

**HILLCREST HIGH SCHOOL  
ECONOMICS PAPER ONE  
SEPTEMBER 2019  
GRADE 12  
MARKS: 150  
TIME: 2 HOURS**



**INSTRUCTIONS AND INFORMATION**

1. Answer FOUR questions as follows:
  - SECTION A:COMPULSORY
  - SECTION B:Answer any TWO questions from this section.
  - SECTION C:Answer any ONE of the two questions.
2. Number the answers correctly according to the numbering system used in this question paper.
3. Read the questions carefully and start EACH question on a new page.
4. Answer questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
5. Use ONLY blue or black ink.
6. Non-programmable pocket calculators may be used.
7. Write legibly and present your work neatly.

**SECTION A (30 Marks)**

**QUESTION 1: COMPULSORY**

**1.1. Various options are provided as possible answers to the following questions. Choose the correct answer and write ONLY the letter (A – C) next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK. e.g 1.1.9 C.**

1.1.1. Taxes that relate to individual goods, are called taxes on ...

- A. production.
- B. products.
- C. income.

1.1.2. Trends are measured through ... in the economy.

- A. extrapolation
- B. moving averages
- C. economic indicators

1.1.3. Putting laws in place to regulate activities is known as ...

- A. deregulation.
- B. regulation.
- C. nationalisation.

1.1.4. A transaction relating to investment in businesses is called ... investment.

- A. portfolio
- B. other
- C. direct

1.1.5. Regional cooperation and integration among African states is provided by ...

- A. Nepad
- B. SADC
- C. WTO

1.1.6. Cash incentives to assist foreign investors who want to invest in new manufacturing businesses in South Africa is offered by the ...

- A. Foreign Investment Incentive.
- B. Small and Medium Enterprise Development Programme.
- C. Black Business Supplier Development.

1.1.7. The initiative to enhance economic growth and create employment is known as ...

- A. The New Growth Path.
- B. Black Economic Empowerment.
- C. The Development Bank of South Africa.

1.1.8. According to the UN classification, South Africa falls in the ... human development group of countries.

- A. lower
- B. middle
- C. higher

(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 number (1.2.1.-1.2.8.) in the ANSWER BOOK.**

Column A	Column B
1.2.1. Leakages	A. Is calculated by multiplying the volume of final goods and services by their prices
1.2.2. Monetarist	B. A systematic record of all transactions between one country and other countries
1.2.3 Budget	C. Money withdrawn from the circular flow
1.2.4 Balance of payments	D. Markets are inherently stable
1.2.5 Free floating exchange rate	E. They monitor issues related to human well-being over a period of time
1.2.6 Quota	F. Helps to increase the annual total production or income in the economy
1.2.7 Economic growth policy	G. Limits are put on the supply of goods and services
1.2.8 Social indicator	H. The value of a currency is determined by market forces
	I. A document that details expected revenue and projected expenditure

(8 x 1)(8)

**1.3. 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. Acronyms and abbreviations will NOT be accepted.**

1.3.1. The effect of spending on national income.

1.3.2. Cycles that last for a period of 3 – 5 years caused by adapting inventory levels in businesses.

1.3.3. A record of export and import merchandise.

1.3.4. A penalty applied by one or more countries on another country.

1.3.5 Policies aimed at increasing the aggregate supply.

1.3.6 Indicators concerned with inflation rates and the supply of money.

(6 x 1) (6)

**SECTION B (80 marks)**

Answer TWO questions in this section.

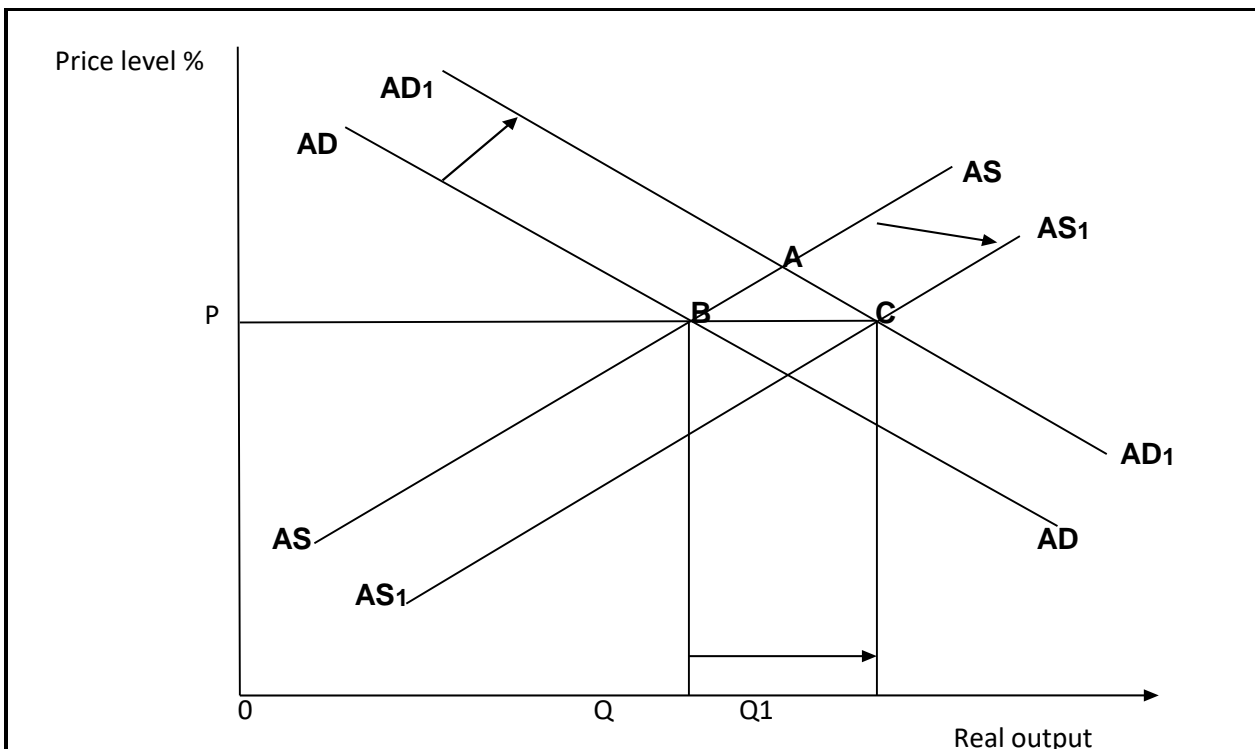
**QUESTION 2: MACROECONOMICS**

2.1. Answer the following questions.

2.1.1. Name any TWO methods to determine a GDP. (2 x 1)(2)

2.1.2. How can export promotion correct the balance of payment disequilibria? (1 x 2) (2)

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



2.2.1. What is illustrated in the graph above? (1)

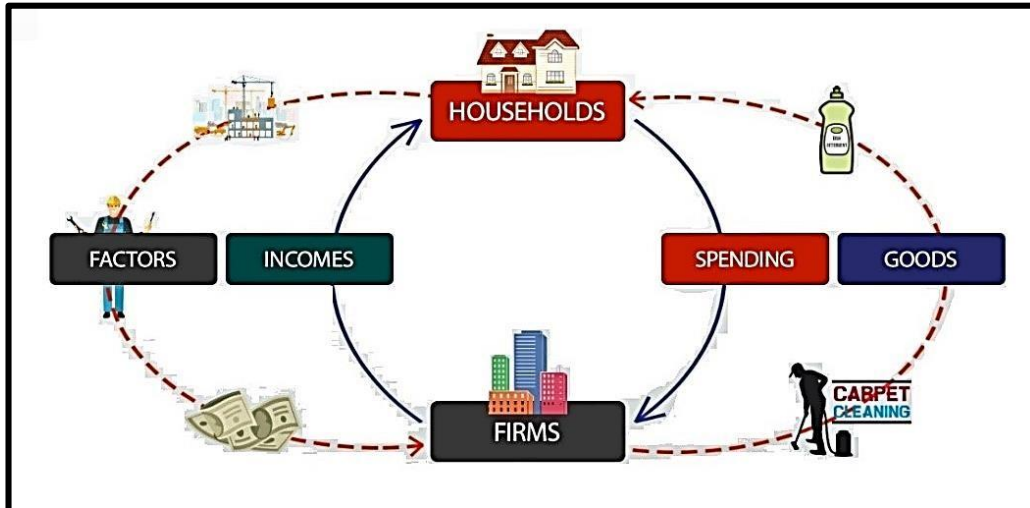
2.2.2. At which point will inflation prevail? (1)

2.2.3. Briefly describe the term *new economic paradigm*. (2)

2.2.4. What would happen to the output if supply did not respond to the change in demand? (2)

2.2.5. How will the government reduce cost of production to stimulate the supply side of the economy? (4)

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



- 2.3.1. What is depicted in the diagram above? (1)
- 2.3.2. Which participant is the major consumer in the economy? (1)
- 2.3.3. Briefly describe the term *circular flow*. (2)
- 2.3.4. Discuss the role of the *factor market* in the circular flow. (2)
- 2.3.5 How does the multiplier effect influence the government in making decisions? (4)
- 2.4. Differentiate between *specialisation* and *choice* as arguments in favour of free trade. (4 x 2)(8)
- 2.5. How does the government use the fiscal policy to restrict the economy?(4 x 2)(8)

[40]

### QUESTION 3: MACROECONOMICS

3.1. Answer the following questions.

3.1.1. Name TWO of South Africa's industrial development strategies. (2 x 1)(2)

3.1.2. Which specifications will be considered when the GDP is calculated in assessing the performance of the South African economy? (1 x 2) (2)

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

#### EXPANDED PUBLIC WORKS PROGRAMME



The EPWP is a key government initiative, which contributes to Government Policy Priorities in terms of decent work and sustainable livelihood, education, health, rural development, food securities and land reforms and the fight against crime and corruption. EPWP subscribes to the outcome which states , “Decent employment through inclusive economic growth” .

[Source: Adapted from [www.epwp.gov.za](http://www.epwp.gov.za) ]

3.2.1. What is the main objective of Expanded Works Public Programme (EPWP)? (2)

3.2.2. Identify any TWO sectors by which the EPWP create jobs. (4)

3.2.3. How successful has the Expanded Public Works Programme been in achieving growth and development in South Africa? (4)

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

### **Births and deaths in SA for period 2013–2015**

<b>Year</b>	<b>Total number of births</b>	<b>Total number of deaths</b>	<b>Total number of Aids related deaths</b>	<b>% of Aids deaths</b>
2013	1 232 668	539 880	177 624	32,9
2014	1 242 070	516 929	151 040	29,2
2015	1 782 250	531 965	122 445	28,5

[Source: *Stats SA*, July 2015]

- 3.3.1. Name the social indicator used in the above table. (1)
- 3.3.2. What is the trend of the percentage Aids deaths from 2013 to 2015? (1)
- 3.3.3. Define the term *life expectancy*. (2)
- 3.3.4. Why is the above information important for the South African government? (2)
- 3.3.5 What positive role can the government play to increase health care in South Africa? (4)
- 3.4. Explain the negative environmental effects caused by activities in the North. (4 x 2) (8)
- 3.5. What can the government/businesses sector do to increase the current low economic growth rate substantially? (4 x 2) (8)

**[40]**

## QUESTION 4

4.1. Answer the following questions.

- 4.1.1. Name any TWO services derived by the government that are vital to enhance people's lifestyle and level of economic and social development. (2 x 1) (2)
- 4.1.2. How can domestic figures be converted to national figures? (1 x 2) (2)

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

### BALANCE OF PAYMENTS

(R Millions)			
Current Account	2015	2016	2017
Merchandised exports	970 623	105 8032	1108 322
Net gold exports	59 521	66 762	66 411
Service receipts	191 605	210 865	210 238
Income receipts	98 016	87 773	81 637
- Merchandised imports	1 076 290	1 090 089	1 105 876
- Payment for services	197 643	218 830	215 544
- Income payments	198 382	208 243	225 201
Current transfers	-33 533	-27 458	-38 303
<b>Balance on current account</b>	<b>-186 084</b>	<b>-121 188</b>	<b>-114 317</b>

[Source: SARB Quarterly Bulletin, March 2018]

- 4.2.1. During which year did South Africa experience the biggest trade in the balance of trade? (1)
- 4.2.2. Which account in the balance of payments reflects the figures of the trade balance? (1)
- 4.2.3. Describe the term *balance of trade*. (2)
- 4.2.4. What can South Africa do to affect the export of goods positively? (2)
- 4.2.5. Calculate the trade balance for 2015. Show ALL calculations. (4)

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



Malnutrition continues to be a problem in South Africa although it is not as endemic as it is in the other countries. 15% of South African infants are born with a low birth weight and 5 % of the South African children are underweight.

- 4.3.1. Identify the social indicator depicted above. (1)
- 4.3.2. Give any cause of malnutrition in South Africa. (1)
- 4.3.3. Briefly describe the term *social indicator*. (2)
- 4.3.4. Which plans and strategies were implemented by the government to improve overall health-related issues? (2)
- 4.3.5 How can education reduce poverty in South Africa? (4)
- 4.4. Differentiate between *incentives* and *subsidies* as methods of export promotion. (4 x 2) (8)
- 4.5. Evaluate the importance of productivity as an economic indicator. (4 x 2) (8)

[40]

## **SECTION C**

Answer **ONE** question from this section in the ANSWER BOOK

Your answer will be assessed as follows:

<b>STRUCTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<b>Introduction</b>	Max. 2
<b>Body:</b>  <b>Main part:</b> Discuss in detail/In-depth discussion/Examine/ Critically discuss/ Analyse/Compare/ Evaluate/Distinguish/ Differentiate/Explain/Assess/Debate  <b>Additional part:</b> 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	Max. 26  Max. 10
<b>Conclusion:</b> Any higher-order conclusion should include: <ul style="list-style-type: none"><li>• A brief summary of what has been discussed without repeating facts already mentioned in the body</li><li>• Any opinion or valued judgement on the facts discussed</li><li>• Additional support information to strengthen the discussion/analysis</li><li>• A contradictory viewpoint with motivation, if required</li></ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

### **QUESTION 5: MACROECONOMICS**

*Foreign trade is becoming increasingly important for the economic well-being of a country. The more open and integrated a country is with the rest of the world the better its chances of improving the economic welfare of its citizens.*

- Discuss the main supply reasons of international trade. (26)
  - How effective is international trade for South Africa? (10)
- [40]**

### **QUESTION 6: ECONOMIC PURSUITS**

- Discuss the supply-side approach in promoting growth and development in South Africa under the following headings:
    - Efficiency and effective of markets
    - Business efficiency
    - The cost of doing the business (26)
  - Evaluate the appropriateness of South Africa's regional development policies. (10)
- [40]**

