



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2018

ECONOMICS P1

MARKS: 150

TIME: 2 hours



This question paper consists of 13 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. 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. You may use a non-programmable pocket calculator.
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 correct answer and write only the letter (A–D) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 D
- 1.1.1 Withdrawals of money which will reduce the quantity of money in the economy is called ...
- A money flow.
 - B injections.
 - C leakages.
 - D real flow.
- 1.1.2 A problem in public sector provisioning is ...
- A lack of accountability.
 - B maintaining law and order.
 - C to protect its citizens against foreign threats.
 - D to conserve the natural resources.
- 1.1.3 The exogenous explanation for business cycles attribute to the expansion and contraction of an economy to ...
- A supply factors only
 - B demand factors only.
 - C forces outside the market system
 - D forces inside the market system.
- 1.1.4 When the state uses tariffs to discourage imports it is called ...
- A import substitution.
 - B export promotion.
 - C monetary policy.
 - D protectionism.
- 1.1.5 An organisation of the world's leading emerging economies is known as ...
- A Mercosur.
 - B BRICS
 - C SACU
 - D European Union (EU)

- 1.1.6 These figures provide a systematic record of national economic activity.
- A World Bank
 - B System of national account.
 - C Progressive personal income.
 - D International Monetary Fund.
- 1.1.7 A policy driven by the SARB to stabilise prices by managing inflation is called the ... policy.
- A monetary
 - B fiscal
 - C international trade
 - D labour
- 1.1.8 A nationwide government intervention to create employment using labour intensive methods is called the ...
- A Black Economic Empowerment
 - B National Development Plan.
 - C National Growth Plan
 - D Expanded Public Works 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, for example 1.2.9 J.

COLUMN A	COLUMN B
1.2.1 Phillips curve	A measures prices at the level of first significant commercial transaction, that is when it enters the country or leave the factory floor
1.2.2 Indirect tax	B organised economic activity to create manufacturing, mining and services sectors
1.2.3 Portfolio investment	C payment to revenue services is made by the firm selling the good but charged to the consumer
1.2.4 Sanctions	D indicators have to be compiled in terms of their rules of compilation
1.2.5 Cash reserve requirement	E the value of one currency in terms of another
1.2.6 Industrial development	F an official order to stop trading against a country to force it to obey international law
1.2.7 Producer price index (PPI)	G the Banks Act occasionally changes balances of banks to manipulate money creation activities of banks
1.2.8 Specification	H buying and selling equities and debt securities for example shares and bonds
	I illustrate the relationship between unemployment and inflation

(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. Acronyms and abbreviations will NOT be accepted.
- 1.3.1 Markets for long-term financial instruments for example bonds and shares
- 1.3.2 Negative economic growth for at least two consecutive quarters of the year
- 1.3.3 Dishonest action taken by people in position of responsibility
- 1.3.4 The deliberate decrease in the value of a currency due to government actions
- 1.3.5 Notes and coins in circulation and demand deposits of the domestic private sector
- 1.3.6 Track of land that forms passage way allowing access from one area to another (6 x 1) (6)
- TOTAL SECTION A: 30**

SECTION B

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

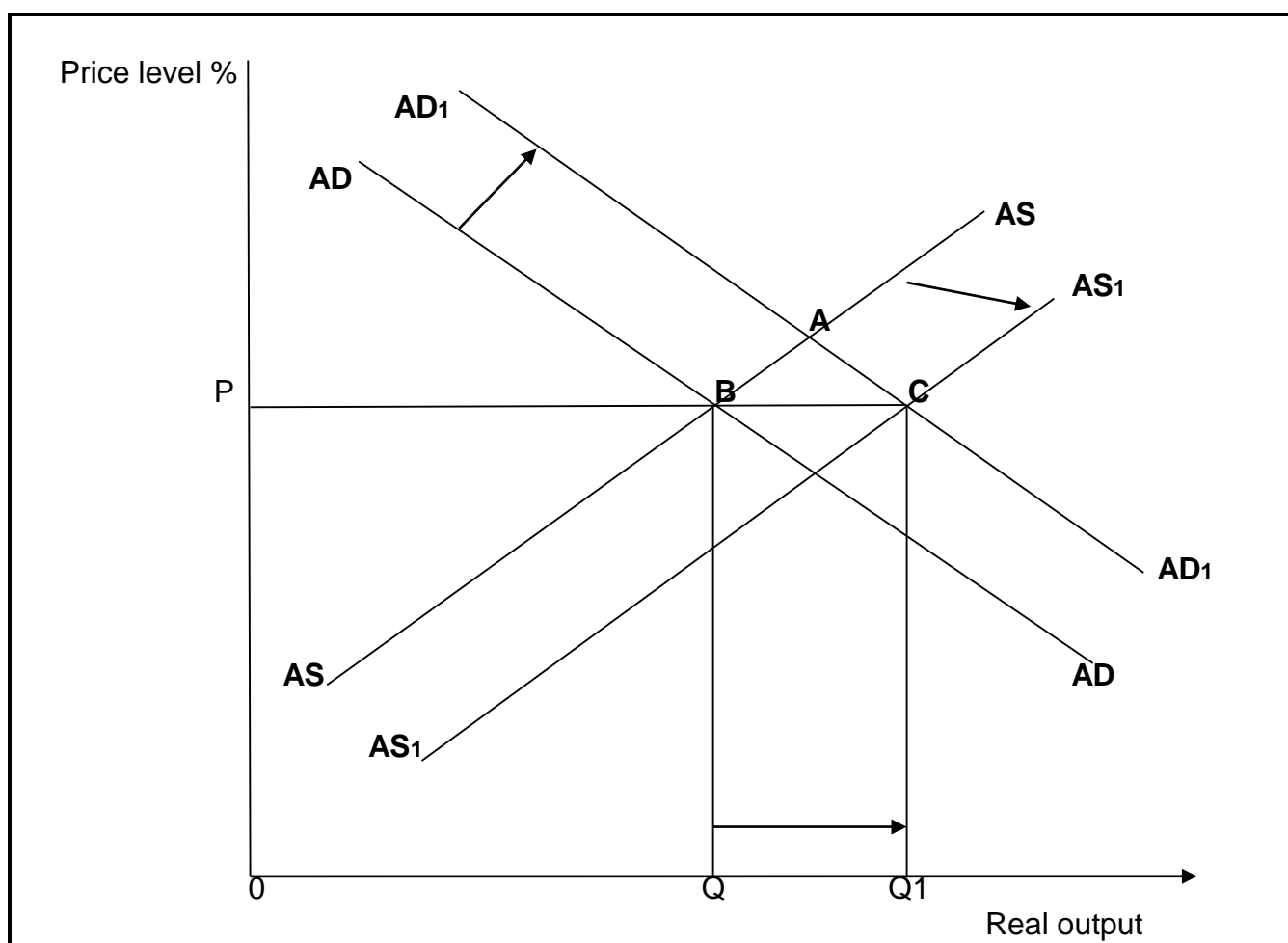
QUESTION 2: MACROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO methods to determine a GDP. (2 x 1) (2)

2.1.2 How can export promotion correct the balance of payment disequilibria? (1 x 2) (2)

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



2.2.1 What is illustrated in the graph above? (1)

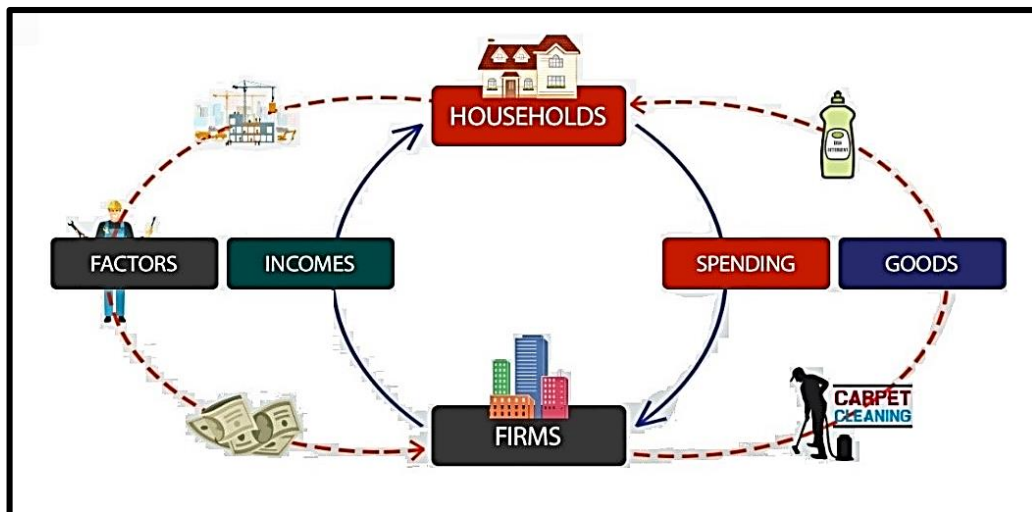
2.2.2 At which point will inflation prevail? (1)

2.2.3 Briefly describe the term *new economic paradigm*. (2)

2.2.4 What would happen to the output if supply did not respond to the change in demand? (2)

2.2.5 How will the government reduce cost of production to stimulate the supply side of the economy? (2 x 2) (4)

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



2.3.1 What is depicted in the diagram above? (1)

2.3.2 Which participant is the major consumer in the economy? (1)

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

2.3.4 Discuss the role of the *factor market* in the circular flow. (2)

2.3.5 How does the multiplier effect influence the government in making decisions? (2 x 2) (4)

2.4 Differentiate between *specialisation* and *choice* as arguments in favour of free trade. (4 x 2) (8)

2.5 How does the government use the fiscal policy to restrict the economy? (4 x 2) (8)

[40]

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

3.1 Answer the following questions.

3.1.1 List any TWO incentives used by the South African government to improve industrial development. (2 x 1) (2)

3.1.2 How can the National Development Plan bring about a better life for all? (1 x 2) (2)

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

COEGA INDUSTRIAL DEVELOPMENT ZONE (IDZ)

The Coega IDZ is located close to Nelson Mandela Bay in South Africa's foremost investment hotspot for industries with a global perspective. Coega has successfully attracted a health mix of both local and international investors.

[Adapted from www.coega.co.za]

3.2.1 What was the aim of government to implement the industrial development zones (IDZs)? (1)

3.2.2 Name any of the services offered by the East London IDZ. (1)

3.2.3 Describe the term *industrial development zone*. (2)

3.2.4 Explain why the IDZ is regarded as a duty-free incentive. (2)

3.2.5 Why were IDZs not very successful since their inception in South Africa? (4)

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



Today, almost half of South Africans are living below the poverty line, surviving on just over R500 a month, an improvement where this was the case for the majority of the population. Yes, poverty has gone down over time – but clearly not enough. And this is only part of the dilemma we face in South Africa, because while poverty levels decline, inequality has increased and the gap between the haves and have-nots continues to grow.

3.3.1 What is depicted in the above picture? (1)

3.3.2 Name any aspect used to indicate the level of development in a country. (1)

3.3.3 Briefly describe the term *North/South* divide. (2)

3.3.4 Briefly explain any challenge of globalisation between the North and the South. (2)

3.3.5 How could countries in the South overcome the income gap that divides the North from the South? (4)

3.4 Briefly explain *employment* as an economic indicator. (4 x 2) (8)

3.5 How successful is the South African government's incentives in stimulating industrial development? (4 x 2) (8)

[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO services derived by the government that are vital to enhance people's lifestyle and level of economic and social development. (2 x 1) (2)

4.1.2 How can domestic figures be converted to national figures? (1 x 2) (2)

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

BALANCE OF PAYMENTS

(R Millions)			
Current Account	2015	2016	2017
Merchandised exports	970 623	105 8032	1108 322
Net gold exports	59 521	66 762	66 411
Service receipts	191 605	210 865	210 238
Income receipts	98 016	87 773	81 637
- Merchandised imports	1 076 290	1 090 089	1 105 876
- Payment for services	197 643	218 830	215 544
- Income payments	198 382	208 243	225 201
Current transfers	-33 533	-27 458	-38 303
Balance on current account	-186 084	-121 188	-114 317

[Source: SARB Quarterly Bulletin, March 2018]

4.2.1 During which year did South Africa experience the biggest trade deficit in the balance of trade? (1)

4.2.2 Which account in the balance of payments reflects the figures of the trade balance? (1)

4.2.3 Describe the term *balance of trade*. (2)

4.2.4 What can South Africa do to affect the export of goods positively? (2)

4.2.5 How does international trade affect the economy positively? (4)

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



Malnutrition continues to be a problem in South Africa although it is not as endemic as in other countries. 15% of South African infants are born with a low birth weight and 5% of the South African children are underweight.

[Source: Examiner]

- 4.3.1 Identify the social indicator depicted above. (1)
- 4.3.2 Give any cause of malnutrition in South Africa. (1)
- 4.3.3 Briefly describe the term *social indicator*. (2)
- 4.3.4 Which plans and strategies were implemented by the government to improve overall health-related issues? (2)
- 4.3.5 How can education reduce poverty in South Africa? (2 x 2) (4)
- 4.4 Differentiate between *incentives* and *subsidies* as methods of export promotion. (4 x 2) (8)
- 4.5 Evaluate the importance of productivity as an economic indicator. (4 x 2) (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer ONE of the two questions from 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/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 debate/How/Suggest	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 the macroeconomic objectives of the state. (26 marks)
- How successful the government has been to reduce public sector failure. (10 marks) **[40]**

QUESTION 6: ECONOMIC PURSUITS

40 MARKS – 40 MINUTES

- Discuss the supply-side approach in promoting growth and development in South Africa under the following headings:
 - Efficiency and effectiveness of markets
 - Business efficiency
 - The cost of doing the business (26 marks)
- Evaluate the appropriateness of South Africa's regional development policies. (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150