



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
**EDUCATION**

LIMPOPO PROVINCE

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ECONOMICS - P1**


**JUNE 2021**

**MARKS: 150**

**DURATION: 2 HOURS**

**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. Number the answers correctly according to the numbering system used in this question paper.
3. Write the number of the question above each answer.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2 – 3 lines between subsections of questions.
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. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
8. Use only black or blue ink. 
9. Non-programmable pocket calculators may be used.
10. 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 number (1.1.1 – 1.1.8) in the ANSWER BOOK, e.g. 1.1.1. D
- 1.1.1 Total injections are the sum of investment, government expenditure and ...
- A fixed capital consumption.
  - B export income
  - C imports.
  - D private expenditure. (2)
- 1.1.2. The amount of money banks are compelled to keep with the SARB is known as cash ...
- A investment.
  - B reserves.
  - C spending.
  - D flow. (2)
- 1.1.3. When the government sells more than 50% of the state-owned shares of a public enterprise, it is called ...
- A privatization.
  - B nationalization.
  - C free trade.
  - D investment. (2)
- 1.1.4 The ...of a business cycle is the difference in value of total output between a peak and a trough.
- A trend line
  - B indicator
  - C amplitude
  - D average (2)
- 1.1.5 Non-rival goods are provided by the ... sector.
- A public
  - B private
  - C business
  - D services (2)

- 1.1.6. The practice of selling goods in foreign country at lower prices than in country of origin is known as ...
- A interest.
  - B imports.
  - C dumping.
  - D injections.
- (2)
- 1.1.7 The Minister of Finance presents the main budget to Parliament during the month of ...
- A January.
  - B October.
  - C February.
  - D March.
- (2)
- 1.1.8 A reduction in unit cost achieved by increasing the amount of production ...
- A mass production.
  - B specialisation.
  - C innovation.
  - D export promotion.
- (2)



(8 x 2) (16)

- 1.2 Choose a description from COLUMN B that matches an 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 Appreciation	A Trading between countries made possible by IT.
1.2.2 Extrapolation	B Money received without any productive services rendered, e.g. gifts.
1.2.3 Embargo	C Both short and long-term financial assets are traded.
1.2.4 Protectionism	D Charging very low prices that are below the cost of production.
1.2.5 Globalisation	E An official ban on trade.
1.2.6 Transfer payment	F Deliberate policy by government to erect trade barriers.
1.2.7 Accountability	G An increase in the price of a currency in terms of another currency.
1.2.8 Financial market	H To estimate something unknown from the facts that are known.
	I Explaining one's decisions, actions and expenditure.
	J Process of producing a wide variety of products.
	(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 – 1.3.6.) in the answer book. Abbreviations, acronyms and examples will not be accepted.

1.3.1 An economy that has no foreign sector as participator.

1.3.2 Factors that causes fluctuations which originate outside the market system.

1.3.3 A document showing anticipated revenue and estimated expenditure.

1.3.4 An indirect tax on goods and services.

1.3.5 A deliberate measure by the state to increase the value of a currency.

1.3.6 These prices include taxes less subsidies.

(6 x 1) (6)

**TOTAL SECTION A: 30**



**SECTION B: (ANSWER TWO OF THE THREE QUESTIONS)****QUESTION 2 MACROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions:

2.1.1 Name the **TWO** turning points of a business cycle. (2 x 1) (2)

2.1.2 How can a weaker rand lead to an improvement of the trade balance? (1 x 2) (2)

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

<b>NATIONAL INCOME AND PRODUCTION ACCOUNTS OF SOUTH AFRICA</b>	
	<b>2019 R MILLIONS</b>
Compensation of employees	R 1 086 907
Net operating surplus	R 728 426
Consumption of fixed capital	R 332 824
<b>Gross Value Added at Factor Cost</b>	<b>A</b>
Plus other taxes on production	R 38 173
Less other subsidies on production	R 5 092
<b>Gross Value Added at Basic Prices</b>	<b>B</b>
Taxes on products	R 245 198
Less subsidies on products	R 3 113
<b>Gross Domestic Product at Market Prices</b>	<b>C</b>

(Source: SARB, Quarterly Bulletin, March 2020)

2.2.1 What method of calculation was used in the table above to determine the gross domestic product? (1)

2.2.2 Give **ONE** example of taxes on products. (1)2.2.3 Briefly explain the term *gross domestic product*. (2)

2.2.4 How will you convert GDP to GNP? (2)

2.2.5 Calculate the level of GDP at basic price. Show ALL calculations. (4)

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

**SOEs A BURDEN ON SA'S FUTURE.**

The financial health of the country's SOEs is in dire straits. Future bailouts required by the SOEs are one of three key threats to the South Africa's economy. The other two are weaker-than-expected economic growth and above-inflation public sector wage settlements. Radical change is needed to secure our fiscal future.

Some voice privatisation as the only option. Eskom has been the biggest recipient. To date it has received R 350 billion in guarantees and has borrowed R 144.5 billion. Roads agency, Sanral, has received guarantees valued at R 38.9 billion, against which it has borrowed R 30.2 billion. South African Airways is also on the brink of bankruptcy.

[Adapted from Mail & Guardian, 27 February 2021]

- 2.3.1 Identify **ONE** parastatal in the extract above. (1)
- 2.3.2 Name the main source of the SOEs funding. (1)
- 2.3.3 Briefly describe the term *parastatal*. (2)
- 2.3.4 Why is the existence of SOEs important to the economy? (2)
- 2.3.5 Briefly discuss management and accountability as a reason for public sector failure. (2 x 2) (4)
- 2.4 Explain the use of the medium-term budget delivered by the Minister of Finance. (2 x 4) (8)
- 2.5 Differentiate between *real flow* and *money flow* in the circular-flow model. (2 x 4) (8)



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

3.1 Answer the following questions:

3.1.1 Name any **TWO** reasons why countries trade. (2 x 1) (2)

3.1.2 Which economic challenges is South-Africa facing because of the rising cost of petrol? (1 x 2) (2)

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



Source: Google Images

3.2.1 Which institution is responsible for executing the monetary policy? (1)

3.2.2 Name the phase generally occurs when there is two consecutive quarters of economic decline? (1)

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

3.2.4 Analyse a government's options if consumer demand is too high? (2)

3.2.5 Distinguished between *exogenous* and *endogenous* causes of a business cycle. (4)

3.3 Study the information below and answer the following questions.

<b>R billion/percentage of GDP</b>	<b>2020/21 Revised estimate</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
		<b>Medium-term estimates</b>		
<b>Revenue</b>	<b>1 362.7</b> 27.7%	<b>1 520.4</b> 28.4%	<b>1 635.4</b> 28.9%	<b>1 717.2</b> 28.6%
<b>Expenditure</b>	<b>2 052.5</b> 41.7%	<b>2 020.4</b> 37.7%	<b>2 049.5</b> 36.2%	<b>2 095.1</b> 34.9%
<b>Budget balance</b>	<b>-689.8</b> -14.0%	<b>-500.0</b> -9.3%	<b>-414.1</b> -7.3%	<b>-377.9</b> -6.3%

*Source: National Treasury*

- 3.3.1 What does the abbreviation MTEF stand for? (1)
- 3.3.2 What will be the negative impact of high tax rates? (1)
- 3.3.3 Briefly describe the term *balance of payment*. (2)
- 3.3.4 Identify the accounts of the South African balance of payments in which motorcar exports and direct investments separately appear. (2)
- 3.3.5 How can the government reduce the deficit on the balance of payment? (2 x 2) (4)
- 3.4 Why should South Africa follow a policy of free trade? (8)
- 3.5 Discuss the role of the factor market in the economic cycle. (8)

**QUESTION 4: MACROECONOMICS**

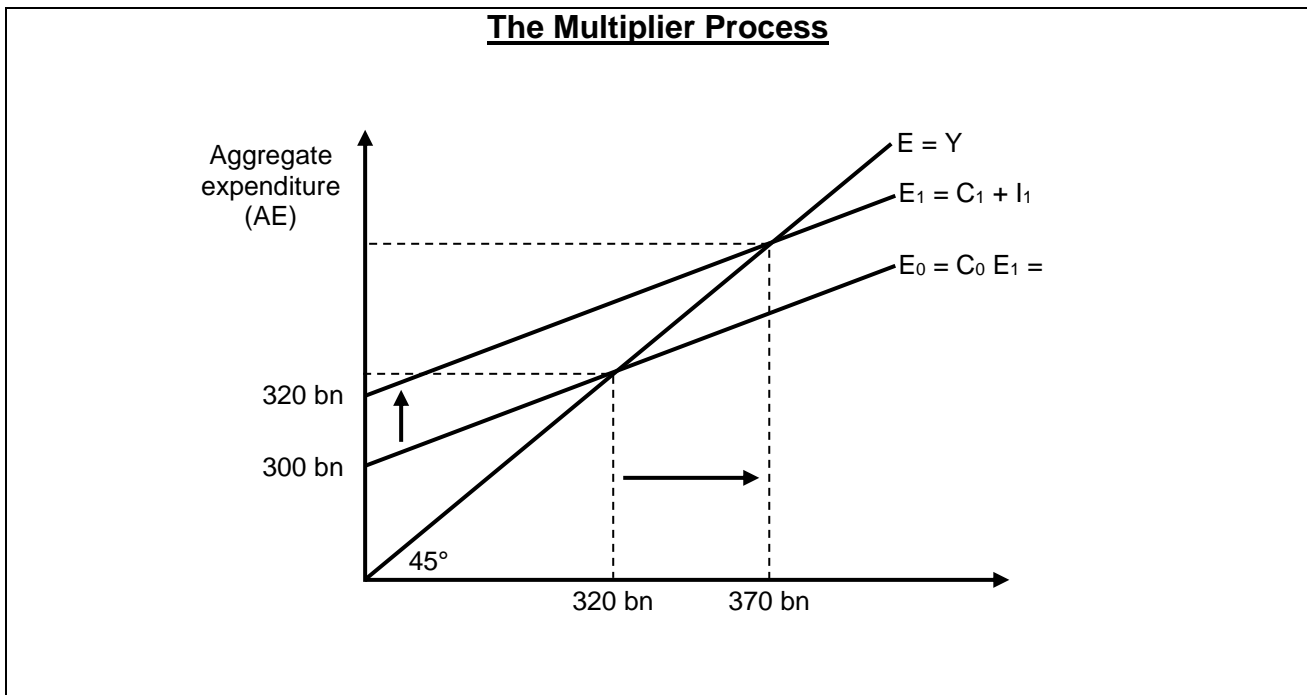
**40 MARKS – 30 MINUTES**

4.1 Answer the following questions:

4.1.1 Give any **TWO** instruments of the fiscal policy. (2 x 1) (2)

4.1.2 Why can savings be beneficial to the economy? (1 x 2) (2)

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



4.2.1 Name **ONE** sector involved in deriving the macro-economic multiplier. (1)

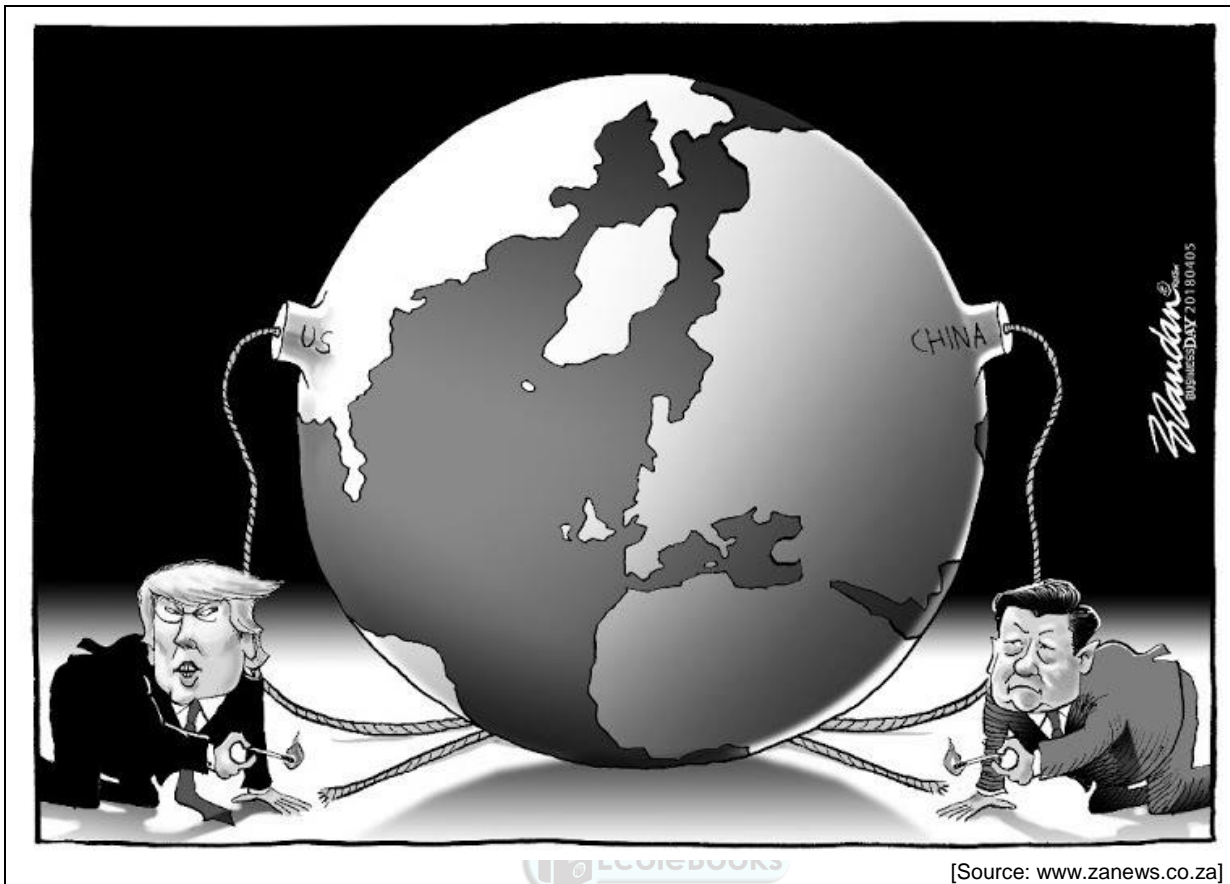
4.2.2 What is represented by the line **E = Y**? (1)

4.2.3 Briefly describe the term *autonomous consumption*. (2)

4.2.4 Use the formula  $\Delta Y \div \Delta J$ , to calculate the multiplier (K) for the scenario above. (2)

4.2.5 Distinguish between *GDP at factor cost* and *GDP at basic price*. (4)

4.3 Study the cartoon below and answer the following questions.



- 4.3.1 What message is conveyed in the cartoon above? (1)
- 4.3.2 Which international organization promotes free trade? (1)
- 4.3.3 Briefly describe the term *economies of scale*. (2)
- 4.3.4 Why is import substitution and export promotion considered as the desirable mix? (2)
- 4.3.5 Discuss **TWO** possible reasons why countries use trade barriers. (2 x 2) (4)
- 4.4 Explain trade liberalisation and the role of the World Trade Organisation (WTO) as part of globalisation. (4 x 2) (8)
- 4.5 How can specialisation and increased welfare favoured free trade. (8)

**TOTAL SECTION B: 40**

**SECTION C**

Answer **ONE** of the two questions from this section in the **ANSWER BOOK**

<b>STRUCTURE OF ESSAY:</b>	<b>MARK ALLOCATION:</b>
<b>Introduction</b>	Max. 2
<b>Body:</b>	
• Main part: Discuss/Distinguish/Differentiate/Explain/Analyse /Evaluate/Assess	Max. 26
• Additional part: Use / Draw / Sketch a graph / diagram ... / Deduce ... / Outline / Briefly explain / Expand on ... / Your own opinion	Max. 10
<b>Conclusion</b>	
Any relevant higher order conclusion that should include:	
• A brief summary of what has been discussed / analysed without repeating facts already mentioned in the body	
• An opinion or valued judgement on the facts discussed	
• Additional support information to strengthen the discussion / analysis	
• A contradictory viewpoint with motivation, if so required	
• Recommendations	
<b>TOTAL</b>	<b>40 MARKS</b>

**QUESTION 5. MACROECONOMICS****40 MARKS – 40 MINUTES**

- Discuss the macro economic objectives of the state. (26 marks)
- How successful has the South African government been in reaching its macroeconomic objective? (10 marks) **[40]**

**QUESTION 6 : MACROECONOMICS****40 MARKS – 40 MINUTES**

- International trading is the backbone of our modern commercial world as producers in various nations try to profit from an expanded market, rather than be limited to within their own borders. Discuss export promotion as part of South Africa's international trade policy. (26 marks)
- Why are South African consumers encouraged to buy locally produced goods instead of cheaper imported goods. (10 marks) **[40]**

**TOTAL SECTION C: 40****GRAND TOTAL: 150**