



Education and Sport Development

Department of Education and Sport Development
Departement van Onderwys en Sportontwikkeling
Lefapha la Thuto le Tlhabololo ya Metshameko

NORTH WEST PROVINCE

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ECONOMICS P1
SEPTEMBER 2019**

MARKS: 150

TIME: 2 hours

This question paper consists of 12 pages.

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 number of the question 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. Non-programmable pocket calculators may be used.
11. 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 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 foreign sector is part of the ð economy.

- A informal
- B mixed
- C closed
- D open

1.1.2 The cycle that lasts from 7 to 11 years and are caused by changes in net investments by government and businesses is called the ...

- A Kondratieff
- B Kitchin
- C Jugler
- D Kuznet

1.1.3 The financial year of the government runs from ...

- A 1 March to 28 February.
- B 1 April to 31 March.
- C 1 November to 31 October.
- D 30 July to 1 June.

1.1.4 A systematic record of all transactions between one country and other countries within a specific period.

- A balance of payments.
- B terms of trade.
- C current account.
- D foreign exchange market.

1.1.5 When a country or countries apply a penalty on another countryð

- A Embargo
- B Sanctions
- C Disinvestment
- D Protection

1.1.6 Development strategies like infrastructure and skills development were promoted through the implementation of \tilde{o}

- A Reconstruction and Development Programme.
- B Growth, Employment and Redistribution.
- C Accelerated Shared Growth Initiative of South Africa.
- D land redistribution.

1.1.7 A social indicator associated with health is \tilde{o}

- A the percentage enrolment in secondary schools.
- B malnutrition.
- C availability of electricity.
- D infant mortality.

1.1.8 An incentive to encourage greater investment in skills training is \tilde{o}

- A Skills Development Programme.
- B Corridors.
- C Strategic Integrated Projects.
- D Seta Technology Programme.

(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	Capital market	A	when officials tend to obey rules and regulations without judgement.		
1.2.2	Real figures	B	do not change direction until after the business cycle has changed its direction.		
1.2.3	Lagging indicators	C	allowed to respond to market forces within certain limits.		
1.2.4	Bureaucracy	D	used to trade in factors of production		
1.2.5	Managed exchange rates	E	also known as the national product at constant prices.		
1.2.6	Monetary Policy	F	an international institution that promote economic recovery and development.		
1.2.7	World Bank	G	where long term funds are borrowed and saved by consumers and business enterprises.		
1.2.8	Production Price Index	H	implemented by the SARB to try and stabilize prices.		
		I	used to determine the prices of inputs.		
			(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 . 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will be not be accepted.
- 1.3.1 The flow of goods and services between the participants in the circular flow.
- 1.3.2 Successive periods of growth and decline in economic activities.
- 1.3.3 Removal of unnecessary restrictions by law.
- 1.3.4 The exchange of goods and services across borders of the country.
- 1.3.5 Withdrawal of capital investment from a company or country.
- 1.3.6 Estimated number of years a newborn infant is likely to live. (6 x 1) (6)
- TOTAL SECTION A: 30**

SECTION B

Answer any 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 Name TWO injections in the circular flow. (2 x 1) (2)

2.1.2 Why should climatic conditions be considered for international trade? (1 x 2) (2)

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

SOUTH AFRICA IN TECHNICAL RECESSION

South Africa has officially entered a technical recession. The country's real gross domestic product has decreased by 0.7% in the second quarter of the year. A technical recession is two consecutive quarters of negative growth.

[Adapted from www.engineeringnews.co.za/economy, 4 September 2018]

2.2.1 In which phase of the business cycle is a recession period experienced? (1)

2.2.2 Give any industry currently experiencing a low economic growth rate. (1)

2.2.3 Describe the term *Gross Domestic Product*. (2)

2.2.4 Briefly explain the impact a recession might have on the economy. (2)

2.2.5 How can the fiscal policy be used to stimulate a weakened economy? (2 x 2) (4)

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

CAN PARASTATALS BE FIXED?

As soon as the new public enterprises minister was sworn in, corruption and major reform became major themes on the agenda. SOEs have been crucial to the economy and fiscal system and need to perform well. Their sustainability is therefore key to the future of the economy.

The government's exposure to SOEs remains a risk to the country's fiscal position. Currently Eskom and Sanral have junk credit ratings with their large debt exposure. These structural and systemic problems called for privatisation. Another option could be renewable energy at half the price. Medupi and Kusile coal-fired power stations are operating over budget.

[Adapted from *News24, March 2018*]

- 2.3.1 Give an example of renewable energy. (1)
- 2.3.2 List any other State Owned Enterprise not mentioned in the extract above. (1)
- 2.3.3 Describe the term *nationalisation*. (2)
- 2.3.4 Why would the privatisation of an SOE benefit the economy? (2)
- 2.3.5 How can Eskom function more effectively to benefit the consumer?
(2 x 2) (4)
- 2.4 Discuss *interest rates* and *import substitution* as measures used to correct the balance of payments disequilibria. (2 x 4) (8)
- 2.5 Evaluate the functioning of markets in the circular flow model. (8)
- [40]**

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

3.1 Answer the following questions:

3.1.1 Name TWO elements in the scorecard of Black Economic Empowerment. (2 x 1) (2)

3.1.2 Why are economic indicators used to assess the economy? (1 x 2) (2)

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

HUMAN DEVELOPMENT INDEX OF SOUTH AFRICA

The HDI shows that South Africa is not the best in Sub-Sahara Africa. Our neighbouring country, Botswana, is the country with the best levels of quality of life on the Sub-Sahara continent. Regarding economic freedom, South Africa is in position 80 of 186 countries . behind Rwanda, Botswana and Mauritius.

[Adapted from *Rapport*, 14 January 2018]

3.2.1 Give ONE factor that is used to measure human development. (1)

3.2.2 Why is economic freedom in South Africa so important? (1)

3.2.3 Describe the term *demography*. (2)

3.2.4 How will an improved infrastructure contribute to an increase in the quality of life? (2)

3.2.5 Comment about the success of the South African social policy in boosting economic development. (2 x 2) (4)

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

**THE SUPPLY-SIDE APPROACH TO SOUTH AFRICA'S
GROWTH AND DEVELOPMENT**

Supply side policy includes any policy that improves economy's productive potential and its ability to produce. Government actions include improving the factors of production and the performance of firms. It deals with the country's capacity to produce goods and services.

[Adapted from: *Economics Online*]

- 3.3.1 Give any factor that can improve the production capacity of a firm. (1)
- 3.3.2 Why should a country produce more goods and services? (1)
- 3.3.3 Describe the term *capital deepening*. (2)
- 3.3.4 What positive role can the government play in improving the quality of natural resources? (2)
- 3.3.5 How successful has the South African government been in improving the quality of labour? (2 x 2) (4)
- 3.4 Differentiate between *housing* and *urbanisation* as social indicators. (2 x 4) (8)
- 3.5 How successful is the South Africa's New Growth Path to influence economic growth and economic development? (8)

[40]

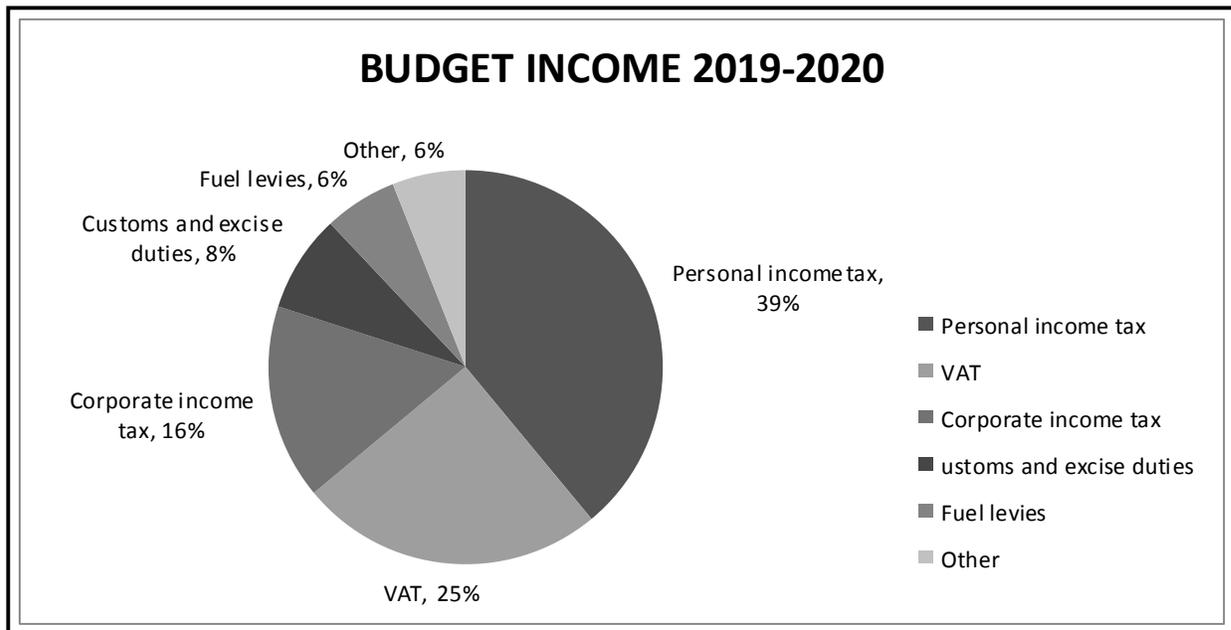
QUESTION 4 MACROECONOMICS & ECONOMIC PURSUITS**40 MARKS – 30 MINUTES**

4.1 Answer the following questions:

4.1.1 Name any TWO member states which form part of BRICS. (2 x 1) (2)

4.1.2 What effect will the depreciation of the Rand have on the demand for foreign goods? (1 x 2) (2)

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

[Adapted from *South African Budget and Tax Guide 2019/20*]

4.2.1 What is the main source of government income? (1)

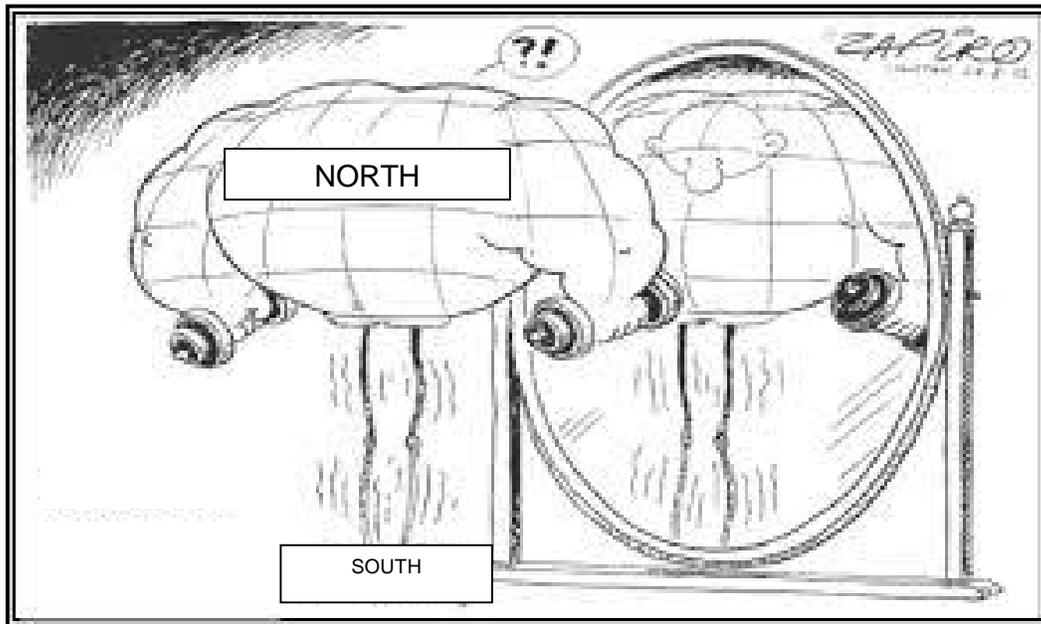
4.2.2 Why are certain food items exempted from VAT? (1)

4.2.3 Describe the term *capital gains tax*. (2)

4.2.4 Briefly explain why education receives the largest part of the budget. (2)

4.2.5 How will an increase in VAT affect the economically marginalised people? (2 x 2) (4)

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



[Adapted from Google Images]

- 4.3.1 Name ONE country that forms part of the Northern hemisphere. (1)
- 4.3.2 Name ONE category which is used to compare developed and developing countries. (1)
- 4.3.3 Describe the term *globalisation*. (2)
- 4.3.4 What negative effect might HIV / AIDS have on countries in the South? (2)
- 4.3.5 How can the developed and developing countries level the playing field? (2 x 2) (4)
- 4.4 With the aid of a Phillips curve, briefly explain the relationship between unemployment and inflation. (8)
- 4.5 How is the South African economy influenced by the effects of international trade? (8)

[40]

TOTAL SECTION B: 80

SECTION C

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

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction <ul style="list-style-type: none"> • A good starting point would be to define a concept or key word that appears in the question. • Include additional information 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: <p>Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate</p> <p>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</p>	Max. 26 Max. 10
Conclusion <ul style="list-style-type: none"> • 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 body 	Max. 2
TOTAL	40

QUESTION 5 MACROECONOMICS**40 MARKS – 40 MINUTES**

- Discuss in detail export promotion under the following subheadings:
 - Reasons (4)
 - Methods (6)
 - Advantages (8)
 - Disadvantages (8) (26 marks)
- Evaluate the success of South African trade policy in protecting the local textile industry against foreign competition. (10 marks) **[40]**

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

- Discuss in detail regional development in South Africa in terms of the benchmark criteria. (26 marks)
- Evaluate the success of South Africa's regional development policies. (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150