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# **basic education**

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

## **SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

**ECONOMICS P1**

**2022**

**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. 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)****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 number (1.1.1 to 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D.
- 1.1.1 A country that can produce a product at lower opportunity cost than other countries has ...
- A an absolute advantage.
  - B diseconomies of scale.
  - C a comparative advantage.
  - D economies of scale.
- 1.1.2 The inverse relationship between inflation and unemployment is best illustrated by the ... curve.
- A Laffer
  - B Lorenz
  - C indifference
  - D Phillips
- 1.1.3 South African defence services are controlled by the ... government.
- A central
  - B district
  - C local
  - D provincial
- 1.1.4 The owners of factors of production in the circular-flow model is/are the ...
- A government.
  - B households.
  - C businesses.
  - D foreign sector.
- 1.1.5 An economic integration that allows free movement of labour, capital and money between member countries is known as a/an ...
- A free-trade area.
  - B economic union.
  - C customs union.
  - D common market.
- 1.1.6 The production of goods in large quantities, normally done by countries in the Northern Hemisphere, is known as ...
- A division of labour.
  - B mass production.
  - C specialisation.
  - D batching.

1.1.7 Spatial development initiatives that attract infrastructure and investments to neglected areas are driven by the Department of ...

- A Home Affairs.
- B Labour.
- C Trade and Industry.
- D Public Works.

1.1.8 An economic indicator that relates to productivity is known as ...

- A remuneration per worker.
- B repo rate.
- C exchange rate.
- D producer price index.

(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, e.g. 1.2.9 J.

| COLUMN A |                                      | COLUMN B |   |
|----------|--------------------------------------|----------|---|
| 1.2.1    | Decentralisation                     | A        | transfer of ownership of businesses from the private sector to the public sector  |
| 1.2.2    | Portfolio investment                 | B        | sets out the government's broad approach towards industrialisation  |
| 1.2.3    | Moral suasion                        | C        | prepares quarterly and annual economic reports  |
| 1.2.4    | Subsidy                              | D        | efforts by government to establish investments in areas other than those with a high concentration of economic activity |
| 1.2.5    | Nationalisation                      | E        | consultation with commercial banks to act in a desirable manner   |
| 1.2.6    | Embargo                              | F        | provides guidance on how public finance accounting must be managed in order to standardise indicators                   |
| 1.2.7    | International Monetary Fund          | G        | a cash grant given to manufacturers to reduce the cost of production  |
| 1.2.8    | National Industrial Policy Framework | H        | an official state ban on the import of certain goods and services   |
|          |                                      | I        | buying of financial assets such as shares on the stock exchange of another country                                      |

(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 An exchange rate system where the value of the currency is determined solely by market forces

1.3.2 The flow of goods, services and factors of production between households and businesses

1.3.3 Business cycles that are caused by changes in construction activities, lasting for 15 to 20 years

1.3.4 Selling goods on a foreign market at a price lower than the cost of production in the country of origin

1.3.5 Infrastructure and investment that improve the overall welfare of society

1.3.6 Measures the number of children that die before the age of one year

(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 types of consumer goods. (2 x 1) (2)

2.1.2 How are leading indicators used in the forecasting of business cycles? (1 x 2) (2)

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

**MULTIPLIER EFFECT – TWO-SECTOR MODEL**

The consumption function consists of autonomous consumption and induced consumption ( $C = \bar{C} + cY$ ). However, every time there is an injection into the circular flow of income there is likely to be a multiplier effect.

The size of the multiplier depends upon households' marginal propensity to consume (mpc) and marginal propensity to save (mps). For instance, if 60% of all new income in a given period is spent on South African products, the marginal propensity to consume would be 0,6.

[Adapted from [www.economicsonline.co.za](http://www.economicsonline.co.za)]

2.2.1 Identify an example of a leakage in the above extract. (1)

2.2.2 Name any ONE participant in a two-sector economy. (1)

2.2.3 Briefly describe the term *autonomous consumption*. (2)

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

2.2.5 Using the marginal propensity to consume (mpc) of 0,6, calculate the change in national income if there was an investment of R250 m. Show ALL calculations. (4)

- 2.3 Study the extract below and answer the questions that follow.

**SA ECONOMY RECOVERS BUT RISKS REMAIN**

Real gross domestic product is projected to grow by 3,8% in 2021 and 2,5% in 2022 but there are dangers that the economy may decline.

Household consumption will contribute significantly to growth as the economy opens up and the exceptional savings from 2020 are spent. Private investment will progressively strengthen.

[Source: [www.google.com](http://www.google.com)]

- 2.3.1 Identify the term in the extract above that refers to *expenditure on capital goods*. (1)
- 2.3.2 Give ONE reason that limits the economic recovery of South Africa. (1)
- 2.3.3 Briefly describe the term *real gross domestic product*. (2)
- 2.3.4 Explain the effect on business cycles when there is an increase in household consumption. (2)
- 2.3.5 How can the government use taxation to stimulate economic recovery? (4)
- 2.4 Discuss the role of the foreign exchange market in the circular-flow model. (8)
- 2.5 Analyse the challenges faced by South Africa in international trade. (8)
- [40]**



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

3.1 Answer the following questions.

- 3.1.1 Name TWO industrial development strategies in South Africa. (2 x 1) (2)
- 3.1.2 Why is it important to measure the performance of the economy? (2)

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

**CURRENT STATE OF BRICS ECONOMIES**

The BRICS club, which used to be known for its tremendous growth potential, is in the midst of severe economic and political challenges. Falling global commodity prices such as oil, gold and coal have affected these emerging markets which rely heavily on export-led growth.


The structural transformation of China from an export-driven economy to one relying on domestic consumption has added to the current challenges of BRICS.

[Adapted from [www.weforum.org](http://www.weforum.org)]

- 3.2.1 Identify the commodity that is a major foreign exchange earner in South Africa. (1)
- 3.2.2 Name any other BRICS member country, apart from China. (1)
- 3.2.3 Briefly describe the term *trade liberalisation*. (2)
- 3.2.4 Explain the impact of a decrease in mineral prices on the South African economy. (2)
- 3.2.5 How does South Africa benefit from being a member of BRICS? (4)

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

**SOLUTION FOR HOUSING CRISIS IN SOUTH AFRICA**



State-subsidised rental allows low-income households to live in decent accommodation close to schools, shops and places of employment. Properly run rental blocks are more durable than RDP houses.

[Adapted from [www.google.com](http://www.google.com)]

- 3.3.1 Identify an example of free housing provided by the government. (1)
- 3.3.2 Give any ONE social problem associated with informal settlements. (1)
- 3.3.3 Briefly describe the term *urbanisation*. (2)
- 3.3.4 Explain the benefit of proper sanitation for life expectancy. (2)
- 3.3.5 How can high population growth influence the standard of living? (4)
- 3.4 Briefly discuss the *Small Business Support Programme (SBSP)* and the *Skills Support Programme (SSP)* as incentives for industrial development in South Africa. (8)
- 3.5 How can exports benefit the South African economy? (4 x 2) (8)
- [40]**

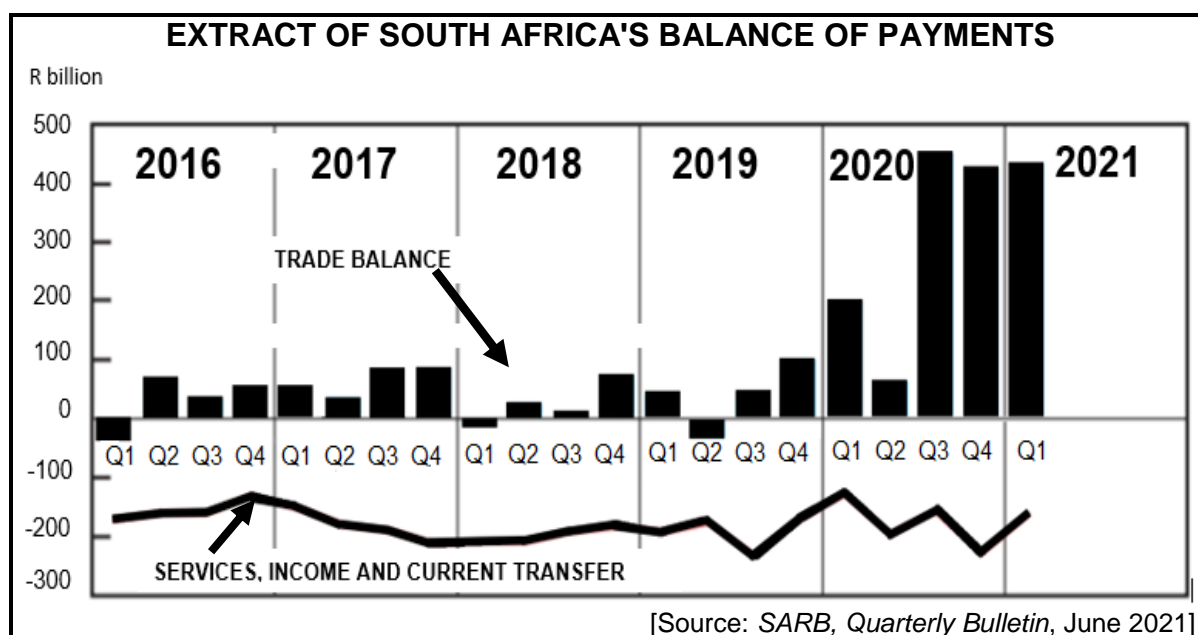
**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS****40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO methods of import substitution. (2 x 1) (2)

4.1.2 Why does international trade lead to mass production? (2)

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



4.2.1 Identify any year in which South Africa experienced a trade surplus in all four quarters. (1)

4.2.2 Name the balance of payments sub-account represented by the graph above. (1)

4.2.3 Briefly describe the term *current transfers*. (2)

4.2.4 Explain the effect on local fuel prices if the rand depreciates. (2)

4.2.5 How can an increase in interest rates improve the balance of payments? (4)

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

**COEGA INDUSTRIAL DEVELOPMENT ZONE**

As South Africa loses jobs, four new companies are investing a combined R49 m at the Coega industrial development zone (IDZ) in Nelson Mandela Bay. This creates employment for at least a 100 people.

The investment comes amid the devastating state of an already depressed economy, with South Africa losing more jobs than it creates. The unemployment rate is sitting at a staggering 40,4%.

[Adapted from [www.timeslive.co.za](http://www.timeslive.co.za)]

- 4.3.1 Identify any phrase in the extract that refers to an increase in unemployment in South Africa. (1)
- 4.3.2 Name any ONE corridor in South Africa. (1)
- 4.3.3 Briefly describe the term *regional development*. (2)
- 4.3.4 Why do special economic zones (SEZs) have a wider industrial development objective than IDZs? (2)
- 4.3.5 How can industrial development influence the international competitiveness of a country? (4)
- 4.4 Briefly discuss *consumer price index* and *producer price index* as economic indicators. (8)
- 4.5 Analyse the importance of price stability in preventing the extreme fluctuations in business cycles. (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><br>The introduction is a lower-order response. <ul style="list-style-type: none"> <li>• A good starting point will 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><br><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<br><b>A maximum of 8 marks may be allocated for headings/examples</b><br><b>Additional part:</b> Critically discuss/Evaluate/Critically evaluate/Debate/Deduce/Compare/Distinguish/Interpret/How?/Suggest<br><b>A maximum of 2 marks may be allocated for mere listing of facts.</b> | Max. 26<br><br>Max. 10 |
| <b>Conclusion</b><br>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 valued 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**

- Discuss in detail the reasons for public sector failure. (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 demand-side approach in promoting economic growth and development in South Africa. (26 marks)
- Evaluate broad-based black economic empowerment (BBBEE) in promoting economic development in South Africa. (10 marks)

**[40]**

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