



Education and Sport Development

Department of Education and Sport Development
Departement van Onderwys en Sport Ontwikkeling
Lefapha la Thuto le Tihabololo ya Metshameko
NORTH WEST PROVINCE

PROVINCIAL ASSESSMENT

GRADE 12

ECONOMICS

PAPER 1

JUNE EXAMINATION 2019

MARKS: 150

DURATION: 2 HOURS

This question paper consists of 14 pages.



NW/JUNE/ECOM/ EMIS/6*****

Please turn over

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. Non-programmable pocket calculators may be used.
10. 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 the letter [A-D] next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D

1.1.1 The ... market provides for long-term savings, loans and investments.

- A. Money
- B. Capital
- C. Foreign exchange
- D. Factor

1.1.2 Which of the following sector forms part of the open economy circular flow?

- A. public
- B. business
- C. foreign
- D. domestic

1.1.3 The period where the performance of economic activities shows a further decline ...

- A. Peak
- B. Recovery
- C. Trough
- D. depression

1.1.4 One of the necessities of the state is to ...

- A. ensure equal opportunity for all members.
- B. control all the private and public businesses.
- C. provide health care services to prisoners.
- D. provide goods that are undersupplied.

1.1.5 The main source of the state revenue in the economy is ...

- A. tax.
- B. donations.
- C. traffic fines.
- D. unclaimed assets.



- 1.1.6** International trade have a positive impact in the economy because it results to ...
- A. Foreign goods
 - B. Merit goods
 - C. Mass production
 - D. Inferior production
- 1.1.7 A deliberate increase in the value of the currency in terms of another currency is known as ...
- A. appreciation.
 - B. revaluation.
 - C. depreciation.
 - D. devaluation.
- 1.1.8 A policy in which the government does not interfere with imports or exports by applying import tariffs, export subsidies or quotas ...
- A. protectionism.
 - B. physical control.
 - C. diverting trade.
 - D. free trade.
- (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 - 1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 GDE	A. Makes provision for regional cooperation and African states.
1.2.2 Moving averages	
1.2.3 Special interest groups	B. Individuals are interested in obeying rules than the efficient delivery of goods and services to the people.
1.2.4 Terms of trade	
1.2.5 Comparative advantage	C. An official ban on trade or other activities with a particular country.
1.2.6 Bureaucracy	
1.2.7 NEPAD	D. A situation where one country has a relative advantage in the production of goods and services.
1.2.8 Embargo	
	E. Are used to analyze the changes in a series of data over a certain period of time.
	F. Compares a country's export prices with its import prices by means of indexes.
	G. Attempts by certain people to influence government to their own advantage.
	H. Give advance warning of a change in economic activity.
	I. When the national accountants add together the spending of the four major sectors of the economy.

(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 – 1.3.6) in the ANSWER BOOK. Abbreviations, examples and acronyms will NOT be accepted.

1.3.1 The spending of consumers on basic necessities

1.3.2 The small initial change in spending produces a proportionally larger increase in national income

1.3.3 Economic fluctuations affected by causes outside the market system

1.3.4 A transparent planning and budget formulation process within which government establishes contracts and public resources to their strategic priorities while ensuring overall fiscal discipline

1.3.5 Goods that were previously imported are replaced with locally produced goods and is part of South Africa's international trade policy

1.3.6 The records of changes to the amount of gold and foreign exchange reserves

(6 x 1) (6)

TOTAL SECTION A: 30



SECTION B

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

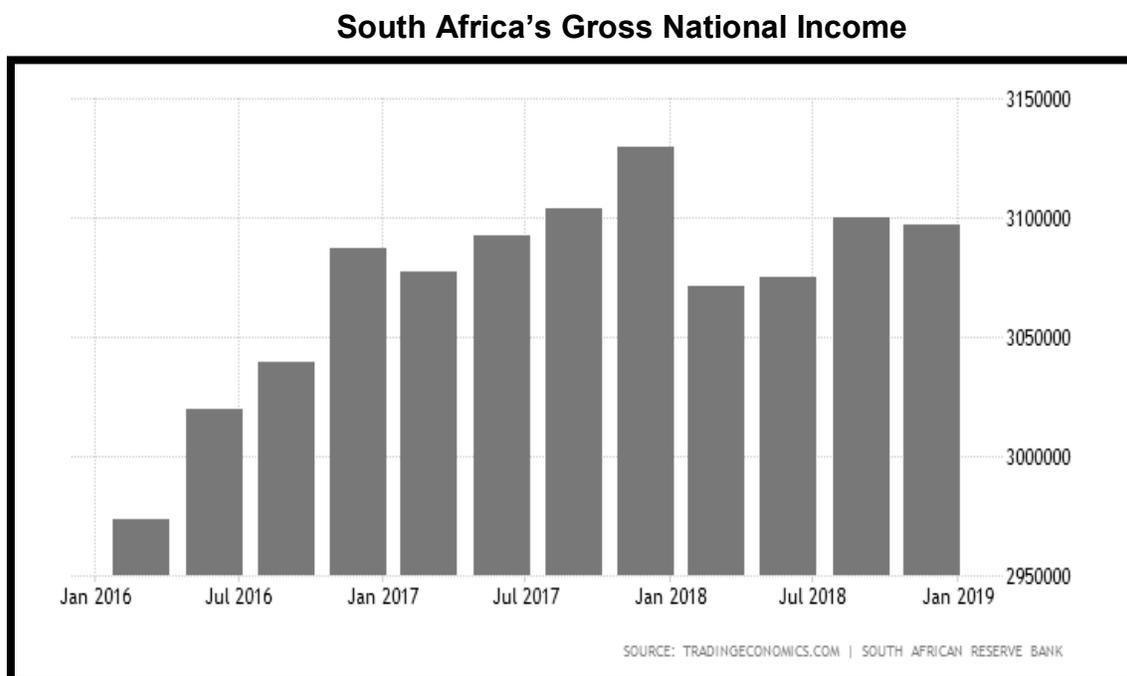
QUESTION 2**40 MARKS - 30 MINUTES**

2.1 Answer the following questions

2.1.1 Name any TWO instruments of monetary policy. (2 x 1) (2)

2.1.2 Why injections are important in the economy? (1 x 2) (2)

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



2.2.1 When did South Africa reach its highest GNI? (1)

2.2.2 Name ONE method that can be used to calculate the GDP. (1)

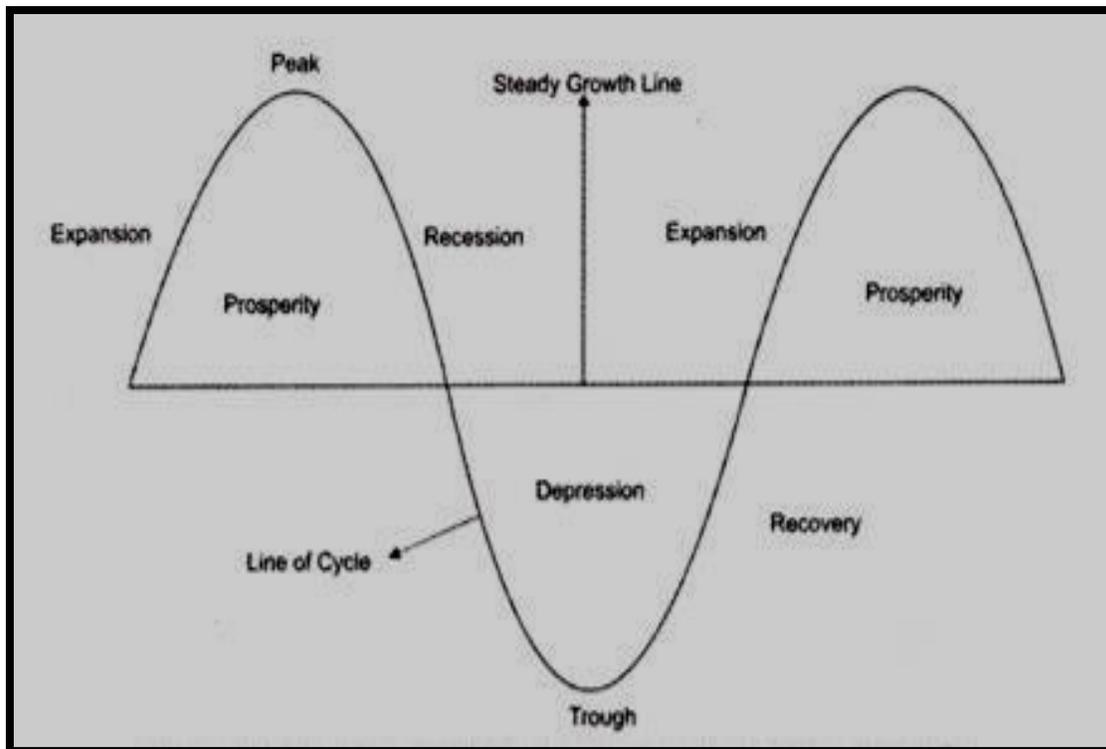
2.2.3 Briefly describe the concept *gross national income*. (2)

2.2.4 How would the GNI @ market prices be calculated? (2)

2.2.5 Explain the importance of measuring national account aggregates.

(2 x 2) (4)

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



Source: economicdiscussion.net

- 2.3.1 What is the line that indicates the potential growth of the economy called? (1)
- 2.3.2 Which business cycle indicator is represented by two prosperity segments in the diagram above? (1)
- 2.3.3 Briefly describe the concept *business cycles*. (2)
- 2.3.4 Explain briefly the negative impact of depression in the economy. (2)
- 2.3.5 How can the central bank intervene to improve the countries economic activities? (2 x 2) (4)
- 2.4 Differentiate between a *factor market* and *product market*. (2 x 4) (8)
- 2.5 Evaluate the potential success of South Africa's fiscal policy in smoothing out fluctuations in the economy. (8)
- [40]**



QUESTION 3**40 MARKS - 30 MINUTES**

3.1 Answer the following questions:

3.1.1 List any TWO composition of the public sector. (2 x 1) (2)

3.1.2 What is the positive impact of specialization on international trade? (1 x 2) (2)

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

Budget speech 2019 Key announcements

Developing the education system

Education will also receive a sizeable injection into realizing the outlooks the president had set out in his SONA speech.

R30-billion will be allocated to building new schools; R2.8-billion to be included in the School Infrastructure Backlogs grant to replace pit latrines with toilets; and R111.2-billion will be spent on funding 2.8-million students' tertiary education.

The minister described this year's budget as a seed of renewal and growth.

"It is all of our duty to tend the seed and see that it grows strong, tall and fruitful,"

Source: [<https://www.gov.za/speeches/budget>]

3.2.1 Which social service receives the largest amount in the national budget? (1)

3.2.2 What does the acronym SONA stand for? (1)

3.2.3 Briefly describe the term *national budget*. (2)

3.2.4 What did the finance minister mean when he describes the 2019 national budget as a 'seed of renewal and growth'? (2)

3.2.5 How will the literacy rates improve the economy of South Africa? (2 x 2) (4)



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

SA's current account deficit widens

The country's trade balance moved from a surplus in the fourth quarter of 2017 to a deficit in the first segment of 2018, causing the current account deficit to widen to 4.8% of the GDP.

According to the South African Reserve Bank, it was 2.9% in the previous segment.

The deficit is the highest since the 4.9 % seen in the first quarter of 2016. South Africa's Q₁ Current Account deficit prints at -4.8% of GDP; which is worse than the expected -3.9%. The rand reacted negatively to the news, and it was trading at R13.7400 to the US dollar.

Source: Mail & Guardian, May 2019

- 3.3.1 According to the extract, what was current account deficit in 2018? (1)
- 3.3.2 What negative impact did the deficit on current account have on the value of the rand? (1)
- 3.3.3 Briefly describe the term *balance of payments*. (2)
- 3.3.4 Explain the significance of the balance on the current account. (2)
- 3.3.5 How can a surplus on the balance of payments affect the South African economy positively? (2 x 2) (4)
- 3.4 Briefly explain *natural resources* and *climatic conditions* as supply reasons for international trade. (2 x 4) (8)
- 3.5 How does efficiency contribute to poor public sector provisioning? (8)
- [40]**



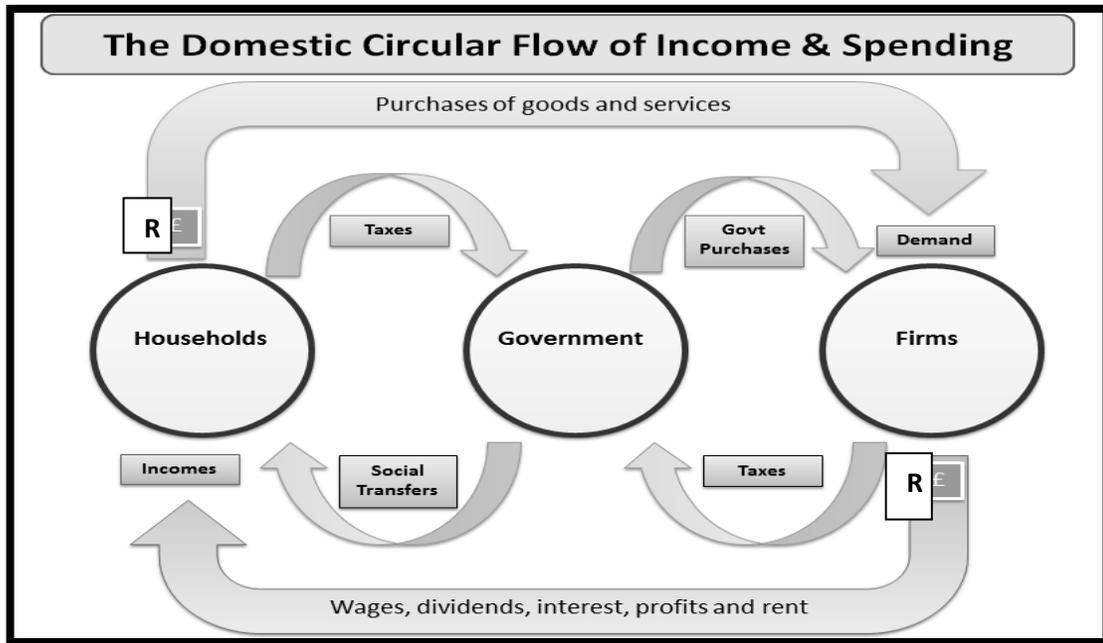
QUESTION 4**40 MARKS - 30 MINUTES**

4.1 Answer the following questions:

4.1.1 List any TWO types of exchange rates. (2 x 1) (2)

4.1.2 What positive impact do economies of scale have in free trade? (1 x 2) (2)

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

Source: www.economicdiscussion.net

4.2.1 What type of economy is represented by the above diagram? (1)

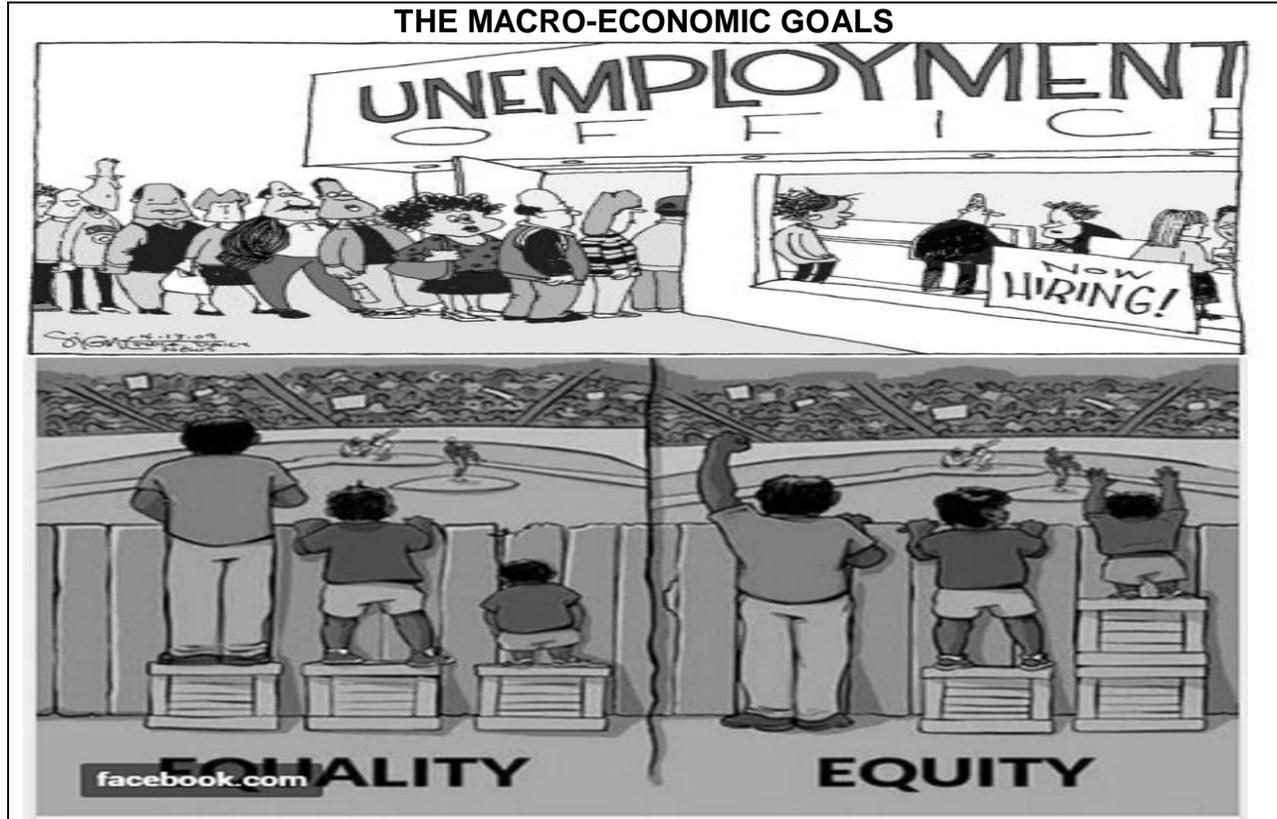
4.2.2 Which statement refers to the real flow in the diagram above? (1)

4.2.3 Briefly describe the concept *circular flow model*. (2)

4.2.4 Why is the household an important sector in the circular flow model? (2)

4.2.5 How do financial institutions contribute to the economy? (2 x 2) (4)

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



[Source: www.economicdiscussion.net]

- 4.3.1 Which state macro-economic objective is illustrated in the above cartoon? (1)
- 4.3.2 Provide ONE example of social security grants. (1)
- 4.3.3 Briefly describe the concept *full employment*. (2)
- 4.3.4 Why does exchange rate stability remain a priority for the government? (2)
- 4.3.5 How can the implementation of empowerment laws address the social and economic imbalances? (2 x 2) (4)
- 4.4 Discuss South African Development Community (SADC) as South Africa's trade protocol. (4 x 2) (8)
- 4.5 How would you advise the Governor of the South African Reserve Bank to reduce the deficit on the balance of payments? (8)

[40]

TOTAL SECTION B: 80



SECTION C

Answer only ONE of the two questions from this section in your ANSWER BOOK. Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
<p>Introduction The introduction is a lower order response:</p> <ul style="list-style-type: none"> • 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 stating in the introduction what you are going to discuss in the body 	Max. 2
<p>Body Main part: Discuss in detail /in-depth discussion / Examine / Critically discuss / Analyze / Compare / Evaluate / Distinguish / Differentiate / Explain Additional part: Give own opinion / critically discuss / 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</p>	Max 26 Max 10
<p>Conclusion Any higher-order conclusion should include:</p> <ul style="list-style-type: none"> • 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



QUESTION 5**40 MARKS - 40 MINUTES**

- Discuss the demand-side and supply-side policies used by government to smooth out business cycles. (26)
- Use a well labeled graph to explain the effects of demand and supply policies on the price. (10) **[40]**

QUESTION 6**40 MARKS - 40 MINUTES**

- Discuss export promotion in detail as part of South Africa's trade policy under the following subheadings:
 - Methods (8)
 - Advantages (8)
 - Disadvantages (10) (26)
- How successful is South Africa's protectionism policy in protecting local industries from foreign competition? (10) **[40]**

TOTAL SECTION C: 40**GRAND TOTAL: 150**