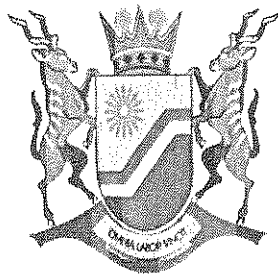




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education
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

NATIONAL
SENIOR CERTIFICATE

GRADE 12

ECONOMICS P1
SEPTEMBER 2019

MARKS: 150

TIME: 2 HOURS

This question paper consists of 14 pages

SECTION A: COMPULSARY

QUESTION 1

30 MARKS – 20 MINUTES

1.1. Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A-D) next to the question number (1.1.1-1.1.8) in the ANSWER BOOK, for example 1.1.9. D.

1.1.1. The actual state of the economy is indicated by ... indicators

- A leading
- B lagging
- C production
- D coincident

1.1.2. The type of investment that is known as “hot money” is ...

- A investment in equities
- B investment in real estate
- C trade credits
- D short-term investment

1.1.3. Privatisation is when the government sells ... 50% shares of its enterprise.

- A more than
- B less than
- C equal to
- D lower than

1.1.4. The abolishment of government intervention in importation and exportation of goods and services is known as ...

- A deregulation
- B tariff
- C trade liberalisation
- D ban

1.1.5. The act of returning the land to those whose land were taken from them during apartheid era is known as ...

- A land distribution
- B land restitution
- C land development
- D affirmative action

1.1.6. SMMEs usually create employment for ... unemployed people.

- A seasonally
- B frictionally
- C structurally
- D technologically

1.1.7. Econornic growth is measured in terms of ... GDP

- A per capita
- B real per capita
- C nominal
- D real

1.1.8. Economic indicators relating to prices express ...

- A real income
- B inflation
- C unemployment
- D growth

(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. Extrapolation	A When production costs decrease as the number of a units produced increases
1.2.2 Compensation of employees	B When the value of a country' imports is greater than the value of its exports
1.2.3 Trade deficit	C A passageway allowing access from area to another usually advantageous to businesses
1.2.4 Economies of scale	D The economic value of the labour force
1.2.5 Special Economic Zone	E The use of past data to predict future business cycle
1.2.6 Prime rate	F Gross salaries and wages earned by labour
1.2.7 Corridor	G Demarcated geographic area in which some aspects of the business environment differs from the rest of the country
1.2.8 Human capital	H Increase in the production of goods and services.
	I The measure of interest which banks charge on loans to their most creditworthy clients
	(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 Factors that originate outside of the economy to cause business cycle

- 1.3.2 A situation whereby all people who want to work and are looking for work are able to find jobs
- 1.3.3 Legislation aimed to assist the economies of African countries and to improve their relations between the region and the United States
- 1.3.4 Trade rules or guidelines that apply to member countries
- 1.3.5 An improvement in the quality of life of the majority of the population over time
- 1.3.6 Projects to fill infrastructure gaps and needs in terms of population growth (6 x 1) (6)

TOTAL SECTION A: [30]

SECTION B

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

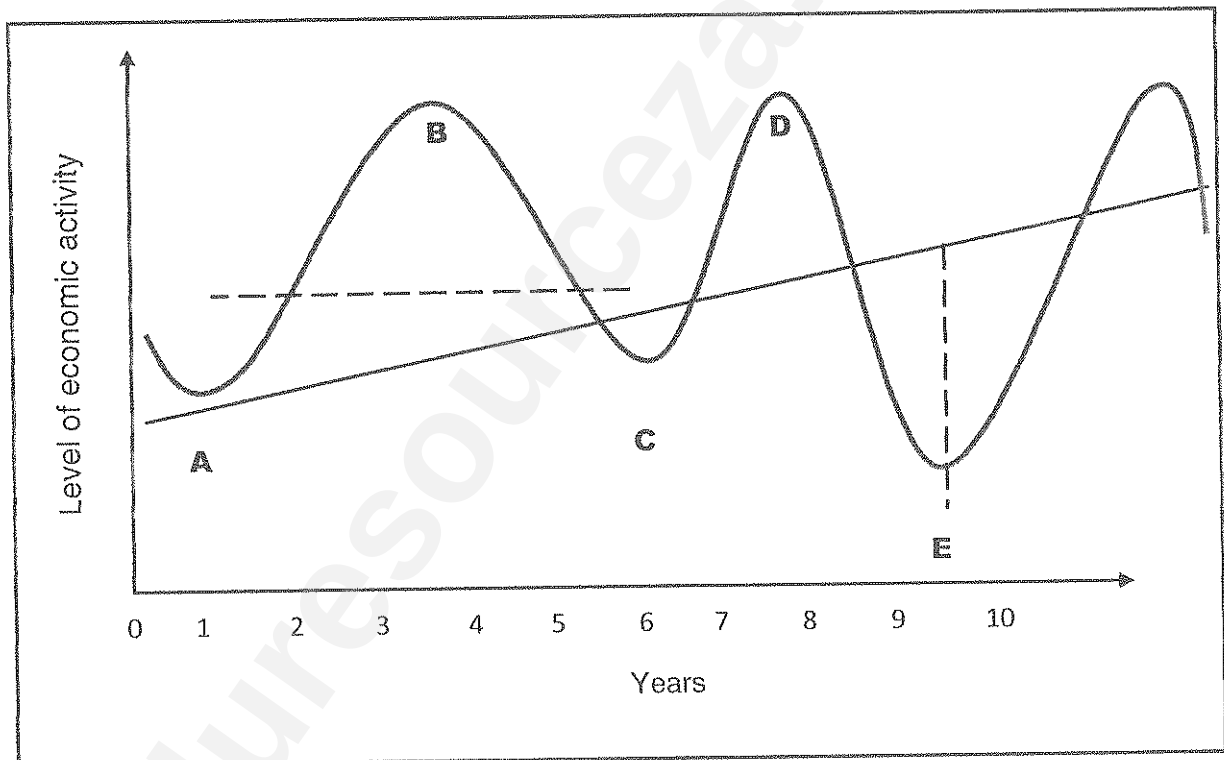
QUESTION 2: MACROECONOMICS**40 MARKS – 30 MINUTES**

2.1. Answer the following questions.

2.1.1 List TWO components of the consumption function. (2 x 1) (2)

2.1.2 Why is it impossible to charge consumers a price for consumption of community goods? (2 x 1) (2)

2.2 Study the graph below and answer the questions that follow



2.2.1 What is the name of the turning point labeled B (1)

2.2.2 How many years is the length of the cycle A – C? (1)

2.2.3 What is the purpose of the trend line? (2)

2.2.4 Why can trough E be regarded as more severe than trough C? (2)

- 2.2.5 How could the government have used fiscal policy to prevent the economic activity from falling to its lowest level (represented by letter E)? (2 x 2) (4)

2.3. Read the extract below and answer the questions that follow.

SOUTH AFRICA COULD BE THE NEXT EXPORTER OF OIL

French oil and gas company Total announced that it has made a significant oil discovery after drilling in deep sea waters, 175 kilometres off the southern coast of South Africa. The country's President also welcomed the discovery in his State of the Nation Address on the 7th February 2019, saying government was extremely encouraged by the find and that it could be a game changer for the country's energy sector and participation in international trade.

It's expected to benefit in the longer term. This means the country could in the future be one of the exporters of oil and gas.

[Adapted from: google.co.za]

- 2.3.1 Which cause (reason) for international trade is natural resource such as oil an example of? (1)
- 2.3.2 Name the account of Balance of Payment in which money earned from exporting oil can be recorded. (1)
- 2.3.3 Briefly describe the term *international trade*? (2)
- 2.3.4 Why is oil regarded as an important factor of production? (2)
- 2.3.5 How can the exportation of oil benefit the economy? (4)
- 2.4. Differentiate between *money market* and *capital market* in the circular flow. (8)
(2 x 4)
- 2.5. How can the South African municipalities improve efficiency in service delivery? (8)

[40]

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

3.1. Answer the following questions.

3.1.1. List any TWO economic growth and development policies used in South Africa. (2 x 1) (2)

3.1.2. How does the appreciation of the rand against major currencies affect South African exporters? (1 x 2) (2)

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

ECONOMIC INDICATOR: SOUTH AFRICA'S REAL GDP	
Period	Real GDP growth rate (%)
2017 1 st quarter	- 0.5
2017 2 nd quarter	2.9
2017 3 rd quarter	2.3
2017 4 th quarter	3.1
2018 1 st quarter	- 2.6
2018 2 nd quarter	- 0.4
2018 3 rd quarter	2.2

[Source: Trading Economics.com]

3.2.1. Which period in the table shows the highest GDP growth rate? (1)

3.2.2. Identify a period of technical recession in the table above (1)

3.2.3. Briefly explain the term *economic indicator* (2)

3.2.4. How can low GDP growth lead to low standard of living in a country? (2)

3.2.5. Why has South Africa's economic growth rate been persistently low in recent years? (2 x 2) (4)

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

REGIONAL ECONOMIC DEVELOPMENT IN SOUTH AFRICA

It is of national importance to reduce and eliminate the economic divide between South Africa's developed and under developed parts of the economy. The under developed regions are largely rural in orientation and characterised by economic and geographical marginalisation. Through the strategy of Spatial Development Initiative (SDI) the government attempts to bring change to these under developed parts of the country.

[Adapted from: www.wikipedia.com]

- 3.3.1 Which South African government department is responsible for promoting regional development? (1)
- 3.3.2 Name any ONE Spatial Development Initiative (SDI) in South Africa. (1)
- 3.3.3 Briefly describe the term *Spatial Development Initiative*. (2)
- 3.3.4 Why are under-developed regions mostly in rural areas? (2)
- 3.3.5 Evaluate the success of the strategy of SDI in decentralizing the economic activities in South Africa? (2 x 2) (4)
- 3.4. Explain *open market transactions* and *interest rate changes* as instruments of monetary policy. (2 x 4) (8)
- 3.5. Evaluate regional development policies as part of South Africa's industrial policy. (4 x 2) (8)
- [40]

QUESTION 4 MACROECONOMICS AND ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

4.1. Answer the following questions.

- 4.1.1 List any TWO types of exchange rate systems. (2 x 1) (2)
- 4.1.2 What is the objective of skill support programme in South Africa? (1 x 2) (2)

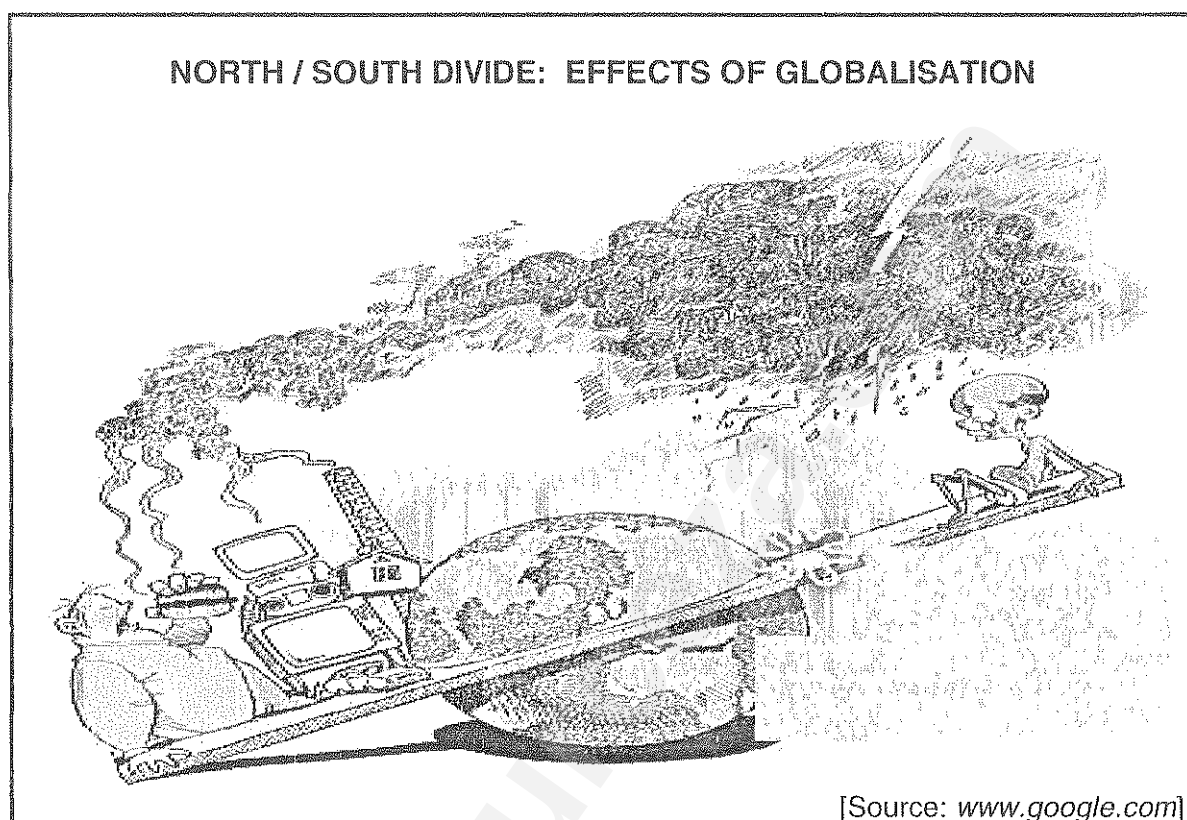
4.2 Study the following table and answer questions that follow.

GROSS DOMESTIC PRODUCT (GDP)	
Value added in R billions	2017
Primary sector	309
Secondary sector	558
Tertiary sector	1974
Gross value added at basic prices	2841
Plus taxes on products	49
Less subsidies on products	15
GDP at market prices	2875

[Source: Quarterly Bulletin, Dec 2018]

- 4.2.1 Identify the economic sector that contributed the most to the gross domestic product. (1)
- 4.2.2 Name the method used in the table to calculate GDP. (1)
- 4.2.3 Briefly describe the term *basic prices*. (2)
- 4.2.4 How can taxes on products influence production spending? (2)
- 4.2.5 Calculate the value contributed by the primary sector as a percentage of GDP at market prices. Show all calculations (4)

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



- 4.3.1 What group of countries is represented by the thin person in the cartoon? (1)
- 4.3.2 Identify the environmental problem in the cartoon. (1)
- 4.3.3 Briefly describe the concept *North- South divide*. (2)
- 4.3.4 What is the consequence of the environmental problem in the cartoon? (2)
- 4.3.5 Why are many developing countries getting poorer as globalisation increases? (2 x 2) (4)
- 4.4. Briefly discuss *competition* and *deregulation* as supply-side measures to promote economic growth in South Africa. (2 x 4) (8)
- 4.5. Evaluate the government plan to divide ESKOM into three different units. (4 x 2) (8)
- [40]

TOTAL SECTION B: [80]

Answer any ONE of the two questions in this section in the ANSWER BOOK. Ensure that your answer follows the structure indicated below in order to obtain maximum marks:

Please turn over

QUESTION 5: MACROECONOMICS

40 MARKS – 40 MINUTES

- Discuss export promotion under the following headings:
 - Advantages (13)
 - Disadvantages (13)(26 marks)
- Evaluate the role of innovation in South Africa's attempt to increase its export market. (10 marks) [40]

QUESTION 6: ECONOMIC PURSUITS

40 MARKS – 40 MINUTES

- Discuss the following social indicators in details.
 - i. Income distribution indicators (8)
 - ii. Nutrition and health indicators (10)
 - iii. Education indicators (8)(26 marks)
- Evaluate the South African government's efforts in providing services to enhance the level of economic and social development. (10 marks) [40]

TOTAL SECTION C: [40]

GRAND TOTAL: [150]

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