education
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P1

SEPTEMBER 2022

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. Number the answers correctly according to the numbering system used in this question paper.

3. Write the number of the question above each answer.

4. Read the questions carefully and start each question on a NEW page.

5. Leave 2 – 3 lines between subsections of questions.

6. 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.

7. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.

8. Use only black or blue ink.

9. Non-programmable pocket calculators may be used.

10. Write neatly and legibly.

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SECTION A (COMPULSORY)

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.

1.1.1 The ratio of export prices to import prices is known as …

A terms of trade.
B exchange rate
C depreciation.
D appreciation.

1.1.2 The … economy has two leakages.

A one sector
B two sector
C three sector
D four sector

1.1.3 The monetary policy instrument whereby the reserve bank encourages the commercial banks to act in a desirable manner is called …

A repo rate.
B open market transaction.
C reserve requirements.
D moral suasion.

1.1.4 The … is used to indicate the relationship between tax revenue and tax rate.

A Lorenz curve
B Phillips's curve.
C Laffer curve.
D indifference curve.

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

A Trade area
B Trade relations
C Trade surplus
D Trade protocols

1.1.6 A track of land that form passageway allowing access from one area to another is known as economic …

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

1.1.7 The aim of providing everyone who is willing to work at current wage rate with a job is called …

A full employment.
B labour productivity.
C employment rate
D unemployment rate.

1.1.8 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.

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A –I) next to the question number (1.2.1 – 1.2.8) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Moving averages	A	Interaction of economies of the world with trade as the main goal
1.2.2	Nationalisation	B	Regional development criterion relating to the long term self - sufficiency of a business
1.2.3	Globalisation	C	All incomes are taxed at the same rate
1.2.4	National account aggregates	D	Higher income earners are taxed at a higher rate than lower income earners
1.2.5	Dumping	E	A summary of a country's the economic activity of production, income and expenditure
1.2.6	Prime rate	F	Foreign products are sold in another country at a price that is below their cost of production
1.2.7	Competitiveness	G	The state takes the ownership of natural resources and strategic industries in the economy.
1.2.8	Progressive income tax	H	Interest percentage charged by commercial banks to their clients
		I	A feature for forecasting a business cycle whereby means are repeatedly calculated along time series
			(8 x 1) (8)

1.3 Write the concept/term described in each of the following statements. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK. Examples, acronyms and abbreviations **WILL NOT** be accepted.

1.3.1 The ratio of change in income to the change in injections.

1.3.2 The policy implemented by the South African Reserve Bank to influence the economy.

1.3.3 The decrease in the value of a currency due to market forces.

1.3.4 Trade policy where domestic producers are encouraged to produce goods that were previously bought from other countries.

1.3.5 The tax charged on an individual's personal assets such as properties and shares.

1.3.6 The use of different policies that are aimed at encouraging industrial investment and efficiency.

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions:

2.1.1 Mention TWO types of exchange rates systems. (2 x 1) (2)

2.1.2 How can a larger marginal propensity to save (mps) affect the size of the multiplier? (1 x 2) (2)

2.2 Read the extract below and answer the questions that follow.

BUSINESS CYCLES

Economies can be disturbed by many factors which can result in downswings and it can also go through a period of growth and prosperity. Countries have to find ways to deal with business cycles in order to achieve stable economies.

[Source: *www.google.com*]

2.2.1 Name the period of business cycle during which the level of economic activities increases. (1)

2.2.2 Mention ONE example of an exogenous cause of business cycle. (1)

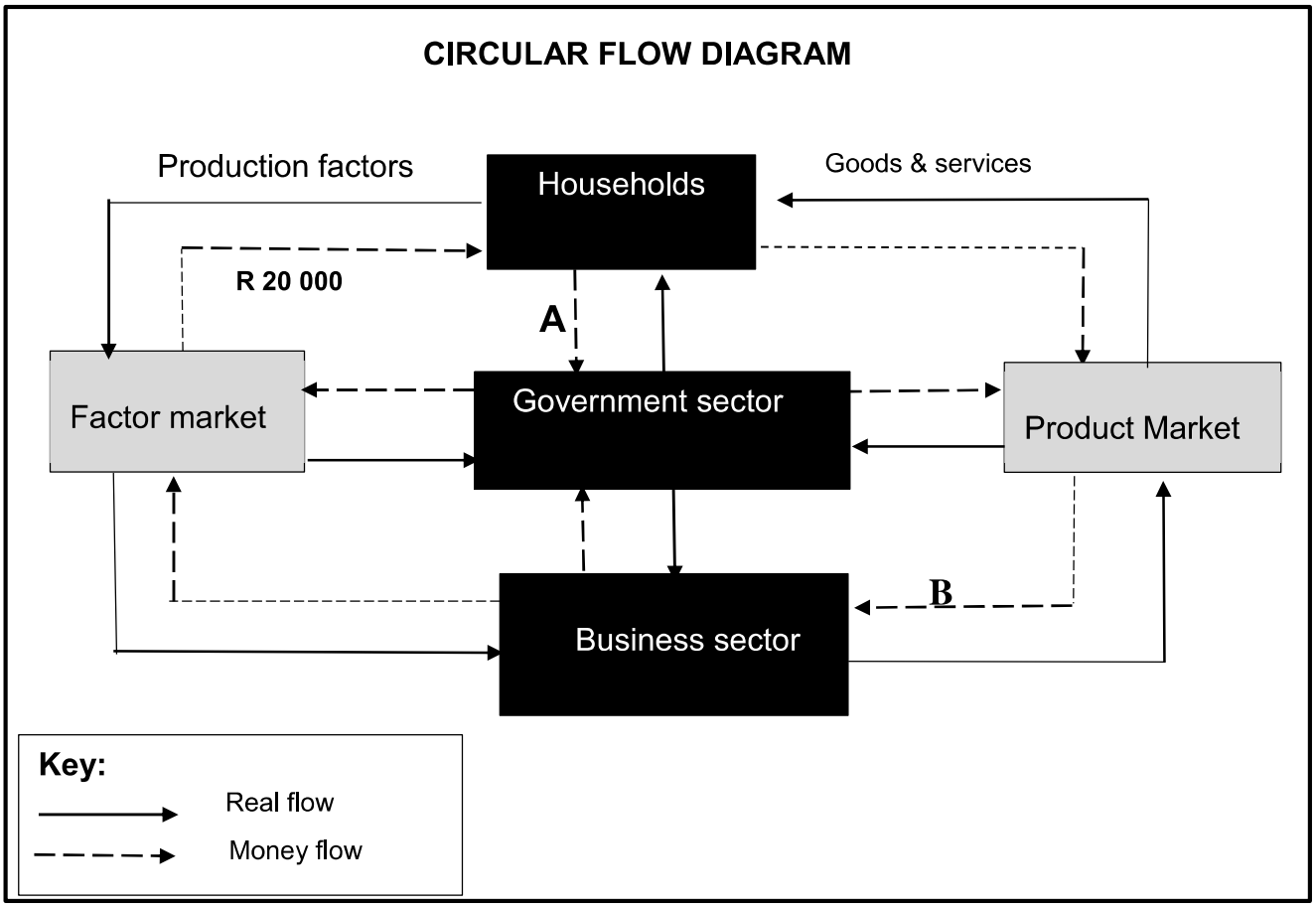
2.2.3 Briefly describe the concept *business cycle.* (2)

2.2.4 Explain the importance of an amplitude of a business cycle. (2)

2.2.5 How can interest rates be used to influence economic activity? (2 x 2) (4)

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



2.3.1 Identify the main economic participant in the diagram above. (1)

2.3.2 Name the money flow represented by Letter B. (1)

2.3.3 Briefly describe the concept *circular flow*. (2)

2.3.4 Why is taxation regarded as a leakage? (2)

2.3.5 If the government charges an income tax rate of 15%, what will be the amount collected from tax represented by letter A?
Show ALL calculations. (4)

2.4 Briefly discuss *size of the population* and *climatic conditions* as reasons for international trade. (2 x 4) (8)

2.5 How can foreign sector contribute positively to the economy? (8)
[40]

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

3.1 Answer the following questions:

3.1.1 List any TWO examples of Economic integration. (2 x 1) (2)

3.1.2 Explain the aim of Black Economic Empowerment policy. (1 x 2) (2)

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

PROTECTIONISM OR FREE TRADE?

International trade policies can vary from very open without barriers to those where no access to foreign market is very limited. But in between there are others such as export promotion and import substitution that allow reasonable access to other markets.

[Adapted from*: www.google.com*]

3.2.1 Identify the trade policy whereby there are no barriers to prevent trade between countries. (1)

3.2.2 Give ONE kind of import tariffs. (1)

3.2.3 Briefly describe the concept *protectionism.* (2)

3.2.4 Explain a disadvantage (negative effect) of import substitution? (2)

3.2.5 How can free trade policy benefit an economy? (2 x 2) (4)

3.3 Study the information below and answer questions that follow:

ECONOMIC GROWTH AND DEVELOPMENT POLICIES



[Adapted from*: Enjoy learner book*, 2013]

3.3.1 Identify the policy that was introduced in 1994 to address inequality and poverty. (1)

3.3.2 Name the indicator of economic growth. (1)

3.3.3 Briefly explain the concept *economic development* (2)

3.3.4 Explain the main aim of the National Development Plan. (2)

3.3.5 How does the EPWP positively affect the economy? (2 x 2) (4)

3.4 Briefly explain *Small Businesses Support Program* and *Skills Support Program* as incentives to improve industrial development. (2 x 4) (8)

3.5 How can developing countries improve their economic growth? (8)
[40]

TOTAL SECTION B: 80

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

4.1.1 Name TWO instruments of fiscal policy. (2 x 1) (2)

4.1.2 What is the purpose of cash grants provided by government to the poor? (1 x 2) (2)

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

BALANCE OF PAYMENT: R millions

Current account	**2020**
Merchandise exports	1 286 047
Net gold export	108 299
Service receipt	121 073
Income receipt	122 120
(Less): Merchandise imports	1109 459
(Less) : Service payments	160 422
(Less): Income Payments	216 319
Current transfers	-43 135
Balance on Current Account	**108 204**
Memo item: Trade Balance	**[A]**

[Source: *Quarterly bulletin,* June 2021]

4.2.1 Identify the item that represents money sent between countries as gifts. (1)

4.2.2 How many components (main accounts) does the Balance of Payment consist of? (1)

4.2.3 Briefly describe the concept *Balance of payment.* (2)

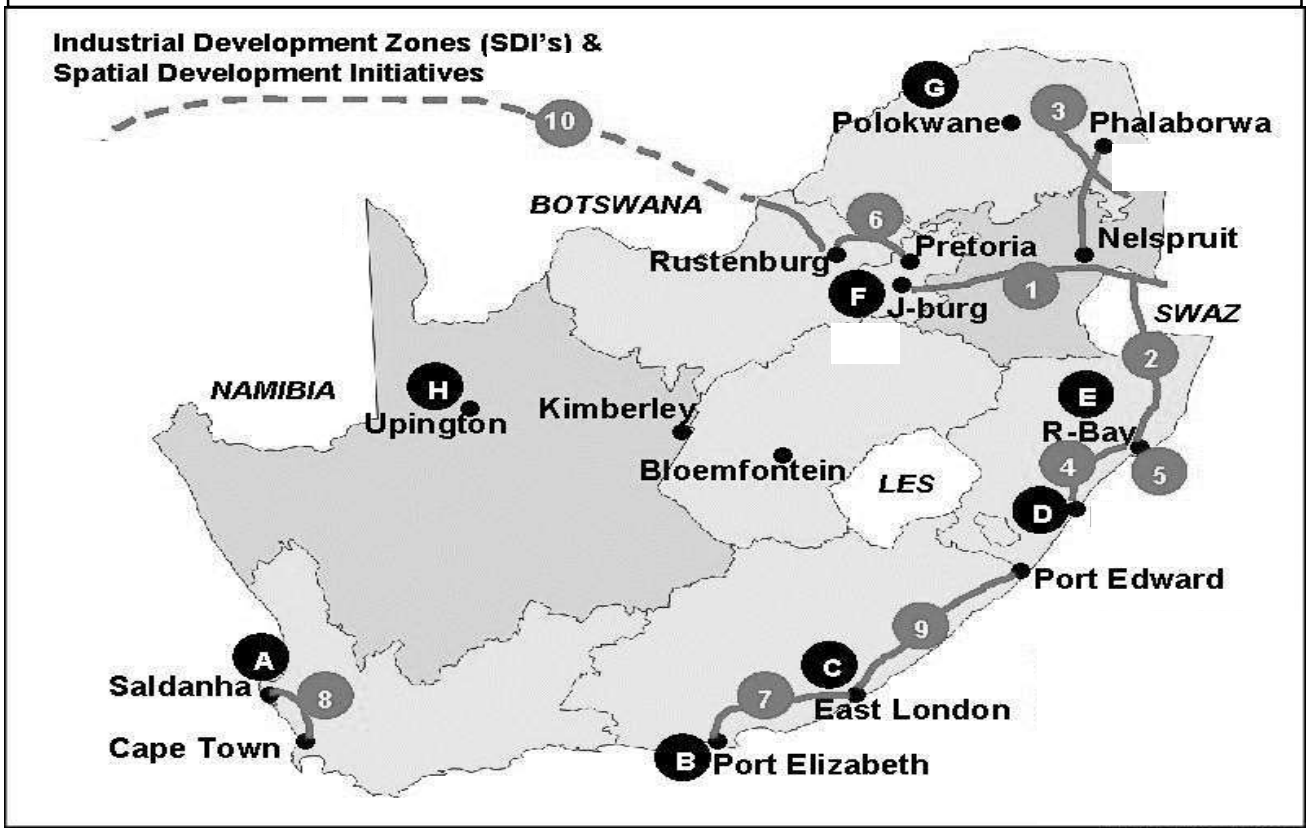
4.2.4 What does a positive balance (surplus) on the current account indicate for the economy? (2)

4.2.5 Calculate the trade balance (letter A). Show ALL calculations (4)

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

REGIONAL DEVELOMENT INITIATIVES IN SOUTH AFRICA



[Source: *googleimages.com*]

4.3.1 Identify the town in which the Platinum SDI is situated on the map. (1)

4.3.2 What is the focus industry of the Saldanha Bay IDZ represented by letter **A** on the map? (1)

4.3.3 Briefly describe the term *spatial development initiatives.* (2)

4.3.4 What was the purpose of establishing inland Special Economic Zones? (2)

4.3.5 Why does the South African government implement regional development policy? (2 x 2) (4)

4.4 Briefly discuss *leading indicator* and *coincident indicator* as features for forecasting business cycles. (2 x 4) (8)

4.5 Why do countries engage in export promotion? (8)
[40]

SECTION C

Answer ONE of the two questions from this section in the ANSWER BOOK

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction • A good starting point would be to define a concept or key word that appears in the question. • Include other sentences to support the topic. • Do not include in your introduction any part of the question. • 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 / Assess / Debate **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	Max. 26 Max. 10
Conclusion • The conclusion is a wrap up of the discussion of the topic in the body and should be treated as a higher order response. • The conclusion can take the form of an own opinion, examples to support your discussion or contradictory viewpoint from what has been discussed. • No aspect from either the introduction or body should be included in the conclusion.	Max. 2
TOTAL	**40**

QUESTION 5: MACROECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail the reasons for public sector failure. (26 marks)
- What can be effects of continuous public sector failure on the economy? (10 marks) **[40]**

QUESTION 6 : ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- Discuss in detail the social indicators. (26 marks)
- Evaluate the efficiency of provision of services in South Africa. (10 marks)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

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