



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

**ECONOMICS P1
JUNE 2024**

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. Read the questions carefully.
5. Write the question number above each answer.
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.

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 numbers (1.1.1 to 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D.

1.1.1 Money that is transferred across the country's borders from residents to non-residents that does not ... is referred to as a current transfer

- A get charged interest
- B get exchanged for tangible goods
- C get dividends
- D get recorded

1.1.2 An example of incentives given to businesses to decrease costs include

- A high progressive tax
- B consumption subsidies
- C decreasing tax rebates for households
- D production subsidies

1.1.3 The market that involves buying and selling of government securities and other certain securities in the open market by central bank.

- A Open Market Transaction
- B Capital Market
- C Forex
- D Money Market

1.1.4 ... is known as the remuneration of the factors of production.

- A Profit
- B Expenditure
- C Income
- D Expenses

1.1.5 When the price of the South African rand decreases in relation to the price of the US dollar as a result of market forces, then the South African rand ... against the US dollar.

- A devalues
- B appreciates
- C depreciates
- D revalues

- 1.1.6 Public goods that can be used by everyone and no one can be prevented from using them.
- A Merit goods
 - B Community goods
 - C Consumer goods
 - D Free goods
- 1.1.7 During this phase the level of production is high and inflation gets out of control.
- A Prosperity
 - B Recession
 - C Recovery
 - D Depression
- 1.1.8 Gross Value Added is used when calculating ...
- A GDA.
 - B GDI.
 - C GDE.
 - D GDP.
- (8 x 2) (16)

- 1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letters (A–I) next to the question numbers (1.2.1 to 1.2.8) in the ANSWER BOOK, e.g. 1.1.9 D.

COLUMN A		COLUMN B	
1.2.1	Trade deficit	A	fairness and distribution of income through progressive tax
1.2.2	Bureaucracy	B	the transfer of functions and ownership from the public to the private sector
1.2.3	Keynesian approach	C	government intervention is necessary
1.2.4	Economic Equity	D	the market where both short and long term financial assets are sold
1.2.5	Primary Income Payment	E	implementing rules and procedures that decreases the quality of services delivery
1.2.6	Privatisation	F	a market for short-term deposits and loans
1.2.7	Repurchase rate	G	employee compensation paid to non-resident workers and investment income
1.2.8	Financial Market	H	the rate at which the central bank of a country lends money to commercial banks
		I	when the value of a country's imports exceeds the value of its exports

(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, examples and acronyms will NOT be accepted.

1.3.1 The ability to produce quality goods without wasting resources.

1.3.2 The committee that decides on the country's monetary policy.

1.3.3 The total spending on goods and services in the economy.

1.3.4 Income that households prefer not to spend.

1.3.5 An investment made by a firm or individual in one country into business interests located in another country.

1.3.6 When government officials are expected to explain their decisions.

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

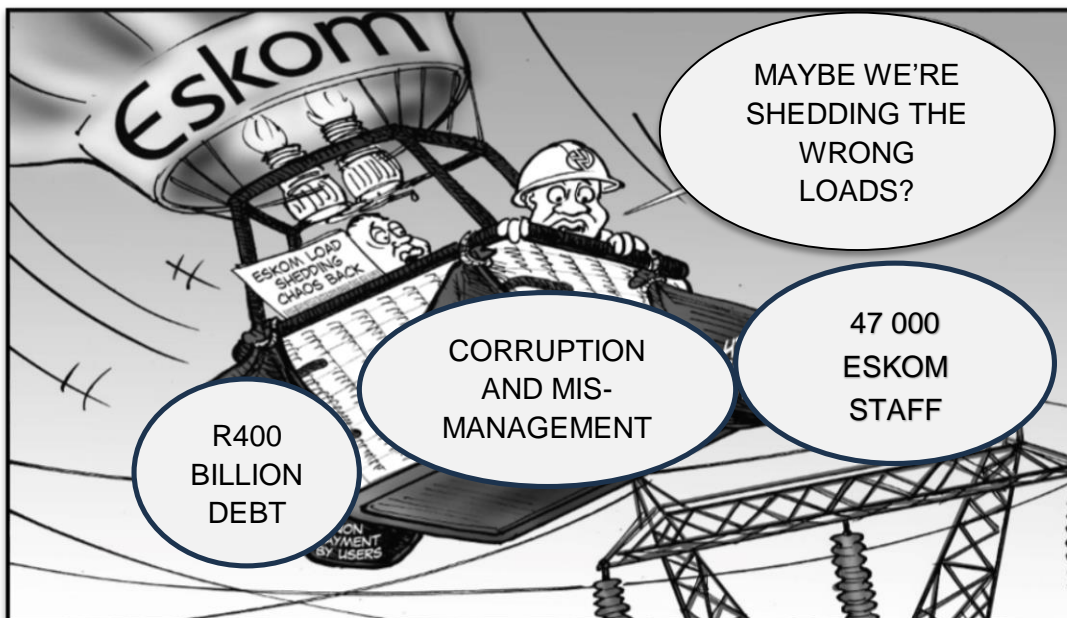
QUESTION 2: MACROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 List any TWO features of the fiscal policy. (2 x 1) (2)

2.1.2 How do subsidies on production benefit businesses? (1 x 2) (2)

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



[Source: adapted from <https://web.facebook.com/photo/>]

2.2.1 Identify the reason for public sector failure that Eskom is currently faced with. (1)

2.2.2 Name any other reason for public sector failure. (1)

2.2.3 Briefly describe the term *deregulation*. (2)

2.2.4 How does government protect resources? (2)

2.2.5 How could privatisation of Eskom benefit the economy? (2 x 2) (4)

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

SOUTH AFRICA LEADING INDEX DROPS FOR 2ND MONTH

The composite leading business cycle indicator in South Africa dropped by 0.8% month-on-month in December 2023, slipping further from a 0.4% fall in the previous month. This was the second consecutive month of decline and the lowest reading since May, as decreases in four of the nine available component time series outweighed increases in the remaining five.

The largest negative contributors were decreases in the number of residential building plans approved and in the average hours worked per factory worker in the manufacturing sector. On the other hand, the key positive contributors were accelerations in the six-month smoothed growth rate of the number of new passenger vehicles sold and in job advertisement space.

[Source: <https://tradingeconomics.com>]

- 2.3.1 Identify the economic indicator that indicates that the economy is recovering on the above extract. (1)
- 2.3.2 Name any other economic indicator. (1)
- 2.3.3 Briefly describe the term *extrapolation*. (2)
- 2.3.4 What is the importance of measuring the length of a business cycle? (2)
- 2.3.5 Explain the trendline as a feature underpinning forecasting. (4)
- 2.4 Briefly discuss *Gross Domestic Product* and *Gross National Product*. (4 x 2) (8)
- 2.5 Analyse the effects of high inflation rate on unemployment. (8)
- [40]**

QUESTION 3: MACROECONOMICS**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name TWO types of prices used to calculate national accounts. (2 x 1) (2)

3.1.2 How will a regressive tax system affect marginalised people? (1 x 2) (2)

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

EARLY FOURTH QUARTER FIGURES POINT TO A TECHNICAL RECESSION

After a stronger-than-expected first half of the year, economic activity weakened in the final months of 2023 pointing to the impact elevated interest rates, load-shedding and Transnet woes have had on the economy. The pressure in economic activity is captured in the BankservAfrica economic transactions index (Beti) showing a continued downward trajectory from October's 130.8 points to 130.4 in November, signalling that the country's economic hardship continued into the fourth quarter.

[Source: *Business Day* online/ThulethoZwane/10 January 2024]

3.2.1 Identify the business cycle phase mentioned on the above extract. (1)

3.2.2 Name any period of the business cycle. (1)

3.2.3 Briefly describe the term *real business cycle*. (2)

3.2.4 How can government improve the economic activity indicated above? (2)

3.2.5 Why do the Monetarists believe that markets are inherently stable? (2 x 2) (4)

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

CURRENT ACCOUNT

South Africa's current account deficit narrowed sharply to ZAR 19,3 billion in the third quarter of 2023, from an upwardly revised ZAR 185,2 billion in the prior period and compared with market forecasts of a ZAR 111,2 billion shortfall. That was the smallest current account deficit since the third quarter of 2022, as the trade surplus ballooned to ZAR 189,1 billion from ZAR 22,2 billion, with the value of merchandise imports falling more than that of goods exports.

Meanwhile, the shortfall in the services, income, and current transfer account rose marginally to ZAR 208,5 billion in the third quarter from ZAR 207,4 billion in the previous period, driven by larger deficits in the services account and primary income account, while the deficit on the secondary income account dipped. As a ratio of GDP, the current account balance deficit narrowed to 0,3% in the third quarter of 2023 from 2,7% in the second quarter.

[Source: <https://tradingeconomics.com>]

- 3.3.1 Identify the Balance of payments account in the above extract? (1)
- 3.3.2 Name any other Balance of payments account? (1)
- 3.3.3 Briefly describe the term *reserve account*. (2)
- 3.3.4 Why is the *terms of trade* an important macroeconomic aggregate? (2)
- 3.3.5 How can import controls be used to correct a disequilibrium Balance of Payments. (2 x 2) (2)
- 3.4 Discuss the effect of efficiency on International Trade. (2 x 4) (8)
- 3.5 How can government use fiscal policy to increase aggregate demand during a downswing? (8)
- [40]**

QUESTION 4: MACROECONOMICS

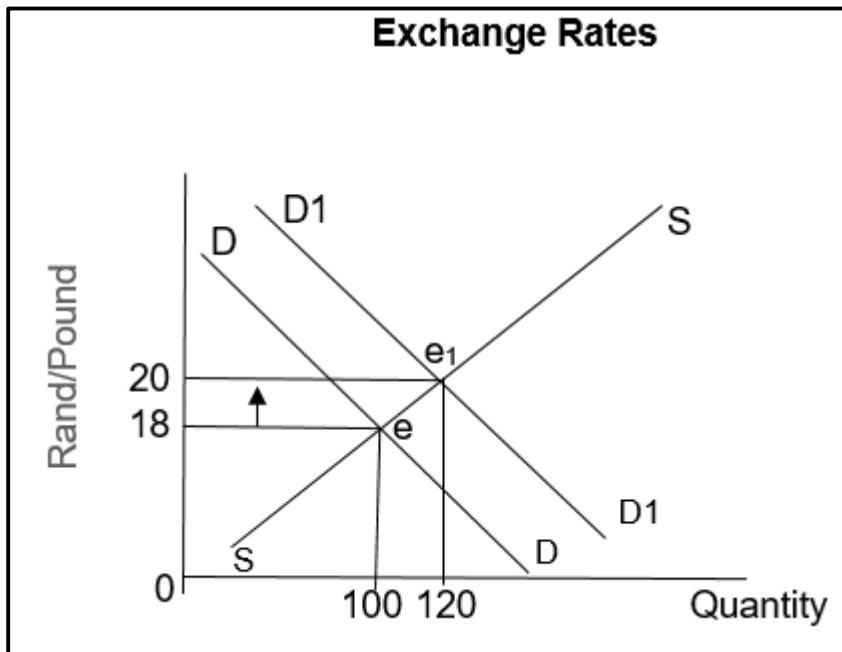
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 List any TWO monetary policy tools. (2 x 1) (2)

4.1.2 How can government use fiscal policy to speed up the economy during a recovery? (1 x 2) (2)

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



4.2.1 Identify the original equilibrium exchange rate in the above graph. (1)

4.2.2 Which exchange rate system does South Africa use? (1)

4.2.3 Briefly describe the term *foreign exchange market*. (2)

4.2.4 Why will the demand curve on the above graph shift to the right? (2)

4.2.5 How will currency depreciation negatively affect the South African economy? (4)

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

NATIONAL ACCOUNTS FOR SOUTH AFRICA		
At current prices		
NO.	ITEM	AMOUNTS MILLIONS (R)
1	Final consumption expenditure by households	1 124 931
2	Final consumption expenditure by general government	347 352
3	(A)	270 409
4	Changes in inventories	9 014
5	Residual item	8 864
6	Gross domestic expenditure	1 742 842
7	Exports on goods and services	592 515
8	Imports on goods and services	568 073
9	Expenditure on GDP at market prices	(B)

[Source: Quarterly Bulletin, SARB, December 2023]

- 4.3.1 Which GDP method is being used in the table above? (1)
- 4.3.2 Name the item represented by **A** on the table. (1)
- 4.3.3 Briefly describe the term *capital formation*. (2)
- 4.3.4 What is the importance of the residual item? (2)
- 4.3.5 Calculate the value represented by **B** on the table above. (4)
- 4.4 Briefly discuss the effects of fiscal policy on income distribution and price levels. (2 x 4) (8)
- 4.5 Analyse lagging indicators as a feature underpinning forecasting? (8)
- [40]**

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. <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 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/Distinguish/Differentiate/ Explain/Draw a graph and explain/Complete the given graph/Assess/Debate A maximum of 8 may be allocated for headings/examples Additional part: Critically discuss/Evaluate/ Critically evaluate/Debate/Deduce/ Compare/Interpret How?/Suggest A maximum of 2 may be allocated for headings/examples	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: <ul style="list-style-type: none"> • 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 	Max. 2
TOTAL	40

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

- Discuss in detail the reasons for international trade. (26 marks)
- How can SARB reduce the deficit on the balance of payments account? (10 marks) **[40]**

QUESTION 6: MACROECONOMICS**40 MARKS – 40 MINUTES**

- Discuss in detail the markets within the FOUR-SECTOR model. (26 marks)
- Analyse the multiplier effect should investments increase. (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150