

ECONOMICS

PAPER 1 | GRADE 12 | 2024

Time: 2 hours

Total: 150 marks

Language: English

This paper is for PRACTICE purposes only. Not an official Department of Basic Education paper.

INSTRUCTIONS AND INFORMATION

1. This question paper consists of FOUR sections.

2. Answer A

QUESTION 1: SECTION A: Multiple Choice

[30 marks]

- 1.1** When the price of a good rises and demand does not change, this indicates:
A: Perfectly elastic demand B: Perfectly inelastic demand C: Unit elastic demand D: Normal demand
- 1.2** Which of the following would shift the aggregate demand curve to the RIGHT?
A: An increase in personal income tax B: A reduction in government spending
C: A decrease in the repo rate D: A decrease in exports
- 1.3** Stagflation occurs when:
A: Economic growth is high and inflation is low B: Economic growth slows and inflation rises
C: Unemployment falls and inflation rises D: GDP grows at the same rate as inflation
- 1.4** The multiplier effect occurs when:
A: Government cuts taxes B: An initial change in spending leads to larger changes in income
C: The money supply decreases D: Import tariffs are raised
- 1.5** Which of the following is a SUPPLY-SIDE economic policy?
A: Reducing income tax to stimulate consumption B: Increasing government expenditure on infrastructure
C: Reducing regulations on businesses D: Devaluing the currency to boost exports
- 1.6** Absolute advantage means a country:
A: Has a lower opportunity cost in producing a good
B: Can produce a good more efficiently than another country
C: Specialises in the most expensive goods
D: Protects domestic industries with tariffs
- 1.7** The Current Account of the Balance of Payments records:
A: Long-term capital flows B: Foreign direct investment
C: Exports and imports of goods and services D: Central bank reserves
- 1.8** An increase in government expenditure, all else equal, is MOST associated with:
A: Contractionary fiscal policy B: Expansionary fiscal policy
C: Tight monetary policy D: Supply-side policy

- 1.9 Which market structure has the most competition?
A: Monopoly B: Oligopoly C: Monopolistic competition D: Perfect competition
- 1.10 The Gini coefficient measures:
A: Inflation rate B: Income inequality C: Economic growth D: Unemployment rate
- 1.11 "Creative destruction" is associated with which economist?
A: Adam Smith B: John Maynard Keynes C: Joseph Schumpeter D: Milton Friedman
- 1.12 A decrease in the repo rate will most likely lead to:
A: Higher borrowing costs B: Decreased investment C: Lower inflation immediately D: Increased consumer spending
- 1.13 In a free market, the equilibrium price is determined by:
A: Government regulation B: The intersection of supply and demand
C: Production costs alone D: Consumer preferences only
- 1.14 The Human Development Index (HDI) measures:
A: GDP only B: GDP per capita, life expectancy, and education
C: Military power and GDP D: Trade balance and employment
- 1.15 Which of the following would cause COST-PUSH inflation?
A: An increase in government spending
B: A decrease in interest rates
C: An increase in oil prices
D: A decrease in unemployment

Write answers below:

TOTAL FOR THIS QUESTION: 30

QUESTION 2: SECTION B: Data Response

[30 marks]

EXTRACT: SOUTH AFRICA'S ECONOMIC INDICATORS (2019-2023)

Year	GDP Growth	Inflation	Unemployment	Repo Rate	ZAR/USD
2019	0.1%	4.1%	29.1%	6.5%	R14.45
2020	-6.4%	3.3%	32.5%	3.5%	R16.46
2021	4.9%	4.5%	34.9%	3.5%	R15.24
2022	1.9%	6.9%	32.9%	7.0%	R16.37
2023	0.6%	5.9%	32.1%	8.25%	R18.63

Source: Adapted from Statistics South Africa and SARB data

- 2.1 Identify the year with the lowest GDP growth rate. Suggest TWO factors that could explain this.

(4)

Answer:

2.2 Describe the relationship between the repo rate and inflation between 2020 and 2023. Is this consistent with economic theory? Explain. **(5)**

Answer:

2.3 Calculate the change in the ZAR/USD exchange rate between 2019 and 2023. What are TWO possible causes of this trend? **(4)**

Answer:

2.4 South Africa's unemployment rate remains critically high. Using the data and your own knowledge, discuss TWO supply-side policies the government could implement to reduce unemployment. **(6)**

Answer:

2.5 Explain how high inflation negatively affects economic growth. Use evidence from the table in your answer. **(5)**

Answer:

2.6 Define "stagflation" and identify whether South Africa experienced stagflation in any of the years shown. Motivate your answer. **(6)**

Answer:

[40 marks]

OPTION C1: Microeconomics

- (24)

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(24)

Diagrams and answer:

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TOTAL FOR THIS QUESTION: 40

QUESTION 4: SECTION D: Essay

[50 marks]

Write a structured essay of approximately 2 pages on ONE of the following.

ESSAY 1:

"South Africa's economic challenges stem primarily from structural problems rather than cyclical factors." Critically evaluate this statement with reference to: unemployment and the skills gap; income inequality and the Gini coefficient; infrastructure challenges; the role of state-owned enterprises; possible solutions.

ESSAY 2:

"Trade is the engine of economic development for developing nations." Discuss this statement with reference to: the theory of comparative advantage; benefits and risks of globalisation for South Africa; the role of BRICS, SADC and the AfCFTA; protectionist vs free trade policies.

Essay (Option

TOTAL FOR THIS QUESTION: 50