basic education

Department:
Basic Education
**REPUBLIC OF SOUTH AFRICA**

# SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

## ECONOMICS P1

## MAY/JUNE 2026



**MARKS: 150**

**TIME: 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. 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 The actual amount paid by consumers on final goods and services is known as … price.

A basic
B current
C market
D nominal

1.1.2 The phase in a business cycle where the level of economic activity is at its lowest is called …

A depression.
B recession.
C prosperity.
D recovery.

1.1.3 The requirement to explain one's own decisions and actions is known as …

A apathy.
B efficiency.
C bureaucracy.
D accountability.

1.1.4 An increase in the value of one currency in terms of another currency, due to changes in the market forces, is called …

A revaluation.
B depreciation.
C devaluation.
D appreciation.

1.1.5 A form of wealth tax that is paid when properties are bought is known as …

A transfer duty.
B capital gains tax.
C estate duty.
D excise duty.

1.1.6 The worldwide interaction of economies with trade as an important element is called … 

A decentralisation.
B globalisation.
C specialisation.
D regulation.

1.1.7 The Industrial Policy Action Plan was designed to increase industrialisation in the … sector.

A service
B agricultural
C manufacturing
D tertiary



1.1.8 The number of years a newborn baby is likely to live is known as …

A child malnutrition.
B life expectancy.
C mortality rate.
D population growth. (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 | Transfer payments | A | an increase in the quantity of goods and services produced in a country |
| 1.2.2 | Kitchin cycle | B | involves a cash incentive to promote the development of the South African labour force to gain new expertise |
| 1.2.3 | Economic growth | C | buying and selling of government securities to influence the supply of money |
| 1.2.4 | Foreign exchange market | D | statistical data used to evaluate the performance of a country in terms of the social well-being of its citizens |
| 1.2.5 | Embargo | E | caused by businesses adapting their inventory levels over a 3–5-year period |
| 1.2.6 | Open-market transactions | F | when the value of the currency is pegged by the central bank |
| 1.2.7 | Skills support programme | G | money received by households without rendering any productive service |
| 1.2.8 | Social indicator | H | facilitates the buying and selling of the different currencies of the world |
| | | I | a complete ban on the importing of specific goods from a particular country |

(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 Spending that is independent of the level of income

1.3.2 The transfer of functions and ownership of assets from the public sector to the private sector 

1.3.3 The ratio of a country's export price index to its import price index

1.3.4 A redress measure that aims to reallocate 30% of the country's agricultural land to previously disadvantaged groups

1.3.5 Basic facilities and services, such as road networks, that are provided to support industrial activities

1.3.6 Individuals from the ages of 15 to 64 who are willing and able to work (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 any TWO levels (spheres) of the government. (2 x 1) (2)

2.1.2 Why is the asset component subtracted when calculating net direct investment in the financial account of the Balance of Payments? (1 x 2) (2)

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

**THE MULTIPLIER EFFECT**

Increased spending by the businesses and households in an economy boosts income and creates jobs, leading to more money available for people to spend. This successive round of spending generates even more income and jobs, further promoting additional expenditures. However, in each round of spending, some of the extra income may be saved in a two-sector model.

 [Adapted from www.TeAra.govt.nz]

2.2.1 Identify an economic participant that owns the factors of production in the extract above. (1)

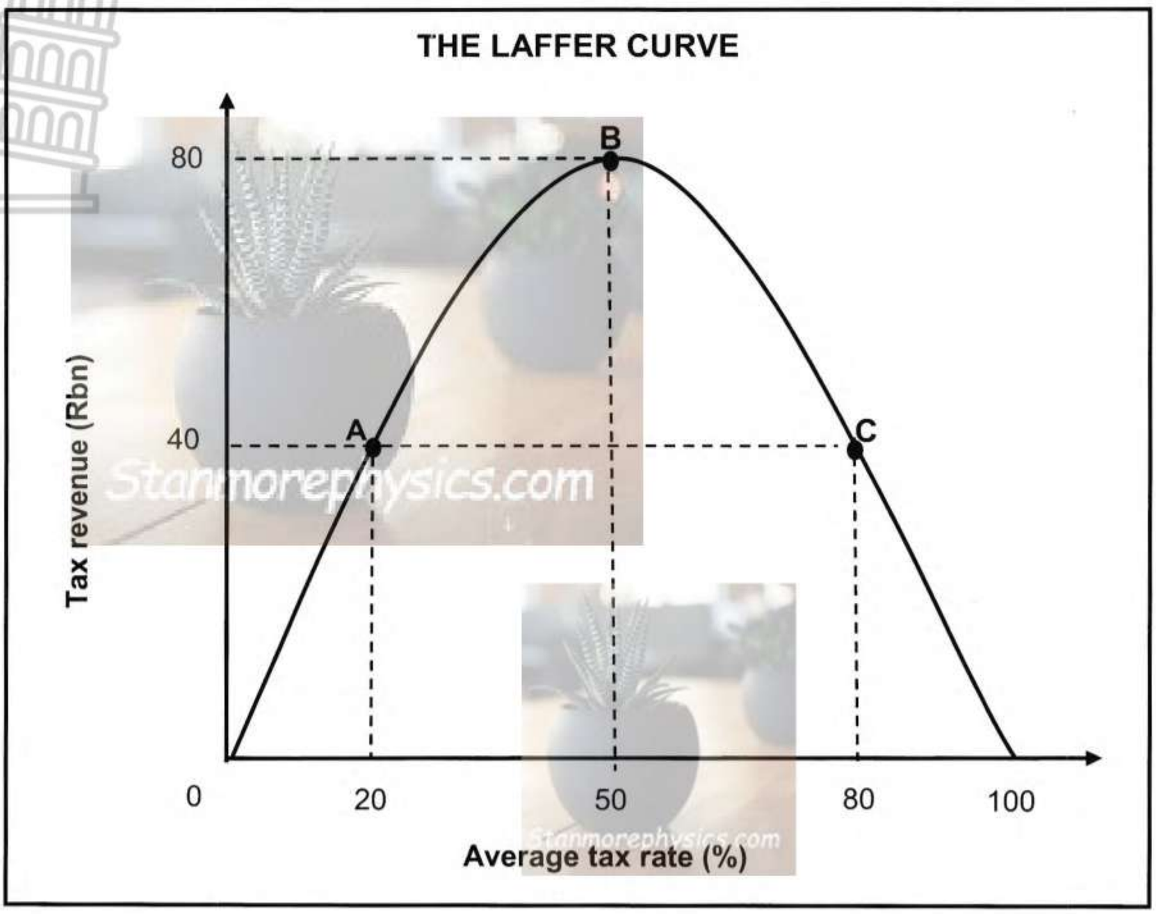
2.2.2 Give the formula for calculating the value of the multiplier in a two-sector economy.  (1)

2.2.3 Briefly describe the term *multiplier effect*. (2)

2.2.4 Explain the relationship between marginal propensity to consume (mpc) and the value of the multiplier. (2)

2.2.5 How can an increase in imports impact the South African economy? (2 x 2) (4)

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




2.3.1 Identify the tax rate at which the government collects the maximum tax revenue in the graph above. (1)

2.3.2 Name the main source of the government's tax revenue. (1)

2.3.3 Briefly describe the term *fiscal policy*. (2)

2.3.4 How can government expenditure be used to encourage the production of goods and services? (2)

2.3.5 Why will high tax rates generate less tax revenue for the government? (2 x 2) (4)

2.4 Briefly discuss *natural resources* and *climatic conditions* as supply reasons for international trade. (2 x 4) (8)

2.5 Analyse the importance of the financial sector in a circular-flow model. (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 Spatial Development Initiatives (SDIs) in South Africa. (2 x 1) (2)

3.1.2 Why is it important to compile economic indicators in the economy? (1 x 2) (2)

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

**BENCHMARK CRITERIA FOR REGIONAL DEVELOPMENT**


[Adapted from Cartoonstock.com]

3.2.1 Identify the benchmark criterion that promotes transparency in regional development in the cartoon above. (1)

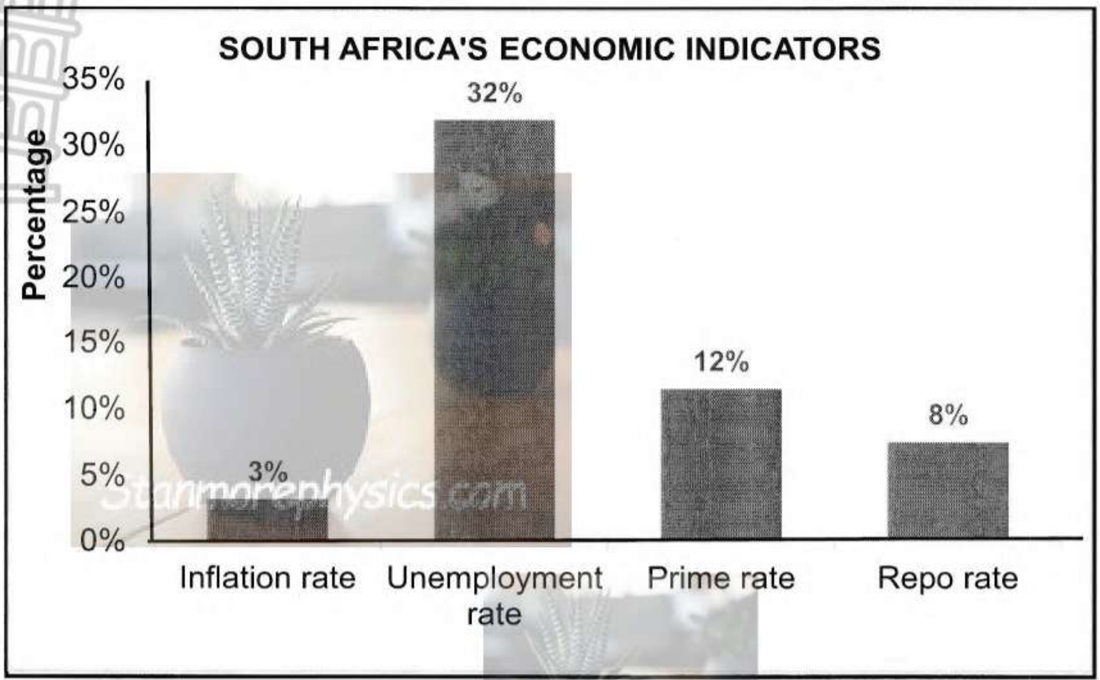
3.2.2 Give the term that refers to the concentration of economic activities in a few urban areas. (1)

3.2.3 Briefly describe the term *regional development*. (2)

3.2.4 Explain the benefit of investing in human capital. (2)

3.2.5 Why is industrial development important in the economy? (2 x 2) (4)

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




[Source: *SARB Quarterly Bulletin*, December 2024]

3.3.1 Identify an economic indicator that measures price changes over a period of time in the graph above. (1)

3.3.2 Name the money supply indicator that consists of bank notes, coins and short-term deposits only. (1)

3.3.3 Briefly describe the term *repo rate*. (2)

3.3.4 Explain the impact of a decrease in labour productivity on businesses. (2)

3.3.5 Why do international organisations such as the World Bank require standardisation of economic indicators? (2 x 2) (4)

3.4 Briefly discuss *housing* and *urbanisation* as social indicators. (2 x 4) (8)

3.5 Analyse the importance of private-public partnerships (PPPs) in implementing spatial development initiatives in South Africa. (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 categories of consumer goods. (2 x 1) (2)

4.1.2 How will a progressive personal income tax system influence income distribution?  (1 x 2) (2)

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

| BALANCE OF PAYMENTS (BOP): 2024 | |
|---|---|
| | **R million** |
| Trade balance (goods) | 103 385 |
| Balance on services, income and current transfers | - 215 490 |
| Capital Transfer Account | 236 |
| Net lending to (+)/borrowing from (-) rest of the world | **(A)** |
| Balance on financial account | **53 013** |

[Source: *SARB Quarterly Bulletin*, December 2024]

4.2.1 Identify a term that relates to gifts and donations in the table above. (1)

4.2.2 Name the commodity that is recorded separately in the current account of South Africa. (1)

4.2.3 Briefly describe the term *Capital Transfer Account*. (2)

4.2.4 Explain the impact of an increase in export prices on South Africa's trade balance. (2)

4.2.5 Use the information in the table above to calculate the value of net lending to or borrowing from the rest of the world **(A)**. Show ALL calculations. (4)

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

**SOUTH AFRICA'S GROWTH AND DEVELOPMENT POLICIES**


[Adapted from *Business Day*, May 2024]

4.3.1 Identify the growth and development initiative that provides temporary employment for unskilled labour in the cartoon above. (1)

4.3.2 Name the government initiative that aimed at halving unemployment and poverty by 2014. (1)

4.3.3 Briefly describe the term *economic development*. (2)

4.3.4 Explain a shortcoming of the National Skills Development Strategy regarding employment levels. (2)

4.3.5 Why is the National Development Plan important to achieve economic development in South Africa? (2 x 2) (4)

4.4 Discuss the unequal standards of living between the countries in the North (developed) and those in the South (developing). (4 x 2) (8)

4.5 How can the South African government use the national budget to promote the socio-economic rights of its citizens? (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**<br>The introduction is a lower-order response:<br>• A good starting point will be to describe the main concept related to the question topic.<br>• DO NOT include any part of the question in your introduction.<br>• DO NOT repeat any part of the introduction in the body.<br>• Avoid mentioning in the introduction what you are going to discuss in the body. | Max. 2 |
| **Body**<br>**Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/ Assess/Debate<br>**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<br>**A maximum of 2 marks may be allocated for mere listing of facts.** | Max. 10 |
| **Conclusion**<br>Any higher-order conclusion should include:<br>• A brief summary of what has been discussed without repeating facts already mentioned<br>• Any opinion or value judgement on the facts discussed<br>• Additional support information to strengthen the discussion/analysis<br>• A contradictory viewpoint with motivation, if required<br>• Recommendations | Max. 2 |
| **TOTAL** | **40** |

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

- Discuss in detail the features underpinning the forecasting (prediction) of business cycles. (26 marks)
- Analyse the measures that can be used to stimulate aggregate supply in the economy. (10 marks) **[40]**

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

- Discuss in detail export promotion as South Africa's international trade policy. (26 marks)
- Evaluate the impact of an increase in import tariffs on the South African economy. (10 marks) **[40]**

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