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# basic education

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## NATIONAL SENIOR CERTIFICATE

**GRADE 12**

**ECONOMICS P1**

**NOVEMBER 2019**

**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 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. Read the questions carefully.
5. Start EACH question on a NEW page.
6. Leave 2–3 lines between subsections of questions.
7. 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.
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 answer and write only the letter (A–D) next to the question numbers (1.1.1 to 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D.

1.1.1 A period when there is a general increase in economic activities is known as a(n) ...

- A downswing.
- B upswing.
- C depression.
- D recession.

1.1.2 National income will increase when ...

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

1.1.3 Indicators that change at the same time and in the same direction as the economy changes are known as ... indicators.

- A leading
- B lagging
- C composite
- D co-incident

1.1.4 Where one country can produce goods or services cheaper than another country within a given time period it is called ...

- A comparative advantage.
- B absolute advantage.
- C terms of trade.
- D free trade.

1.1.5 The Laffer curve shows the relationship between ...

- A tax revenue and tax rate.
- B income and expenditure.
- C nominal and real figures.
- D tax revenue and wages.

1.1.6 Production, as an economic indicator, relates to ...

- A foreign trade.
- B inflation.
- C money supply.
- D real GDP.

1.1.7 The Department of Trade and Industry initiative that focuses on improving competitiveness in production is called the ...

- A National Industrial Policy Framework.
- B National Research and Development Strategy.
- C Integrated Manufacturing Strategy.
- D Small Business Support Programme.

1.1.8 The demand-side policy relates to ...

- A a reduction in costs.
- B improving the efficiency of inputs.
- C the influence on inflation and unemployment.
- D improving the efficiency of markets.

(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.

COLUMN A		COLUMN B	
1.2.1	Leakages	A	estimate figures or trends in future from facts that are known
1.2.2	Exogenous approach	B	a country's export prices are compared to its import prices
1.2.3	Human Development Index	C	the removal of laws, regulations and bylaws by government
1.2.4	Extrapolation	D	independent factors that influence business cycles and originate outside the economy
1.2.5	Portfolio investment	E	a trade policy where the state discourages the import of certain goods and services to protect local industries
1.2.6	Terms of trade	F	outflow of money from the economy
1.2.7	Gross domestic product	G	total value of final goods and services produced within the boundaries of a country for a specific period
1.2.8	Deregulation	H	buying of financial assets such as shares in companies on the stock exchange of another country
		I	the well-being of people determined by health, education and income

(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 The initial change in spending produces a proportionately larger increase in national income

1.3.2 The point where the economic contraction is at its lowest

1.3.3 A transfer of functions and ownership from the public sector to the private sector

1.3.4 An increase in the price of a currency in terms of another currency due to market forces

1.3.5 The movement of imports and exports between countries without any restrictions

1.3.6 The social indicator that relates to the size of the country's population

(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 TWO types of business cycles that occur in a market economy. (2 x 1) (2)

2.1.2 Why would an increase in import tariffs benefit the South African economy? (1 x 2) (2)

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



[Adapted from Google images.com]

2.2.1 Name any ONE state-owned enterprise in the country. (1)

2.2.2 What is the current VAT rate in South Africa? (1)

2.2.3 Briefly describe the term *Medium-Term Budget Policy Statement*. (2)

2.2.4 Explain the relationship between the main budget and the MTEF. (2)

2.2.5 What can the government do to solve the current financial challenges of state-owned enterprises? (2 x 2) (4)

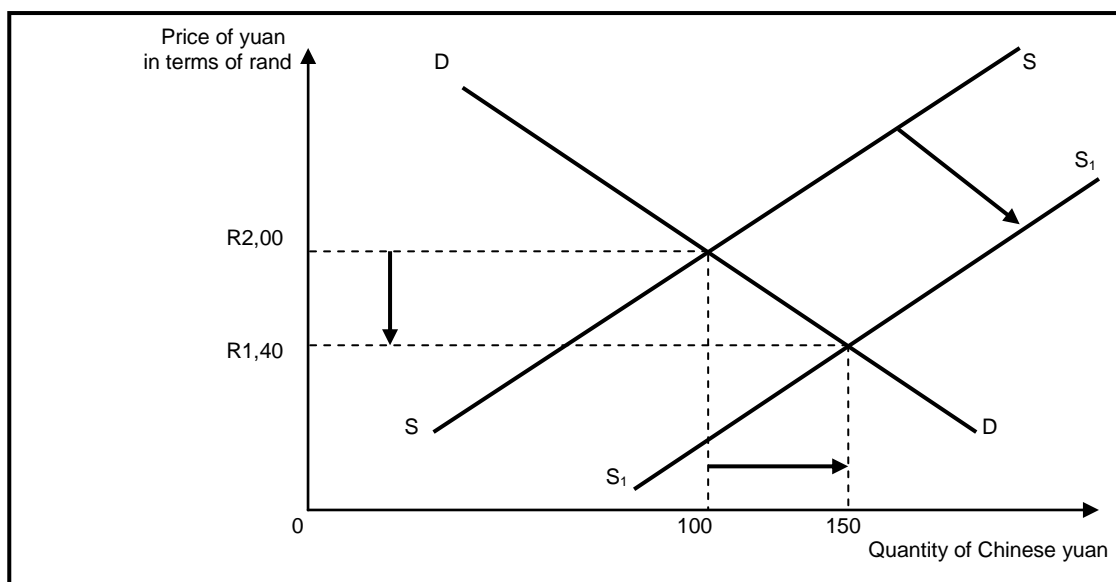
2.3 Study the table below and answer the questions that follow.

<b>FINAL CONSUMPTION EXPENDITURE BY HOUSEHOLDS at constant 2010 prices</b>			
	<b>2012</b>	<b>2015</b>	<b>2018</b>
Durable goods	175 675	183 493	192 049
Semi-durable goods	153 492	172 570	187 892
Non-durable goods	673 670	693 594	711 569
Services	765 528	804 000	845 886
<b>TOTAL</b>	<b>1 768 365</b>	<b>1 853 657</b>	<b>1 937 396</b>

[Source: *Quarterly Bulletin*, SA Reserve Bank, March 2019]

- 2.3.1 Identify the year currently being used by the Reserve Bank as a base year. (1)
- 2.3.2 Give any ONE example of a non-durable good. (1)
- 2.3.3 Briefly describe the term *at constant prices*. (2)
- 2.3.4 Why is there a rise in household expenditure while unemployment is steadily increasing? (2)
- 2.3.5 How will an increase in the repurchase (repo) rate affect the economy? (2 x 2) (4)

2.4 Use the graph below to explain the impact of an increase in exports to China on the value of the rand.



(4 x 2) (8)

2.5 With reference to the Phillips curve, analyse the relationship between *inflation* and *unemployment*. (8)

**[40]**



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

3.1 Answer the following questions.

- 3.1.1 Name TWO types of economic indicators related to price changes.  
(2 x 1) (2)
- 3.1.2 What can local governments do to prevent service delivery protests?  
(1 x 2) (2)

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

**CLEAN ENERGY IN AFRICA FACES SHORT-CIRCUIT**

There is a high demand but a shortage of trained workers. In Sub-Saharan Africa, where more than 600 million people still lack *access to electricity*, off-grid renewable power is seen as one of the fastest ways to get energy to where it is needed, especially to remote and rural areas.

However, there are only a few trained workers able to plan, install and maintain clean energy systems. In Sub-Saharan Africa there are only 16 000 people working in renewable energy outside South Africa. This accounts for 0,1% of the *global renewable energy workforce which impacts globalisation*.

[Adapted from *Sunday Times*, 3 February 2019]

- 3.2.1 Which economic indicator is addressed in the above extract? (1)
- 3.2.2 Name the social indicator that includes '*access to electricity*'. (1)
- 3.2.3 Briefly describe the term *globalisation*. (2)
- 3.2.4 What impact will a shortage of trained workers have on global trade? (2)
- 3.2.5 How could education, as a social indicator, reduce inequalities experienced worldwide?  
(2 x 2) (4)

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



[Adapted from Google images.com]

- 3.3.1 Identify the first government policy implemented in 1994 to address the imbalances of the past. (1)
- 3.3.2 Give ONE aim of the National Development Plan. (1)
- 3.3.3 Briefly describe the term *economic development*. (2)
- 3.3.4 Why did AsgiSA fail? (2)
- 3.3.5 How will South Africa benefit in a dynamic global environment if the NDP succeeds? (2 x 2) (4)
- 3.4 Explain the role of international institutions in the standardisation of a country's indicators. (4 x 2) (8)
- 3.5 How can unequal standards of living related to the North-South divide be addressed? (8)
- [40]**

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

4.1 Answer the following questions.

4.1.1 Name TWO types of markets that form part of the financial system.  
(2 x 1) (2)

4.1.2 Why is it important to use moving averages to forecast business cycles?  
(1 x 2) (2)

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

**WORLD POWERS WARN SOUTH AFRICA**

The presidency received an unprecedented memo on corruption in which the five world powers warned the leaders of the country that the investment drive could fail unless South Africa started to take action against perpetrators of state capture, corruption and other serious crimes.

The governments of the United Kingdom and Switzerland stated that political commitment to honest and ethical business practices should prevail. The UK and Switzerland, together with three other countries, account for 75% of foreign direct investment in South Africa that might definitely affect the balance of payments negatively.

[Adapted from *Sunday Times*, 3 February 2019]

4.2.1 Identify the country in the extract that belongs to the G8 countries. (1)

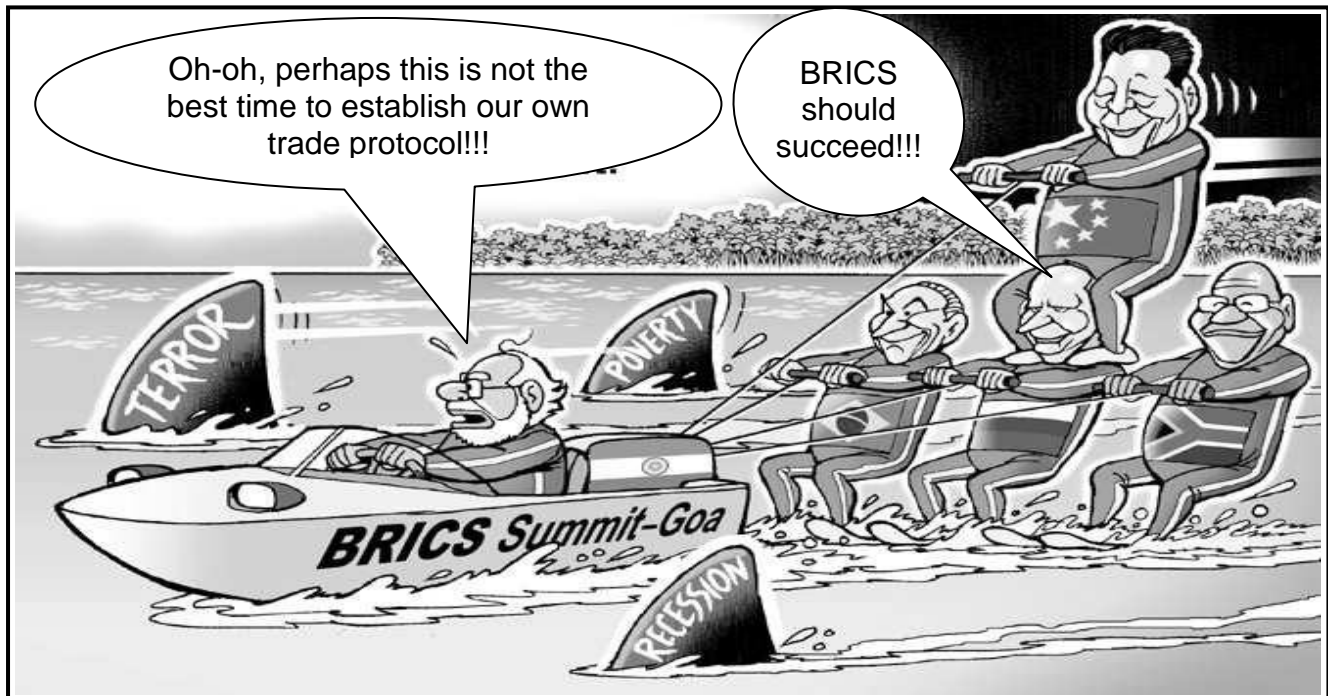
4.2.2 What is the impact of corruption on full employment as a macroeconomic objective? (1)

4.2.3 Briefly describe the term *balance of payments*. (2)

4.2.4 Why would public sector failure lead to economic instability? (2)

4.2.5 How could foreign direct investments influence the growth rate in South Africa?  
(2 x 2) (4)

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



[Adapted from Google Images, 2019]

- 4.3.1 Name any ONE country that is a member of BRICS. (1)
- 4.3.2 What is the purpose of BRICS? (1)
- 4.3.3 Briefly describe the term *recession*. (2)
- 4.3.4 Why would a recession affect emerging market economies more than developed economies? (2)
- 4.3.5 How can countries benefit from international trade agreements? (2 x 2) (4)
- 4.4 Briefly explain the role of *households* and the *business sector* in the circular flow model. (2 x 4) (8)
- 4.5 How can the monetary policy contribute to economic growth? (8)
- [40]**

**TOTAL SECTION B: 80**

**SECTION C**

Answer any ONE of the two questions in this section 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 <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/How/Suggest	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 judgement 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**

- Examine South Africa's export promotion trade policy. (26 marks)
- Evaluate the success of protectionism as a trade policy to protect industries against foreign competitors. (10 marks)

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

- Discuss in detail the South African endeavours (initiatives) in regional development. (26 marks)
- How successful has the government been in promoting industrial development in South Africa? (10 marks)

**[40]**

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