



Province of the  
**EASTERN CAPE**  
EDUCATION

Iphondo leMpuma Kapa: Isebe leMfundo  
Provinsie van die Oos Kaap: Departement van Onderwys  
Porafensie Ya Kapa Botjhabela: Lefapha la Thuto

# **NATIONAL SENIOR CERTIFICATE**

## **GRADE 12**

### **SEPTEMBER 2024**

### **ECONOMICS P1**

**MARKS: 150**

**TIME: 2 hours**

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This question paper consists of 13 pages.

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**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. 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 The portion of consumption that varies with disposable income is referred to as ... consumption.

- A autonomous
- B productive
- C induced
- D direct

1.1.2 A business cycle obtained when the effects of irregular events are removed from time series data, is a(n) ... business cycle.

- A actual
- B natural
- C leading
- D new

1.1.3 A sphere of government that delivers basic services to the people is the ... government.

- A political
- B central
- C basic
- D local

1.1.4 The difference between the value of visible exports of goods and services and the value of visible imports is the ...

- A balance of payment.
- B direct investment.
- C terms of trade.
- D trade balance.

1.1.5 A ban imposed on the import of certain goods from a particular country.

- A Quantity control
- B Physical control
- C Tariffs
- D Quotas

1.1.6 A measure of the amount of money earned by an individual used to determine the standard of living of the population is known as ...

- A per capita income.
- B nominal income.
- C wages.
- D growth income.

1.1.7 A platform created to aid the development of urgently needed skills to facilitate job creation.

- A Broad-Based Black Economic Empowerment
- B Critical Infrastructure Programme
- C Joint Initiative on Priority Skills Acquisition
- D Foreign Investment Grant

1.1.8 A measure of a change in the prices of goods produced locally as they leave the factory floor is the ...

- A consumer price index.
- B producer price index.
- C weighted index.
- D inflation targeting.

(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 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	System of national accounts	A	transfer of functions and ownership of private entities to the public sector
1.2.2	Reduction of costs	B	a nationwide government intervention to create employment using labour-intensive methods
1.2.3	Nationalisation	C	the well-being of people is determined by health, education and income
1.2.4	Special Drawing Rights	D	a track of land that forms a passageway developed as part of regional development
1.2.5	Deregulation	E	a set of international guidelines to provide information about economic analysis and formulation of macroeconomic policy
1.2.6	Expanded Public Works Programme	F	the number of years a person may live is based on the statistical average
1.2.7	Corridor	G	financing instruments distributed among member countries of the International Monetary Fund
1.2.8	Life expectancy	H	the removal of laws, regulations and by-laws by the government
		I	the supply-side policy to smooth over fluctuations in the economy

(8 x 1) (8)

- 1.3 Give ONE term/word for each of the following descriptions. Write only the term/word 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 The total value of all goods and services produced by permanent residents of a country
- 1.3.2 The duration of a business cycle measured from trough to trough, or from peak to peak
- 1.3.3 An illustration of the theoretical relationship between tax rates and government revenue
- 1.3.4 A trade policy which involves the provision of incentives to encourage local producers to produce goods for export
- 1.3.5 The difference in economic development between developed and developing countries
- 1.3.6 Government programmes to encourage investment and job creation in areas with high growth potential (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

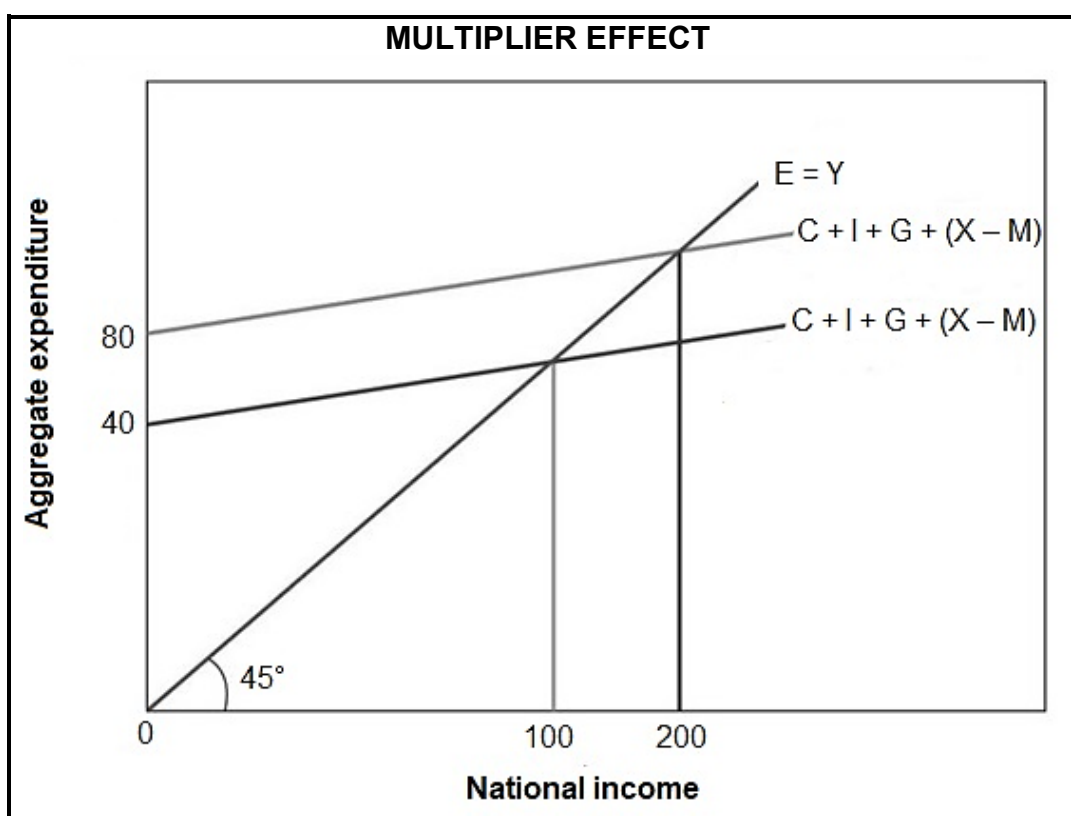
40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO examples of indirect tax. (2 x 1) (2)

2.1.2 Why is it necessary to dampen an overheating economy (excessive growth)? (1 x 2) (2)

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



[Adapted from Google images]

2.2.1 Identify a letter that represents money spent on capital goods from the graph above. (1)

2.2.2 Name the type of economy portrayed by the above graph. (1)

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

2.2.4 Explain the negative effect of an increase in import expenditure on the size of the multiplier. (2)

2.2.5 Use the formula  $K = \Delta Y / \Delta J$  to calculate the value of the multiplier for the above scenario. Show ALL calculations. (4)

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

**PUBLIC SECTOR FAILURE: IS GOVERNMENT WRECKING SOUTH AFRICA'S ECONOMY?**

A new report by the Centre for Development and Enterprise (CDE) argues that poor policy and bad governance are wrecking South Africa's economic growth.

The report has identified the following:

- Inadequate energy supply is South Africa's most critical constraint on growth – Maintaining Eskom's monopoly has meant that its collapse through corruption, and incompetence has had catastrophic implications for the whole country.
- The Zondo Commission found that the state paid over R57 billion on corruption-tainted contracts.
- Transnet's monopoly on poor port management and railway infrastructure explains why its services have declined, but costs have risen
- Appointment of unsuitable people into key organisations has been the key common factor to decaying public infrastructure

[Adapted from <https://dailyinvestor.com/south-africa/19596>. Accessed on 22 March 2024.]

2.3.1 Identify ONE parastatal from the extract above. (1)

2.3.2 Name a feature of public sector failure. (1)

2.3.3 Briefly describe the term *public sector failure*. (2)

2.3.4 Explain the impact of corruption on full employment as a macroeconomic objective. (2)

2.3.5 How can incompetence in state-owned enterprises affect service delivery? (4)

2.4 Briefly discuss the relationship between the financial sector and other participants in the circular-flow model. (8)

2.5 How can exogenous factors cause economic fluctuations (business cycles)? (8)

**[40]**



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

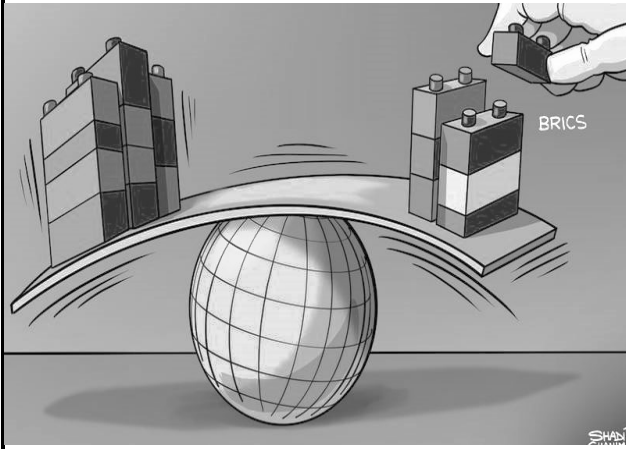
3.1 Answer the following questions.

3.1.1 Name any TWO forms of economic integration. (2 x 1) (2)

3.1.2 How can an economy increase its productivity? (1 x 2) (2)

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

**BRICS EXPANSION**



The 15<sup>th</sup> edition of the annual BRICS Summit held in South Africa in 2023 decided to expand the BRICS bloc and admit new members.

Five countries, Saudi Arabia, Egypt, Ethiopia, Iran and the UAE are now full members of the BRICS trade protocol.

[Adapted from [livemint.com](https://www.livemint.com). Accessed on 5 April 2024.]

3.2.1 Identify ONE new member country to BRICS. (1)

3.2.2 Name the trade agreement (protocol) between the United States and sub-Saharan African countries. (1)

3.2.3 Briefly describe the term *trade protocol*. (2)

3.2.4 Explain a main objective of BRICS. (2)

3.2.5 How can free trade disadvantage economies? (4)

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

ECONOMIC INDICATORS			
INDICATORS	LATEST VALUE	REFERENCE	MEASURE
Inflation	5,6	12/2023	Percent
CPI	114	02/2024	Index points
Money supply	376 845	02/2024	ZAR million
Unemployment rate	32,1	12/2023	percent
Interest rate (repo)	8,25	02/2024	Percent
Exchange rate	18,87	26/03/2024	US\$/rand
<p>The International Monetary Fund (IMF) forecasts its global economic growth to increase to 3,1%. Despite the improved global outlook for 2024, South Africa's growth performance remains crippled when compared with other countries.</p> <p>[Adapted from <a href="https://trading.com">trading.com</a>; <a href="https://statista.com">statista.com</a> &amp; <a href="https://treasury.gov.za">treasury.gov.za</a>. Accessed on 5 April 2024.]</p>			

3.3.1 Identify an economic indicator that relates to foreign trade from the table above. (1)

3.3.2 Name ONE money supply indicator. (1)

3.3.3 Briefly describe the term *unemployment rate*. (2)

3.3.4 Explain the importance of measuring the performance of the economy. (2)

3.3.5 Examine the role of international institutions in the standardisation of a country's indicators. (4)

3.4 Briefly discuss the benefits of import substitution. (8)

3.5 How can special economic zones (SEZs), contribute towards expanding the South African economy? (8)

**[40]**

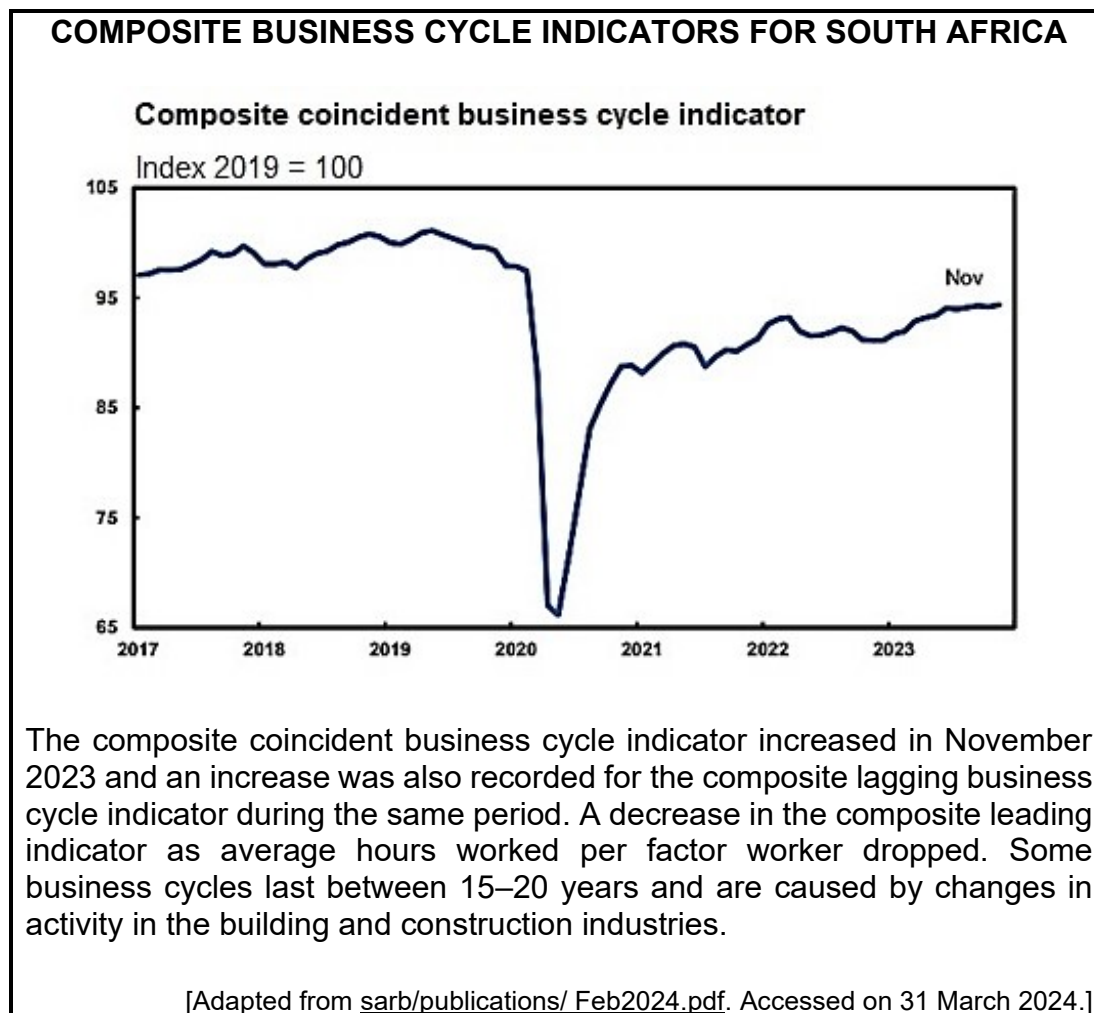
**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**  
**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO examples of IDZs in South Africa. (2 x 1) (2)

4.1.2 How do price changes impact monetary flows in the circular flow? (2 x 1) (2)

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



4.2.1 Identify an example of leading indicators from the information above. (1)

4.2.2 Name the type of business cycle that lasts between 15–20 years. (1)

4.2.3 Briefly describe the term *composite indicator*. (2)

4.2.4 Explain coincident indicators as a feature in business cycle forecasting. (2)

4.2.5 Why do economists use moving averages in their analysis of economic trends? (4)

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

**INDUSTRIAL DEVELOPMENT STRATEGIES IN SOUTH AFRICA**

The South African government took action to address challenges in the development of industries by implementing various policies and strategies. These include NRDS, IPAP, NIPF and IMS. Different manufacturing and service incentives are provided by the Department of Trade and Industry to improve regional development.

[Adapted from <https://www.thedtic.gov.za/sectors-and-services-2/industrial-development/>.  
Accessed on 5 April 2024.]

- 4.3.1 Identify an industrial development policy from the information above. (1)
- 4.3.2 Name ONE incentive used by the South African government to promote industrial development. (1)
- 4.3.3 Briefly describe the term *industrial development*. (2)
- 4.3.4 Explain competitiveness as one of the general benchmark criteria for regional development. (2)
- 4.3.5 How can the Integrated Manufacturing Strategy (IMS) promote industrialisation in South Africa? (4)
- 4.4 Differentiate between the *Medium-Term Expenditure Framework (MTEF)* and the *Medium-Term Budget Policy Statement (MTBPS)*. (8)
- 4.5 Analyse health as a social indicator. (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
<b>Introduction</b> The introduction is a lower-order response. <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do NOT include any part of the question in your introduction.</li> <li>• Do NOT repeat any part of the introduction in the body.</li> <li>• Avoid mentioning in the introduction what you are going to discuss in the body.</li> </ul>	Max. 2
<b>Body</b> <b>Main part:</b> 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 <b>A maximum of 8 marks may be allocated for headings/ examples.</b> <b>Additional part:</b> Critically discuss/Evaluate/Critically evaluate/ Debate/Deduce/Compare/Distinguish/Interpret/How?/Suggest <b>A maximum of 2 marks may be allocated for mere listing of facts.</b>	Max. 26  Max. 10
<b>Conclusion</b> Any higher-order conclusion should include: <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned</li> <li>• Any opinion or value judgment on the facts discussed</li> <li>• Additional support information to strengthen the discussion/analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

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

- Discuss in detail the reasons for international trade. (26 marks)
- How can changes in terms of trade influence the South African economy? (10 marks) **[40]**

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

- Discuss in detail the demand-side approach in promoting growth and development in South Africa. (26 marks)
- Evaluate the successes of the National Development Plan (NDP) in promoting growth and development. (10 marks) **[40]**

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