



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

VHEMBE EAST DISTRICT

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ECONOMICS P1
PRE-TRIAL EXAMINATION
AUGUST 2021**

MARKS: 150

DURATION: 2HRS

This Question paper consists of 13 pages including the cover page.

INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follow in the SCRIPT

SECTION A: COMPULSORY

SECTION B: Answer TWO questions from this section.

SECTION C: Answer ONE from this section.

2. Answer only the required number of questions. Additional answers 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 ALL 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. Non-programmable pocket calculators may be used
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 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, e.g. 1.1.9C.

1.1.1. The circular flow of a closed economy shows the functioning of the economy of that excludes the sector.

- A. public
- B. formal
- C. foreign
- D. private

1.1.2. Monetary policy is the action taken by SARB in respect to the money supply and ... to influence economic activity.

- A. expenditure
- B. taxation
- C. interest rates
- D. investment



1.1.3. Goods and services that are regarded as harmful by the society and the state are called ... goods.

- A. merit
- B. luxury
- C. common
- D. demerit

1.1.4. South Africa is currently using ... exchange rate system.

- A. fixed
- B. managed
- C. free floating
- D. gold standard

- 1.1.5. A term used to compare a country's export prices with its import prices by means of indices is called ...
- A. balance of payments
 - B. terms of trade
 - C. balance of trade
 - D. exchange rate
- 1.1.6. Globalization makes country more economically ...
- A. isolated
 - B. interdependent
 - C. structured
 - D. independent.
- 1.1.7. A purpose-built industrial estates enclosed or linked to an international harbor or airport is known as a(n) ...
- A. corridors
 - B. special economic zones
 - C. industrial development zone
 - D. integrated development plan
- 1.1.8. An indicator generally used to measure the cost of living is known as the ... index.
- A. consumer price
 - B. price
 - C. headcount
 - D. producer price

(8x2) (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.

COLUMN A	COLUMN B
1.2.1. Multiplier	A. People and their skills required for production.
1.2.2. Extrapolation	B. the price to borrow money from commercial banks.
1.2.3. Bureaucracy	C. producers and consumers are free to buy and sell goods and services anywhere in the world.
1.2.4. Special Drawing Rights	D. occurs when initial change in spending causes a larger change in national income.
1.2.5. Human capital	E. rate charge by the central bank when lending money to the commercial banks.
1.2.6. Free trade	F. prediction economic activities using facts or information that is known.
1.2.7. Regional development	G. liquid assets made available by imf to finance deficits on the balance of payments.
1.2.8. Repo rate	H. the provision of aid and other assistance to the areas which are less economically developed or previously neglected areas.
	I. the rigid administrative rules often drive a wedge between action and responsibility.

(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. The main sector for exports and imports of goods and services.

1.3.2. It shows the general direction of the economy when forecasting business cycle.

1.3.3. It illustrates a theoretical relationship between rate of taxation and the resulting level of the government's tax revenue.

1.3.4. The custom duty calculated as a percentage of the value of the product.

1.3.5. Return of land to those who lost it due to discriminatory laws of the past.

1.3.6. The government programme introduced in 1994 which creates employment using labour-intensive methods.

(6x1) (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 any TWO examples of leakages in the circular flow model. (2x1) (2)

2.1.2. What impact will tariffs have on the price of goods? (2)

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

Covid-19: South Africa's recession continues as economy contracts by 51%

Stats. SA said, on Tuesday, that the contraction was due to the impact of Covid-19 lockdown restrictions since the end of March 2020.

This is the fourth consecutive contraction been witnessed by the country after witnessed it contracted by 0.8 percent in the third quarter of 2019.

In Q4 2019, the gross domestic product contracted by 1.4 percent and the economy slipped into second recession of President Cyril Ramaphosa's administration.

In Q1 2020, the country's woes worsened as economy shrank by 2 percent. On a year-on-year basis, the economy shrank by 17 percent and it is projected to shrink by 7.2 percent in 2020.

[Source:Internet]

2.2.1. Name ONE factor from the extract above that contributed to the poor performance of the South African economy. (1)

2.2.2. In which quarter of the year 2020 did the economy shrink worse? (1)

2.2.3. When is the country officially in recession? (2)

2.2.4. In your opinion, what can the South African Reserve Bank do to stabilize the economy during recession phase? (2)

2.2.5. What impact will recession have on the South African economy? (2x2) (4)

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

**BALANCE OF PAYMENTS 2018
(R MILLIONS)**

1. Current account	2018
Merchandise exports	1 175 547
Net gold exports	71 678
Service receipts	210 415
Income receipts	96 507
Less: Merchandise imports	1 222 944
Less: Payments for services	217 939
Less: Income payments	250 552
(A)	-35 674
Balance on the current account	-172 062
2. Capital Transfer Account	236
Net lending to (+) borrowing from (-) rest of world	-172 726

[Adapted from SARB Quarterly Bulletin, March 2019]

- 2.3.1. Identify the figure used to cater the unique item in the current account of South Africa. (1)
- 2.3.2. Which item in the current account records gifts and donations? (1)
- 2.3.3. Briefly describe the term balance of payments. (2)
- 2.3.4. How can South African Reserve bank use interest rate to reduce balance of payments deficit? (2)
- 2.3.5. Use the figure in the above table to calculate trade balance. Show ALL calculations. (4)
- 2.4. Differentiate between money market and capital market. (2x4) (8)
- 2.5. How could foreign direct investment influence growth in South Africa? (4x2) (8)

[40]

QUESTION 3: ECONOMIC PURSUITS

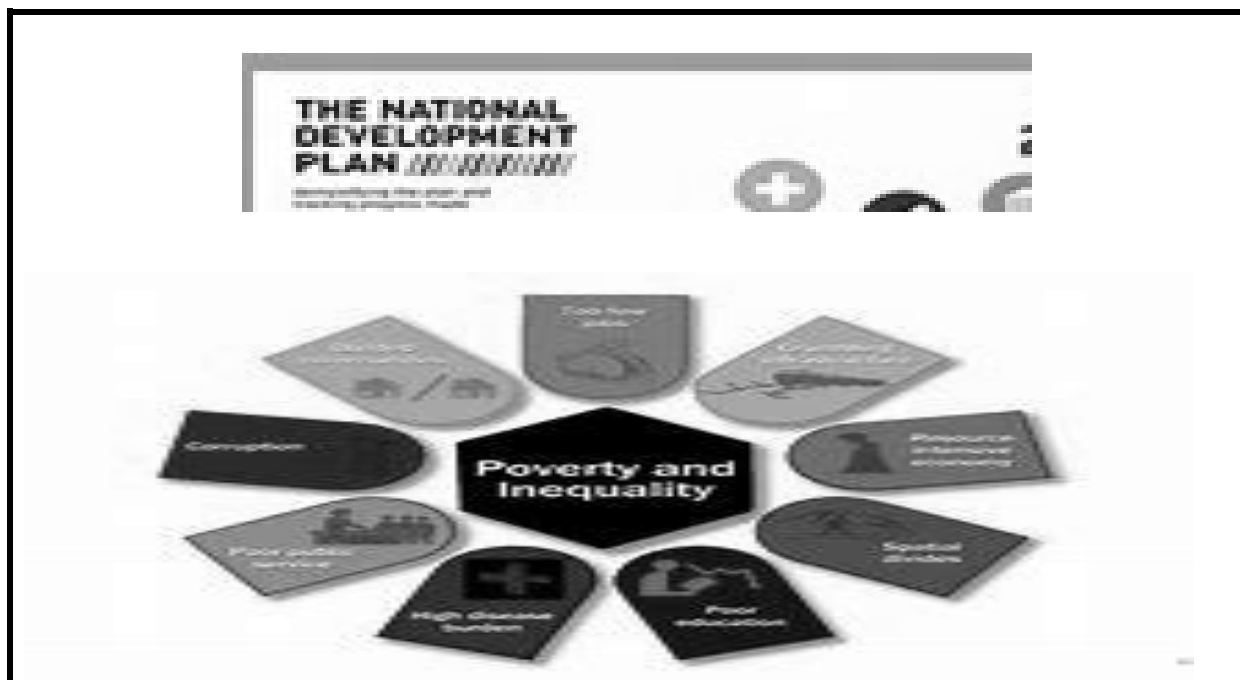
40 MARKS – 30 MINUTES

3.1. Answer the following questions

3.1.1. Name any TWO monetary policy instruments used by the South African Reserve Bank to stabilize the economy? (2x1) (2)

3.1.2. What is the negative effect of urbanization in the economy? (2)

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



3.2.1. Which economic challenge is addressed by the National Development Plan in the economy? (1)

3.2.2. In which year does the National Development Plan want to accomplish its main objective. (1)

3.2.3. Briefly describe the term economic growth. (2)

3.2.4. Why is it important for the South African government to eliminate poverty reduce inequality in South Africa? (2)

3.2.5. How does economic growth relate to economic development? (2x2) (4)

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

Phalaborwa SDI to host small-scale mining pilot

The Phalaborwa spatial development initiatives is to serve as a pilot project for South Africa's largely unregulated and therefore untapped small-scale mining sector. The Phalaborwa SDI project manager Jurgens Van Zyl tell the Mining weekly, "in a line with recent White Paper on Mineral and Mining Policy, the focus on small-scale mining is to transform the industry from a subsistence activity to means of economic empowerment".

"We feel that the Phalaborwa SDI will become the pilot dealing with small-scale issues especially in terms of financing.

[Source: Internet]

- 3.3.1. Which products attract infrastructure and other business in the Phalaborwa SDI? (1)
- 3.3.2. Give ONE example of a spatial development initiative in South Africa that is NOT mentioned above? (1)
- 3.3.3. Briefly describe the term corridor. (2)
- 3.3.4. How can the South African government promote regional development? (2)
- 3.3.5. What impact will industrial development zones in South Africa have on its economy? (2x2) (4)
- 3.4. Briefly explain wealth taxes and other redistributions as fiscal policies used to redress the inequality of the past. (2x4) (8)
- 3.5. Evaluate the success of Broad-Based Black Economic Empowerment (BBBEE) in the South African economy. (8)

[40]

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

4.1. Answer the following questions.

4.1.1. Name any TWO indicators relating to foreign trade. (2x1) (2)

4.1.2. What is the focus of special economic zones (SEZs)? (2)

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

South Africa tax revenue 2019/2020

In part progressive taxation is meant to function as a redistribution tool by means of taxation. This is particularly critical in a country like South Africa with high inequality in the world – also evidenced in the fact just over 1% of the population can afford to pay tax.

The South African tax regime is based on graduated tax system. For the 2019/2020 year, individuals under the age of 65 will in their income exceeds threshold of R79 000.

4.2.1. Name ONE example of indirect tax levied on imports (1)

4.2.2. What is the current VAT rate in South Africa? (1)

4.2.3. Briefly describe the term budget. (2)

4.2.4. How does progressive income tax system used to redistribute income? (2)

4.2.5. What impact will high tax rate have on the taxpayer? (2x2) (4)

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



- 4.3.1. Which international organization encourages free trade? (1)
- 4.3.2. Name the term that relates to the worldwide integration of the economy through trade. (1)
- 4.3.3. Briefly describe the term protectionism. (2)
- 4.3.4. Explain the impact of protection on the value of the rand. (2)
- 4.3.5. How could consumers benefit from a policy of free trade? (2x2) (4)
- 4.4. Briefly explain good governance and investment in social capital as benchmark criteria for regional development. (2x4) (8)
- 4.5. Evaluate the success of import substitution as a South African economy. (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer ONE of the two questions in this section in the ANSWER BOOK.

QUESTION 5: MACROECONOMICS

40 MARKS – 40 MINUTES

- Discuss the supply reasons for international trade. (26 marks)
- How can export promotion be used to correct the balance of payments deficit? (10 marks) **[40]**

QUESTION 6: ECONOMIC PURSUITS

40 MARKS – 40 MINUTES

Discuss the following social indicators

- Demographic indicators (13)
- Health and nutrition indicators (13) (26 marks)
- How did Covid-19 pandemic negatively affect the life hood of South African citizens? (10 marks) **[40]**

TOTAL SECTION C: 40

GRAND TOTAL: 150