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Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE/ NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P1

NOVEMBER 2020

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 The difference in the value of the output at the peak and the value of the output at the trough of a business cycle is known as the ...

- A length.
- B trend line.
- C amplitude.
- D real output.

1.1.2 One of the member countries of the BRICS Protocol is ...

- A Japan.
- B China.
- C England.
- D Italy.

1.1.3 If the marginal propensity to consume (mpc) is 0,6 in a 2-sector model, the marginal propensity to save (mps) will be ...

- A 4.
- B 6.
- C 9,4.
- D 0,4.

1.1.4 Which ONE of the following is presented in October to inform parliament of changes in the budget since February?

- A Main budget
- B Medium-term Budget Policy Statement
- C Medium-term Expenditure Framework
- D National budget

1.1.5 Long-term deposits of the domestic sector at monetary institutions are part of the ... money supply.

- A M1
- B M2
- C M3
- D M4

1.1.6 A supply reason for international trade is/are ...

- A income levels.
- B preferences and tastes.
- C the size of the population.
- D labour resources.

1.1.7 An interest rate that commercial banks offer to their most valued clients is called the ... rate.

- A prime
- B repo
- C fixed
- D preference

1.1.8 Which ONE of the following is classified as excise duties?

- A Tax on alcohol
- B Gun licence
- C Value-added tax
- D Personal income tax

(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.

COLUMN A		COLUMN B	
1.2.1	Autonomous consumption	A	the owners of the factors of production in the economy
1.2.2	New economic paradigm	B	coordinates government actions to increase the competitiveness of South African businesses
1.2.3	Bureaucracy	C	focus on the acquisition of skills
1.2.4	Mass production	D	spending that takes place irrespective of the level of income
1.2.5	JIPSA	E	the smoothing of business cycles using monetary and fiscal policy
1.2.6	Dumping	F	ensures the supply of standardised articles through an automated mechanical process
1.2.7	Economic growth	G	increase in a country's production capacity
1.2.8	Integrated manufacturing strategy	H	official rules and regulations that can hinder service delivery
		I	selling goods in another country at very low prices with which the local industry cannot compete

(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 labour force between the ages of 15 and 65 that are willing and able to work

1.3.2 It illustrates (shows) the relationship between unemployment and inflation

1.3.3 A form of credit from the International Monetary Fund (IMF) which can be used when balance of payments difficulties are experienced

1.3.4 A penalty imposed by one or more countries on another country by restricting trade

1.3.5 Consultation between the South African Reserve Bank and banks to persuade them to act in a manner that is desirable

1.3.6 An increase in the number of people moving from rural areas to cities

(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 sources of state revenue. (2 x 1) (2)

2.1.2 What is the purpose of the residual item when the expenditure method is used to calculate national income? (1 x 2) (2)

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

PUBLIC SECTOR CHALLENGES

The public sector comprises three levels of government, namely national, provincial and local government. The government programmes include the Medium-term Strategic Framework implemented from 2014–2019 as part of the National Development Plan. It consists of various focus areas such as education, health and economic growth and development.

[Adapted from www.gov.za]

2.2.1 Which level of government develops policy and coordinates services across all nine provinces? (1)

2.2.2 Name ONE macroeconomic objective of the state. (1)

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

2.2.4 How will the government benefit from privatising state-owned enterprises? (2)

2.2.5 Why is the pricing policy a problem for the government in respect of the provisioning of goods and services? (2 x 2) (4)

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

**BALANCE OF PAYMENTS 2018
(R MILLIONS)**

1. Current account	2018
Merchandise exports	1 175 547
Net gold exports	71 678
Service receipts	210 415
Income receipts	96 507
Less: Merchandise imports	1 222 944
Less: Payments for services	217 939
Less: Income payments	250 552
(A)	-35 674
Balance on the current account	-172 062
2. Capital Transfer Account	236
Net lending to (+) borrowing from (-) rest of world	-172 726

[Adapted from SARB Quarterly Bulletin, March 2019]

- 2.3.1 Which item in the current account is unique to South Africa? (1)
- 2.3.2 Name the item **(A)** missing from the current account in the table above. (1)
- 2.3.3 Briefly describe the term *Capital Transfer Account*. (2)
- 2.3.4 Explain ONE factor that would influence demand to reduce the deficit in the balance of payments. (2)
- 2.3.5 Determine the value of the trade balance. Show ALL calculations. (4)
- 2.4 Briefly explain *leading indicators* and *composite indicators* as features underpinning forecasting of business cycles. (2 x 4) (8)
- 2.5 Analyse the impact of a devaluation of the rand on the economy. (8)
- [40]**

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

3.1 Answer the following questions.

3.1.1 Name TWO indicators related to foreign trade. (2 x 1) (2)

3.1.2 What is the purpose of the Expanded Public Works Programme?
(1 x 2) (2)

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

ECONOMIC INDICATORS			
	2016	2017	2018
Population (m.)	55,2	56,7	57,7
GDP @ constant prices (Rm.)	3 076 465	3 119 984	3 144 539
Real GDP per capita	55 914	55 930	55 595
Real GDP growth (%)	2,0	0,7	1,5
Unemployment (%)	25,6	26,1	27,6
Inflation (%)	5,3	4,6	4,4
Average exchange rate (ZAR : US\$)	15,02	15,64	16,20

[Adapted from StatsSA & SARB Quarterly Bulletin, Dec. 2019]

3.2.1 Identify the economic indicator that reflects the average earnings of each person in the country. (1)

3.2.2 Name ONE international institution that requires South Africa to standardise their economic indicators. (1)

3.2.3 Briefly describe the term *real gross domestic product*. (2)

3.2.4 How is the unemployment rate determined in the country? (2)

3.2.5 Why is it necessary for South Africa to standardise its economic indicators according to international requirements? (2 x 2) (4)

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

FOCUS ON SPECIAL ECONOMIC ZONES

The new Special Economic Zone Programme originated from developments in the national economic policies and strategies, such as the National Industry Policy Framework. The SEZ policy helped to address challenges with the current industrial development zones, which formed part of the Spatial Development Initiatives. The Foreign Investment Grant and Critical Infrastructure Programme are some of the financial incentives that promote regional development.

[Adapted from *Business Report*, 2019]

- | | | |
|-------|--|-------------|
| 3.3.1 | Give ONE example of a <i>spatial development initiative</i> in South Africa that is NOT mentioned above. | (1) |
| 3.3.2 | Which government department is responsible for industrial development in South Africa? | (1) |
| 3.3.3 | Briefly describe the term <i>industrial development zone</i> . | (2) |
| 3.3.4 | How does the Foreign Investment Grant help to promote regional industrial development? | (2) |
| 3.3.5 | Why is the new Special Economic Zone Programme regarded as an improvement of the current industrial development zones? | (4) |
| | (2 x 2) | |
| 3.4 | Briefly explain <i>population growth</i> and <i>life expectancy</i> as characteristics of <i>demographics</i> as social indicator. | (8) |
| | (2 x 4) | |
| 3.5 | Evaluate the success of Broad-Based Black Economic Empowerment (BBBEE) in 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 forms of *economic integration*. (2 x 1) (2)

4.1.2 What is the focus of the National Research and Development Strategy? (1 x 2) (2)

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

BUSINESS CYCLES		
A	B	C
Climatic conditions resulting in droughts and floods	Demand-and-supply-side policies	Consumer changing spending patterns

4.2.1 Identify the exogenous reason for business cycles in the information above. (1)

4.2.2 Name any ONE type of business cycle. (1)

4.2.3 Briefly describe the term *business cycle*. (2)

4.2.4 Why does the endogenous school of thought encourage government intervention in the economy? (2)

4.2.5 How can the Reserve Bank use a demand-side policy to dampen (contract) the economy? (2 x 2) (4)

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



- 4.3.1 Which international organisation encourages free trade? (1)
- 4.3.2 Name the term that relates to the worldwide integration of economies through trade. (1)
- 4.3.3 Briefly describe the term *protectionism*. (2)
- 4.3.4 Explain the impact of protection on the value of the rand. (2)
- 4.3.5 How would consumers benefit from a policy of free trade? (2 x 2) (4)
- 4.4 Briefly explain *good governance* and *investment in social capital* as benchmark criteria for regional development. (2 x 4) (8)
- 4.5 Evaluate the success of import substitution as a South African trade policy. (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
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/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate/Draw a graph and explain/Use the graph given and explain/Complete the given graph Additional part: Give own opinion/Critically discuss/Evaluate/Critically evaluate/Deduce/Compare/ Distinguish/Interpret/Briefly debate/How/Suggest/Analyse	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 the role of markets in the circular flow. (26 marks)
- How can the business sector contribute more positively to the economy? (10 marks) **[40]**

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

- Discuss, without graphs, the supply-side policy to promote economic growth. (26 marks)
- Why should government focus more on small, medium and micro-enterprises (SMMEs) to drive the economy? (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150