



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

**ECONOMICS P1
NOVEMBER 2023**

MARKS: 150

TIME: 2 hours

This question paper consists of 13 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 A deliberate action by the government to increase the value of a currency is known as ...
- A revaluation.
 - B appreciation.
 - C devaluation.
 - D depreciation.
- 1.1.2 Business cycles that last from 7 to 11 years, caused by changes in net investments, are known as ... cycles.
- A Kuznets
 - B Kondratieff
 - C Jugler
 - D Kitchin
- 1.1.3 The relationship between the tax rate and the tax revenue for the government is illustrated by the ... curve.
- A Phillips
 - B Laffer
 - C Lorenz
 - D Indifference
- 1.1.4 If the value of the marginal propensity to consume (MPC) is 0,6, the value of the marginal propensity to save (MPS) will be ...
- A 0,4.
 - B 0,75.
 - C 1,67.
 - D 2,5.
- 1.1.5 A limit on the quantity of goods and services that can be purchased from other countries is known as import ...
- A tariff.
 - B incentive.
 - C levy.
 - D quota.

- 1.1.6 A growth and development strategy that was intended to halve unemployment and poverty by 2014 was known as ...
- A Reconstruction and Development Policy.
 - B Accelerated and Shared Growth Initiative for South Africa.
 - C Growth, Employment and Redistribution Programme.
 - D National Skills Development Strategy.
- 1.1.7 The government's broad approach to industrialisation is set out in the ...
- A Industrial Policy Action Plan.
 - B Strategic Integrated Projects.
 - C Skills Support Programme.
 - D National Industrial Policy Framework.
- 1.1.8 The increase in the population of cities and towns through the movement of people from rural areas is known as ...
- A immigration.
 - B migration.
 - C urbanisation.
 - D emigration.
- (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	Autonomous consumption	A	an economic indicator that relates to the cost of living
1.2.2	Monetarist approach	B	when an organisation or a country is released from its obligation to repay a loan
1.2.3	Accountability	C	cooperation between countries to adopt common monetary and fiscal policies
1.2.4	Debt forgiveness	D	focuses on using science and technology to promote industrialisation
1.2.5	Economic union	E	maintains the view that markets are inherently unstable
1.2.6	Capital formation	F	the requirement to give an explanation of one's own decisions and actions
1.2.7	National Research and Development Strategy	G	maintains the view that markets are inherently stable
1.2.8	Consumer price index	H	part of household spending that is independent of the level of income
		I	the process of adding new assets, such as machinery and equipment, to the existing stock

(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 withdrawal of money from the circular flow

1.3.2 A summary of the various indicators of the same type into a single value

1.3.3 The exchange rate is determined by market forces with intervention by the central bank

1.3.4 The increase in the capacity of the economy to produce more goods and services

1.3.5 The processing of natural resources into finished products

1.3.6 The lowest interest rate charged by commercial banks to their best clients

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

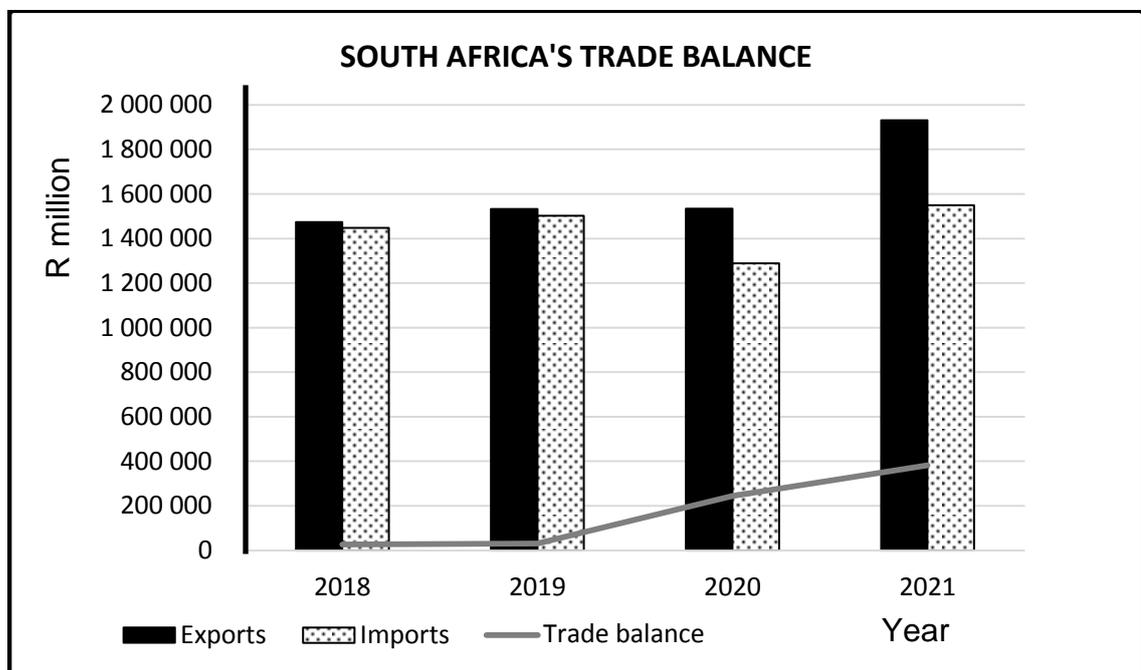
QUESTION 2: MACROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO factors of production. (2 x 1) (2)

2.1.2 Why is the inflation rate high during the prosperity phase of a business cycle? (1 x 2) (2)

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



[Adapted from SARB Quarterly Bulletin, December 2022]

2.2.1 Identify the year in which South Africa recorded the highest value of exports. (1)

2.2.2 Name the account in the balance of payments (BOP) that records portfolio investments. (1)

2.2.3 Briefly describe the term *trade balance*. (2)

2.2.4 Explain the impact of electricity shortages on export volumes in South Africa. (2)

2.2.5 How can the South African Reserve Bank (SARB) reduce balance of payments deficit? (2 x 2) (4)

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

NATIONAL ACCOUNTS FOR SOUTH AFRICA	
At current prices	
Item	2021 (R billion)
Compensation of employees	2 861
Net operating surplus	1 795
Consumption of fixed capital	797
Gross value added at factor cost	5 453
Taxes on production	132
Subsidies on production	12
Gross value added at basic prices	(A)
Taxes on products	634
Subsidies on products	14
Gross domestic product at market prices	6 193

[Adapted from SARB Quarterly Bulletin, December 2022]

- 2.3.1 Identify in the table above the method used to calculate the gross domestic product (GDP). (1)
- 2.3.2 Give ONE example of taxes on products. (1)
- 2.3.3 Briefly describe the term *subsidy on production*. (2)
- 2.3.4 Why is it important for a country to prepare national account aggregates? (2)
- 2.3.5 Calculate the gross value added (GVA) at basic prices **(A)** in the table above. Show ALL calculations. (2 x 2) (4)
- 2.4 Briefly discuss *specialisation* and *mass production* as effects of international trade. (8)
- 2.5 How can business cycles influence the use of fiscal policy in the economy? (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 basic services provided by the government. (2 x 1) (2)
- 3.1.2 How can the Integrated Manufacturing Strategy (IMS) promote industrialisation in South Africa? (1 x 2) (2)

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

[Adapted from Dailyfriend.co.za]

- 3.2.1 Identify a redress policy that aims to eliminate unfair discrimination in South African workplaces. (1)
- 3.2.2 Name ONE measure used to improve the efficiency of markets. (1)
- 3.2.3 Briefly describe the term *economic development*. (2)
- 3.2.4 How can the government use taxation to promote business efficiency? (2)
- 3.2.5 Explain the challenges in the implementation of Broad-Based Black Economic Empowerment (BBBEE). (2 x 2) (4)

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

FOREIGN DIRECT INVESTMENT (FDI) IN SOUTH AFRICA

Compared to other African countries, the potential attractiveness of South Africa is high. Foreign investments increased over the years and are responsible for job creation as well as wealth-creating economic growth.

Most of the foreign direct investment inflows are directed to the financial, mining, manufacturing, transportation and retail sectors. Beijing Automotive Industry, BMW, Nissan and Mainstream Renewable Energy have been the largest investors in recent years.

[Source: www.tradeclub.standardbank]

- 3.3.1 Identify ONE benefit of foreign direct investments to the economy. (1)
- 3.3.2 Name the financial incentive provided by the government to attract new foreign investments in South Africa. (1)
- 3.3.3 Briefly describe the term *industrial development*. (2)
- 3.3.4 Why is the manufacturing sector important to the economy? (2)
- 3.3.5 Explain the factors that may influence the success of industrial development zones (IDZs) in South Africa negatively. (2 x 2) (4)
- 3.4 Briefly discuss the *terms of trade* and the *exchange rate* as economic indicators related to foreign trade. (2 x 4) (8)
- 3.5 Analyse the impact of low economic growth on the South African economy. (4 x 2) (8)
- [40]**

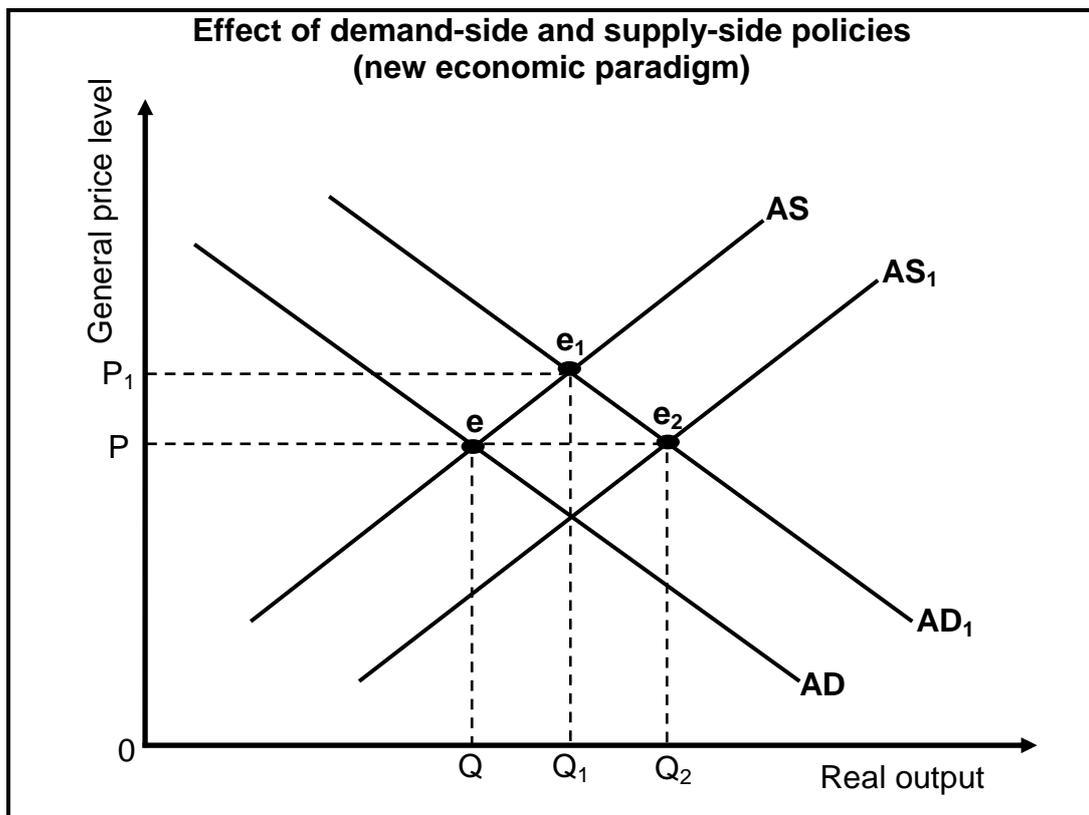
QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO characteristics of countries in the South. (2 x 1) (2)

4.1.2 How can an increase in the population's income levels influence the demand for imports? (1 x 2) (2)

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



4.2.1 Identify the original equilibrium point in the graph above. (1)

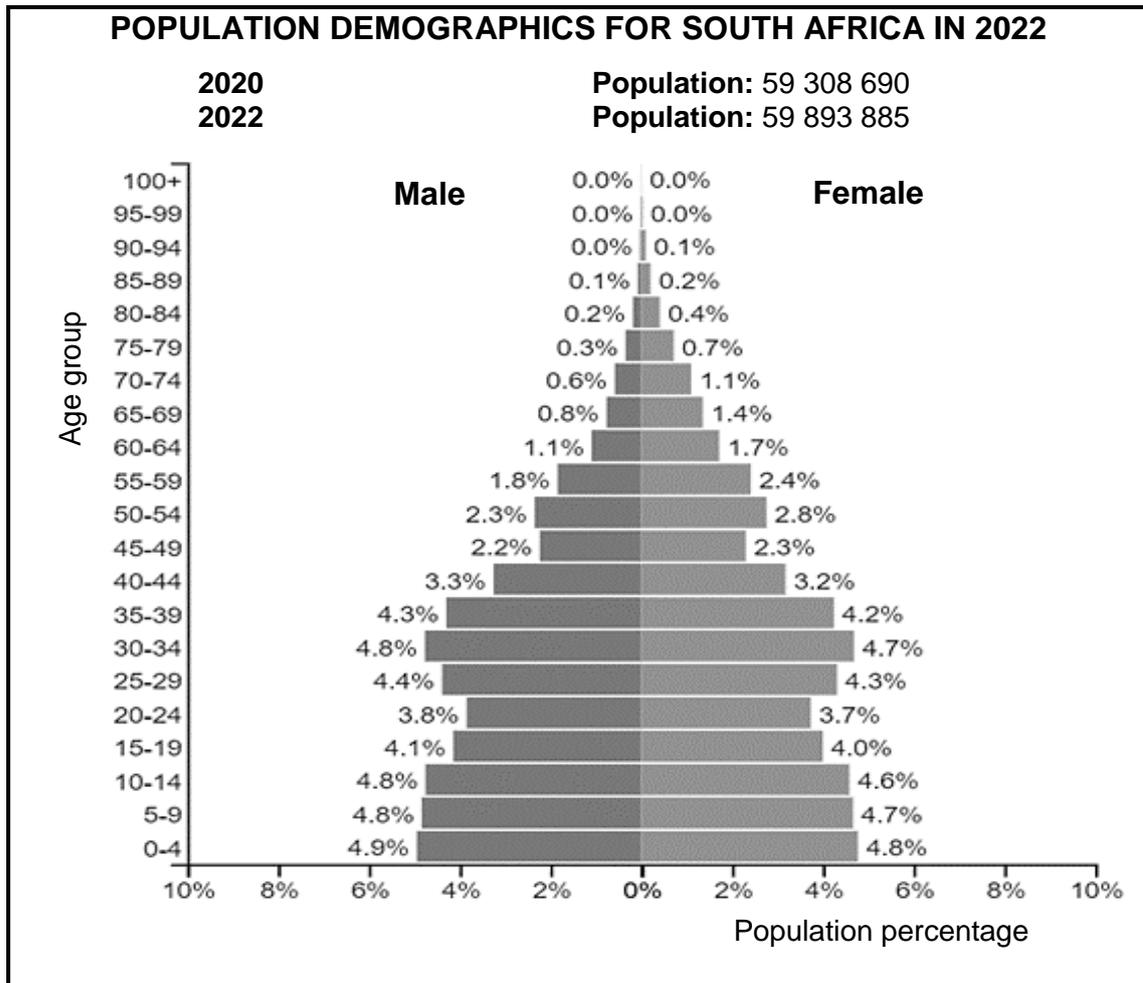
4.2.2 Name ONE instrument of the monetary policy. (1)

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

4.2.4 How can competition stimulate aggregate supply? (2)

4.2.5 Explain the effect of demand-side and supply-side policies on the general price level and real output, with reference to the graph above. (2 x 2) (4)

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



[Source: www.populationpyramid.net/south-africa/2022]

- 4.3.1 Identify the population percentage of females in the age group 30 to 34 years. (1)
- 4.3.2 Give an economic term that refers to the population age group 15 to 65 years. (1)
- 4.3.3 Briefly describe the term *life expectancy*. (2)
- 4.3.4 Explain the impact of malnutrition on the child mortality rate. (2)
- 4.3.5 Why is population size important to businesses and/or the government? (4)
- 4.4 Discuss spatial development initiatives (SDIs) as South Africa's endeavours (efforts) in regional development. (4 x 2) (8)
- 4.5 Analyse the relationship between the financial sector and other participants in the circular-flow model. (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
Introduction The introduction is a lower-order response: <ul style="list-style-type: none"> • A good starting point will 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/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate A maximum of 8 marks may be allocated for headings/examples. Additional part: Critically discuss/Evaluate/Critically evaluate/Deduce/Compare/Distinguish/Suggest/Interpret/Debate/How A maximum of 2 marks may be allocated for mere listing of facts.	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 valued judgement 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 in detail the main objectives of the public sector in the economy. (26)
- Evaluate the impact of privatisation of state-owned enterprises (parastatals) on the South African economy. (10)
[40]

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

- Discuss in detail export promotion as South Africa's international trade policy. (26)
- How can South Africa benefit from being part of the various trade protocols such as the Southern African Development Community (SADC)? (10)
[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150