education

Department of Education
FREE STATE PROVINCE

PREPARATORY EXAMINATION

GRADE 12

ECONOMICS P1

SEPTEMBER 2022

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 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 number (1.1.1 to 1.1.8) in the ANSWER BOOK, for example, 1.1.9 C.

1.1.1 The method of calculating GDP whereby compensation of employees is taken into consideration is called the …

A expenditure method GDP(E).
B production method (GDP(P).
C income method GDP(I).
D value-added method.

1.1.2 The multiplier effect means that any change in injection will …

A lead to a small change in national income.
B not affect the national income at all.
C lead to a larger change in national income.
D keep the national income at the same level.

1.1.3 A market for short loans, very-short loans and investments, is known as the … market.

A money
B capital
C product
D financial

1.1.4 Aggregate supply in the economy can be stimulated by …

A increasing the costs.
B improving inefficiency of inputs.
C maintaining the same costs.
D improving the efficiency of markets.

1.1.5 The exchange rate system whereby market forces have absolute control is called the … exchange rate system.

A fixed
B free floating
C managed floating
D absolute

1.1.6 The term used to reallocate agricultural land to previous disadvantaged individuals and groups is called ...

A land restitution.
B land redistribution.
C natural benefits.
D subsidies on property.

1.1.7 An example of a nutrition indicator is …

A garbage removal.
B obesity.
C under 5 mortality.
D access to clean water.

1.1.8 When the quality of education and healthcare is improved in a region, the best international practice for regional development addressed is …

A sustainability.
B provision of resources.
C partnerships.
D investing in social capital.

(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 number (1.2.1 to 1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Amplitude	A levied according to the amount earned
1.2.2 Demand-side policies	B drives countries to specialize in the production of goods where they enjoy the lowest opportunity cost
1.2.3 Comparative advantage	C difference in the value of total output between a peak and a trough
1.2.4 Portfolio investments	D financial incentives in the form of a cash grant of up to 50% of the costs of training new staff
1.2.5 Progressive tax system	E measures undertaken by the government to stimulate growth in the economy
1.2.6 Corridor	F purchase of assets such as shares or bonds, where the investor is interested only in the expected financial return on the investment
1.2.7 Skills Support Programme	G financial incentive for foreign investors who invest in new manufacturing businesses in South Africa
1.2.8 Productivity	H a track of land that forms a passageway allowing access from one area to another and is developed as part of regional development
	I measured in terms of the rate of output per unit of input

(8 x 1) (8)

1.3 Give ONE term for EACH of the following descriptions. Write only the term next to the question number (1.3.1 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 Economic indicators that move at the same time as aggregate economic activities

1.3.2 An indication of the general direction of the economy

1.3.3 The loss of an alternative in order to pursue a certain action

1.3.4 An institution established to facilitate international trade and ensure a strong system of trade and payments that is open to all countries

1.3.5 A nationwide government intervention to create employment using labour-intensive methods, and to give people the skills they can use to find jobs

1.3.6 Percentage of the working-age population who rely on those that are working

(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 prices used in the conversion of national aggregates. (2 x 1) (2)

2.1.2 What determines complete cycles of fluctuations in the economy? (1 x 2) (2)

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

MOVEMENT IN THE CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS

The surplus on the current account of the balance of payments narrowed markedly from R311 billion in the second quarter to R226 billion in the third quarter of 2021. The value of South Africa's exports of goods decreased slightly, while the value of merchandise imports increased. South Africa's terms of trade (including gold) deteriorated somewhat in the third quarter of 2021 as the rand price of imports of goods and services increased more than the price of exports.

[Adapted from *Quarterly Bulletin, SARB,* December 2021]

2.2.1 Which economic concept, according to the extract, rely more on export and import prices? (1)

2.2.2 Give a current account item for recording donations. (1)

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

2.2.4 Why did South African merchandise exports experience a decline in 2020 in relation to the COVID-19 pandemic? (2)

2.2.5 Calculate the percentage change of the surplus in the current account of the balance of payments in the second and third quarters of 2021. Show ALL calculations. (4)

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

BUSINESS CYCLES

The analysis of the source of shocks has been a recurrent theme in business cycle literature. Not only is it relevant for understanding the forces driving economic fluctuations but, in addition, the identification of sources of shocks is needed to inform the optimal policy response.

Producers and consumers will not respond to the same extent to the initiating forces, and therefore the duration of business cycles differs. Business cycles can range from 3 years (Kitchin) to more than 50 years (Kondratief).

[Adapted from www.google.com]

2.3.1 Identify ONE factor from the extract which might cause economic fluctuations. (1)

2.3.2 Name the type of business cycle caused by changes in investment in equipment and machinery. (1)

2.3.3 Briefly describe the term *business cycle*. (2)

2.3.4 Explain the reason why government intervention is not needed under exogenous explanations. (2)

2.3.5 How can fiscal policy be used to 'stimulate' a depressed economy? (2 x 2) (4)

2.4 Differentiate between *factor market* and *goods market*. (2 x 4) (8)

2.5 Evaluate South Africa's efforts in reducing costs in order to promote supply side policies. (8)

[40]

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

3.1 Answer the following questions.

3.1.1 Name any TWO examples of services as social indicators. (2)

3.1.2 What effect will a decline in secondary school enrolment have on the future of the South African economy? (1 x 2) (2)

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



[Source: www.google.com]

3.2.1 Which economic concept is illustrated in the cartoon above? (1)

3.2.2 Give ONE measure of unequal standard of living. (1)

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

3.2.4 Explain the purpose of the introduction of the GEAR policy. (2)

3.2.5 Why would the Monetary Authorities in South Africa rely mostly on interest rates as the instrument of the monetary policy? (2 x 2) (4)

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

Maluti-a-Phofung Special Economic Zone in the Free State

The SEZ was designated as a brownfield (a piece of land developed for industrial purposes, polluted and then abandoned) with most of the park being without essential services like water, sewage, roads and electricity which will be the main focus points of this SEZ. The Department of Trade and Industry will provide the main funding of R585 million. 540 jobs will be created, focussing to employ previously disadvantaged persons, including the youth.

[Adapted from www.google.com, March 2021]

3.3.1 Who will benefit most from this SEZ initiative? (1)

3.3.2 Give any ONE aim in creating a Special Economic Zone (1)

3.3.3 Briefly describe the term *Industrial Development Zones.* (2)

3.3.4 Why is regional development important to the economy of the Free State? (2)

3.3.5 How can good governance be utilised as the best international practice for regional development? (2 x 2) (4)

3.4 Distinguish between *economic growth* and *economic development*. (2 x 4) (8)

3.5 How important are employment statistics in the South African economy as indicators? (4 x 2) (8)

[40]

QUESTION 4: MACROECONOMICS & ECONOMIC PURSUIT

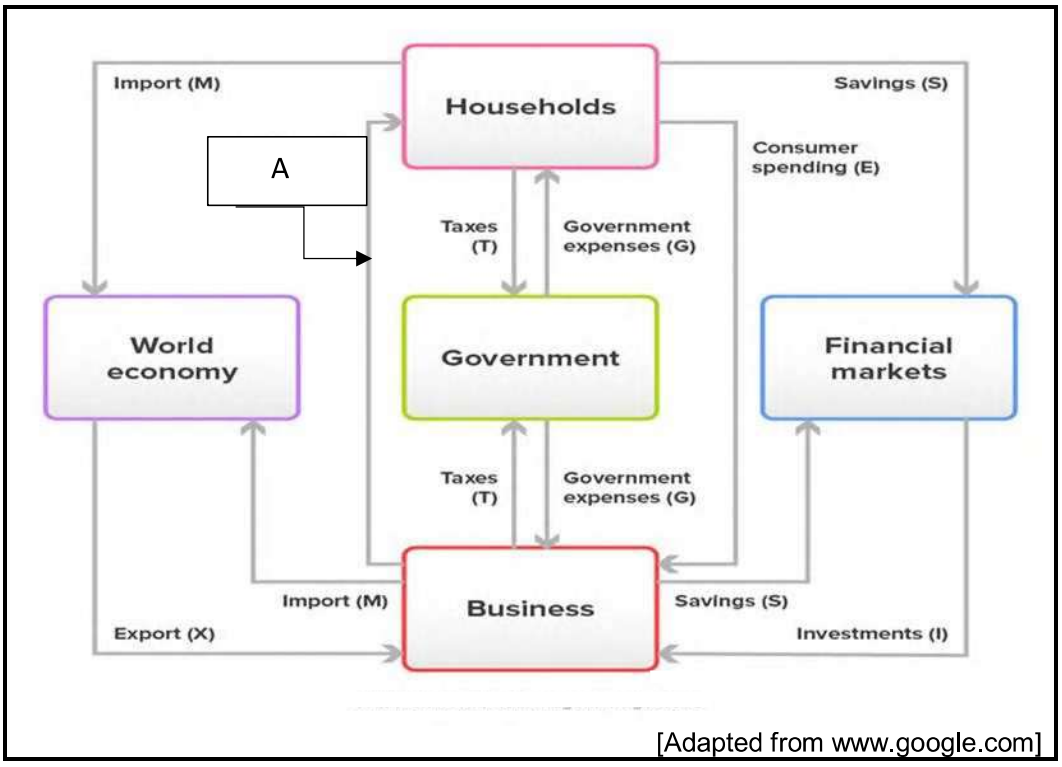
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name TWO acts that were introduced and enforced by the government to promote a more effective economy. (2 x 1) (2)

4.1.2 What is government's main purpose of duty-free import incentives? (1 x 2) (2)

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



[Adapted from www.google.com]

4.2.1 Identify the type of flow indicated by the letter **A**. (1)

4.2.2 Give ONE example of consumption spending by households. (1)

4.2.3 Briefly describe the term *marginal propensity to save.* (2)

4.2.4 Explain the influence on income if injections are less than leakages. (2)

4.2.5 What role can government play to create jobs in the economy that is negatively affected by the Covid-19 pandemic? (2 x 2) (4)

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

RAND AGAINST DOLLAR

Year	2021				2022			
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Exchange rate	14,96	14,13	14,64	14,70	14,55	14,75	15,00	14,80

[Adapted from www.google]

4.3.1 Give the appropriate economic concept illustrated above. (1)

4.3.2 During which exact period, according to the table, did the rand enjoy the most favourable fluctuation against the US dollar? (1)

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

4.3.4 Why are most economies in the world using free-floating exchange rates? (2)

4.3.5 What could be the possible reasons for the rand to hit an extreme low against the US Dollar in term 1 of 2021? (2 x 2) (4)

4.4 Discuss *urbanisation* and *housing* as social indicators. (2 x 4) (8)

4.5 How effective is the contribution of Spatial Development Initiatives 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.	**2 marks**
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 debat/How/ Suggest	**26 marks** **10 marks**
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	**2 marks**
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 dealing with public sector provisioning problems? (10 marks)

[40]

QUESTION 6: ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- Discuss in detail export promotion as a trade strategy. (26 marks)
- Evaluate import substitution as trade policy in South Africa. (10 marks)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

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