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.


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 – 15 MINUTES

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–C) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 B.

1.1.1 The method used to derive total remuneration on factors of production is called the … method.

A production  
B income  
C expenditure

1.1.2 In business cycles, estimating something unknown from information that is known is called …

A amplitude.  
B extrapolation.  
C trend.

1.1.3 South African Defence Force services is provided by … government.

A central  
B local  
C provincial

1.1.4 The purchasing or selling of equities forms part of … investments in the balance of payments.

A portfolio  
B direct  
C other

1.1.5 Negative economic growth for at least two consecutive quarters of the year is known as a …

A boom.  
B depression.  
C recession.

1.1.6 The state aims towards a more equal distribution of income by using a … personal income tax system.

A proportional  
B regressive  
C progressive
1.1.7 When a country's total imports exceeds its total exports it is referred to as a … on the trade balance.

A surplus  
B deficit  
C equilibrium

1.1.8 With globalisation countries become economically more …

A interdependent.  
B independent.  
C isolated.  

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.

<table>
<thead>
<tr>
<th>COLUMN A</th>
<th>COLUMN B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2.1 Direct subsidies</td>
<td>A probable number of years a person will live after birth</td>
</tr>
<tr>
<td>1.2.2 Life expectancy</td>
<td>B offers opportunities for borrowing and saving</td>
</tr>
<tr>
<td>1.2.3 Balance of payments</td>
<td>C government estimates of income and expenditure for a three-year period</td>
</tr>
<tr>
<td>1.2.4 Urbanisation</td>
<td>D the peak of a business cycle</td>
</tr>
<tr>
<td>1.2.5 Financial market</td>
<td>E movement of people from rural areas to cities and towns</td>
</tr>
<tr>
<td>1.2.6 Prosperity</td>
<td>F a statement of a country's transactions with the rest of the world</td>
</tr>
<tr>
<td>1.2.7 Free trade</td>
<td>G producers and consumers can buy and sell goods and services anywhere in the world</td>
</tr>
<tr>
<td>1.2.8 Medium-term expenditure framework (MTEF)</td>
<td>H financial grants to support the production of export goods</td>
</tr>
<tr>
<td></td>
<td>I a market for goods and services</td>
</tr>
</tbody>
</table>

(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.

1.3.1 The deliberate decrease in the value of a country's currency
1.3.2 Education and health services supplied by government
1.3.3 A model which illustrates the flows between participants in the economy
1.3.4 The largest contributor to government revenue
1.3.5 The policy implemented in 1994 in South Africa to redress inequalities of the past
1.3.6 The institution in South Africa responsible for monetary policy

(6 x 1) (6)

TOTAL SECTION A: 30
SEASON B

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

QUESTION 2: MACROECONOMICS 40 MARKS – 20 MINUTES

2.1 Answer the following questions.

2.1.1 Give TWO examples of non-durable goods. (2 x 1) (2)

2.1.2 Why is the exchange market important to tourists? (1 x 2) (2)

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

2.2.1 Provide the diagram above with an appropriate heading. (1)

2.2.2 Give any other injection besides investment. (1)

2.2.3 Identify A and B in the diagram above. (2)

2.2.4 How will national income be influenced by the above leakages and injections? (2)

2.2.5 Calculate the change in national income caused by the investment above. Show ALL calculations. (4)

NOTE: mpc = 0.75
2.3 Study the table below and answer the questions that follow.

<table>
<thead>
<tr>
<th>CURRENT ACCOUNT</th>
<th>R BILLIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>Merchandise exports</td>
<td>597</td>
</tr>
<tr>
<td>Net gold exports</td>
<td>59</td>
</tr>
<tr>
<td>Less: Merchandise imports</td>
<td>607</td>
</tr>
<tr>
<td>Trade balance</td>
<td>49</td>
</tr>
<tr>
<td>Net service, income and current transfer payments</td>
<td>-102</td>
</tr>
<tr>
<td><strong>Balance on the current account</strong></td>
<td><strong>-53</strong></td>
</tr>
</tbody>
</table>

[Adapted from the Quarterly Bulletin SARB, December 2013]

2.3.1 Describe the trend in the balance on the current account from 2010 to 2012. (2)

2.3.2 Describe the term *trade balance*. (2)

2.3.3 Why is gold exports listed as a separate item on the current account? (2)

2.3.4 How can the government use our currency to improve the trade balance of 2012? (2 x 2) (4)

2.4 Discuss *specialisation* and *economies of scale* as arguments in favour of free trade. (2 x 4) (8)

2.5 Why is it necessary to protect developing countries against unfair overseas competition? (2 x 4) [40]
QUESTION 3: ECONOMIC PURSUITS 40 MARKS – 20 MINUTES

3.1 Answer the following questions.

3.1.1 Name TWO social indicators. (2 x 1) (2)

3.1.2 Why does the Monetary Policy Committee of the South African Reserve Bank meet every two months? (1 x 2) (2)

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

THE NATIONAL DEVELOPMENT PLAN (NDP)

The NDP needs South Africans to stop pointing fingers at 'wrongdoers' and instead help the vision take shape. The NDP would be implemented but the private sector and citizens must take part in the process.

The government had done a good job of providing citizens with access to health care and education. According to the minister of finance the state's role in the implementation of the NDP was not an intrusive one; rather it was one that would set up the framework for the private sector to function.


3.2.1 What is the state's role in the implementation of the NDP? (2)

3.2.2 Discuss TWO positive elements of the NDP. (2 x 2) (4)

3.2.3 Does the government provide quality education? Motivate your response. (2 x 2) (4)
3.3 Study the cartoon below and answer the questions that follow.

[Adapted from *The Star, Business Report*, October 2013]

3.3.1 Name any benefit of Black Economic Empowerment for the economy of South Africa. (2)

3.3.2 Define the concept *broad-based black economic empowerment*. (2)

3.3.3 What is the message depicted in the cartoon? (2)

3.3.4 In your opinion, has the BEE policy benefited the black people of South Africa? (4)

3.4 Distinguish between *industrial development zones* and *special economic zones*. (2 x 4) (8)

3.5 Discuss how the Small and Medium Enterprise Development Programme (SMEDP) and the Foreign Investment Grant (FIG) help to improve industrial development in South Africa. (2 x 4) (8)
QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS
40 MARKS – 20 MINUTES

4.1 Answer the following questions.

4.1.1 State any TWO methods to calculate national account aggregates. (2 x 1) (2)

4.1.2 Why is the gross national product of South Africa generally lower than the gross domestic product? (1 x 2) (2)

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

4.2.1 What message is depicted in the cartoon above? (2)

4.2.2 Give ONE example of a tax incentive. (2)

4.2.3 Explain the meaning of personal income tax relief. (2)

4.2.4 Which part of the population will benefit the most from personal income tax relief? Motivate your answer. (4)
4.3 Study the graph below and answer the questions that follow.

REGIONAL INDUSTRIAL DEVELOPMENT
GDP CONTRIBUTION PER PROVINCE: 2012

SA - Performance Level

GDP/R
SA

WC EC NC FS KZN NW GAU MP L

[Adapted from StatsSA, September 2013]

4.3.1 Which province made the highest contribution to the South African economy in 2012? (2)

4.3.2 Define the concept regional industrial development. (2)

4.3.3 What is the average GDP growth rate for South Africa? (2)

4.3.4 What do you think should the government do to promote industrial development in underperforming provinces? (4)

4.4 Discuss the monetary policy instruments used in stabilising the economy. (4 x 2) (8)

4.5 Assess how an increase in import prices and an increase in export prices (terms of trade) will affect the South African economy. (2 x 4) (8)

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:

<table>
<thead>
<tr>
<th>STRUCTURE OF THE ESSAY</th>
<th>MARK ALLOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Max. 2</td>
</tr>
<tr>
<td><strong>Body:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Main part:</strong></td>
<td></td>
</tr>
<tr>
<td>Discuss in detail/In-depth discussion/Examine/</td>
<td>Max. 26</td>
</tr>
<tr>
<td>Critically discuss/Analyse/Compare/Evaluate/Distinguish/</td>
<td></td>
</tr>
<tr>
<td>Explain/Assess/Debate</td>
<td></td>
</tr>
<tr>
<td><strong>Additional part:</strong></td>
<td></td>
</tr>
<tr>
<td>Give own opinion/Critically discuss/Evaluate/</td>
<td>Max. 10</td>
</tr>
<tr>
<td>Critically evaluate/Draw a graph and explain/</td>
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<tr>
<td>Use the graph given and explain/Complete the</td>
<td></td>
</tr>
<tr>
<td>given graph/Calculate/Deduce/Compare/Explain/</td>
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</tr>
<tr>
<td>Distinguish/Interpret/Briefly debate</td>
<td></td>
</tr>
<tr>
<td>Conclusion</td>
<td>Max. 2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>40</td>
</tr>
</tbody>
</table>

QUESTION 5: MACROECONOMICS  40 MARKS – 35 MINUTES

The government's primary aim with business cycle policies is to achieve the best possible growth rates.

- Discuss the demand-and-supply-side policies used by the government to smooth out business cycles. (26)
- Use a well labelled graph to explain the effects of demand-and-supply-side policies on prices. (10)

QUESTION 6: ECONOMIC PURSUITS  40 MARKS – 35 MINUTES

Economic indicators are used to determine the performance of the economy.

- Analyse in detail the following economic indicators:
  - Inflation rate
  - Employment
  (26)
- In your opinion, why is it important for the government to consider assessing the performance of the economy from time to time? (10)

TOTAL SECTION C: 40
GRAND TOTAL: 150