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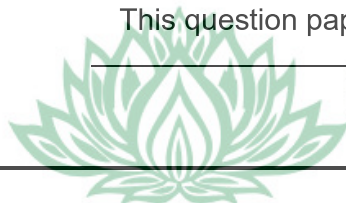
JUNE 2024

ECONOMICS P1

MARKS: 150

TIME: 2 hours

This question paper consists of 13 pages.



**SA EXAM
PAPERS**

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:

SECTION A: COMPULSORY

SECTION B: Answer any 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)**30 MARKS – 20 MINUTES****QUESTION 1**

- 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, for example 1.1.9 D.

1.1.1 The method of calculating GDP whereby compensation of employees is taken into consideration is called the ... -method.

- A income
- B production
- C value-added
- D expenditure

1.1.2 A business cycle that is caused by changes in the building and construction industry is called the ... cycle.

- A Juggler
- B Kondratieff
- C Kitchen
- D Kuznets

1.1.3 The government level that consists of metropolises, districts and municipalities is called a ... government.

- A provincial
- B foreign
- C local
- D central

1.1.4 The difference between visible exports and visible imports is known as ...

- A terms of trade.
- B trade balance.
- C trade liberalisation.
- D trade protocol.

1.1.5 Spending that takes place irrespective of the level of income is called ...

- A induced consumption.
- B autonomous consumption.
- C government expenditure.
- D private expenditure.

- 1.1.6 An economic indicator showing the general direction in which the economy is moving is referred to as the ...
- A length.
 - B amplitude.
 - C trend line.
 - D extrapolation.
- 1.1.7 A duty of an individual or organisation to explain their decisions and actions and accept responsibility for their behaviour is known as ...
- A effectiveness.
 - B self-interest.
 - C inefficiency.
 - D accountability.
- 1.1.8 A decrease in the value of the currency due to market forces is known as ...
- A depreciation.
 - B appreciation.
 - C revaluation.
 - D evaluation.
- (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, for example 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Leakages	A	special form of credit that the IMF can use when a country experiences balance of payment difficulties
1.2.2	New economic paradigm	B	goods that have benefits for their users and the economy
1.2.3	Merit goods	C	the proportion of additional income that households choose to spend on goods and services
1.2.4	Special Drawings Rights	D	a sum of taxes, imports and savings in a circular flow
1.2.5	Marginal propensity to consume	E	the government policy that is aiming at creating economic growth, without causing inflation
1.2.6	Cash reserve requirements	F	buying of financial assets such as shares in companies on the stock exchange of another country
1.2.7	Parastatals	G	goods that are potentially harmful to the society
1.2.8	Portfolio investment	H	businesses owned wholly or partly by the state and run by a public authority
		I	used to control the money supply through the buying and selling of government securities

(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 An economy that includes the foreign sector
- 1.3.2 The point where economic contraction is at its lowest
- 1.3.3 The use of taxation and government expenditure to achieve macroeconomic objectives
- 1.3.4 The worldwide integration of economies with trade as an important element
- 1.3.5 An estimate of income and expenditure for a three-year period during the budgeting process
- 1.3.6 An increase in the production of goods and services of a country over a period, usually a year (6 x 1) (6)

TOTAL SECTION A: 30

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

2.1 Answer the following questions.

2.1.1 Name any TWO characteristics of public goods. (2)

2.1.2 How can competition stimulate aggregate supply? (2)

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

MULTIPLIER IN A TWO SECTOR ECONOMY

Country **Y** has only two participants and has a marginal propensity to consume of 0,6.

The country's autonomous consumption is 30. The equilibrium national income is 75.

[Adapted from *Clever Economics*, p163]

2.2.1 Identify a term that refers to spending, which does not depend on income. (1)

2.2.2 Name ONE participant in a closed economy. (1)

2.2.3 Briefly describe the concept *multiplier*. (2)

2.2.4 Explain the impact of an increase in savings on the value of the multiplier. (2)

2.2.5 Draw a well-labelled graph of a multiplier using the information from the extract. (4)

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



Bureaucracy

The Conversation
South African politicians, not bureaucrats, stand in the way of a professional civil service

S SowetanLIVE
Bureaucracy hampering quick action on energy crisis, says presidency DG Phindile Baleni

GroundUp
Roads fall apart while bureaucracy moves at snail's pace in Mamelodi

[Source: www.eneews.co.za on 01 January 2023.]

- 2.3.1 Identify a reason for public sector failure from the information above. (1)
- 2.3.2 Name ONE feature of fiscal policy. (1)
- 2.3.3 Briefly describe the term *public sector failure*. (2)
- 2.3.4 Explain the impact of high state debt on the provisioning of public goods and services. (2)
- 2.3.5 How can public sector failure affect the economy? (4)
- 2.4 Briefly discuss the real (actual) business cycle without the graph. (8)
- 2.5 How can the South African government improve the quality of public sector provisioning? (8)

[40]

QUESTION 3: MACROECONOMICS**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO indicators underpinning forecasting in business cycles. (2)

3.1.2 How can income tax brackets influence taxpayers? (2)

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

Forecasting is a technique that uses historical data as inputs to make informed estimates, that are predictive in determining the direction of future trends.

Following the global financial crisis (GFC) of 2008–09, the South African economy experienced an unusual business cycle for more than a decade. The post-GFC global economic recovery was relatively uneven, with weak economic growth and low interest rates.

[Adapted from Investopedia.com.]

3.2.1 Identify a business cycle phase from the extract above. (1)

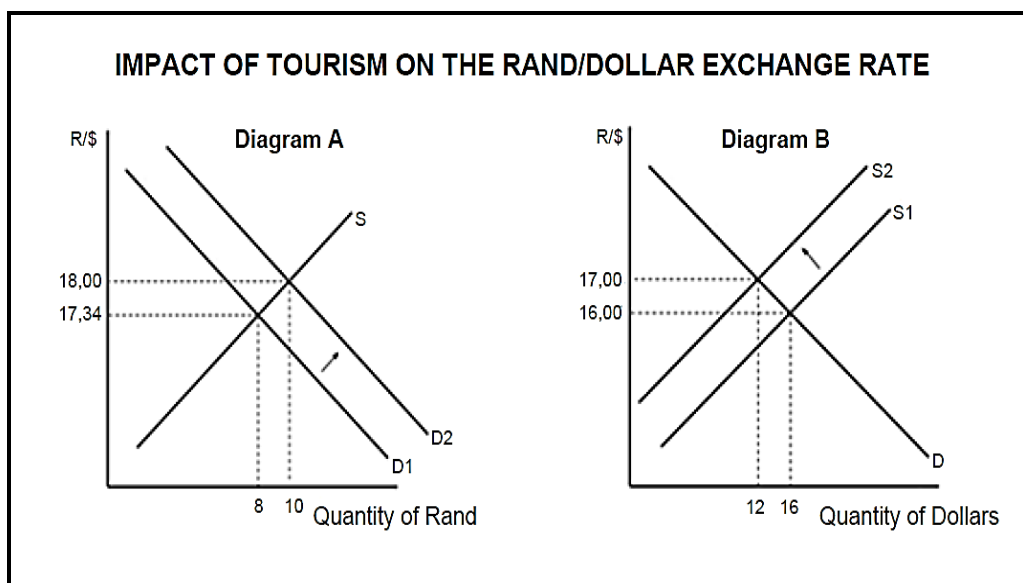
3.2.2 Name ONE type of business cycle. (1)

3.2.3 Briefly explain the term *business cycles*. (2)

3.2.4 Explain the importance of moving averages as a feature underpinning forecasting. (2)

3.2.5 Why is it important for economists to make forecasts? (4)

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



- 3.3.1 Identify a diagram from above that represents an increase in the number of tourists from the USA to South Africa. (1)
- 3.3.2 Name the exchange rate system used in South Africa. (1)
- 3.3.3 Briefly describe the term *exchange rate*. (2)
- 3.3.4 Explain the impact on the rand if the number of tourists from South Africa to the USA decreases. (2)
- 3.3.5 What benefits can countries of the world obtain from international trade? (4)
- 3.4 Discuss the endogenous (Keynesian) explanation of business cycles. (8)
- 3.5 How can the national budget promote socio-economic rights? (8)
- [40]**

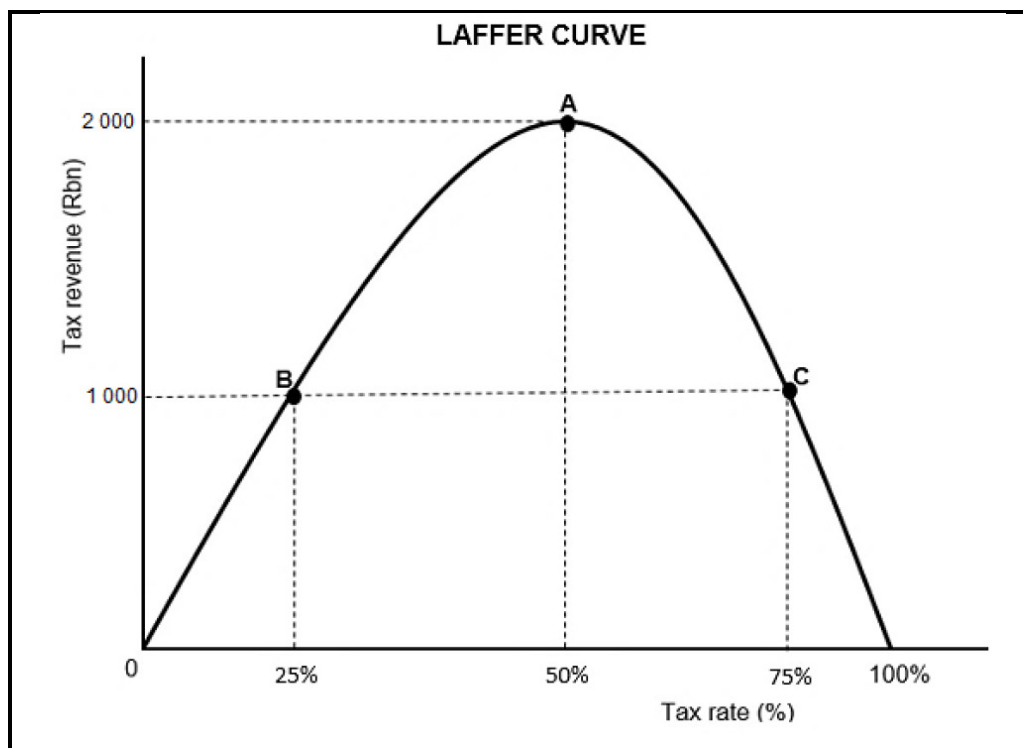
QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO features of public sector failure. (2)

4.1.2 How can the government use taxation to stimulate economic recovery? (2)

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



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

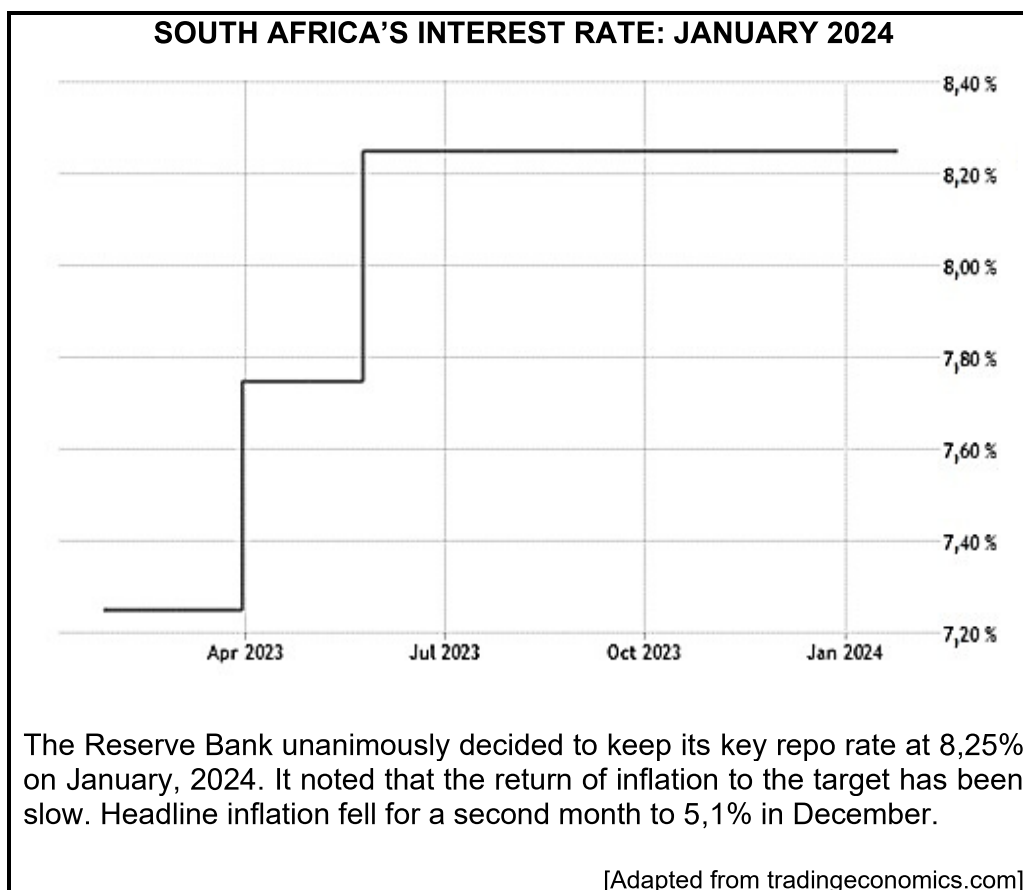
4.2.2 Name any form of indirect tax paid by households to the government. (1)

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

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

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

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



- 4.3.1 Identify the period with the lowest repo rate in the information above. (1)
- 4.3.2 Name the committee responsible for taking interest rate decisions in South Africa. (1)
- 4.3.3 Briefly describe the term *repo rate*. (2)
- 4.3.4 Explain the relationship between inflation and unemployment in the Phillips Curve. (2)
- 4.3.5 How can moral suasion be used as a tool to dampen the overheated economy? (4)
- 4.4 Briefly discuss *price stability* and *economic equity* as macroeconomic objectives. (8)
- 4.5 How will producers respond to the different phases of the business cycle? (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 ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. <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 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/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Assess/Debate A maximum of 8 marks may be allocated for headings/examples. Additional part: Critically discuss/Evaluate/Critically evaluate/Debate/ Deduce/Compare/Distinguish/Interpret/How?/Suggest 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 value judgment 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 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 reasons for international trade. (26 marks)
- How can a currency (rand) depreciation affect the economy? (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150