



**NATIONAL  
SENIOR CERTIFICATE**

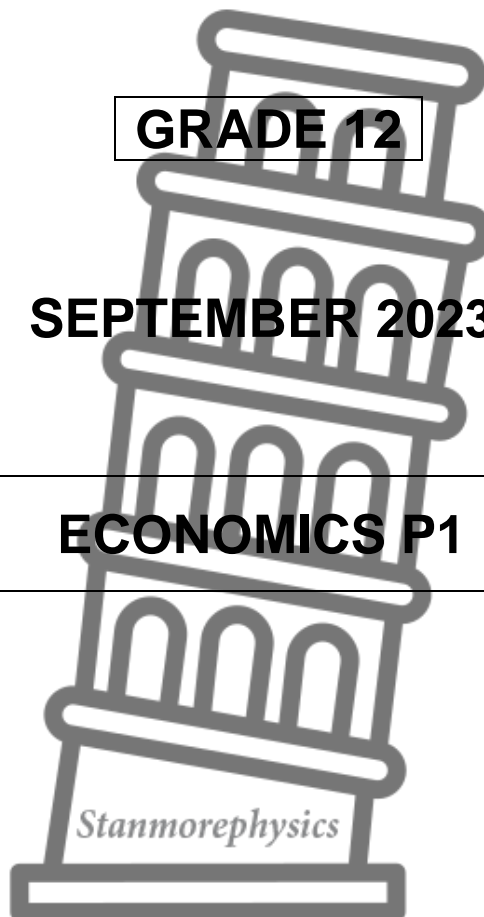
**GRADE 12**

**SEPTEMBER 2023**

**ECONOMICS P1**

**MARKS: 150**

**TIME: 2 hours**



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This question paper consists of 13 pages.

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**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 formula  $I + J + X$  represents ... in an open economy.

- A injections
- B leakages
- C expenditure
- D exports

1.1.2 The upper turning point of a business cycle is known as ...

- A prosperity.
- B recovery.
- C trough.
- D peak.

1.1.3 The estimation of future revenues and expenses over a period of time is known as ...

- A aggregate demand.
- B budget.
- C finance.
- D expenditure.

1.1.4 The deliberate increase in the value of a rand in terms of the other is ...

- A appreciation.
- B revaluation.
- C overvaluation.
- D surplus.

1.1.5 The removal or reduction of restrictions on the free exchange of goods between nations is known as ...

- A trade protocol.
- B globalisation.
- C trade liberalisation.
- D economic integration.



1.1.6 A redress measure that focuses on land for residential and production for previously disadvantaged groups, is known as ...

- A land restitution.
- B land reform.
- C land redistribution.
- D property subsidy.

1.1.7 A cash grant to build or expand physical infrastructure is a ...

- A industrial development zone.
- B integrated manufacturing strategy.
- C foreign investment grant.
- D critical infrastructure program.

1.1.8 An economic indicator measured by dividing the real GDP by the number of workers employed is referred to as ...

- A labour productivity.
- B employment.
- C unemployment.
- D economically active population.

(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 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	System of national accounts	A	borrowing should only be used for capital expenditure
1.2.2	Real business cycle	B	fixed and predetermined quantity that can be imported
1.2.3	Deficit rule	C	measured by real GDP
1.2.4	Absolute advantage	D	charged by banks to their best customers
1.2.5	Quota	E	set of international guidelines for reporting statistics comparable across countries
1.2.6	Economic growth	F	budget shortfall not to exceed 3% of GDP borrowing
1.2.7	Special economic zone	G	macroeconomic model that suggests that fluctuations are a result of technological changes
1.2.8	Prime interest rate	H	producing a good or service at the lowest cost
		I	enjoy incentives such as tax relief to promote industrial development

(8 x 1) (8)



1.3 Give ONE term/word for each of the following descriptions. Write only the term/word 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 A portion of consumption that varies with disposable income

1.3.2 Statistical tool used to analyse the changes in a series of data over a certain period of time

1.3.3 A situation where one country has a relative advantage in the production of goods or services

1.3.4 A policy where the state discourages the importing of certain goods and services to protect local industries against unfair competition

1.3.5 A government initiative to attract infrastructure and business investments to neglected and underdeveloped areas

1.3.6 An indicator to measure changes in the prices of goods produced locally when they leave the factory floor (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 types of exchange rate systems. (2 x 1) (2)

2.1.2 Why is the value of the multiplier in a four-sector model smaller than that of a two-sector model? (2)

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

<b>NATIONAL INCOME AND PRODUCTION ACCOUNTS OF SOUTH AFRICA</b>		
<b>At current prices</b>		
<b>R millions</b>		
	<b>2020</b>	<b>2021</b>
Compensation of employees	2 678 050	2 861 309
Net operating surplus	1 480 978	1 795 000
Consumption of fixed capital	752 613	797 230
<b>Gross value added at factor cost</b>	<b>4 924 541</b>	<b>5 453 539</b>
<b>Gross value added at basic prices</b>	<b>5 029 575</b>	<b>5 572 608</b>

[Adapted from SARB *Quarterly Bulletin*, December 2022]

2.2.1 Identify an item made up of salaries and wages from the table above. (1)

2.2.2 Name ONE item used to convert GDP at factor cost to GDP at basic prices. (1)

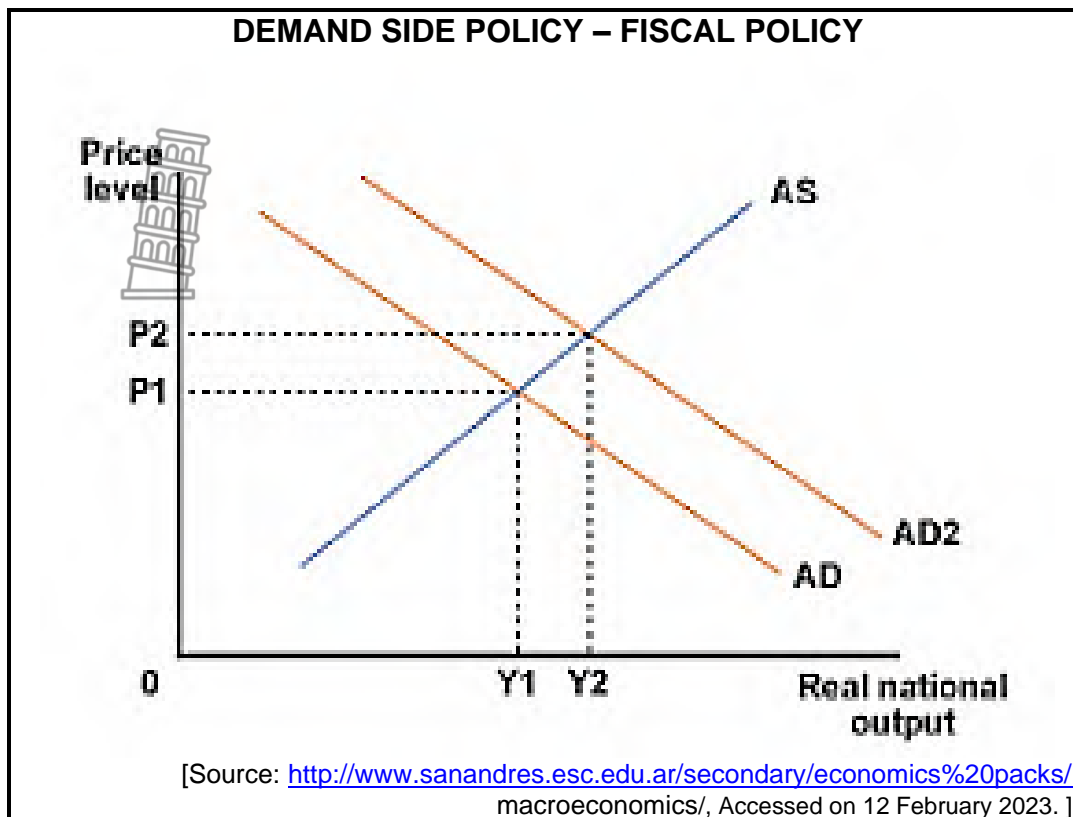
2.2.3 Briefly describe the term *factor cost*. (2)

2.2.4 Explain the purpose of a residual item in calculating GDP. (2)

2.2.5 Why would economists prefer constant prices to current prices when measuring economic growth? (4)



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



- 2.3.1 Identify the original equilibrium price. (1)
- 2.3.2 Give a formula to calculate aggregate demand for a closed economy. (1)
- 2.3.3 Briefly describe the term *new economic paradigm*. (2)
- 2.3.4 Explain the use of expansionary fiscal policy to stimulate economic activity. (2)
- 2.3.5 Redraw the graph in your ANSWER BOOK and complete it to show the effect of demand and supply side policies in smoothing business cycles. (4)
- 2.4 Briefly discuss specialisation and efficiency as effects of international trade. (8)
- 2.5 Why are financial markets important for economic growth? (8)

**[40]**





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

3.1 Answer the following questions.

3.1.1 Name any TWO arguments in favour of free trade. (2)

3.1.2 How does an increase in imports affect the economy? (2)

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



The Department of Trade Industry and Competition (DTIC) is mandated to promote South African value-added goods and services abroad by broadening the export base through incentives and subsidies.

[Adapted from [hedtic.gov.za/sectors-and-services-2/1-4-2-trade-and-export](https://hedtic.gov.za/sectors-and-services-2/1-4-2-trade-and-export). Accessed on 5 April 2023.]

3.2.1 Identify a method to promote exports from the information above. (1)

3.2.2 Name an international institution that promotes free trade. (1)

3.2.3 Briefly describe the term *export promotion*. (2)

3.2.4 Explain the benefit of economies of scale to consumers. (2)

3.2.5 How does an increase in exports help an economy? (4)



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

[Source: [hedtic.gov.za/sectors-and-services](http://hedtic.gov.za/sectors-and-services). Accessed on 5 April 2023.]

- 3.3.1 Identify the growth policy which aims to create jobs using labour intensive methods from the above. (1)
- 3.3.2 Name any other South African growth and development policy. (1)
- 3.3.3 Briefly describe the term *economic development*. (2)
- 3.3.4 Explain the role of the government in promoting the entry of black entrepreneurs into businesses. (2)
- 3.3.5 Why has the BBBEE programmes not been successful in promoting growth and development in South Africa? (4)
- 3.4 Discuss the reasons for industrial development. (8)
- 3.5 How would the success of the National Development Plan benefit the South African economy? (8)

[40]

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

4.1 Answer the following questions.

4.1.1 Name TWO types of business cycles. (2)

4.1.2 Why are special economic zones important to an economy? (2)

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

**HUGE BLOW FOR SA EXPORTS**

South Africa imported more than it exported at the start of 2023 and recorded a preliminary trade balance deficit of R23,05 billion in January 2023.

The South African Revenue Service (SARS) said that the deficit was due to exports reaching R139,36 billion and imports totalling R162,41 billion.

This marked a significant year-on-year (YoY) decline from January 2022, when the nation recorded a R4,64 billion trade balance surplus.

[Adapted from <https://businesstech.co.za/news/finance/670341/huge-blow-for-exports-in-south-africa-report>. Accessed on 31 March 2023.]

4.2.1 Identify the value of the trade balance deficit for January 2023. (1)

4.2.2 Name a main account of the balance of payment that records exports and imports. (1)

4.2.3 Briefly describe the term *trade balance*. (2)

4.2.4 Explain the purpose of the balance of payment. (2)

4.2.5 How can countries gain a favourable trade balance? (4)



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



Industrialisation has brought decades of wealth, that citizens of rich countries benefit from. as poorer countries try to improve, their development efforts are being constantly set back by hurricanes, droughts, floods and climate disasters.

Climate change hits poorer communities and countries hardest.

[Adapted from <https://www.climatechangenews.com/2015/11/24/a-paris-climate-deal-must-address-global-inequality/>. Accessed on 5 April 2023.]

- 4.3.1 Identify an environmental issue affecting poor countries in the above extract. (1)
- 4.3.2 Which part of the North-South divide represents the poor countries? (1)
- 4.3.3 Briefly describe the term *North-South divide*. (2)
- 4.3.4 Explain the negative impact of mass production by developed countries on the environment. (2)
- 4.3.5 How can unequal standards of living related to the North-South divide be addressed? (4)
- 4.4 With the aid of a correctly labelled graph, explain the amplitude of a business cycle. (8)
- 4.5 How would countries benefit from international agreements? (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
<p><b>Introduction</b> The introduction is a lower-order response.</p> <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do NOT include any part of the question in your introduction.</li> <li>• Do NOT repeat any part of the introduction in the body.</li> <li>• Avoid mentioning in the introduction what you are going to discuss in the body.</li> </ul>	<p>Max. 2</p>
<p><b>Body</b> <b>Main part:</b> 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 <b>A maximum of 8 marks may be allocated for headings/ examples.</b> <b>Additional part:</b> Critically discuss/Evaluate/Critically evaluate/ Debate/Deduce/Compare/Distinguish/Interpret/How?/Suggest <b>A maximum of 2 marks may be allocated for mere listing of facts.</b></p>	<p>Max. 26  Max. 10</p>
<p><b>Conclusion</b> Any higher-order conclusion should include:</p> <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned</li> <li>• Any opinion or value judgment on the facts discussed</li> <li>• Additional support information to strengthen the discussion/analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul>	<p>Max. 2</p>
<p><b>TOTAL</b></p>	<p><b>40</b></p>

**QUESTION 5: MACROECONOMICS**

**40 MARKS – 40 MINUTES**

- Discuss in detail the main objectives of the public sector in the economy (26 marks)
- Analyse the impact of poor service delivery by the government on socio-economic rights. (10 marks) **[40]**

**QUESTION 6: ECONOMIC PURSUITS**

**40 MARKS – 40 MINUTES**

- Discuss in detail the social indicators. (26 marks)
- How can service delivery be improved by local authorities? (10 marks) **[40]**

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



**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**SEPTEMBER 2023**

**ECONOMICS P1  
MARKING GUIDELINE**

**MARKS: 150**




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This marking guideline consists of 19 pages.

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**SECTION A (COMPULSORY)****QUESTION 1****1.1 MULTIPLE-CHOICE QUESTIONS**

- 1.1.1  A injections ✓✓
- 1.1.2 D peak ✓✓
- 1.1.3 B budget ✓✓
- 1.1.4 B revaluation ✓✓
- 1.1.5 C trade liberalisation ✓✓
- 1.1.6 C land redistribution ✓✓
- 1.1.7 D critical infrastructure program ✓✓
- 1.1.8 A labour productivity ✓✓ (8 x 2) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 E – Set of international guidelines for reporting statistics comparable across countries ✓
- 1.2.2 G – Macroeconomic model that suggests that fluctuations are a result of technological changes ✓
- 1.2.3 F – Budget shortfall not to exceed 3% of GDP borrowing ✓
- 1.2.4 H – Producing a good or service at lowest cost ✓
- 1.2.5 B – Fixed and predetermined quantity that can be imported ✓
- 1.2.6 C – Measured by real GDP ✓
- 1.2.7 I – Enjoy incentives such as tax relief to promote industrial development ✓
- 1.2.8 D – Charged by banks to their best customers ✓  (8 x 1) (8)

1.3 GIVE ONE TERM

1.3.1 Induced consumption ✓

1.3.2 Moving averages ✓

1.3.3 Comparative advantage ✓

1.3.4 Protectionism ✓

1.3.5 Spatial Development Initiative ✓

1.3.6 Producer Price Index ✓

(6 x 1) (6)

**TOTAL SECTION A: 30**






**SECTION B**

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

**QUESTION 2: MACROECONOMICS**

- 2.1 2.1.1  **Name any TWO types of exchange rate systems.**
- Free floating ✓
  - Fixed exchange rate ✓
  - Managed floating ✓
- (Any 2 x 1) (2)
- 2.1.2 **Why is the value of the multiplier in a four-sector model smaller than that of a two-sector model?**
- The size of the multiplier will be smaller as there will be more leakages (taxes and imports) in the economy. ✓✓  
(Accept any other correct relevant response.) (2)
- 2.2 **DATA RESPONSE**
- 2.2.1 **Identify an item made up of salaries and wages from the table above.**
- Compensation of employees ✓ (1)
- 2.2.2 **Name ONE item used to convert GDP at factor cost to GDP at basic prices.**
- Taxes on production ✓
  - Subsidies on production ✓
- (Any 1 x 1) (1)
- 2.2.3 **Briefly describe the term *factor cost*.**
- Factor cost represent the total income received by different factors of production. ✓✓  
(Accept any other correct relevant response.) (2)
- 2.2.4 **Explain the purpose of residual item in calculating GDP.**
- To ensure accuracy of the figures / to take into account discrepancies that arise because different methods are used to calculate GDP. ✓✓  
(Accept any other correct relevant response.) (2)
- 2.2.5 **Why would economists prefer constant prices to current prices when measuring economic growth?**
- Constant prices are adjusted to exclude the effects of inflation, whereas current prices are not adjusted. ✓✓
  - Constant prices provide a true reflection on actual changes in production of goods and services, while current prices gives a distorted reflection. ✓✓
  - Current prices give a distorted indication of the actual growth of the economy. ✓✓
  - Measuring economic growth using constant prices provides accurate data to policy makers to make informed decisions. ✓✓
- (Accept any other correct relevant response.) (Any 2 x 2) (4)

2.3 DATA RESPONSE

2.3.1 Identify the original equilibrium price.  
P1 ✓ (1)

2.3.2 Give a formula to calculate aggregate demand for a closed economy.  
 $AD = C + I + G$  ✓ (1)

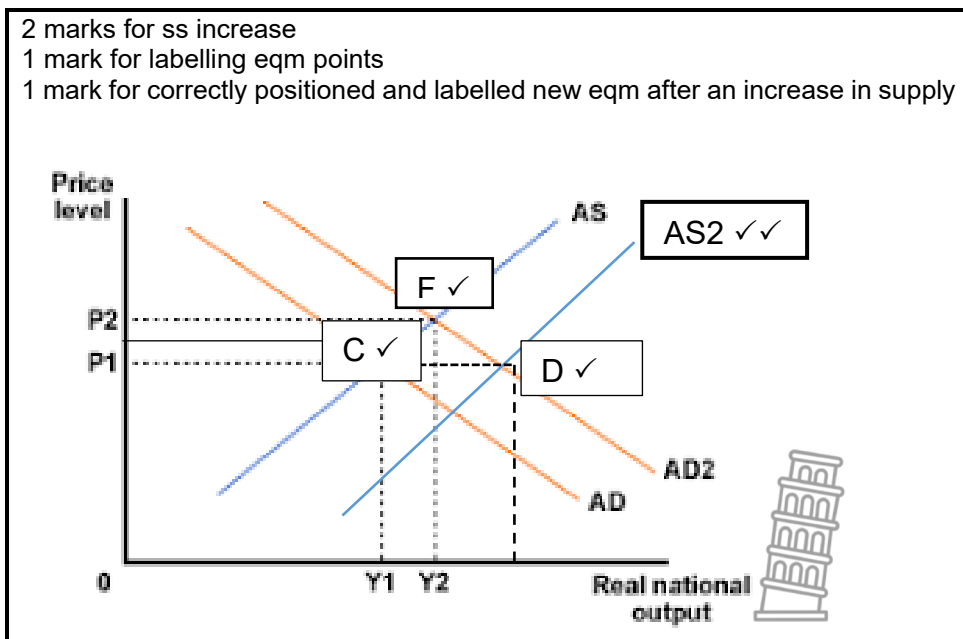
2.3.3 Briefly describe the term *new economic paradigm*.  
The new economic paradigm refers to government policies designed to ensure a high rate of economic growth without having supply limitations and price inflation. ✓✓  
(Accept any other correct relevant response.) (2)

2.3.4 Explain the use of expansionary fiscal policy to stimulate economic activity.

- Increasing government expenditure will increase aggregate demand which serves as an injection into the economy resulting in an increase in production, and more factors of production are employed. ✓✓
- Reducing taxes leading to an increase in disposable income which will lead to an increase in aggregate demand. ✓✓
- Raising government spending and decreasing taxes at the same time will increase demand substantially. ✓✓

(2)

2.3.5 Redraw the graph in your ANSWER BOOK and complete it to show the effect of demand and supply side policies in smoothing business cycles.



(4)

2.4 **Briefly discuss specialisation and efficiency as effects of international trade.**

**Specialisation**

- Specialisation increases the standard of living, especially when the area of specialisation is in great demand due to a shortage of supply. ✓✓
- e.g. Angola has oil so it can specialise in oil products. Mozambique has no oil resources and cannot specialise in these resources. ✓✓

**Efficiency**

- Unlimited international trade increase competition ✓✓
  - Competition increase efficiency as it eliminates and reduce unnecessary cost and waste ✓✓
  - Increased efficiency leads to lower costs and lower prices ✓✓
  - Lower prices mean that the same income can buy more goods and services ✓✓ which leads to an increased standard of living. ✓✓
- (Accept any other correct relevant response.) (4 + 4) (8)

2.5 **Why are financial markets important for economic growth?**

Financial markets are important for economic growth because they:

- Provide the facility for the households to save their share of income and for business to borrow some amount of money. ✓✓
  - Direct the flow of savings and investments in the economy which facilitates accumulation of capital, ✓✓
  - Increase in capital accumulation for the economy contributes to increased production of goods and services ✓✓
  - Bridge the gap between those who have excess of money with those who are in need of money through the money and capital markets ✓✓
  - Provide opportunities to increase wealth by investing in the stock market ✓✓
  - Provide a mechanism for the government to control inflation and money supply through the bond market ✓✓
  - Regulate the allocation of credit in the economy which also facilitates the production of goods and services ✓✓
- (Accept any other correct relevant response.) (8)

**[40]**



**QUESTION 3: ECONOMIC PURSUITS**

3.1 3.1.1 **Name any TWO arguments in favour of free trade.**

- Specialisation ✓
- Economies of scale ✓
- Choices/Increased welfare ✓
- Innovations/Best practice ✓
- Improved international relations ✓

(Any 2 x 1) (2)

3.1.2 **How does an increase in imports affect the economy?**

- A rising level of imports and a growing trade deficit can have a negative effect on a country's exchange rate. ✓✓
- An increase in imports can distort a country's balance of trade and devalue its currency. ✓✓

(Accept any other correct relevant response.) (Any 1 x 2) (2)

3.2 **DATA RESPONSE**

3.2.1 **Identify a method to promote exports from the information above.**

- Incentives ✓
- Subsidies ✓

(1)

3.2.2 **Name an international institution that promotes free trade.**

World Trade Organisation (WTO) ✓

(1)

3.2.3 **Briefly describe the term *export promotion*.**

Export promotion refers to measures undertaken by the government in order to encourage local producers to produce more to sell to other countries. ✓✓

(Accept any other correct relevant response.)

(2)

3.2.4 **Explain the benefit of economies of scale to consumers.**

Economies of scale benefit consumers through low production costs which lead to low prices. ✓✓

(Accept any other correct relevant response.)

(2)

3.2.5 **How does an increase in exports help an economy?**

- A trade surplus contributes to economic growth in a country. ✓✓
- When there are more exports, it means that there is a high level of output from a country's factories and industrial facilities. ✓✓
- There are also a greater number of people that are being employed in order to keep these factories in operation. ✓✓

(Accept any other correct relevant response.) (Any 2 x 2) (4)

### 3.3 DATA RESPONSE

3.3.1 **Identify the growth policy which aims to create jobs using labour intensive methods from the above.**  
EPWP ✓ (1)

3.3.2 **Name any other South African growth and development policy.**

- RDP ✓
- GEAR ✓
- Asgisa ✓
- Jipsa ✓
- NDP ✓
- NGP ✓

(Any 1 x 1) (1)

3.3.3 **Briefly describe the term *economic development*.**  
An improvement in the standard of living of the citizens of a country. ✓✓  
(Accept any other correct relevant response.) (2)

3.3.4 **Explain the role of the government in promoting the entry of black entrepreneurs into businesses.**  
The government can promote entry of black entrepreneurs into business by:

- initiating proper and effective legislation (preferential procurement) ✓✓
- supporting organisations that drive equal representation in the economy ✓✓
- ensuring proper education and training and mentoring (incubation programmes) ✓✓
- offering financial support where needed ✓✓
- monitoring BEE compliance and action through legislation ✓✓

(Accept any other correct relevant response.) (2)

3.3.5 **Why has the BBBEE programmes not been successful in promoting growth and development in South Africa?**  
BBBEE has not been successful in South Africa because:

- the majority of the disadvantaged people of this country have not fully benefitted from the policy as poverty and unemployment is still increasing. ✓✓
- firms with poor BBBEE scores are unlikely to partake in government contracts although they employ a large percentage of black people, impacting negatively on other black owned companies ✓✓
- tenders are awarded through preferential procurement, cost the government more as they are not the providers of services due to outsourcing (because they are not involved in the provision of the goods and services, the quality is compromised) ✓✓
- of fraud where payment for tenders have been honoured without any product or service delivery ✓✓
- fraud such as fake BEE certification, misrepresentations to government departments, failure to issue share certificates and theft ✓✓
- the redistribution of wealth was emphasised and has not promote economic growth ✓✓

(Accept any other correct relevant response.) (4)

**3.4 Discuss the reasons for industrial development.**

- It is to exploit the world economy for trading and acquiring knowledge. ✓✓
  - To ensure macroeconomic stability is maintained for improved economic growth. ✓✓
  - To be able to achieve high rates of savings and investment to create jobs. ✓✓
  - To be able to establish large scale manufacturing, agricultural, mining and services production for a more diverse economy. ✓✓
  - Develop domestic manufacturing capacity to increase exports. ✓✓
  - Develop and maintain appropriate incentives to attract investors. ✓✓
  - Contribute to the industrial development of the African continent ✓✓
- (Accept any other correct relevant response.)

(8)

**3.5 How would the success of the NDP benefit the South African economy?**

- There will be an increase in economic growth through job creation as more goods and services are produced ✓✓
  - Living standards will improve as more people get employed and there will be less dependency on social grants ✓✓
  - Economic integration within and outside the borders of the country will be strengthened through trade ✓✓
  - Quality output both in goods and services will be produced as globalisation increases ✓✓
  - There will be economic efficiency which leads to higher productivity and higher profits ✓✓
  - Foreign investors' confidence will be boosted resulting in investments and more production units ✓✓
- (Accept any other correct relevant response.)

(8)

**[40]**

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**4.1 4.1.1 **Name TWO types of business cycles.**

- Kitchen cycles ✓
- Jugler cycles ✓
- Kuznets cycles ✓
- Kondratieff cycles ✓

(Any 2 x 1) (2)

4.1.2 **Why are special economic zones important to an economy?**

- Special economic zones have connectivity to both suppliers and potential markets whilst promoting export-orientated industries and local integration. ✓✓
  - They stimulate employment, industry growth and social development. ✓✓
- (Accept any other correct relevant response.)

(2)

4.2 **DATA RESPONSE**4.2.1 **Identify the value of the trade balance deficit for January 2023.**

R23,05 billion ✓

(1)

4.2.2 **Name a main account of the balance of payment that records exports and imports.**

Current account ✓

(1)

4.2.3 **Briefly describe the term *trade balance*.**

The difference between exports and imports. ✓✓

(Accept any correct relevant response.)

(2)

4.2.4 **Explain the purpose of the balance of payment.**

The balance of payment provides detailed information on the economic and financial relations between a country and the rest of the world. ✓✓

(Accept any correct relevant response.)

(2)

4.2.5 **How can countries gain a favourable trade balance?**

Countries can gain a favourable trade balance by:

- Investing heavily in export-oriented manufacturing or extracting industries to improve their balance of trade. ✓✓
- Placing tariffs on imported goods ✓✓
- Devaluing the country's currency. ✓✓

(Accept any other correct relevant response.)

(Any 2 x 2) (4)



### 4.3 DATA RESPONSE

4.3.1 **Identify an environmental issue affecting poor countries in the above extract.**

- Hurricanes ✓
- Droughts ✓
- Floods ✓

(Accept any other correct relevant response.)

(Any 1 x 1) (1)

4.3.2 **Which part of the North-South divide represents the poor countries?**  
South ✓

(1)

4.3.3 **Briefly describe the term *North-South divide*.**

Refers to the developed countries in the Northern hemisphere and the developing countries in the Southern hemisphere. ✓✓

(Accept any other correct relevant response.)

(2)

4.3.4 **Explain the negative impact of mass production by developed countries on the environment.**

- Some methods used during mass production lead to harmful gas emission which damage the ozone layer resulting in air pollution ✓✓
- Mass production also results in dumping of toxic waste on land and water. ✓✓

(Accept any other correct relevant response.)

(Any 1 x 2) (2)

4.3.5 **How can unequal standards of living related to the North-South divide be addressed?**

Unequal standards of living can be addressed by:

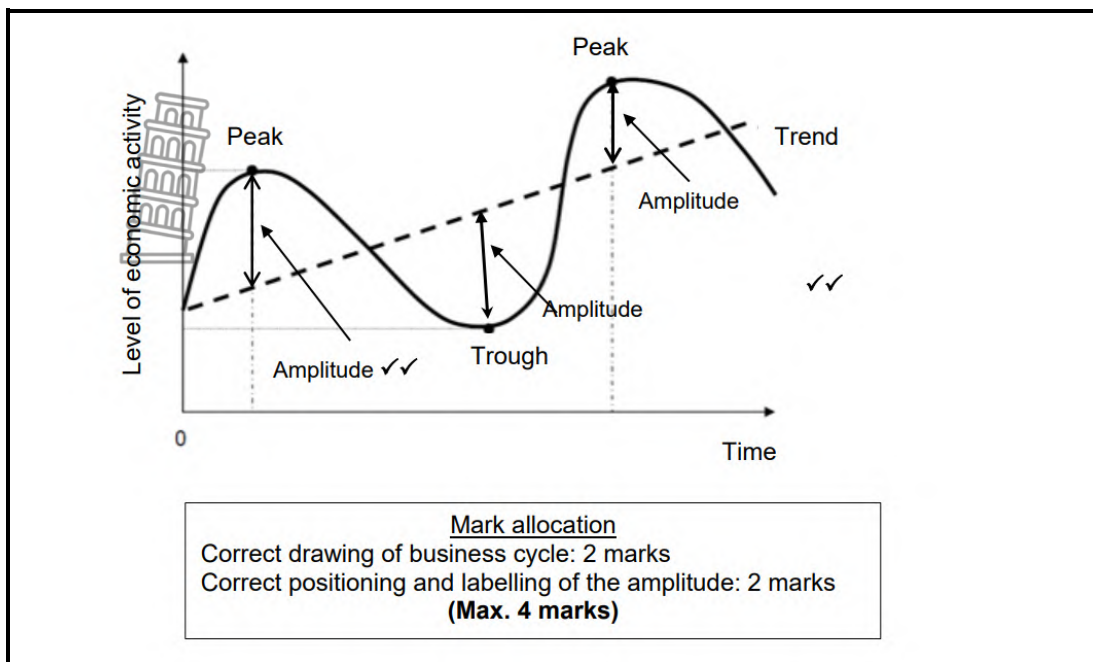
- creating surpluses on GDP that countries can save and invest in their economies, leading to higher standards of living ✓✓
- increasing the per capita income in developing countries in the South through increased foreign investment leading to increased economic growth ✓✓
- focusing on large-scale industrial activities and a wide variety of services where more people could be involved in economic activities leading to a rise in income levels ✓✓
- the government contributing more, to provide better services ✓✓
- increasing the life expectancy in developing countries suffering from diseases and ill health, through the intervention of developed countries where the latest research and techniques are practiced ✓✓
- focusing on the fight against malnutrition and serious illnesses like HIV and Aids ✓✓
- increasing the standard of education through effective interaction with the relevant parties involved with human development ✓✓
- making available the level and effectiveness of education as expressed by the adult literacy rate ✓✓

(Accept any other correct relevant response.)

(4)



4.4 With the aid of a correctly labelled graph, explain the amplitude of a business cycle.



**Explanation**

- Amplitude refers to the vertical (height) difference between a trough and the next peak of a cycle. ✓✓
- It is the difference between the total output between a peak and a trough. ✓✓
- It measures the distance of the oscillation of a variable from the trend line. ✓✓
- It is the intensity of the upswing and downswing in economic activity. ✓✓
- The larger the amplitude the more extreme the changes that may occur. ✓✓

(Any 2 x 2) (8)

4.5 **How would countries benefit from international agreements?**

- The producing country gains access to new consumers and the importing country gains access to required goods. ✓✓
  - Countries enjoy reduced tariffs on imports and exports ✓✓
  - International agreements enable countries to secure credit lines amongst member countries ✓✓
  - Relations in other fields than trade and investment are strengthened ✓✓ for example, economic cooperation, science and technology, culture and arts and dialogue on international issues ✓✓
  - Global efficiency is improved ✓✓
- (Accept any other correct relevant response.)



(8)  
**[40]**

**SECTION C**

**QUESTION 5: MACROECONOMICS**

- Discuss in detail the main objectives of the public sector in the economy. (26 marks)
- Analyse the impact of poor service delivery by the government on socio-economic rights. (10 marks)



**INTRODUCTION**

The state or government provides goods and services that are under supplies by the market and therefore plays a major role in regulating economic and guiding and shaping the economy. ✓✓

(Accept any other correct relevant introduction.)

(2)

**MAIN PART**

**Economic growth** ✓

- Refers to an increase in the production of goods and services. ✓✓
- It is measured in terms of real GDP. ✓✓
- For economic growth to occur, the economic growth rate must higher than the population growth. ✓✓
- Growth and development in a country benefits its citizens because it often leads to a higher standard of living. ✓✓

**Full employment**

- It is when all the people who want to work, who are looking for a job must be able to get a job ✓✓
- High levels of employment is the most important economic objective of the government ✓✓
- The unemployment rate increased over the past few years ✓✓
- Disabled persons have disadvantaged status in South Africa ✓✓
- Informal sector activities must be promoted because it is an area where employment increase ✓✓
- For employment to increase, production needs to increase ✓✓

**Exchange rate stability**

- The economy must be managed effectively and effective fiscal and monetary policy must be used to keep the exchange rate relatively stable ✓✓
- Depreciation and appreciation of the currency create uncertainties for producers and traders and should be limited ✓✓
- The SARB changed the exchange rate system from a managed floating to a free floating exchange rate system ✓✓



**Price stability** ✓

- Stable prices cause better results in terms of job creation and economic growth ✓✓
- The SARB inflation target is 3–6% ✓✓
- Interest rates, based on the repo rate are the main instruments used in the stabilisation policy ✓✓
- The stable budget deficit also has a stabilising effect on the inflation rate ✓✓

**Economic equity** ✓

- Redistribution of income and wealth is essential ✓✓
  - South Africa uses a progressive income tax system – taxation on profits, taxation on wealth, capital gains tax and taxation on spending, are used to finance free services ✓✓
  - Free social services are basic education; primary health and to finance basic economic services ✓✓
  - E.g. cash grants to the poor, e.g. child grants and cash grants to vulnerable people, e.g. disability grants ✓
  - Progressive taxation means that the higher income earners pay higher/more taxation ✓✓
- (Max. 26) (26)

**ADDITIONAL PART**

Poor service delivery by the government may impact on socio-economic rights by:

- limiting people's participation in economic activity due to poor infrastructural services such as electricity and water supply ✓✓
- exposing people to unhealthy or unsafe living environment due to poor sanitation and lack of housing ✓✓
- violating children's right to education because of lack of educational infrastructure and material ✓✓
- exposing people to death risks through poor health care services in some parts of the country ✓✓
- limiting access to housing and ownership of property through delayed human settlement and housing programmes ✓✓
- exposing people to crime due to poor and unreliable protection services by the SAPS and defence forces ✓✓
- violating the people's right to human dignity by failing to provide proper sanitation and housing in some parts of the country ✓✓

(Accept any other correct relevant response.)

A maximum of 2 marks may be allocated for mere listing of facts. (Max. 10) (10)

**Conclusion**

It is very important that the state improves its functioning from time to time to avoid the economy's instability so as to bring desired development. ✓✓

(Accept any higher order relevant conclusion.)

(Max. 2) (2)

**[40]**



**QUESTION 6: ECONOMIC PURSUITS**

- **Discuss in detail social indicators.** (26 marks)
- **How can service delivery by local authorities be improved?** (10 marks)

**INTRODUCTION**

Social indicators are a measure that economists or government use to evaluate the performance of a country in terms of the social well-being of its citizens. ✓✓  
(Accept any correct relevant introduction.) (Max.) (2)

**MAIN PART****Demographics** ✓

- This deals with the characteristics of the population, e.g. population size/ race/age/sex/ income/geographic distribution/language/education/ occupation/religion/birth rate/fertility rate/life expectancy at birth/infant mortality rate/death rate. ✓✓
- This information can be used by government to plan for, e.g. infrastructure development ✓✓ and implementation of social programmes. ✓✓
- It is also important to business as it indicates the size and characteristics of business' targets markets. ✓✓

The population growth ✓

- The population of South Africa was estimated to be 60,14 million at mid-year 2021 and is projected to trend around 61,93 million in 2022. ✓✓
- South Africa has a relatively high population growth compared to other developed countries. ✓✓
- The population growth rate is an important indicator to the government in terms of the number of social services that are needed. ✓✓

Life expectancy ✓

- This expresses the number of years a new-born infant will live if the prevailing patterns of mortality remained the same throughout his or her life. ✓✓
- In South Africa, life expectancy at birth for 2021 was estimated at 59,3 years for males and 64,6 years for females. ✓✓
- The average life expectancy for South Africa in 2022 is estimated at 64,63 years. ✓✓ It is important for the government to know the average life expectancy of the population since working human beings require a range of social services and also the tax base of the country. ✓✓
- Insurance companies in particular are interested in the life expectancy because unexpected reductions in life expectancy reduce the number of years policy holders can pay their premiums, ✓✓ and can have detrimental effect on the services of such businesses. ✓✓

Dependency rate ✓

- The high-age dependency rate in South Africa indicates the level of dependency on those who are working. ✓✓

### Human Development Index ✓

- This is a socio-economic indicator of human development. Three basic aspects are considered: the standard of living, quality of health care and general standard of education. ✓✓

### **Nutrition and health** ✓

These are two related social indicators.

#### Nutrition

- This is an important indicator for the well-being of infants and young children. ✓✓
- Two important conditions of nutrition are child malnutrition and overweight which are both particularly important for children under the age of five years of age. ✓✓

#### Child malnutrition ✓

- Malnutrition is expressed in two ways, namely weight for age (underweight) and height for weight (stunted or dwarfism). ✓✓
- Malnutrition in all its forms amounts to an intolerable burden not only national health system but on the entire cultural, social and economic fabrics of the nation. ✓✓
- The proportion of children who are underweight is the most important indicator of malnutrition ✓✓ and weight because being overweight increases the risk of death and inhibits cognitive development in children. ✓✓

#### Overweight children ✓

- The prevalence of overweight children is a growing concern in South Africa. ✓✓
- There is an association between obesity in children and the high prevalence of diabetes, respiratory diseases, high blood pressure, and psychological and orthopaedic disorders. ✓✓
- Being overweight can lead to numerous adverse health conditions which affect people's ability to work and take care of themselves. ✓✓
- Governments often legislate that health supplements such as vitamin A be added to basic food stuffs such as bread. ✓✓
- The health department also encourages breastfeeding. ✓✓
- Malnutrition and obesity in children are indicators considered when deciding on feeding schemes and their extent. ✓✓

#### Health

- A number of indicators are used both nationally and internationally to monitor the health of a population. ✓✓

#### Infant mortality ✓

- This is measured in terms of the number of infants who die before reaching one year of age per thousand live births in a given year. ✓✓
- The current infant mortality rate for South Africa in 2022 is 24,306 deaths per 1 000 livebirths, a 2.93% decline from 2021. ✓✓
- The infant mortality rate for South Africa in 2021 was 25,039 deaths per 1 000 livebirths, a 2,84% decline from 2020. ✓✓
- Child mortality is substantially higher in poor households. ✓✓

### Under five-mortality ✓

- This is measured in terms of the probability that a new-born baby will die before reaching the age of five years, if subject to present age-specific mortality rates. ✓✓
- The probability is expressed as a number per thousand and in South Africa the Under five-mortality rate (per 1,000 live births) in South Africa was reported at 32,2% in 2020, according to the World Bank. ✓✓

### Health expenditure ✓

- This is measured in terms of the amount of public and private expenditure on healthcare as a percentage of GDP. ✓✓
- Health expenditure for the 2021/2022 financial year was R248,8 billion and is expected to increase by 0,8% per year, from R58,1 billion in 2020/21 to R59,4 billion in 2023/24. ✓✓
- Health care has extensive positive externalities. ✓✓

### Access to safe drinking water ✓

- This is measured in terms of the percentage of the population that has a reasonable access to safe and drinking water (treated or uncontaminated). ✓✓
- The percentage of households with access to an improved source of water increased from 84,4% to 88,7% between 2002 and 2021. ✓✓

### Access to sanitation facilities ✓

- This is measured in terms of the percentage of a population with at least adequate sanitation facilities that can effectively prevent human/animal/and insect contact. ✓✓
- The percentage of households with access to improved sanitation increased by 22,4 percentage points between 2002 and 2021, growing from 61,7% to 84,1%. ✓✓
- A healthy population saves on medical and other costs, produces income and contributes to a stronger economy. ✓✓

### **Services** ✓

Services are vital to enhance people's lifestyles and level of economic and social development. ✓✓

In South Africa, in terms of the Constitution's requirements of human dignity and social justice the following are identified:

### Electricity ✓

- An increase in the percentage of households that were connected to the electricity supply from the mains increased from 76,7% in 2002 to 89,3% in 2021. ✓✓

### Refuse removal ✓

- Three-fifths (62,9%) of households in South Africa had their refuse removed weekly or less regularly in 2021. ✓✓
- Refuse removal was much more common in urban than in rural areas (85,4% compared to 11,8%), while 86,3% of households in metropolitan areas had access to these services. ✓✓

### Water supply ✓

- 88,7% of all households used tap water in their dwellings, their yards or from their neighbour's or communal taps, while only 45,2% had water inside their dwellings in 2021. ✓✓
- This is the average of urban and rural access to improved water schemes. ✓✓
- Improved water resources refer to an adequate amount of water from sources ✓✓
- e.g. households' connections/taps inside the yard/public taps/boreholes/protected springs/and rainwater collection. ✓

### Sanitation ✓

- Nationally, in 2021, only 64,8% of households used flush toilets, while 19,3% used pit toilets with ventilation pipes and 13,4% used pit toilets without ventilation pipes. ✓✓

### **Education** ✓

The standard of living is related to the level of education. ✓✓

Education is a key social indicator:

Public expenditure ✓ the percentage of the national budget that is directed towards education. ✓✓

Secondary enrolment ✓ this shows the percentage of an age group attending high school. ✓✓

Primary completion ✓ the percentage of an age group that has completed primary education is an indicator of the efficiency of the education system. ✓✓

Youth literacy rate ✓ the percentage of the 15–24 age group that are literate. ✓✓

### **Housing and urbanisation**

#### Housing ✓

- Significant proportion of SA citizens are poor and cannot afford property ( $\pm 50\%$ ). ✓✓
- Government supplies subsidies and loans from private sector. ✓✓
- More than 1,5 million houses handed over since 1994. ✓✓

#### Urbanisation ✓

Urbanisation (increase in population numbers in cities/towns) because of:

- the natural growth of the urban population; ✓✓
- migration ✓
- establishment of new towns. ✓✓

**(Accept any other correct relevant answer.)**

**(Max. 8 marks for headings, listing of facts and examples.)**



(Max. 26)

(26)



## ADDITIONAL PART

Service delivery by local municipalities can be improved by:

- increasing citizen participation in the affairs of the local authority and partnership with the community in service delivery. ✓✓
  - having a flexible response to service user complaints. ✓✓
  - offering value for money and ensuring that service users pay their bills on time. ✓✓
  - doing proper strategic public service planning. ✓✓
  - implementing a sound human resource policy that includes capacity building and employee motivation. ✓✓
  - managing change in local government appropriately and effectively. ✓✓
  - dealing with corruption and improving accountability of human resources. ✓✓
  - segregation of duties between councillors and management of the local authorities. ✓✓
  - partnering with other players and outsourcing services where applicable. ✓✓
- (Accept any other correct relevant response.) (Max. 10) (10)

## CONCLUSION

- Social indicators are the best yardsticks in checking on the development and progression of communities as a result of government initiative to improve the lives of the society at large. ✓✓ / South African government annually increases its budget expenditure on health and education to improve the lives of its citizens. ✓✓
- (Accept any other correct relevant higher order conclusion.) (Max. 2) (10)

**[40]**

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

