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SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ECONOMICS P1

MAY/JUNE 2024

ECONOMICS: Paper 1

MARKS: 150



TIME: 2 hours

10731E

X05

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 When calculating gross domestic expenditure (GDE), errors and omissions are accounted for by the ...

- A market price.
- B residual item.
- C basic price.
- D input cost.

1.1.2 The vertical difference between a trough and the next peak of a cycle is known as ...

- A amplitude.
- B extrapolation.
- C moving average.
- D length of cycle.

1.1.3 The Minister of Finance presents the Medium-term Budget Policy Statement (MTBPS) in ... every year.

- A February
- B June
- C April
- D October

1.1.4 The difference between tangible exports and tangible imports is called ...

- A trade balance.
- B current transfer.
- C reserve assets.
- D trade deficit.

1.1.5 The worldwide interfacing and interaction of economies, with trade as an important element, is called ...

- A nationalisation.
- B centralisation.
- C globalisation.
- D devaluation.

- 1.1.6 The form of tax that is levied annually on the market value of residential, office and factory buildings is called ...
- A capital gain tax.
 - B property tax.
 - C transfer duty.
 - D estate duty.
- 1.1.7 A geographically designated area that has been set aside to develop specific economic activities is known as a/an ...
- A industrial base.
 - B export processing zone.
 - C industrial hub.
 - D special economic zone.
- 1.1.8 The human development index (HDI) of a country with the highest level of development is ...
- A 10
 - B 0
 - C 1
 - D 100
- (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 Real flow	A when a person is required to give an explanation of his or her decisions or actions
1.2.2 Deregulation	B used by the United Nations to compare the standards of living among different countries
1.2.3 Accountability	C legal ownership of copyright, design, patent or trademark by an individual or business
1.2.4 Specialisation	D number of years that a new-born infant is likely to live
1.2.5 Trade neutrality	E the movement of factors of production, goods and services among economic participants
1.2.6 Human development index	F payment of subsidies that are equal to import duties paid by export producers
1.2.7 Intellectual property	G the removal of laws and other forms of government control that interfere in the functioning of markets
1.2.8 Life expectancy	H production of goods and services in large quantities
	I focuses on the production/provision of a particular type of good or service

(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 Occurs when the value of intermediate products is added to the final product when calculating GDP

1.3.2 When all the people who are actively looking for work are able to find jobs or create jobs for themselves

1.3.3 The price of one currency in terms of another

1.3.4 Measures that artificially restrict the movement of goods and services among countries

1.3.5 When the central bank convinces commercial banks to act in a manner that is desirable to the prevailing economic conditions

1.3.6 The total industrial capacity of an economy that is available for use
(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

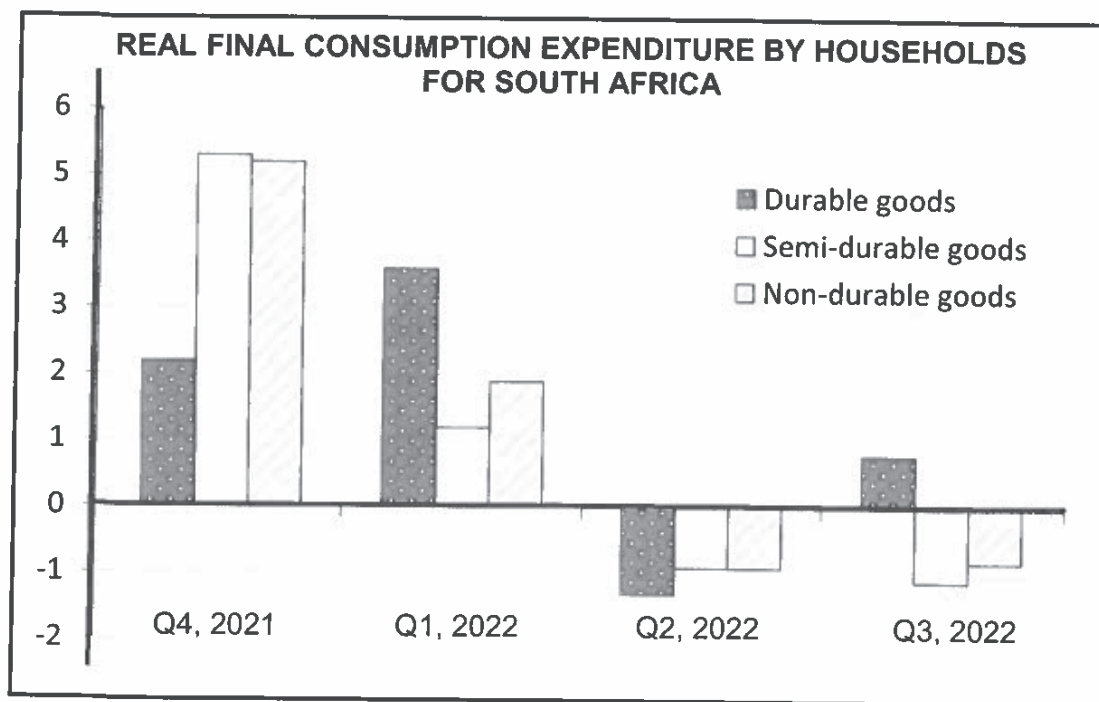
QUESTION 2: MACROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name the TWO factors that determine the size of the multiplier in a two-sector model. (2 x 1) (2)

2.1.2 How can the South African Reserve Bank (SARB) use open-market transactions to increase money supply? (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 category of consumer goods that recorded growth in the third quarter of 2022 (Q3, 2022). (1)

2.2.2 Give ONE example of non-durable goods. (1)

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

2.2.4 Why are savings regarded as leakages in the circular-flow model? (2)

2.2.5 How can an increase in interest rates influence households in the circular flow? (2 x 2) (4)



- 2.3 Study the extract below and answer the questions that follow.

**THE PRIVATISATION AND RESTRUCTURING PROGRAMME
IN SOUTH AFRICA**

The South African approach to privatisation has been one of restructuring of state-owned enterprises (SOEs). The goals of restructuring have been to reduce government borrowing requirements and to extend private ownership to historically disadvantaged groups.

However, little has been achieved as restructuring efforts have been slow and reluctant.

[Source: www.investopedia.com]

- | | | |
|-------|--|-------------|
| 2.3.1 | Identify a term that refers to parastatals. | (1) |
| 2.3.2 | Give ONE feature of public sector failure. | (1) |
| 2.3.3 | Briefly describe the term <i>nationalisation</i> . | (2) |
| 2.3.4 | Why is it important for the government to remain in control of key input sectors such as energy and transport? | (2) |
| 2.3.5 | How can the South African government benefit from the privatisation of state-owned enterprises (SOEs)? (2 x 2) | (4) |
| 2.4 | Discuss the role of households in the circular-flow model. (4 x 2) | (8) |
| 2.5 | Analyse the factors that may cause a deficit on South Africa's balance of payments (BOP). (4 x 2) | (8) |
| | | [40] |



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

3.1 Answer the following questions.

3.1.1 Name any TWO redress policies in South Africa. (2 x 1) (2)

3.1.2 How can import substitution promote industrialisation? (1 x 2) (2)

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

EFFECTS OF DUMPING

Dumping involves substantial export volumes of products and it often endangers the financial viability of manufacturers or producers in importing countries.

The biggest disadvantage of dumping is the ability to flood a market with product prices that are often considered unfair. Therefore, countries use tariffs and quotas to protect their domestic producers from dumping.

[Adapted from <https://www.investopedia.com>]

3.2.1 Identify a form of tax imposed on imports in the extract above. (1)

3.2.2 Name the international trade policy that protects local producers from unfair foreign competition. (1)

3.2.3 Briefly describe the term *import quota*. (2)

3.2.4 Explain the role of the World Trade Organisation (WTO) in promoting free trade. (2)

3.2.5 How can dumping impact on consumers in the importing country? (2 x 2) (4)

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



[Source: www.google.com]

- 3.3.1 Identify the letter that represents developed countries in the map above. (1)
- 3.3.2 Name ONE aspect (element) related to the standards of living. (1)
- 3.3.3 Briefly describe the concept *North-South divide*. (2)
- 3.3.4 How can economic activities in the north impact on the environment? (2)
- 3.3.5 Explain the challenges faced by developing countries when trading with developed countries. (2 x 2) (4)
- 3.4 Discuss industrial development zones (IDZ) as South Africa's initiative in regional development. (4 x 2) (8)
- 3.5 Analyse the reasons why South African consumers prefer imported goods and services. (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 financial incentives used by the South African government to improve industrial development. (2 x 1) (2)

4.1.2 Why does the government strive to keep public debt to at least 60% of gross domestic product (GDP)? (1 x 2) (2)

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

USD/ZAR ANNUAL HISTORICAL EXCHANGE RATES	
Year	Average exchange rate
2018	US\$1: R13,26
2019	US\$1: R14,49
2020	US\$1: R16,46
2021	US\$1: R14,80
2022	US\$1: R16,38

[Source: [ofx.com](https://www.ofx.com)]

4.2.1 Identify, in the table above, the year in which the value of the rand was the strongest. (1)

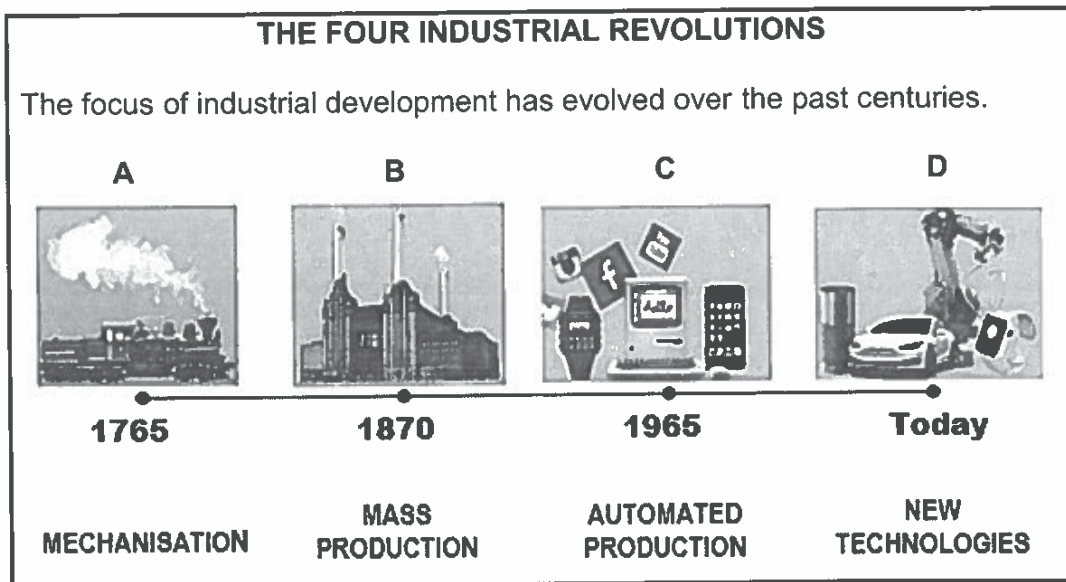
4.2.2 Name the exchange rate system used in South Africa. (1)

4.2.3 Briefly describe the term *depreciation* in relation to exchange rates. (2)

4.2.4 How can the government directly intervene in the foreign exchange market when the local currency is undervalued? (2)

4.2.5 Draw a correctly labelled graph to show the effect of an increase in demand for US dollars in South Africa. (4)

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



[Adapted from www.google.com/industrialevolution]

- 4.3.1 Identify the picture, using the letters above, that represents the fourth industrial revolution. (1)
- 4.3.2 Name the government department that is responsible for promoting industrial development in South Africa. (1)
- 4.3.3 Briefly describe the term *manufacturing*. (2)
- 4.3.4 Explain the influence of skills shortages on industrial development. (2)
- 4.3.5 How can the National Research and Development Strategy (NRDS) help to improve the South African economy? (2 x 2) (4)
- 4.4 Discuss the necessity of the public sector in the economy. (4 x 2) (8)
- 4.5 How does the South African government use fiscal policy to improve the standard of living? (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.	Max. 26
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. 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 new economic paradigm in smoothing out business cycles. (26)
 - How can an increase in economic activity impact on businesses? (10)
- [40]**

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

- Discuss in detail the various economic indicators. (26)
 - How can social indicators assist the government in improving decision-making? (10)
- [40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150