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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**

**2023**

**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 numbers (1.1.1 to 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D.
- 1.1.1 The nominal value of all final goods and services produced within the boundaries of a country is known as GDP at ...
- A basic prices.
  - B current prices.
  - C constant prices.
  - D factor cost.
- 1.1.2 A grouping of various indicators of the same type into a single value is referred to as ...indicators.
- A leading
  - B lagging
  - C coincident
  - D composite
- 1.1.3 State-owned enterprises that provide public goods and services are called ...
- A nationalisation.
  - B bureaucrats.
  - C parastatals.
  - D privatisation.
- 1.1.4 When a country can produce a product at a lower opportunity cost than any other country, it is known as ... advantage.
- A comparative
  - B relative
  - C absolute
  - D complete
- 1.1.5 The co-ordination of various social, fiscal and monetary policies among the member countries is required in a/an ...
- A free-trade area.
  - B economic union.
  - C customs union.
  - D common market.
- 1.1.6 The economic policy that aims to eliminate poverty and reduce inequality by 2030 is called the ...
- A National Development Plan.
  - B New Growth Path.
  - C Expanded Public Works Programme.
  - D Reconstruction and Development Programme.

1.1.7 The use of science and technology to promote industrial development is part of the ...

- A Industrial Policy Action Plan.
- B National Industrial Policy Framework.
- C National Research and Development Strategy.
- D Integrated Manufacturing Strategy.

1.1.8 Bank notes and coins in circulation and demand deposits in the banking sector, is classified as ... money supply.

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

(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    | Marginal propensity to consume         | A        | the ratio between export and import prices measured by means of indexes   |
| 1.2.2    | Fiscal policy                          | B        | the decrease in production costs due to high levels of production   |
| 1.2.3    | Economic equity                        | C        | aims to significantly increase the number of previously disadvantaged people to own, manage and control the country's economy |
| 1.2.4    | Terms of trade                         | D        | the redistribution of income within the economy   |
| 1.2.5    | Economies of scale                     | E        | use of taxation and government expenditure to achieve macroeconomic objectives  |
| 1.2.6    | Globalisation                          | F        | the worldwide integration of economies, with trade as an important element  |
| 1.2.7    | Broad-based Black Economic Empowerment | G        | established to promote economic recovery and development  |
| 1.2.8    | United Nations                         | H        | the proportion of additional income that households choose to spend on goods and services                                     |
|          |  | I        | committed to maintaining international peace, security, social development and human rights                                   |

(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 Estimating or forecasting something unknown from facts and information that are known

1.3.2 An estimate of income and expenditure for a three-year period during the budgeting process

1.3.3 A trade policy that promotes the production of goods domestically rather than importing them

1.3.4 Restriction on the quantity of imports allowed into a country

1.3.5 The compensation of citizens who lost their land because of discriminatory apartheid laws

1.3.6 Policies that are aimed at increasing the economic livelihood of specific areas

(6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

Answer any TWO of the three questions in this section in the ANSWER BOOK.

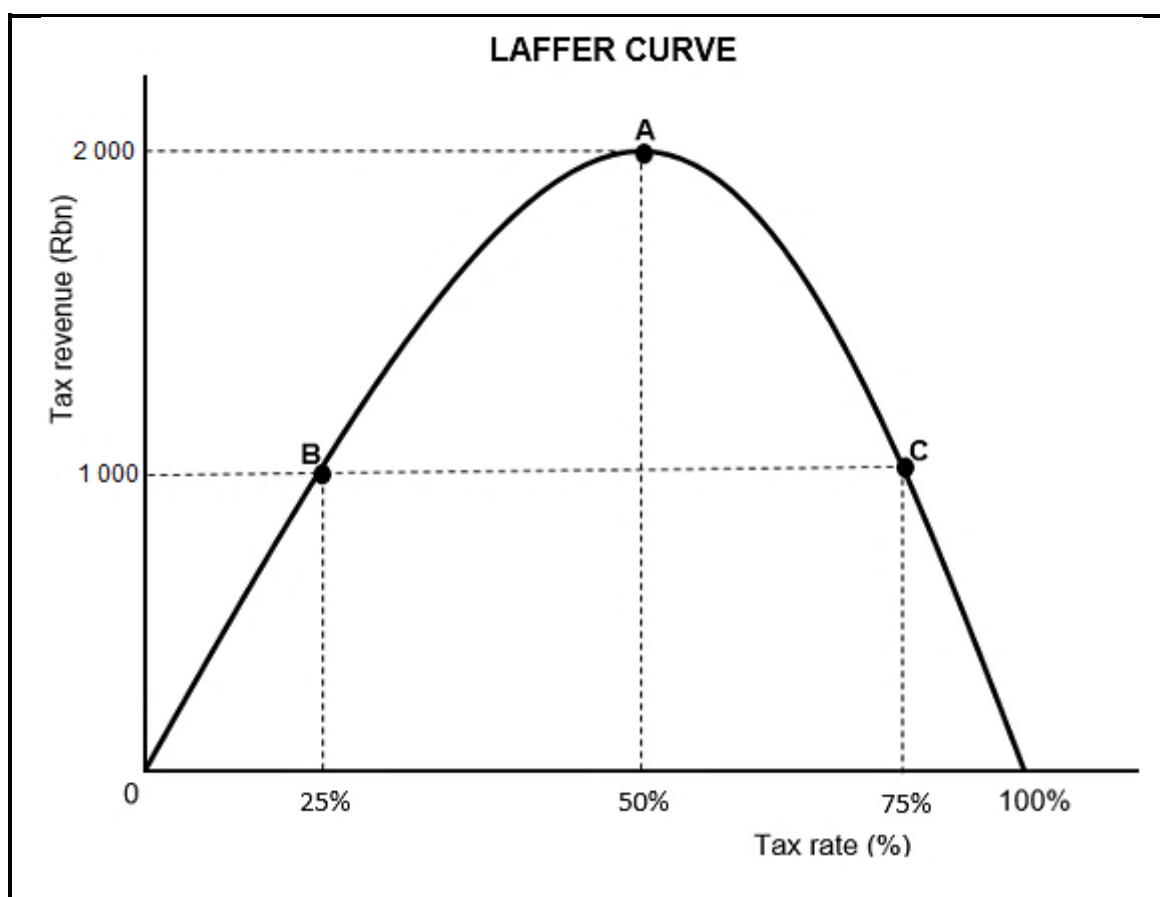
**QUESTION 2: MACROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name the TWO turning points of a business cycle. (2 x 1) (2)

2.1.2 Why would a decrease in South African exports lead to the depreciation of the rand? (1 x 2) (2)

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



2.2.1 Identify the tax rate at which the government maximises tax revenue. (1)

2.2.2 Name any form of indirect tax paid by households to the government. (1)

2.2.3 Briefly describe the term *progressive tax*. (2)

2.2.4 Explain the effect of a regressive tax system on income distribution. (2)

2.2.5 Why will tax revenue decrease if the government imposes very high tax rates? (2 x 2) (4)

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



- 2.3.1 Identify a concept that relates to the changes in the consumer price index in the cartoon above. (1)
- 2.3.2 Name the explanation (approach) of business cycles illustrated in the above cartoon. (1)
- 2.3.3 Briefly describe the term *recession*. (2)
- 2.3.4 Explain the impact of the Ukraine/Russia war on local food prices. (2)
- 2.3.5 How can the government use monetary policy to stimulate economic activity? (2 x 2) (4)
- 2.4 Briefly discuss the *free-floating* and the *fixed* exchange rate systems. (2 x 4) (8)
- 2.5 How can the South African government improve the quality of public sector provisioning? (4 x 2) (8)
- [40]**



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

3.1 Answer the following questions.

3.1.1 Give any TWO examples of wealth tax. (2 x 1) (2)

3.1.2 Why is small business development important to the South African economy? (1 x 2) (2)

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

**THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)**

AGOA is a United States Trade Act, enacted on 18 May 2000, and it has since been renewed to 2025. It builds on existing United States trade programmes by expanding the duty-free benefits to qualifying sub-Saharan African (SSA) countries.

While the legislation significantly enhances market access to the US for South Africa, it goes against the protectionism policy.

[Adapted from [//agoa.info](http://agoa.info)]

3.2.1 Identify a term in the extract above, which relates to the removal of import tariffs. (1)

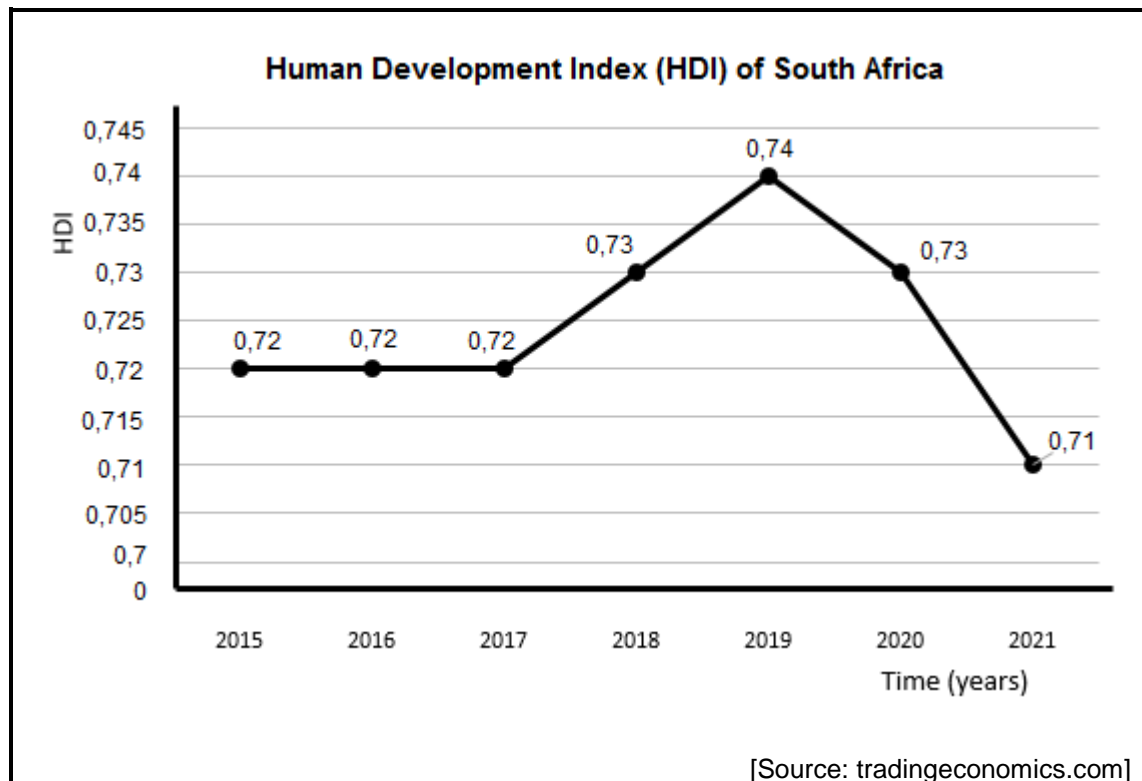
3.2.2 Name ONE other trade protocol of which South Africa is part. (1)

3.2.3 Briefly describe the term *protectionism*. (2)

3.2.4 Explain a disadvantage when applying the protectionism policy. (2)

3.2.5 How can the African Growth and Opportunity Act (AGOA) negatively affect South Africa? (2 x 2) (4)

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



- 3.3.1 In which year did South Africa record the highest human development index? (1)
- 3.3.2 Name ONE indicator used to measure human development. (1)
- 3.3.3 Briefly describe the term *economic development*. (2)
- 3.3.4 Why did South Africa experience a decline in social and economic development in 2020? (2)
- 3.3.5 How can the government improve the standard of living of the people? (2 x 2) (4)
- 3.4 Briefly discuss *partnerships* and *good governance* as benchmark criteria for regional development. (2 x 4) (8)
- 3.5 Evaluate the impact of export promotion on local industries in South Africa. (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 characteristics of public goods. (2 x 1) (2)

4.1.2 How can South African workers benefit from import substitution? (1 x 2) (2)

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

| BALANCE OF PAYMENTS (BOP)<br>THE FINANCIAL ACCOUNT                       |                   |
|--|-------------------|
| Item   | 2022 (R millions) |
| Net direct investment  | 32 367            |
| Net portfolio investment   | -4 688            |
| Net financial derivatives  | -3 465            |
| Net other investments  | 9 594             |
| Reserve assets (SDR allowances)  | -35 241           |
| <b>Balance on Financial Account</b>                                      | <b>-1 433</b>     |
| <b>Memo item: Balance on Financial Account, excluding reserve assets</b> | <b>A</b>          |

[Source: SARB, Quarterly Bulletin, September 2022]

4.2.1 Identify the item that records an investment made in a specific asset with a fixed future value, such as gold. (1)

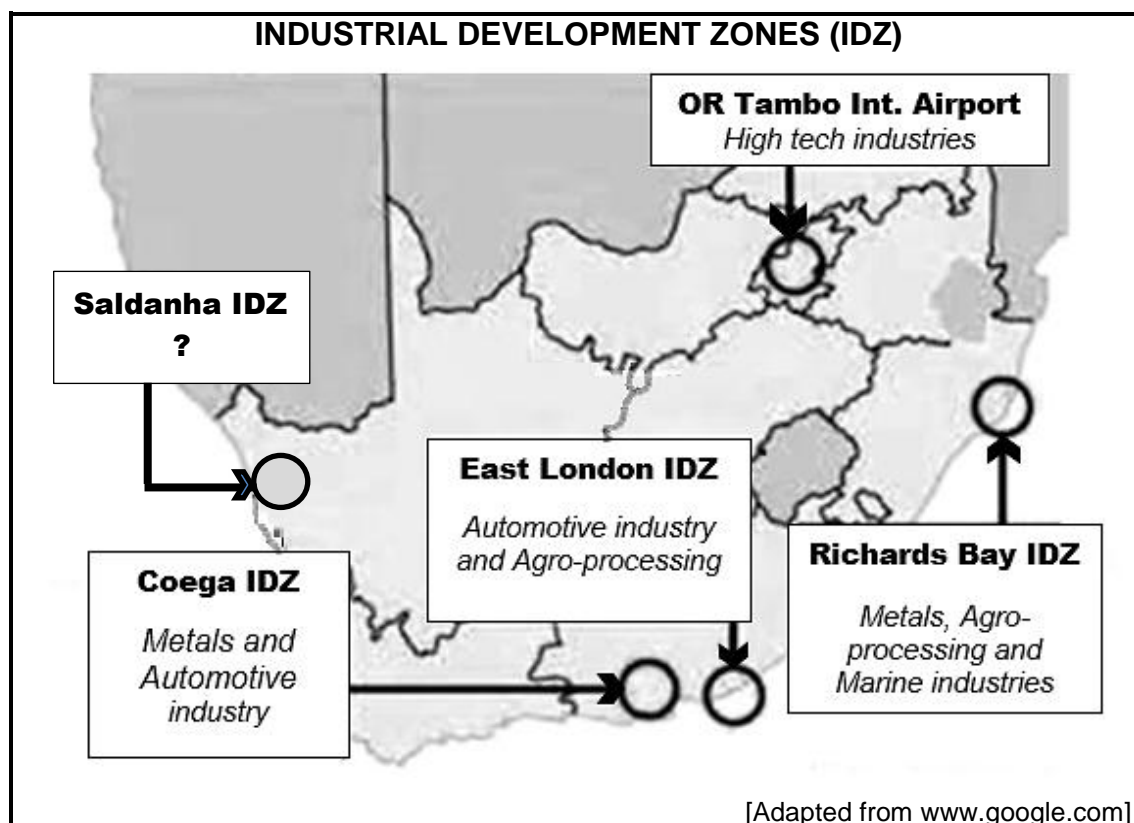
4.2.2 Name the item that caters for any omissions and errors in the balance of payments. (1)

4.2.3 Briefly describe the term *portfolio investment*. (2)

4.2.4 Explain the purpose of Special Drawing Rights (SDR) allowances in reserve assets. (2)

4.2.5 Use the information in the table above to calculate the memo item (A). Show ALL calculations. (4)

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



- 4.3.1 Identify the industrial development zone that manufactures vehicles. (1)
- 4.3.2 Name the key economic activity in which the Saldanha IDZ specialises. (1)
- 4.3.3 Briefly describe the term *corridor*. (2)
- 4.3.4 Why is it necessary for the government to provide incentives to businesses? (2)
- 4.3.5 How can South Africa benefit from the introduction of special economic zones (SEZ)? (2 x 2) (4)
- 4.4 With the aid of a well-labelled Phillips curve, explain the relationship between inflation and unemployment. (8)
- 4.5 Analyse the demand-side and supply-side factors that influence economic growth in South Africa. (4 x 2) (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 would be to describe the main concept related to the question topic.</li> <li>• Do NOT include any part of the question in the 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/Compare/Distinguish/Differentiate/Explain/Draw a graph and explain/Complete the given graph/Assess/Debate<br><b>A maximum of 8 marks may be allocated for headings/examples.</b>  | Max. 26         |
| <b>Additional part:</b> Critically discuss/Evaluate/Critically evaluate/Debate/Deduce/Compare/Interpret/How?/Suggest<br><b>A maximum of 2 marks may be allocated for mere listing of facts.</b>   | 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</li> <li>• Recommendations</li> </ul>             | Max. 2          |
| <b>TOTAL</b>  | <b>40</b>       |

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

- Discuss in detail the markets within the four-sector circular flow model. (26 marks)
- How can the increase in injections impact on the South African economy? (10 marks)

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

- Discuss in detail the various social indicators. (26 marks)
- How can urbanisation influence the standard of living of the South African population? (10 marks)

**[40]**

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