



**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2023

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 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 The formula $I + J + X$ represents ... in an open economy.

- A injections
- B leakages
- C expenditure
- D exports

1.1.2 The upper turning point of a business cycle is known as ...

- A prosperity.
- B recovery.
- C trough.
- D peak.

1.1.3 The estimation of future revenues and expenses over a period of time is known as ...

- A aggregate demand.
- B budget.
- C finance.
- D expenditure.

1.1.4 The deliberate increase in the value of a rand in terms of the other is ...

- A appreciation.
- B revaluation.
- C overvaluation.
- D surplus.

1.1.5 The removal or reduction of restrictions on the free exchange of goods between nations is known as ...

- A trade protocol.
- B globalisation.
- C trade liberalisation.
- D economic integration.

1.1.6 A redress measure that focuses on land for residential and production for previously disadvantaged groups, is known as ...

- A land restitution.
- B land reform.
- C land redistribution.
- D property subsidy.

1.1.7 A cash grant to build or expand physical infrastructure is a ...

- A industrial development zone.
- B integrated manufacturing strategy.
- C foreign investment grant.
- D critical infrastructure program.

1.1.8 An economic indicator measured by dividing the real GDP by the number of workers employed is referred to as ...

- A labour productivity.
- B employment.
- C unemployment.
- D economically active population.

(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	borrowing should only be used for capital expenditure
1.2.2	Real business cycle	B	fixed and predetermined quantity that can be imported
1.2.3	Deficit rule	C	measured by real GDP
1.2.4	Absolute advantage	D	charged by banks to their best customers
1.2.5	Quota	E	set of international guidelines for reporting statistics comparable across countries
1.2.6	Economic growth	F	budget shortfall not to exceed 3% of GDP borrowing
1.2.7	Special economic zone	G	macroeconomic model that suggests that fluctuations are a result of technological changes
1.2.8	Prime interest rate	H	producing a good or service at the lowest cost
		I	enjoy incentives such as tax relief to promote industrial development

(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 A portion of consumption that varies with disposable income
- 1.3.2 Statistical tool used to analyse the changes in a series of data over a certain period of time
- 1.3.3 A situation where one country has a relative advantage in the production of goods or services
- 1.3.4 A policy where the state discourages the importing of certain goods and services to protect local industries against unfair competition
- 1.3.5 A government initiative to attract infrastructure and business investments to neglected and underdeveloped areas
- 1.3.6 An indicator to measure changes in the prices of goods produced locally when they leave the factory floor (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 types of exchange rate systems. (2 x 1) (2)

2.1.2 Why is the value of the multiplier in a four-sector model smaller than that of a two-sector model? (2)

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

NATIONAL INCOME AND PRODUCTION ACCOUNTS OF SOUTH AFRICA		
At current prices R millions		
	2020	2021
Compensation of employees	2 678 050	2 861 309
Net operating surplus	1 480 978	1 795 000
Consumption of fixed capital	752 613	797 230
Gross value added at factor cost	4 924 541	5 453 539
Gross value added at basic prices	5 029 575	5 572 608

[Adapted from SARB *Quarterly Bulletin*, December 2022]

2.2.1 Identify an item made up of salaries and wages from the table above. (1)

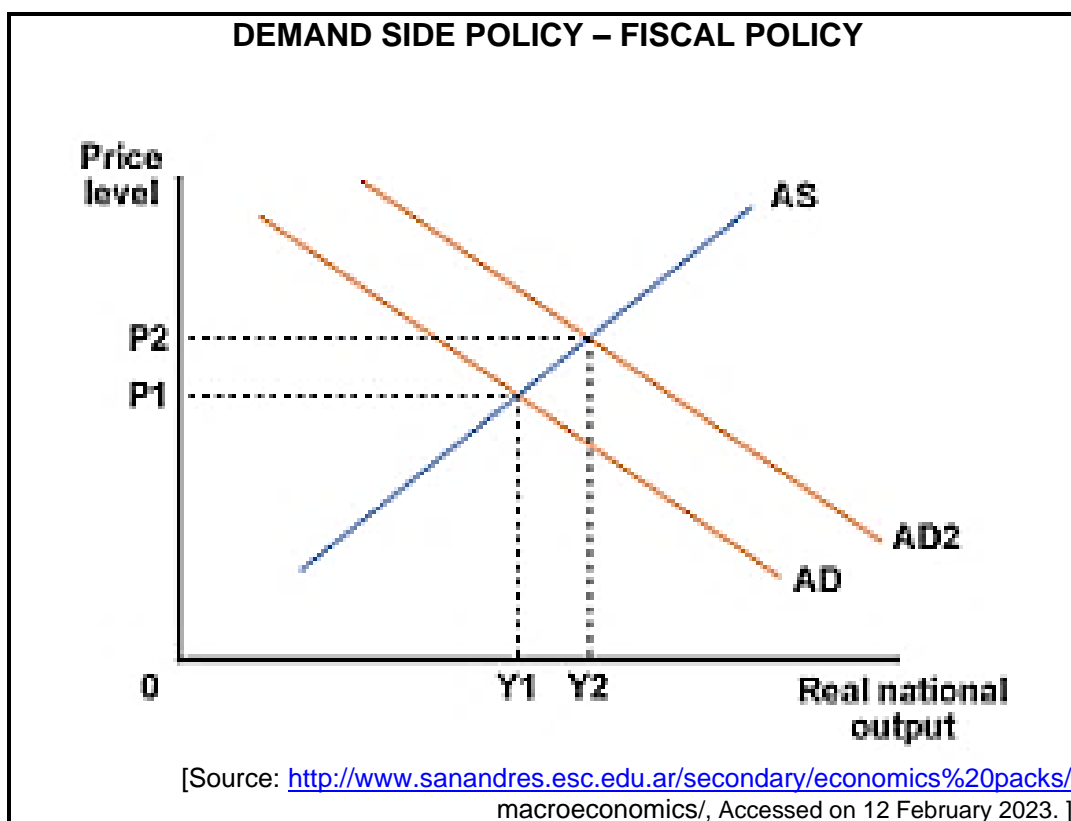
2.2.2 Name ONE item used to convert GDP at factor cost to GDP at basic prices. (1)

2.2.3 Briefly describe the term *factor cost*. (2)

2.2.4 Explain the purpose of a residual item in calculating GDP. (2)

2.2.5 Why would economists prefer constant prices to current prices when measuring economic growth? (4)

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



2.3.1 Identify the original equilibrium price. (1)

2.3.2 Give a formula to calculate aggregate demand for a closed economy. (1)

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

2.3.4 Explain the use of expansionary fiscal policy to stimulate economic activity. (2)

2.3.5 Redraw the graph in your ANSWER BOOK and complete it to show the effect of demand and supply side policies in smoothing business cycles. (4)

2.4 Briefly discuss specialisation and efficiency as effects of international trade. (8)

2.5 Why are financial markets important for economic growth? (8)

[40]

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

3.1 Answer the following questions.

3.1.1 Name any TWO arguments in favour of free trade. (2)

3.1.2 How does an increase in imports affect the economy? (2)

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



The Department of Trade Industry and Competition (DTIC) is mandated to promote South African value-added goods and services abroad by broadening the export base through incentives and subsidies.

[Adapted from hedtic.gov.za/sectors-and-services-2/1-4-2-trade-and-export. Accessed on 5 April 2023.]

3.2.1 Identify a method to promote exports from the information above. (1)

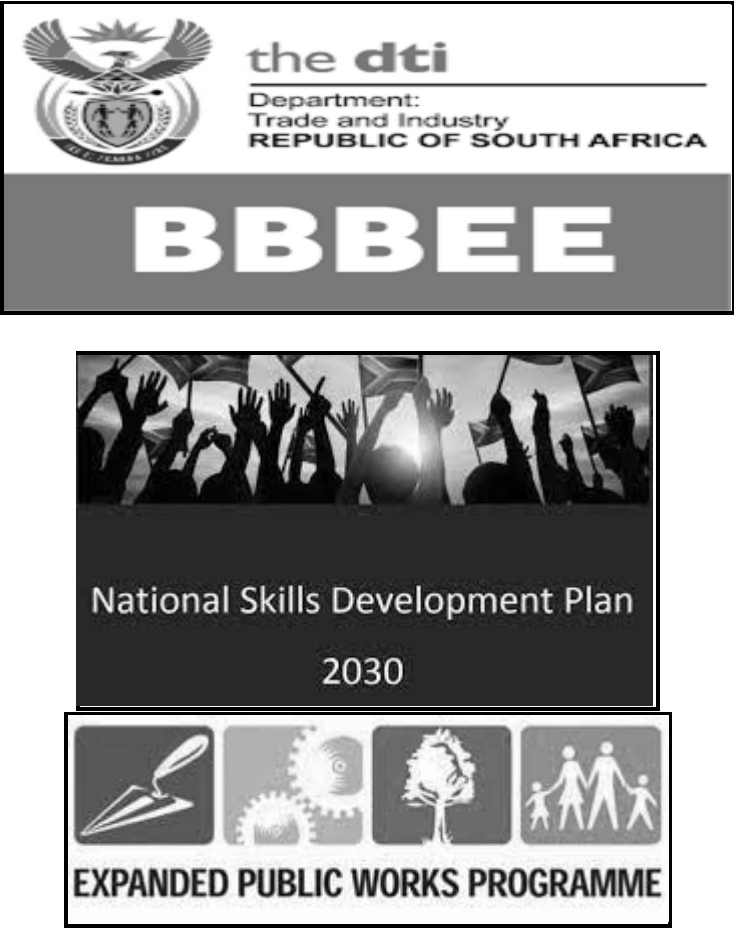
3.2.2 Name an international institution that promotes free trade. (1)

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

3.2.4 Explain the benefit of economies of scale to consumers. (2)

3.2.5 How does an increase in exports help an economy? (4)

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



The image displays three logos stacked vertically. The top logo is for 'the dti' (Department of Trade and Industry, Republic of South Africa) and features the BBBEE (Broad-Based Black Economic Empowerment) logo. The middle logo is for the 'National Skills Development Plan 2030' and features a graphic of hands raised in a crowd. The bottom logo is for the 'EXPANDED PUBLIC WORKS PROGRAMME' and features four icons: a pen, gears, a tree, and a family.

[Source: hedtic.gov.za/sectors-and-services. Accessed on 5 April 2023.]

- 3.3.1 Identify the growth policy which aims to create jobs using labour intensive methods from the above. (1)
- 3.3.2 Name any other South African growth and development policy. (1)
- 3.3.3 Briefly describe the term *economic development*. (2)
- 3.3.4 Explain the role of the government in promoting the entry of black entrepreneurs into businesses. (2)
- 3.3.5 Why has the BBBEE programmes not been successful in promoting growth and development in South Africa? (4)
- 3.4 Discuss the reasons for industrial development. (8)
- 3.5 How would the success of the National Development Plan benefit the South African economy? (8)

[40]

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

4.1 Answer the following questions.

4.1.1 Name TWO types of business cycles. (2)

4.1.2 Why are special economic zones important to an economy? (2)

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

HUGE BLOW FOR SA EXPORTS

South Africa imported more than it exported at the start of 2023 and recorded a preliminary trade balance deficit of R23,05 billion in January 2023.

The South African Revenue Service (SARS) said that the deficit was due to exports reaching R139,36 billion and imports totalling R162,41 billion.

This marked a significant year-on-year (YoY) decline from January 2022, when the nation recorded a R4,64 billion trade balance surplus.

[Adapted from <https://businesstech.co.za/news/finance/670341/huge-blow-for-exports-in-south-africa-report>. Accessed on 31 March 2023.]

4.2.1 Identify the value of the trade balance deficit for January 2023. (1)

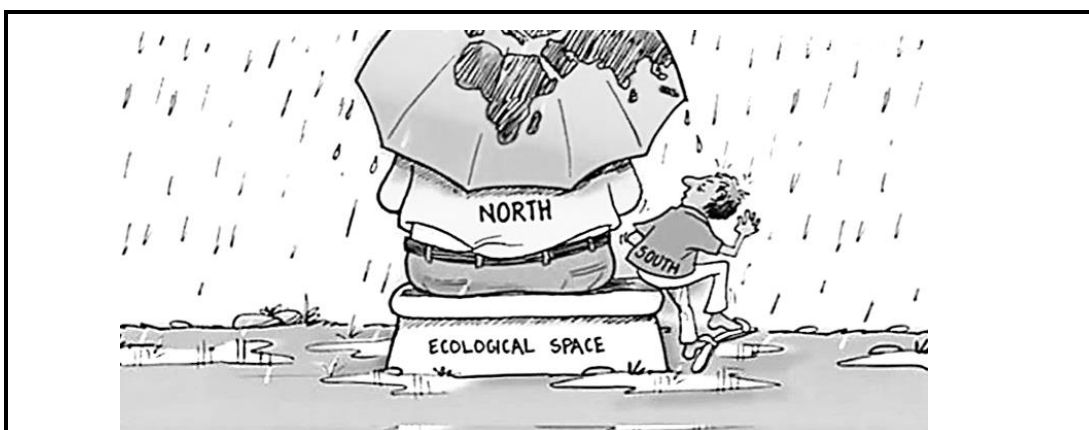
4.2.2 Name a main account of the balance of payment that records exports and imports. (1)

4.2.3 Briefly describe the term *trade balance*. (2)

4.2.4 Explain the purpose of the balance of payment. (2)

4.2.5 How can countries gain a favourable trade balance? (4)

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



Industrialisation has brought decades of wealth, that citizens of rich countries benefit from. as poorer countries try to improve, their development efforts are being constantly set back by hurricanes, droughts, floods and climate disasters.

Climate change hits poorer communities and countries hardest.

[Adapted from <https://www.climatechangenews.com/2015/11/24/a-paris-climate-deal-must-address-global-inequality/>. Accessed on 5 April 2023.]

- 4.3.1 Identify an environmental issue affecting poor countries in the above extract. (1)
- 4.3.2 Which part of the North-South divide represents the poor countries? (1)
- 4.3.3 Briefly describe the term *North-South divide*. (2)
- 4.3.4 Explain the negative impact of mass production by developed countries on the environment. (2)
- 4.3.5 How can unequal standards of living related to the North-South divide be addressed? (4)
- 4.4 With the aid of a correctly labelled graph, explain the amplitude of a business cycle. (8)
- 4.5 How would countries benefit from international agreements? (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 your 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 value judgment 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 main objectives of the public sector in the economy (26 marks)
- Analyse the impact of poor service delivery by the government on socio-economic rights. (10 marks) **[40]**

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

- Discuss in detail the social indicators. (26 marks)
- How can service delivery be improved by local authorities? (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150