

EXAMINATION		NATIONAL SENIOR CERTIFICATE	
GRADE		12	
DATE		JUNE 2024	
SUBJECT		ECONOMICS	
PAPER		1	
MARK TOTAL		150	
DURATION (HOURS)		2	
NUMBER OF PAGES		14	



SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE
SUID-AFRIKAANSE KOMPREENSIEWE ASSESSERINGSINSTITUUT

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. Clearly indicate at the beginning of a question the number of the question chosen, for example **QUESTION 2**.
4. Number the answers correctly according to the numbering system used in this question paper.
5. Read the questions carefully and start **EACH** question on a **NEW** page.
6. 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.
7. Non-programmable pocket calculators may be used.
8. Write neatly and legibly in **BLUE** in only.

SECTION A

QUESTION 1: COMPULSORY

30 MARKS - 20 MINUTES

1.1 MULTIPLE CHOICE QUESTIONS

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 C etc.

- 1.1.1 Short term savings and loans are part of the ... market.
- A factor
 - B foreign exchange
 - C money
 - D capital
- 1.1.2 The trade-off between employment and inflation are illustrated by the ... curve.
- A Laffer
 - B Lorenz
 - C Production possibility
 - D Phillips
- 1.1.3 The balance on the Financial Accounts in the Balance of Payment (BOP) excludes ...
- A reserve assets.
 - B Foreign direct investments (FDI).
 - C net portfolio investments.
 - D net other investments.
- 1.1.4 The consumption expenditure of households and income of producers is regarded as ... flow.
- A money
 - B real
 - C circular
 - D capital
- 1.1.5 The consultation of the South African Reserve Bank (SARB) to convince banks to act in a manner that is desirable, is known as ...
- A interest rates.
 - B moral suasion.
 - C cash reserve requirement.
 - D open market transaction.



- 1.1.6 A development policy which works with Sectoral Education Training Authority (SETA) is...
- A Export Processing Zones.
 - B Joint Initiative on Priority Skills Acquisition.
 - C Reconstruction and Development Programme.
 - D Expanded Public Works Programme.
- 1.1.7 The Department of Trade and Industry implemented ... to assist industries to grow by identifying certain cross cutting issues and competitive input sectors.
- A Spatial Development Initiative
 - B Special Economic Zones
 - C Strategic Integrated Projects
 - D Integrated Manufacturing Strategy
- 1.1.8 Depreciation of capital as a method used to encourage investment is known as capital ...
- A widening.
 - B deepening.
 - C formation.
 - D growth.

(8x2) (16)

1.2 MATCHING ITEMS

Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A – K) next to the question number (1.2.1 – 1.2.8) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Gross Domestic Income	A	Commercial banks pay to borrow money from the Reserve Bank.
1.2.2	Trade liberalisation	B	The total remuneration received by the factors of production for producing final goods and services within the borders of a country.
1.2.3	Expansionary policy	C	It is measured by Real GDP divided by the number of workers.
1.2.4	Amplitude	D	The purpose is to expand production in value-added sectors with the focus on metals fabrication and green and energy-saving industries.
1.2.5	Industrial Policy Action Plan (IPAP)	E	Measures the distance from the trend line to the peak and the trend line to the trough.
1.2.6	Expanded Public Works Programme	F	A key growth sector of the Integrated Manufacturing Strategy.
1.2.7	Repo rate	G	Government decreases taxes and increases government spending.
1.2.8	Life expectancy	H	The probable number of years a person will live after birth.
		I	The value of a currency is controlled by market forces.
		J	The abolishment of government intervention in international trade.
		K	A nation-wide government intervention to create employment using labour-intensive methods.

(8x1) (8)

1.3 GIVE ONE WORD/TERM

Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK.

(ABBREVIATIONS ACRONYMS AND EXAMPLES WILL NOT BE ACCEPTED.)

- 1.3.1 Amount to be paid for the various factors of production used to produce goods and services.
- 1.3.2 Attempts by interest groups to influence government behaviour to their advantage.
- 1.3.3 A form of credit which can be used when balance of payment difficulties experienced.
- 1.3.4 Refers to the size and structure of the population.
- 1.3.5 Adding value to raw materials by processing them locally into finished products for consumers.
- 1.3.6 The output per worker in a particular period of time. (6x1) (6)

TOTAL SECTION A: [30]

SECTION B

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

QUESTION 2: MACRO ECONOMICS**40 MARKS - 30 MINUTES**

2.1 Answer the following questions:

2.1.1 List any TWO member countries of BRICS. (2x1) (2)

2.1.2 How does a free-floating exchange rate benefit most countries? (1x2) (2)

2.2 Study the information below and answer the questions that follow:

KEYNESIAN ECONOMICS

The concept of a multiplier process became important in the 1930's when John Maynard Keynes suggested it as a tool to help governments in decision making. This 'demand – management approach' was designed to help measure the amount needed to reach high levels of national income.

Analysts believe that an increase in government spending generally have a multiplier effect on economic growth while uplifting living standards for affected people and communities.

[Source: Adapted from www.tutor2u.net]

2.2.1 Give ONE example of a leakage. (1)

2.2.2 Provide ONE factor which influences the size of the multiplier. (1)

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

2.2.4 Explain the effect on national income when injections are more than leakages. (2)

2.2.5 Calculate the effect on national income when government spending increase by R250 million and the mpc is 0,7. (Show all calculations.) (4)



2.3 Study the following cartoon and answer the questions that follow:



[Source: www.cartoonstock.com]

- 2.3.1 Name ONE endogenous cause of business cycles. (1)
- 2.3.2 Provide ONE characteristic of an economy during a recession phase. (1)
- 2.3.3 Briefly describe the term *recession*. (2)
- 2.3.4 What does the South African Reserve Bank do to stimulate the economy? (2)
- 2.3.5 How can an increase in aggregate supply combat inflation caused by excess demand? (4)
- 2.4 Briefly discuss the interactions between *households* and *businesses* in a closed economy. (2x4) (8)
- 2.5 Evaluate the effect of a lack of management skills on state entities. (4x2) (8)

[40]

QUESTION 3: ECONOMIC PURSUITS

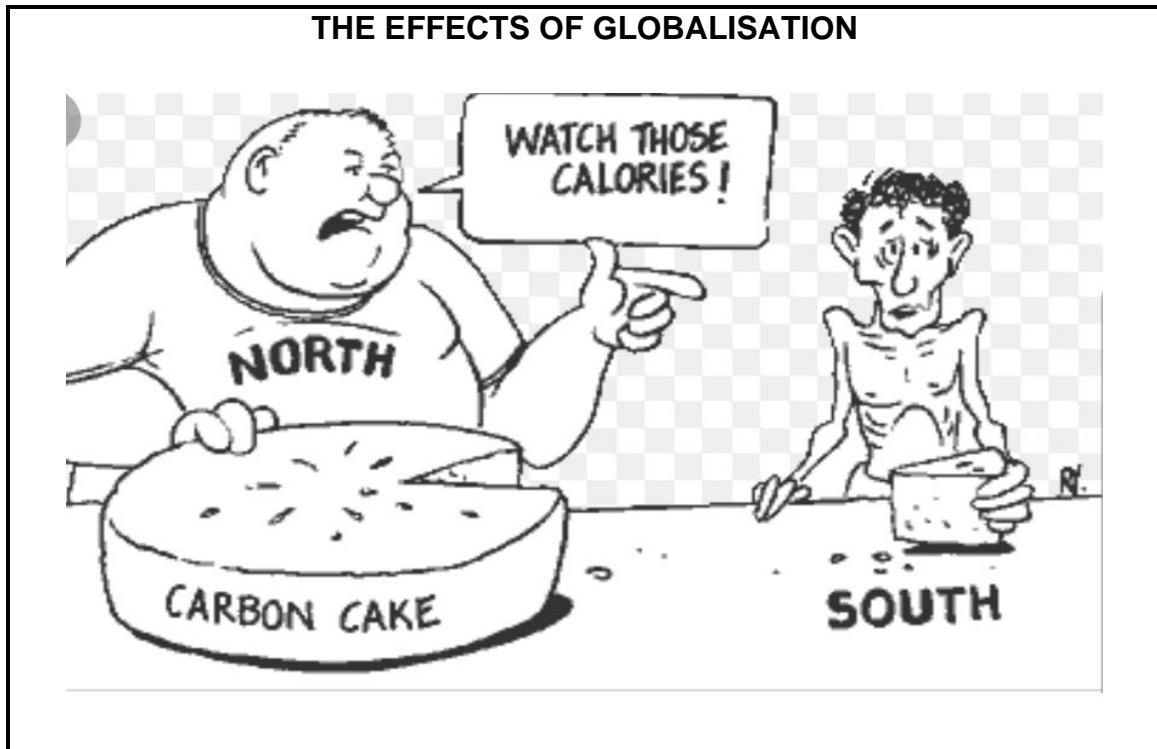
40 MARKS – 30 MINUTES

3.1 Answer the following questions:

3.1.1 List any TWO social indicators that refers to education. (1x2) (2)

3.1.2 How does the South African Reserve Bank use its open market transactions to restrict credit? (2x1) (2)

3.2 Study the cartoon below and answer questions that follow.



[Source: www.cseindia.org]

3.2.1 Give ONE example of a country of the NORTH. (1)

3.2.2 Provide ONE characteristic for the countries in the SOUTH. (1)

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

3.2.4 Explain a trade challenge in terms of globalisation. (2)

3.2.5 What effect does countries in the NORTH have on the environment? (4)

3.3 Study the following extract and answer the questions that follow:

SPECIAL ECONOMIC ZONES

One of the critical tools for accelerating the country's industrial development agenda is the new Special Economic Zone (SEZ) Programme.

The country's industrial development agenda is clearly articulated in our National Industrial Policy Framework (NIPF), Industrial Policy Action Plan (IPAP) and National Development Plan (NDP).

The new African Free Continental Trade agreement (AFCTA) which came into operation on 1 January 2021 will support our SEZ's.

[Source: Adapted from Mail and Guardian – July 2022]

- 3.3.1 Name ONE main aim of the National Industrial Policy Framework. (1)
- 3.3.2 Provide ONE benefit that a country obtains from foreign direct investments (FDI's). (1)
- 3.3.3 Briefly describe the term *de-industrialisation*. (2)
- 3.3.4 What is the relationship between the manufacturing sector and the primary sector? (2)
- 3.3.5 Outline the benefits of Special Economic Zone (SEZ's) from the new African Free Continental Trade agreement (AFCTA). (4)
- 3.4 Briefly discuss the methods used by the *World Bank* and *United Nations* to standardise the indicators of member countries. (2x4) (8)
- 3.5 Evaluate the success of the South Africa's New Growth Path to influence economic growth and economic development. (4x2) (8)

[40]

QUESTION 4: MACRO ECONOMICS AND ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

4.1 Answer the following questions:

4.1.1 List any TWO types of inefficiencies in public sector provisioning. (2x1) (2)

4.1.2 How does technology support small business development? (1x2) (2)

4.2 Study the following extract and answer the questions that follow:

CAN PARASTATALS BE FIXED?

As soon as the new Public Enterprises Minister was sworn in, corruption and reform became major themes on the agenda. SOE's have been crucial to the economy and fiscal system and need to perform well. Their sustainability is therefore key to the future of the economy.

The government's exposure to SOE's remains a risk to the country's fiscal position. Currently Eskom and Sanral have junk credit ratings with their large debt exposure. These structural and systemic problems called for privatisation. Another option could be renewable energy at half the price. The Medupi and Kusile coal-fired power stations are operating over budget.

[Source: Adapted from News24, March 2021]

4.2.1 Give ONE example of renewable energy. (1)

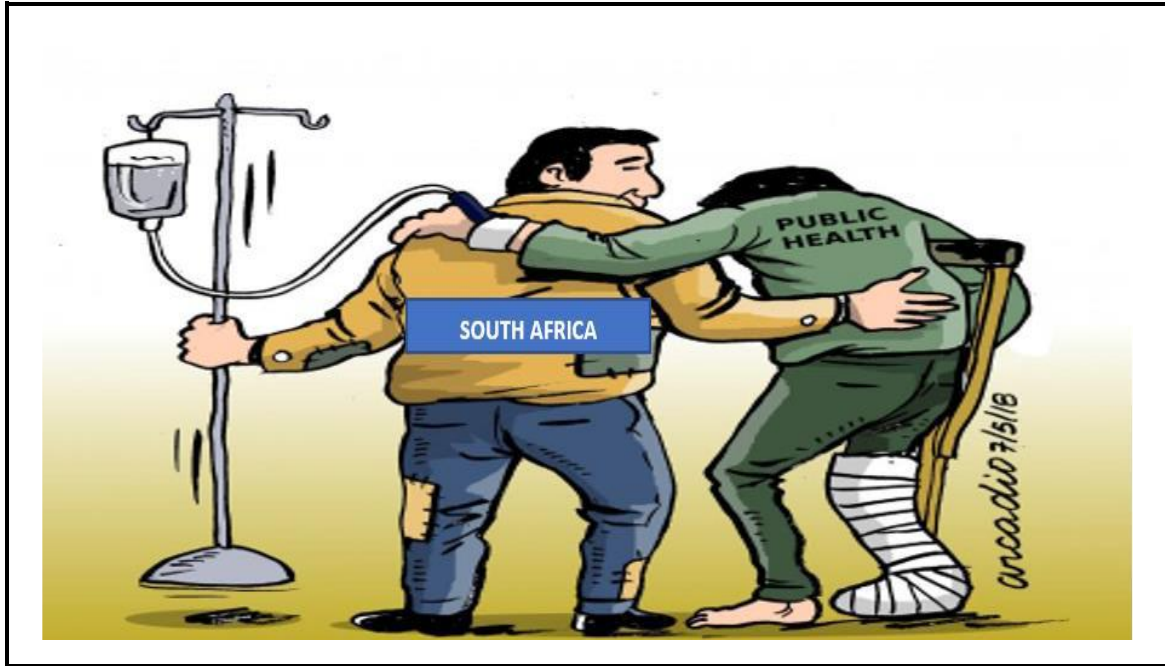
4.2.2 Provide ONE other State-Owned Enterprise not mentioned in the extract above. (1)

4.2.3 Briefly describe the term *nationalisation*. (2)

4.2.4 Explain the benefits of privatisation of State Owned Enterprises (SOE's). (2)

4.2.5 How can Eskom function more effectively to benefit the consumer? (4)

4.3 Study the following cartoon and answer the questions that follow:



[Source: <https://www.cagle.com/>]

- 4.3.1 Name the social indicator depicted by the cartoon. (1)
- 4.3.2 Provide ONE other department linked to service delivery in South Africa. (1)
- 4.3.3 Briefly describe the term *social indicator*. (2)
- 4.3.4 What impact does urbanisation have on the provision of housing in urban areas? (2)
- 4.3.5 How can service delivery by government enhance people's standard of living? (4)
- 4.4 Briefly discuss *interest rates* and *import substitution* as measures used to correct the balance of payments disequilibria. (2x4) (8)
- 4.5 Evaluate the role of government to protect key strategic industries against foreign industrial take-overs. (4x2) (8)

[40]

TOTAL SECTION B: [80]

SECTION C

Answer any **ONE** question of the TWO questions in the **ANSWER BOOK**.

Your answer will be assessed as follows:

STRUCTURE OF THE ESSAY	MARK ALLOCATION
<p>Introduction The introduction is a lower-order response.</p> <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 saying in the introduction what you are going to discuss in the body. 	<p>Max. 2</p>
<p>Body Main part: Discuss in detail/in-depth discussion/Examine/Critically discuss/Analyse/ Compare/Evaluate/Distinguish/Differentiate/Explain.</p> <p>Additional part: Give own opinion/Critically discuss/Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/ Complete the given graph/Calculate/Deduce/Compare/Explain/ Distinguish/Interpret/Briefly debate/How/Suggest.</p> <p>Mark Allocation A maximum of six marks will be awarded for listing and examples. Bullets in full sentences will be awarded two marks. Headings and sub-headings will receive one mark each.</p>	<p>Max. 26</p> <p>Max. 10</p>
<p>Conclusion Any higher-order conclusion should include:</p> <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned. • Any opinion or value judgement on the facts discussed. • Additional support information to strengthen the discussion/analysis. • A contradictory viewpoint with motivation, if required • Recommendations 	<p>Max. 2</p>
<p>TOTAL</p>	<p>40</p>

QUESTION 5: MACRO ECONOMICS

40 MARKS – 40 MINUTES

- Discuss in detail the supply side policies used in 'smoothing' the business cycles. (26)
- How can exogenous reasons cause the business cycle to fluctuate? (10)

[40]

OR

QUESTION 6: ECONOMIC PURSUITS

40 MARKS – 40 MINUTES

- Discuss in detail the South Africa's initiatives in regional development. (26)
- How can the development of small businesses benefit the South African economy? (10)

[40]

TOTAL SECTION C: [40]

GRAND TOTAL: [150]