

EXAMINATION		NATIONAL SENIOR CERTIFICATE	
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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 calculators may be used.
8. Write neatly and legibly, in **BLUE** ink only.

SECTION A: (COMPULSORY)**QUESTION 1****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 numbers (1.1.1 to 1.1.8) in the ANSWER BOOK for example 1.1.9 C.

- 1.1.1 Earnings received from the export of goods and services are called ...
- A leakages.
 - B injections.
 - C investments.
 - D savings.
- 1.1.2 The ... curve illustrates a trade-off between employment and inflation.
- A Laffer
 - B Lorenz
 - C Production possibility
 - D Phillips
- 1.1.3 The balance on the Financial Account of the Balance of Payment (BOP) excludes ...
- A reserve assets.
 - B net financial derivatives.
 - C net portfolio investments.
 - D net other investments.
- 1.1.4 If the exchange rate changed from \$1 : R17 to \$1 : R21, due to market forces then ...
- A the \$ depreciated against the Rand.
 - B the Rand depreciated against the \$.
 - C the Rand devalued against the \$.
 - D the \$ devalued against the Rand.

1.1.5 Economic collaboration where participating countries adopt a shared economic policy is known as a/an ...

- A preferential trade area.
- B free trade area.
- C economic union.
- D common market.

1.1.6 An international benchmark comparing economic development in countries is called ...

- A the Human Development Index.
- B the Gross National Income per capita.
- C the North-South divide.
- D millennium goals.

1.1.7 The Industrial Development Zone (IDZ), which is found in the Eastern Cape and focuses on motor vehicle manufacturing for export is called the ... IDZ.

- A Richards Bay
- B OR Tambo International Airport
- C Saldanha
- D Coega

1.1.8 The standard of living of a population is best described by the ...

- A inflation rate.
- B savings rate.
- C per capita income.
- D balance of trade.

(8x2) (16)

1.2 MATCHING ITEMS

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

COLUMN A		COLUMN B	
1.2.1	Disequilibrium	A	Also known as the labour force.
1.2.2	Real business cycle	B	The interest rate commercial banks pay when borrowing money from the Reserve Bank.
1.2.3	Aggregate money supply	C	Expanding production in value-added sectors, focusing on metal production and energy-saving industries.
1.2.4	Absolute advantage	D	Buying and selling government securities in the open market.
1.2.5	Trade liberalisation	E	One country can produce goods and services cheaper than the other.
1.2.6	Repo rate	F	Market forces control the value of a currency.
1.2.7	Industrial Policy Action Plan	G	When leakages are more than injections.
1.2.8	Economically active population	H	Is obtained when the effects of irregular events and seasons are removed from time series data.
		I	Real GDP is divided by the number of workers who produce it.
		J	The abolishment of government intervention in international trade.

(8x1) (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 Primary participants and owners of the factors of production.
- 1.3.2 Economists who believe that business cycle fluctuations are mainly due to inappropriate government intervention.
- 1.3.3 The government's plan for expected revenue received and expenditure paid for the coming fiscal year.
- 1.3.4 Spatial areas that offer particular advantages to mining and other businesses along a specific route of trade.
- 1.3.5 Worldwide interaction of economies with trade as an important element.
- 1.3.6 An organisation that intends to develop the African continent, promoting political and economic integration among African countries.

(6x1) (6)

TOTAL SECTION A: [30]

SECTION B

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

QUESTION 2: MACROECONOMICS

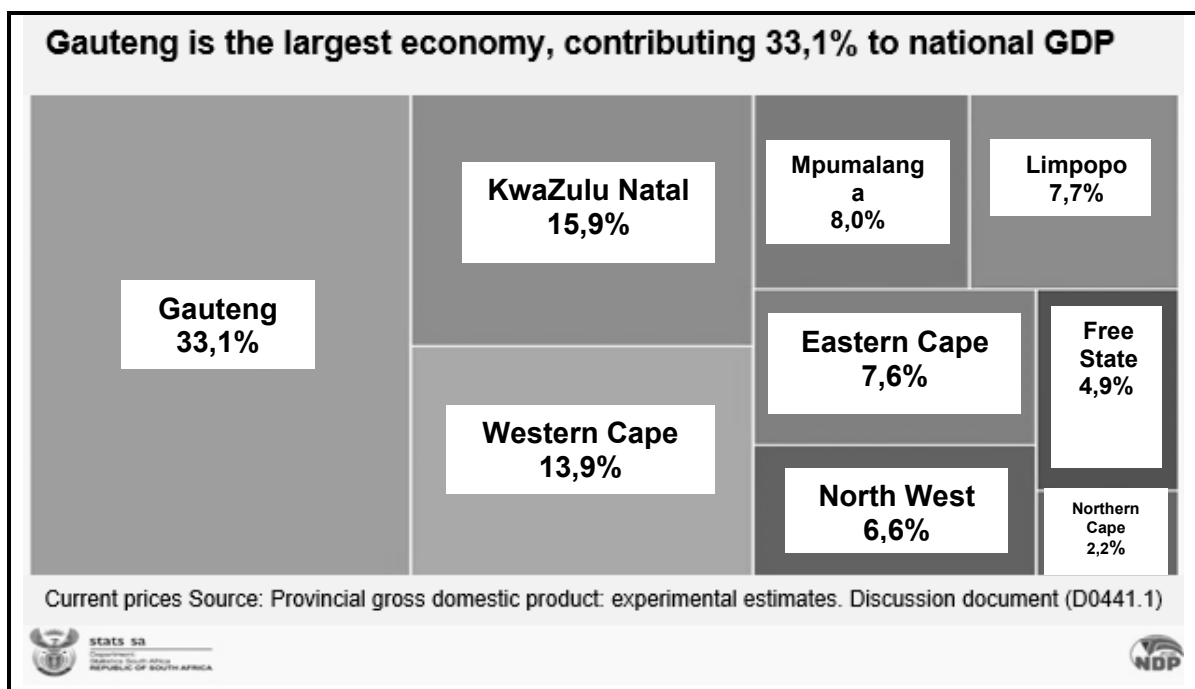
40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO monetary policy instruments. (2x1) (2)

2.1.2 How can the appreciation of the Rand affect the export of goods and services? (1x2) (2)

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



[Source adapted from: <https://www.statssa.gov.za/wp-content/uploads/2023/09/ProvGDPPc1.jpg>]

2.2.1 Identify the province that contributed the least to the national GDP. (1)

2.2.2 Name the institution responsible for publishing the information in the extract above. (1)

2.2.3 Briefly describe the term *Real Gross Domestic Product*. (2)

2.2.4 Explain the importance of GDP as an economic concept. (2)

2.2.5 Compare the difference between the *Production method* and *Income method* used to calculate GDP. (2x2) (4)

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

TERMS OF TRADE			
YEAR	Index of export prices	Index of import prices	Terms of Trade
2015	100	100	100
2020	120	105	A

[Source: <https://www.resbank.co.za/content/dam/sarb/publications/quarterly-bulletins/current-account/2024>]

- 2.3.1 Identify the base year used in the table above. (1)
- 2.3.2 State the change that occurred in export prices between 2015 and 2020. (1)
- 2.3.3 Briefly describe the term *devaluation of a currency*. (2)
- 2.3.4 Explain the effect on the economy when there is a decrease in a country's terms of trade. (2)
- 2.3.5 Calculate the terms of trade for A. Show ALL calculations. (2x2) (4)
- 2.4 Differentiate between *money flows* and *real flows* in the circular flow model. (2x4) (8)
- 2.5 Analyse the use of leading indicators in the forecasting of economic activities. (4x2) (8)

[40]

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

3.1 Answer the following questions.

3.1.1 Name TWO import substitution methods. (2x1) (2)

3.1.2 How are developing countries challenged by globalisation? (1x2) (2)

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

Downstream companies implore ArcelorMittal South Africa and government to avoid long steel plant closures

The South African downstream steel industry has urgently appealed to both steel producer ArcelorMittal South Africa (AMSA), the largest steel producer in Africa, and the government to find immediate solutions that will allow the continued operation of the three AMSA plants that make up the company's long steel business in South Africa.

AMSA announced in November last year that the company would embark on a process to wind down its long steel business. The company cited the current low market demand and national constraints beyond the company's control, such as the extreme challenges in both logistics and energy supply in the country, and steel-related policy decisions that create an uncompetitive and uneven playing field for the company against its local competitors.

Continued support of the steel industry is crucial for industrial development in South Africa, as well as Africa as a whole.

[Source adapted from: <https://www.engineeringnews.co.za/article/downstream-companies-implore-arcelormittal-south-africa-govt-to-avoid-long-steel-plant-closures-2024-01-24>]

3.2.1 Identify the largest steel producer in Africa. (1)

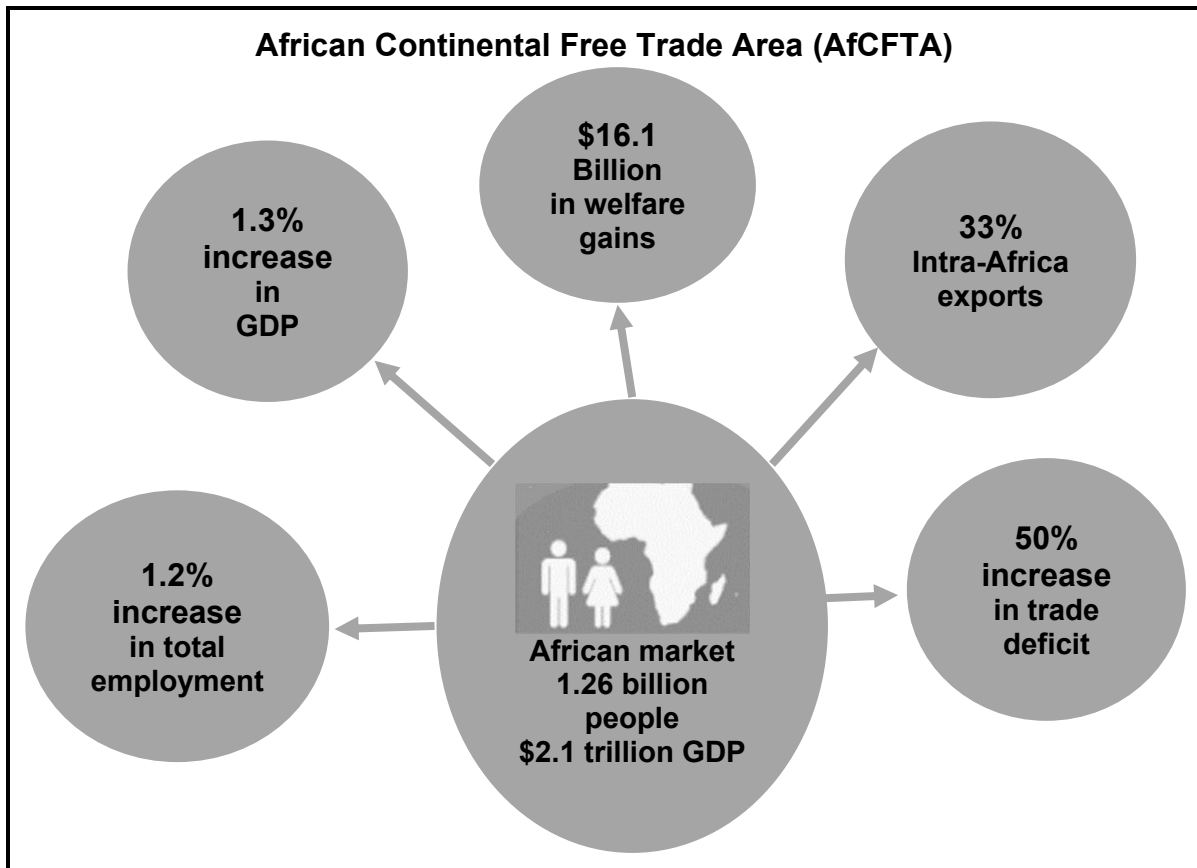
3.2.2 Name ONE reason for the wind down in the long steel business from the extract. (1)

3.2.3 Briefly describe the term *industrial development*. (2)

3.2.4 Explain ONE objective of the Spatial Development Initiative (SDI) that could help address the challenges faced by AMSA steel business. (2)

3.2.5 Discuss positive arguments for the development of new industries in South Africa. (2x2) (4)

3.3 Study the following diagram and answer the questions that follow.



[Source: <https://www.freightnews.co.za/article/afcfta-all-its-made-out-be>]

- 3.3.1 Identify the number of people who benefit from the AfCFTA. (1)
- 3.3.2 Name any other free trade area in the world. (1)
- 3.3.3 Briefly describe the term *free trade area*. (2)
- 3.3.4 Explain the role of the World Trade Organisation in international trade. (2)
- 3.3.5 Discuss the benefits of Africa becoming a single market. (2x2) (4)
- 3.4 Distinguish between the *critical infrastructure* and *skill support programs* as incentives used by the South African government to improve industrial development. (2x4) (8)
- 3.5 How can production indicators, such as GDP, be used to show the performance of a country's economy? (4x2) (8)

[40]

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

4.1 Answer the following questions:

4.1.1 Name TWO phases of business cycles. (2x1) (2)

4.1.2 How will a huge increase in electricity costs affect smaller businesses in South Africa? (1x2) (2)

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

Auditor General: Only 34 of 257 municipalities achieved clean audits in 2022-23

Auditor general Tsakani Maluleke highlighted that despite commitments made by those concerned, the pace of improvement has been “slow, with little impact on the lives of ordinary South Africans”, when she presented the 2022-23 consolidated general audit report to parliament on Tuesday.

The trend of poor audit outcomes had persisted, with 36 municipalities regressing since the 2020-21 audit cycle, while only 45 showed some improvement.

Maluleke said many municipalities were stuck in a cycle of unqualified audit opinions on financial statements but with findings on performance reporting and compliance with key legislation. She expressed concern that 77 municipalities had remained in this category since the end of the previous administration’s term, showing little effort to advance to a clean audit status.

[Source adapted from: <https://mg.co.za/politics/2024-08-27-auditor-general-only-34-of-257-municipalities-achieved-clean-audits-in-2022-23/>]

4.2.1 Identify the number of municipalities that showed improvement in the 2022-2023 audit. (1)

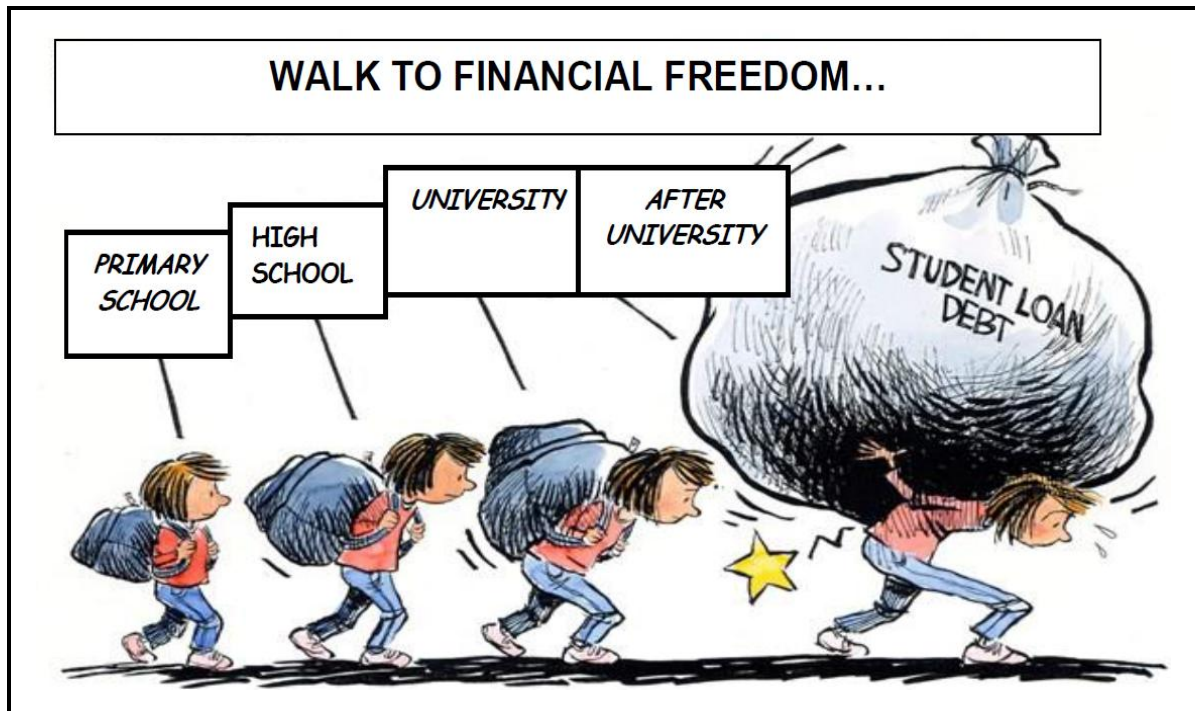
4.2.2 Name the current Auditor-General of South Africa as mentioned in the extract above. (1)

4.2.3 Briefly describe the term *public sector failure*. (2)

4.2.4 Explain ONE reason for public sector involvement in the management of the economy. (2)

4.2.5 Outline actions that can be taken by the government to reduce management failure in the public sector. (2x2) (4)

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



[Source adapted from: <https://za.pinterest.com/walktheplnk/political-cartoons/>]

- 4.3.1 State the social indicator associated with primary school completion? (1)
- 4.3.2 Name the economic participant responsible for providing national education. (1)
- 4.3.3 Briefly describe the term *social indicator*. (2)
- 4.3.4 How can the government reduce student loans in order to decrease poverty and social injustice? (2)
- 4.3.5 Discuss the direct contribution of education to the quality of a country's labour force. (2x2) (4)
- 4.4 Differentiate between the *current account* and the *capital transfer account* of the Balance of payments. (2x4) (8)
- 4.5 Analyse the prevention of dumping as an argument in favour of protectionism. (4x2) (8)

[40]

TOTAL SECTION B: [80]

QUESTION 5: MACROECONOMICS

40 MARKS – 40 MINUTES

- Discuss in detail the features underpinning forecasting of business cycles, excluding the business cycle indicators. (26)
- Evaluate the use of the fiscal policy by the government to restrict fluctuations in the economy. (10)

OR

QUESTION 6: ECONOMIC PURSUITS

40 MARKS – 40 MINUTES

- Discuss in detail the use of the fiscal policy in the demand-side approach to promote economic growth and development. (26)
- Evaluate the impact of a lack of foreign direct investment on the economic growth patterns of developing countries. (10)

TOTAL SECTION C: [40]

GRAND TOTAL: [150]