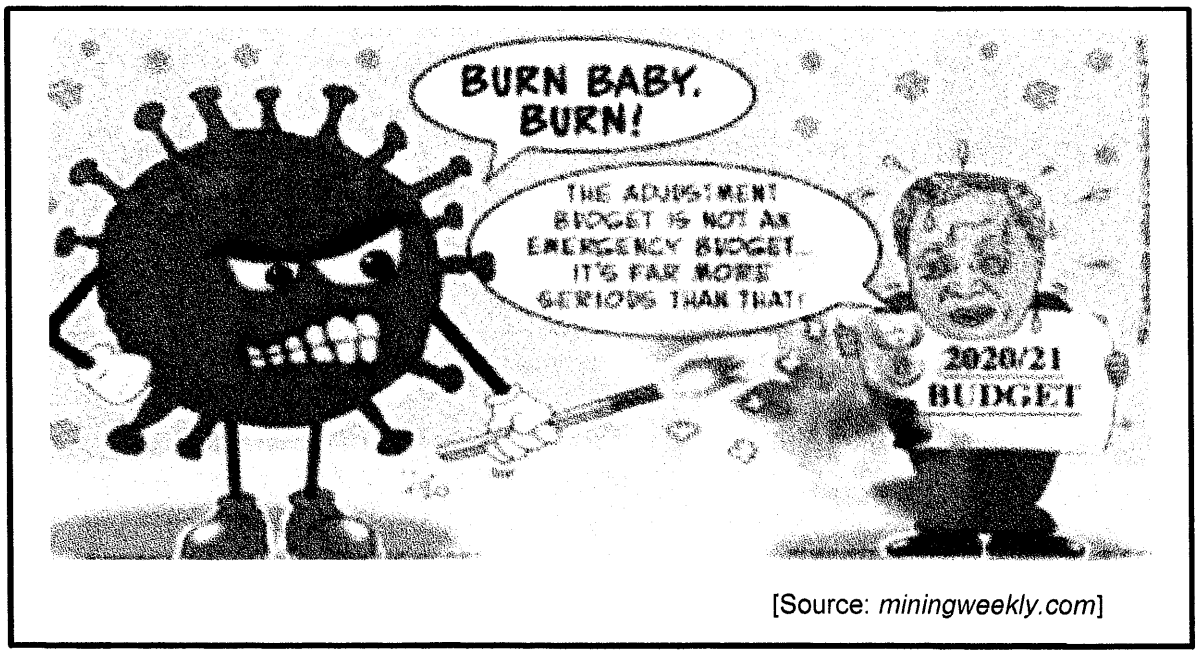
2.2.4 How can gross domestic products be converted to gross national income? (2)

2.2.5 Why is it important for a country to calculate the national income? (4)

[10]

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2.3 Study the cartoon below and answer questions that follow.



[Source: *miningweekly.com*]

2.3.1 Identify the budget which shows income and expenditure for a period of three years. (1)

2.3.2 Name ONE type of indirect tax. (1)

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

2.3.4 What would be the reason for the government to fail in achieving economic equity as a macro-economic objective? (2)

2.3.5 How could the government use taxation to increase manufacturing production? (2 x 2) (4)
(10)

2.4 Briefly discuss *efficiency and globalisation* as effects of international trade. (8)

2.5 How can export earnings benefit the economy? (8)
[40]

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QUESTION 3: ECONOMIC PURSUITS 40 MARKS – 30 MINUTES

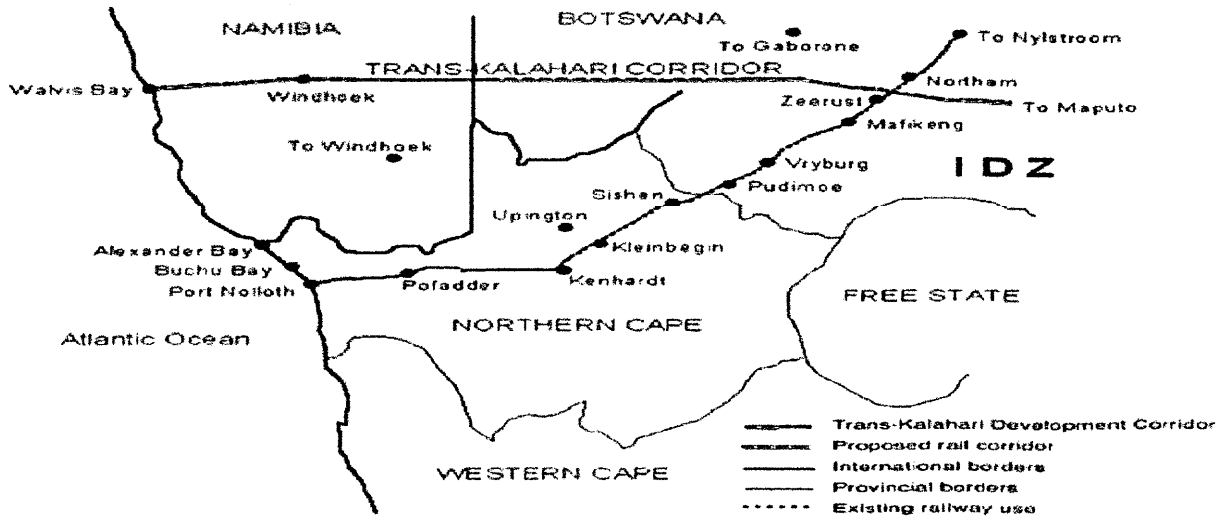
3.1 Answer the following questions.

3.1.1 Name any TWO indicators that are related to education. (2)

3.1.2 What is the aim of land redistribution policy in South Africa? (2)

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

ANOTHER GREAT STRIDE: THE PLATINUM SDI



The platinum SDI is unique in that it spans the central section of the only coast-to-coast development corridor in South Africa. The Mafikeng IDZ provides airline services for Botswana exports to boost economies of scale of both the road and rail transport in the area.

[Adapted from *Google.com*]

3.2.1 Name the initiative to stimulate economic activity in underdeveloped areas that is shown above. (1)

3.2.2 Identify the infrastructure mentioned above that qualifies Mafikeng as the Industrial Development Zone (IDZ). (1)

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

3.2.4 What is the aim of South Africa's regional development policy? (2)

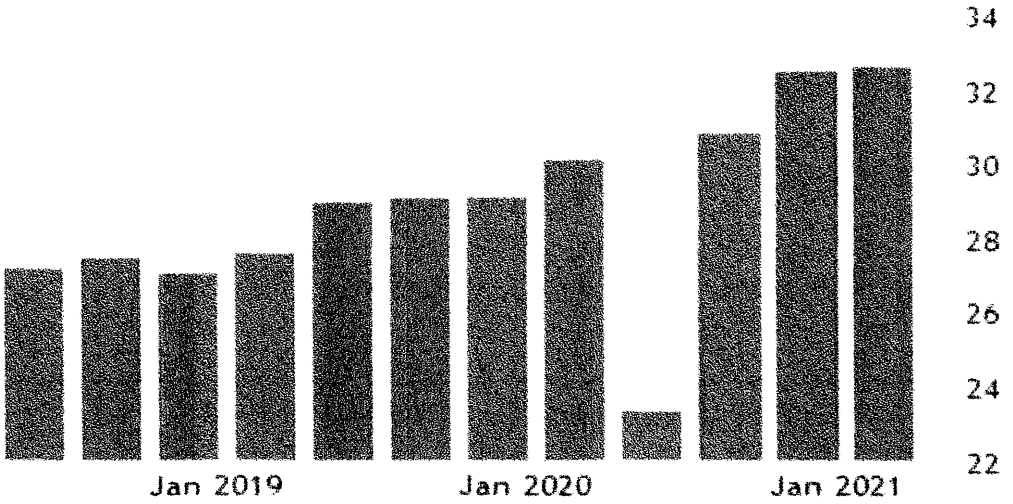
3.2.5 Why is the Industrial Policy Action Plan (IPAP) regarded as an important tool for industrial development? (2 x 2) (4)

[10]

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

SOUTH AFRICA'S UNEMPLOYMENT RATE JUMPS TO NEW RECORD HIGH



The unemployment rate stood at 32.5% in October - December 2020, meaning 7.2 million people were unemployed, up from 30.8% in the previous three months. This is despite the effort of pumping more money to the Extended Public Works Program (EPWP).

Source: *Stats SA*

3.3.1 Which quarter showed the highest rate of unemployment in 2020? (1)

3.3.2 Name the government initiative to reduce unemployment that is mention on the above information. (1)

3.3.3 Briefly describe the term *economically active population.* (2)

3.3.4 What would be the negative effect of an increase in remuneration per worker on the economy? (2)

3.3.5 How can small business development reduce youth unemployment in South Africa? (2 x 2) (4)

[10]

3.4 Briefly discuss *Services to business processes* and *Critical Infrastructure Program (CIP)* as incentives to encourage industrial development. (8)

3.5 How can an improved health care contribute to the economy of South Africa? (8)

[40]

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QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS 40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO levels of the state. (2 x 1) (2)

4.1.2 What effect will a slow economic growth have on the economy? (2)

4.2 Study the extract below and answer questions that follow.

FOREIGN-OWNED ASSETS IN SOUTH AFRICA

South Africa's direct investment liabilities decreased by R16.5 billion in the third quarter of 2020 following an increase of R17.4 billion in the second quarter, as domestic subsidies repaid loans to foreign parent companies.

Other investment liabilities switched to an inflow of R40.7 billion in the third quarter of 2020 from a revised outflow of R34.5 billion in the second quarter, as non-residents extended long-term loans to the general government.

[Source: *SARB Quarterly bulletin*,

4.2.1 Name the sub-account of the balance of payment that is discussed on the above extract. (1)

4.2.2 According to the extract above, what trend was shown by foreign direct investment in the third quarter of 2020? (1)

4.2.3 Briefly describe the term *balance of payment.* (2)

4.2.4 What could be the reason for a deficit on the trade balance? (2)

4.2.5 How can a country improve its terms of trade? (2 x 2) (4)

[10]

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

COUNTRIES BY HUMAN DEVELOPMENT INDEX - 2020

Country	HDI value	HDI rank
Niger	0.394	189
Germany	0.947	6
Zimbabwe	0.571	150
South Africa	0.709	114

Adapted from *en.m.Wikipedia.org, 2020*

4.3.1 Identify the developed economy from the table above. (1)

4.3.2 Name the country with the lowest HDI on the table. (1)

4.3.3 Briefly describe the term *north-south divide.* (2)

4.3.4 Why is the Southern hemisphere commonly affected by shortages of food? (2)

4.3.5 How can economic integrations reduce the economic gap in the world? (2 x 2) (4)

[10]

4.4 Briefly discuss *sustainability* and *good governance* as benchmarks criteria for regional development. (4 x 2) (8)

4.5 How does lack of management skills affect state entities? (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**

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QUESTION 5: MACROECONOMICS 40 MARKS – 40 MINUTES

- Discuss in details the features underpinning forecasting of business cycles. (26)
- Evaluate the use of fiscal policy to stimulate economic activity in South Africa during the times of COVID-19. (10)

[40]

QUESTION 6: ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- Discuss in detail export promotion under the following headings:
    - Reasons for export promotion. (8)
    - Methods (8)
    - Disadvantages for export promotion. (10)
- How does free trade affect producers in the South African economy? (10)

TOTAL SECTION C: [40]

GRAND TOTAL: [150]

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