



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**SEPTEMBER 2014**

**ECONOMICS P1**

**MARKS: 150**

**TIME: 1½ hours**



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This question paper consists of 12 pages.

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**INSTRUCTIONS AND INFORMATION**

1. Answer FOUR questions as follows:  
SECTION A: COMPULSORY  
SECTION B: Answer any TWO of the three questions.  
SECTION C: Answer only ONE question.
2. Number the answers correctly according to the numbering system used in this question paper.
3. Write the question number 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 questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive levels 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 – 15 MINUTES**

- 1.1 Various possible options are provided as answers to the following questions. Choose the answer and write only the letter (A–C) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 C.
- 1.1.1 South Africa uses the System of National Accounts (SNA) recommended by the ...
- A World Bank.
  - B United Nations.
  - C International Monetary Fund.
- 1.1.2 If the government sells more than 50% of the shares of state owned enterprises to the private sector, it is known as ...
- A nationalisation
  - B parastatals
  - C privatisation
- 1.1.3 Measures that improve market efficiency include ...
- A competition.
  - B tax rates.
  - C human development.
- 1.1.4 The level at which a country's exchange rate is determined is greatly dependant on the ...
- A import of goods and services.
  - B international movement of exchange rates.
  - C the number of tourists visiting the country.
- 1.1.5 Is the removal of trade practices that prevent the free flow of goods and services between countries:
- A Globalisation
  - B World Trade Organisation
  - C Trade liberalisation
- 1.1.6 The first industries that developed in Britain during the Industrial Revolution were ...
- A manufacturing industries.
  - B agricultural industries.
  - C mining industries.

1.1.7 An index used to compare countries on human aspects of development:

- A Inflation rate
- B Repo rate
- C HDI

1.1.8 ... is a track of land that forms a passage allowing access from one area to another.

- A Corridors
- B IDZ
- C Special Economic Zone

(8 x 2) (16)

1.2 Choose the correct 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	Demographics	A	relates to goods and physical processes
1.2.2	Quantitative methods	B	based on historical time series data
1.2.3	A fiscal policy	C	an individual cannot be charged a price on the basis of use
1.2.4	Non-excludability in consumption	D	the total of all the money coming into the country from abroad, less all of the money going out of the country during the same period
1.2.5	Beneficiation	E	deals with the characteristics of the population, such as size, race, age etc.
1.2.6	Balance of payment	F	the process of transforming a mineral to a higher value product, which either be consumed locally or exported
1.2.7	Economic sanctions	G	are used to create the framework and the mechanism
1.2.8	Macroeconomic policies	H	cutting personal taxation
		I	penalties imposed on a country such as refusal to trade and disinvestment

(8 x 1) (8)

1.3 Fill in the missing word/s in each of the following descriptions. Write only the term next to the question number (1.3.1–1.3.6) in the ANSWER BOOK.

1.3.1 ... is a form of credit that the IMF can use when a country experiences balance of payment difficulties.

1.3.2 The reward that must be paid to the owners of the fixed capital that has been used up in the process of producing the final output is called ...

1.3.3 ... is levied on gains earned on the sale of capital goods, such as properties and shares.

1.3.4 The ... measures prices of goods that are produced domestically when they leave the factory yard and goods that are imported, when they enter the country.

1.3.5 The ... involves the discovery of new knowledge.

1.3.6 A ban on trade with a particular country is known as ... (6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

Answer any TWO questions from this section in the ANSWER BOOK.

**QUESTION 2: MACROECONOMICS****40 MARKS – 20 MINUTES**

2.1 Name TWO trade protocols that South Africa is part of. (2 x 2) (4)

**2.2 DATA RESPONSE**

Study the table below and answer the questions that follow.

Income Tax Tables 1 March 2013 – 28 February 2014

<b>TAXABLE INCOME</b>	<b>TAX RATE</b>
R0 – R165 600	18%
R165 601 – R258 750	R29 808 + (25% of the amount above R165 600)
R258 751 – R358 110	R53 096 + (30% of the amount above R258 750)
R358 111 – R500 940	R82 904 + (35% of the amount above R358 110)
R500 941 – R638 600	R132 894 + (38% of the amount above R500 940)
R638 60 and above	R185 205 + (40% of the amount above R638 600)

Tax rebates applicable to individuals are:

Primary Rebates	R12 080
Secondary Rebates (Persons 65 and older)	R6 750
Tertiary Rebates (Person 75 and older )	R2 250

[Source: SARS income tax tables – tax year 2013/2014]

2.2.1 Which scale of taxation is used in the above table? (2)

2.2.2 What is the marginal rate of taxation if a person earns R280 000? (2)

2.2.3 Mr Sokuthu (aged 50) earns R385 000 a year. Calculate the total tax amount for a year. (4)

2.2.4 Write down Mr Sokuthu's tax contribution as a percentage of his taxable income. (2)

## 2.3 DATA RESPONSE

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



[Published in *Sunday Times* in April 2012]

- 2.3.1 Who is this new boy at the BRIC's club? (2)
- 2.3.2 Why do you think the four original BRIC member countries were keen to welcome this new boy? Give TWO reasons. (4)
- 2.3.3 Where was the BRICS's fourth summit held in 2012? (2)
- 2.3.4 Mention ONE proposal made by the club for the establishment of the BRICS Development Bank. (2)
- 2.4 Distinguish between supply-driven and demand-driven as kinds of the business cycle. (4 x 2) (8)
- 2.5 Explain why a change in injection has a multiplier effect on the level of production. (4 x 2) (8)

**[40]**

**QUESTION 3: ECONOMIC PURSUIT****40 MARKS – 20 MINUTES**

3.1 Mention any TWO kinds of government intervention in industries. (2 x 2) (4)

3.2 **DATA RESPONSE**

Study the following case study and answer the questions that follow.

**Framework for South Africa's response to the international economic crisis**

The department of Economic Development leads the implementation of the measures in the framework for South Africa's response to the international crisis.

The implemented measure included:

- The Industrial Development Corporation (IDC) established a R6,1 billion fund to assist distressed companies. By February 2012, the IDC had saved and created 26 309 jobs.
- The IDC established a jobs fund, financed through the issue of a R2 billion development bond, which the Unemployment Insurance Fund (UIF) purchased. Some R219 million of this R2 billion is included in the R6,1 billion fund for distressed companies. It was announced in February 2012, that the UIF would invest another R2 million in job creation.
- The department, together with the Department of Labour, the IDC and the Commission for Conciliation, Mediation and Arbitration, established a R2,9 billion training lay-off scheme, to provide for the training of workers as an alternative to retrenchment. By the end of January 2011, 6 351 workers had benefited. The pace of real output growth in the South African economy slowed considerably in the second quarter of 2011. Growth in real gross domestic product (GDP) excluding the volatile primary sector, also moderated steeply from an annualised rate of 5,5% in the first quarter of 2011 to 1,6% in the second quarter.

[Source: *South Africa National Budget 2013/2014*]

- 3.2.1 What is the role of the Industrial Development (IDC) in the economy? (2)
- 3.2.2 According to the extract, explain how the IDC promotes industrial development. (4)
- 3.2.3 How will the workers benefit through the action of the IDC and CCMA? (2)
- 3.2.4 Explain the meaning of the term "*distressed company*" according to the extract. (2)



### 3.3 DATA RESPONSE

Study the cartoon below and answer the questions that follow.



[Source: South African National Budget 2013/2014]

- 3.3.1 Identify the economic indicator illustrated in the cartoon. (2)
- 3.3.2 Explain the action taken by the people in the cartoon. (2)
- 3.3.3 How can the above-mentioned economic indicator be fixed in South Africa? Mention any TWO solutions. (2 x 2) (4)
- 3.3.4 Name the institution that publishes the above-mentioned economic indicator. (2)
- 3.4 Briefly explain the Employment Equity Act and Broad Based Black Empowerment Act used to enforce a preference for black workers and the businesses of black people. (8)
- 3.5 Explain the reasons why South Africa supports regional development and integration in Southern Africa. (8)

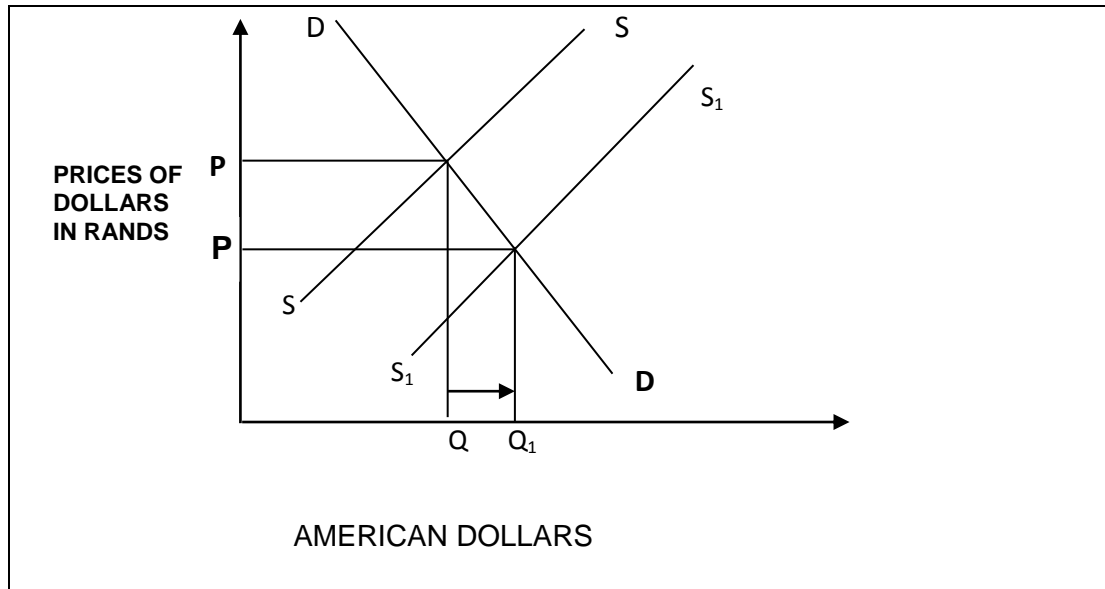
**[40]**

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUIT****40 MARKS – 20 MINUTES**

4.1 Name any TWO objectives of the public sector. (2 x 2) (4)

**4.2 DATA RESPONSE**

Study the graph below and answer the questions that follow.



4.2.1 Name the exchange rate system determined by the demand and supply. (2)

4.2.2 What has happened to the supply of the American dollar? (2)

4.2.3 Give TWO reasons for the occurrence in QUESTION 4.2.2. (2 x 2) (4)

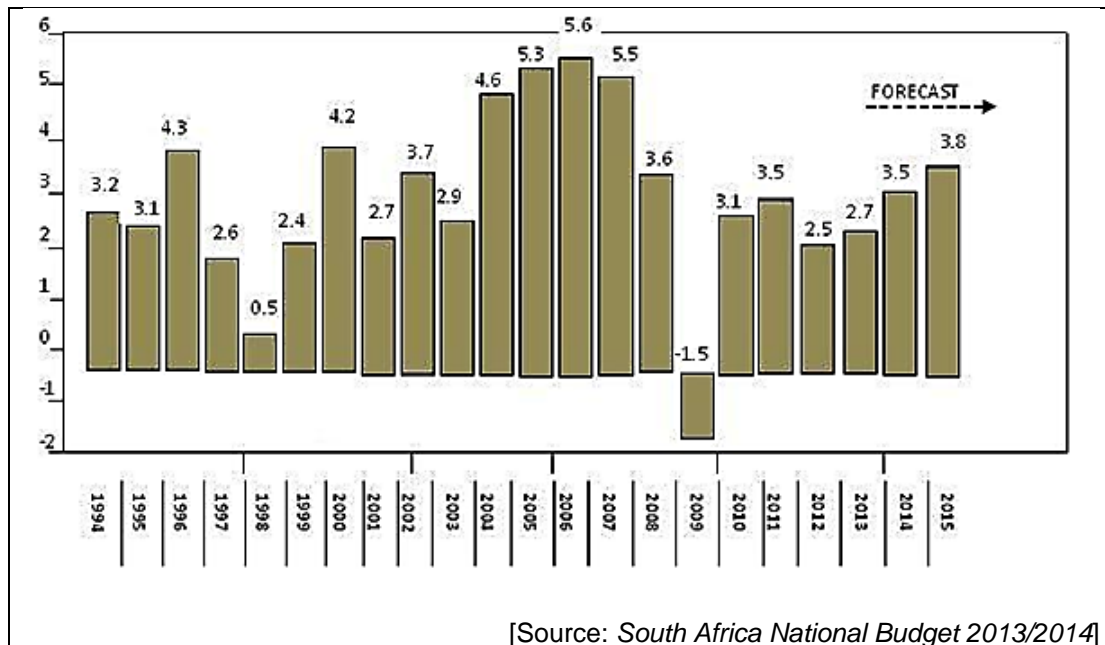
4.2.4 How can the South African Reserve Bank intervene to stabilise the exchange rate around a particular rate? (2)

**[10]**

### 4.3 DATA RESPONSE

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

#### SA GDP ANNUAL GROWTH RATE (GOVERNMENT ESTIMATES)



- 4.3.1 Define the term *GDP*. (2)
- 4.3.2 According to the above bar graph, which year has the lowest annual growth rate, according to government estimate? (2)
- 4.3.3 Mention TWO ways how the South African government can improve growth in South Africa. (2 x 2) (4)
- 4.3.4 Name the institution that publishes the South African growth rate. (2)
- 4.4 Explain the reasons for the North South divide. (8)
- 4.5 Describe TWO characteristics of export processing zones and explain their aims. (8)

[40]

**TOTAL SECTION B: 80**

**SECTION C**

Answer ONE of the two questions from this SECTION in the ANSWER BOOK.

**MARK ALLOCATION FOR ESSAY RESPONSES**

<b>STRUCTURE OF THE ESSAY:</b>	<b>MARK ALLOCATION:</b>
<b>Introduction</b>	Max. 2
<b>Body</b>  <b>Main part:</b> Discuss in depth/In-depth discussion/Examine/ Critically discuss/Analyse/Compare/ Evaluate/ Distinguish/ Explain/Assess/Debate	Max. 26
<b>Additional part:</b> 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	Max. 10
<b>Conclusion</b>	Max. 2
<b>TOTAL</b>	<b>40</b>

**QUESTION 5: MACROECONOMICS****40 MARKS – 35 MINUTES**

The South African public service faces many challenges in its efforts to become a truly representative, efficient and democratic instrument and to play its proper role in the reconciliation, reconstruction and development process.

Discuss the necessity for public sector service. In addition discuss the problems associated with public sector service delivery.

**[40]****QUESTION 6: ECONOMIC PURSUIT****40 MARKS – 35 MINUTES**

Although much has been done since 1994 to extend public services and dismantle barriers from the past, there is widespread frustration that poverty persists, inequality remains high and transformation is sluggish.

Write a report discussing the different economic growth and development strategies in South Africa since 1994. In addition explain how South Africa's fiscal policy since 1994 has aided development.

**[40]**

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







