



Province of the
EASTERN CAPE
EDUCATION



**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2022

ECONOMICS P1

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 any 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.

SECTION A (COMPULSORY)**30 MARKS – 20 MINUTES****QUESTION 1**

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, for example 1.1.9 D.

1.1.1 National income will increase when ...

- A $I + G + X = S + T + M.$
- B $I + G + X > S + T + M.$
- C $I + G + X < S + T + M.$
- D $I + G + X - S + T + M.$

1.1.2 The type of business cycle caused by changes in net investments by government and businesses is called ...

- A Kondratieff.
- B business.
- C Jugler.
- D Kitchin.

1.1.3 The feature of public sector failure where government miss inflation and growth targets is related to ...

- A ineffectiveness.
- B the Pareto efficiency.
- C inefficiency.
- D bureaucracy.

1.1.4 An increase in export prices shows a(n) ... in terms of trade of a country.

- A improvement
- B deterioration
- C balance
- D disequilibrium

1.1.5 A measure to stimulate the supply side approach is ...

- A the monetary policy.
- B inflation targeting.
- C fiscal measures.
- D cost of doing business.

1.1.6 A best international practise criteria which focuses on ensuring that the benefits of one region spill over to other industries and areas is ...

- A good governance.
- B integration.
- C provision of resources.
- D partnerships.

1.1.7 The category of money supply that consists of notes and coins in circulation and demand deposits of the domestic private sector at banks is ...

- A M2.
- B M3.
- C M1.
- D M3+

1.1.8 A trade protocol where member countries allow for the free movement of factors of production between member countries is a(n) ...

- A economic union.
- B customs union.
- C free trade area.
- D common market.

(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 numbers (1.2.1 to 1.2.8) in the ANSWER BOOK, for example. 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Multiplier	A	redistribution of income and wealth
1.2.2	Exogenous approach	B	value of currencies determined by market forces
1.2.3	Managed exchange rates	C	redress programme due to discriminatory laws in the past
1.2.4	Economic equity	D	a small initial increase in spending produces a proportionately larger increase in aggregate national income
1.2.5	Embargo	E	enjoy incentives such as tax relief and support systems to promote industrial development.
1.2.6	Land restitution	F	independent factors that influence business cycles and originate outside the economy
1.2.7	Special Economic Zones	G	system which allows the value of currency to respond to market forces with central bank interventions
1.2.8	World Bank	H	an official state ban on trade with a particular country
		I	an international institution established to promote economic recovery and development

(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, acronyms and examples will NOT be accepted.

1.3.1 A representation of the economy showing how the economic participants interact with one another

1.3.2 Goods provided by the state which would be undersupplied if entirely left to market forces

1.3.3 A deliberate decrease in the value of a country's currency when compared to another

1.3.4 An increase in a country's real gross domestic product

1.3.5 Labour force between the ages of 15 and 65 who are willing and able to supply labour for the production of goods and services

1.3.6 A track of land that forms a passageway allowing access from one area to another (6 x 1) (6)

TOTAL SECTION A: 30

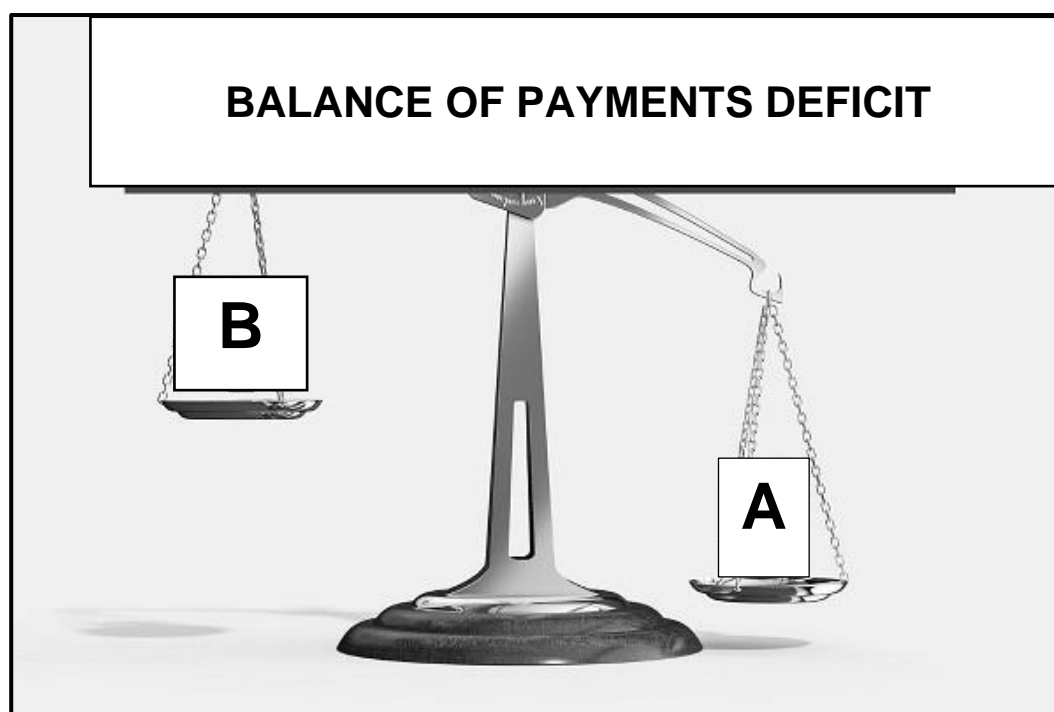
SECTION B**QUESTION 2: MACROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions:

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

2.1.2 How would a positive multiplier effect influence the economy? (1 x 2) (2)

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



[Adapted from <https://ecoaim.in/2020/07/12/how-disequilibrium-can-be-corrected/>.
Accessed on 21 November 2021.]

2.2.1 Which letter represents imports from the above data? (1)

2.2.2 Which international institution can help countries with funds to correct fundamental deficit? (1)

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

2.2.4 Explain the relationship between the exchange rate of a country and its balance of payment. (2)

2.2.5 Why is it important to analyse a country's balance of payments data? (2 x 2) (4)

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

THE SYSTEM OF NATIONAL ACCOUNTS, REBASING AND BENCHMARKING

All countries produce their macroeconomic statistics using a range of international guidelines. The international gold standard for national accounts compilation is the System of National Accounts 2008 (SNA 2008).

Statistics South Africa (Stats SA) together with the SARB have rebased (new base year) and benchmarked the country's gross domestic product (GDP). GDP is the most familiar and widely recognised feature of the national accounts.

[Adapted from www.statssa.gov.za. Accessed on 15 December 2021.]

- 2.3.1 Name any ONE method of calculating the gross domestic product. (1)
- 2.3.2 What is taken into account on products when converting basic prices to market prices? (1)
- 2.3.3 Briefly describe the term *gross domestic product*. (2)
- 2.3.4 How can economists ensure the accuracy of GDP figures? (2)
- 2.3.5 Why is real GDP a preferred measure of economic growth rather than nominal GDP? (2 x 2) (4)
- 2.4 With the aid of a well-labelled Laffer curve, explain the relationship between a tax rate increase and its effect on state revenue. (8)
- 2.5 How do financial markets benefit the economy? (4 x 2) (8)
- [40]**

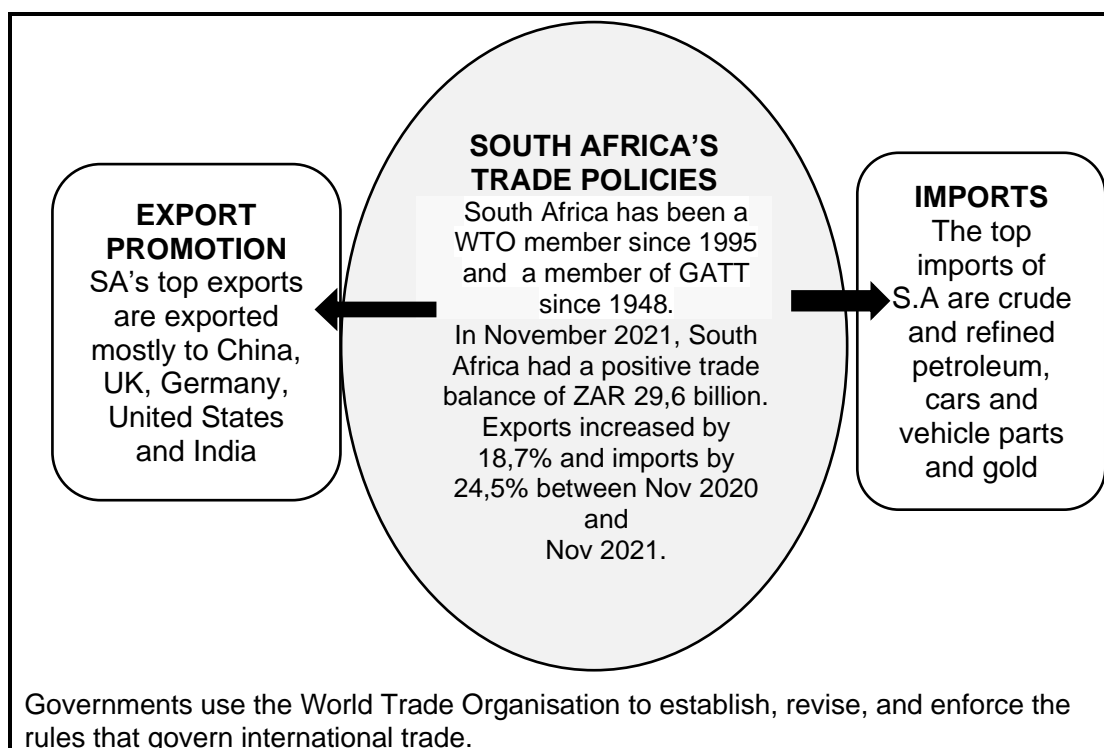
QUESTION 3: ECONOMIC PURSUITS**40 MARKS – 30 MINUTES**

3.1 Answer the following question.

3.1.1 Name any TWO services which are regarded as social indicators. (2 x 1) (2)

3.1.2 How do Special Economic Zones improve industrial development? (1 x 2) (2)

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



[Adapted from <https://oec.world>. Accessed on 13 October 2021.]

3.2.1 Name any ONE of South Africa's top export products. (1)

3.2.2 Which international organisation currently regulates free trade between countries? (1)

3.2.3 Briefly describe the term *export promotion*. (2)

3.2.4 Explain a reason the government supports export promotion. (2)

3.2.5 How does free trade contribute to improved economic growth? (2 x 2) (4)

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

R50 BILLION IN NEW SOUTH AFRICAN INVESTMENTS

The R50 billion new investments announced by French companies in South Africa follows a R20 bn investment in 2019. The different sectors that will benefit include manufacturing and the agro-industry.

The two countries agreed to work together to promote investment that supports industrial development.

Proper business friendly policies which include port efficiencies would further reinforce the position of South Africa as the investment hub on the African continent.

[Adapted from engineeringnews.co.za. Accessed on 26 August 2021.]

- 3.3.1 Name any ONE industrial development policy in South Africa. (1)
- 3.3.2 Which financial incentive is used to attract businesses to operate in the Industrial Development Zones (IDZs)? (1)
- 3.3.3 Briefly describe the term *industrial development*. (2)
- 3.3.4 Explain the importance of industrial development in South Africa. (2)
- 3.3.5 How would regional development in South Africa benefit the whole of Africa? (2 x 2) (4)
- 3.4 Differentiate between *producer price index* and *consumer price index* as economic indicators. (8)
- 3.5 How can the government reduce unemployment in the economy? (4 x 2) (8)
- [40]**

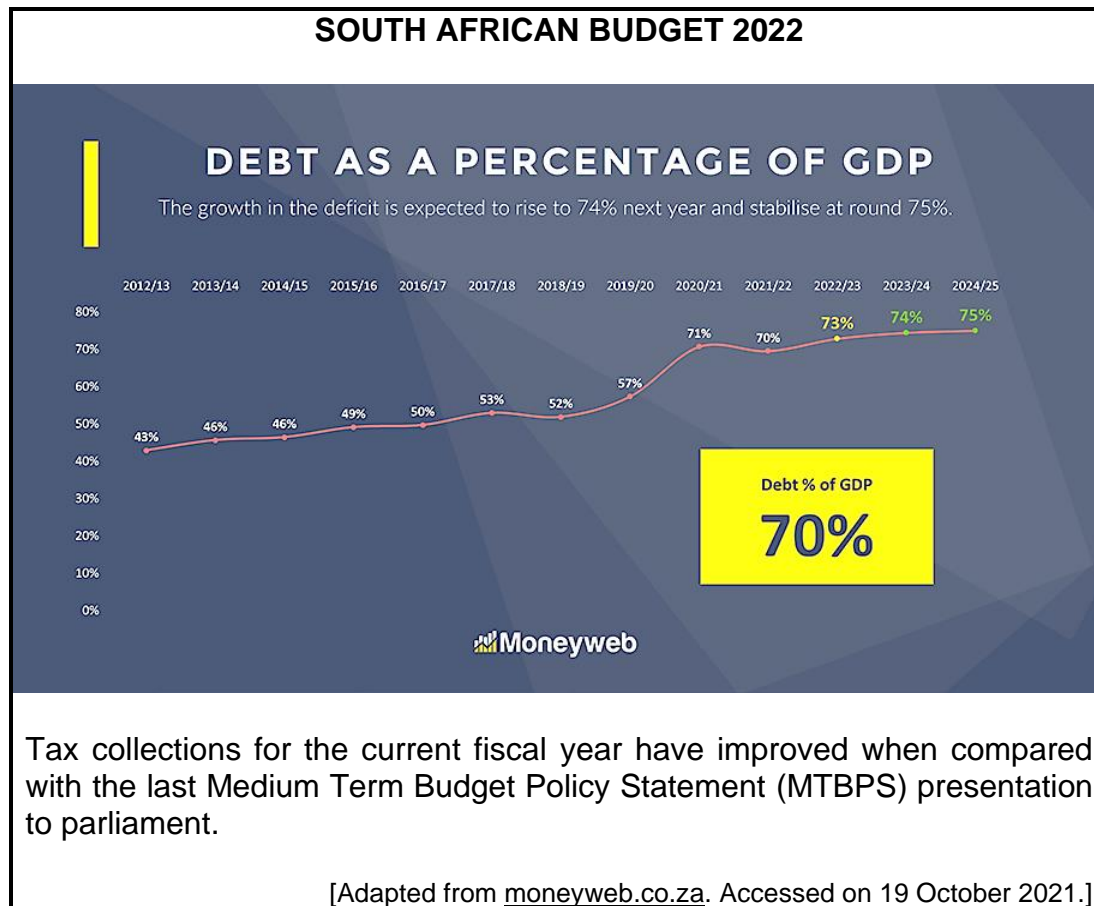
QUESTION 4: MACRO ECONOMICS AND ECONOMIC PURSUITS
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name TWO main items used to calculate trade balance. (2 x 1) (2)

4.1.2 What effect does subsidies on production have on gross value added? (2 x 1) (2)

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



4.2.1 Identify a source of government revenue from the data above. (1)

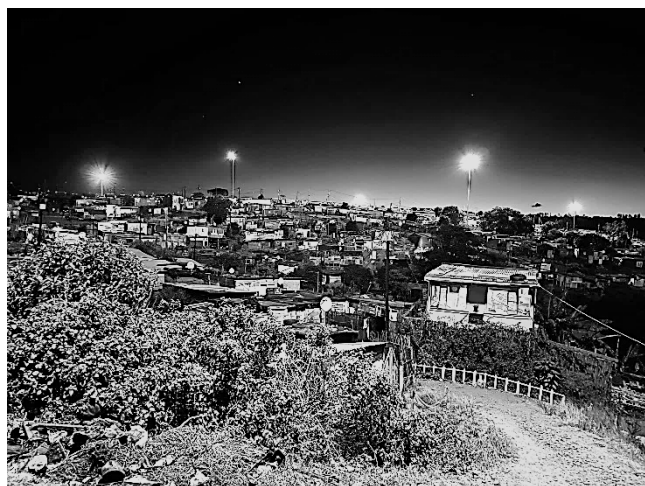
4.2.2 What percentage of public debt to nominal GDP is accepted as the general debt rule? (1)

4.2.3 Briefly describe the term *budget*. (2)

4.2.4 What is the purpose of the Medium Term Budget Policy Statement (MTBPS)? (2)

4.2.5 How can government increase its revenue? (2 x 2) (4)

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



URBANISATION

South Africa is urbanising rapidly: It is estimated that by 2050, eight in 10 people will be living in urban areas and this will increase demand on basic infrastructure requirements.

[Adapted from <https://pmg.org.za/page/Urbanisation> and Google images. Accessed on 05 April 2022.]

- 4.3.1 Name ONE reason for the increase in urbanisation in South Africa. (1)
- 4.3.2 What socio-economic issue may arise because of unplanned urbanisation? (1)
- 4.3.3 Briefly describe the term *urbanisation*. (2)
- 4.3.4 Explain the negative effect of rapid urbanisation on the environment. (2)
- 4.3.5 How can the government reduce the problem of unplanned urbanisation? (2 x 2) (4)
- 4.4 Discuss mass production and efficiency as effects of international trade. (8)
- 4.5 Explain the challenges in implementing a policy of protection. (4 x 2) (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer any ONE question of the TWO questions 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 the introduction. • Do NOT repeat any part of the introduction in the body. • Avoid mentioning 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/Draw a graph and explain/Use the graph given and explain/ Complete the given graph/Assess/Debate A maximum of 8 marks may be allocated for headings/examples. Additional part: Critically discuss/Evaluate/Critically evaluate/Debate/ Deduce/Compare/Distinguish/Interpret/How?/Suggest A maximum of 2 marks may be allocated for mere listing of facts.	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 valued 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 features underpinning forecasting in business cycles. (26 marks)
- Analyse the negative impact of business cycles on the economy. (10 marks) **[40]**

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

- Discuss in detail the South African growth and development policies and strategic initiatives. (26 marks)
- Evaluate the private-public partnership in achieving economic growth and development. (10 marks) **[40]**

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