



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

ECONOMICS GRADE 11

**MACROECONOMICS
AND
ECONOMIC PURSUIT
REVISION RESOURCE PACK
2019
SOLUTIONS**

SECTION A

ACTIVITY 1

2019 Mopani East Mid-Year

1.1 MULTIPLE CHOICE

- 1.1.1 A ✓✓ (Women and physically challenged persons)
- 1.1.2 C ✓✓ Land
- 1.1.3 C ✓✓ (15-64)
- 1.1.4 B ✓✓ (Added)
- 1.1.5 D ✓✓ (Minister of Finance)
- 1.1.6 A ✓✓ (Development)
- 1.1.7 D ✓✓ (Parastatals)
- 1.1.8 C ✓✓ (Circular flow) (8x2) (16)

ACTIVITY 2

2018 Provincial November

1.1 MULTIPLE CHOICE

- 1.1.1 D✓✓ royalties
- 1.1.2 C✓✓ child mortality
- 1.1.3 C✓✓ women and physically challenged persons
- 1.1.4 C✓✓ intermediate good
- 1.1.5 D✓✓ literacy
- 1.1.6 C✓✓ first world class
- 1.1.7 A✓✓ Lorenzo curve
- 1.1.8 A✓✓ monetary policy of the SARB (8 x 2) (16)

ACTIVITY 3

2018 Vhembe Mid-year

- 1.1.1. A✓✓ Entrepreneurship
- 1.1.2. A✓✓ Economic rent
- 1.1.3. B✓✓ Capital
- 1.1.4. A✓✓ Fixed
- 1.1.5, B✓✓ Gross Value Added
- 1.1.6. B✓✓ What to produce, How to produce and for whom to produce?
- 1.1.7. D✓✓ Eskom
- 1.1.8. C✓✓ Communism (2 x 8) (16)

ACTIVITY 4**2014 Provincial November**

- 1.1.1 C ✓✓ (capital widening)
- 1.1.2 A ✓✓ (Gross Value Added)
- 1.1.3 B ✓✓ (centrally planned)
- 1.1.4 C ✓✓ (tertiary)
- 1.1.5 C ✓✓ (literacy)
- 1.1.6 B ✓✓ (distribution)
- 1.1.7 C ✓✓ (Lorenz curve)
- 1.1.8 A ✓✓ (taxes should be added and subsidies subtracted) (8 x 2) (16)

ACTIVITY 5**2017 Vhembe Mid-Year**

- 1.1.1 C industries ✓✓
- 1.1.2 B Independence
- 1.1.3 A interest ✓✓
- 1.1.4. C full employment
- 1.1.5 B Goods that command a price ✓✓
- 1.1.6 C Water ✓✓
- 1.1.7. B education ✓✓
- 1.1.8 A Tertiary ✓✓

ACTIVITY 6**2019 Capricorn South Mid Year**

- 1.1.1. C- Natural resources. ✓✓
- 1.1.2. C- Intermediate goods. ✓✓
- 1.1.3. A- Capitalism. ✓✓
- 1.1.4. A- International competition. ✓✓
- 1.1.5. B- Secondary. ✓✓
- 1.1.6. D- Empowerment. ✓✓
- 1.1.7. B- Entrepreneur. ✓✓
- 1.1.8. B- investment ✓✓ (8x2) (16)

ACTIVITY 7**2019 Mopani East Mid-Year****MATCHING ITEMS**

- 1.2.1 D ✓ (The government owns all the factors of production)
- 1.2.2 F ✓ (Goods that are used to produce other goods)
- 1.2.3 I ✓ (Resources like minerals and land)
- 1.2.4 B ✓ (GDP (I) @ basic prices)
- 1.2.5 G ✓ (Publishes the GDP figures)
- 1.2.6 H ✓ (Process raw materials into final products)
- 1.2.7 C ✓ (C+I+G)
- 1.2.8 E ✓ (Communication, transport and energy) (8x1) (8)

ACTIVITY 8**2018 Provincial November****1.2 MATCHING**

- 1.2.1 I ✓ (increase in the country's capital stock)
- 1.2.2 F ✓ (the relationship between input and output)
- 1.2.3 E ✓ (the ability of a person to make choices about his/her own life)
- 1.2.4 A ✓ (the lender of the last resort)
- 1.2.5 B ✓ (the farming of sea and fresh water plants and animals for human consumption)
- 1.2.6 C ✓ (it is caused by basic changes in the overall economy)
- 1.2.7 D ✓ (the total value of capital goods and services owned by a country)
- 1.2.8 G ✓ (to be able to prosper in a country without interference by the State) (8 x 1) (8)

ACTIVITY 9**2018 Vhembe Mid-Year****1.2. MATCHING ITEMS**

- 1.2.1. B ✓ When a country's capital increases at a rate equal to the increase in the rate of the workforce
- 1.2.2. C ✓ Is not affected by the level of income
- 1.2.3. A ✓ The existence of two separate economic sections within one country
- 1.2.4. I ✓ Extract raw materials from nature
- 1.2.5. H ✓ Basic structures and facilities for the operation of a society or business
- 1.2.6. D ✓ Used in the production of final goods
- 1.2.7. E ✓ Measures spending taking place within the borders of South Africa
- 1.2.8. F ✓ The ability of a person to make choices about his /her own life

(1 x 8) (8)

ACTIVITY 10**2014 Provincial November**

1.1

- 1.1.1 H ✓ (the monetary authority of a country)
- 1.1.2 I ✓ (the macroeconomic strategy of South Africa)
- 1.1.3 F ✓ (dishonesty and abuse of power for personal gain)
- 1.1.4 G ✓ (the arrangement of the different activities in the sectors)
- 1.1.5 B ✓ (something that is generally acceptable and serves as a medium of exchange)
- 1.1.6 A ✓ (Production in the agricultural field)
- 1.1.7 D ✓ (All business enterprises that produce a similar type of good or service)
- 1.1.8 C ✓ (A study on the unique culture of a society) (8 x 1) (8)

ACTIVITY 11**2017 Vhembe Mid-Year**

- 1.2.1 D. participants in the economy owning factors of production
- 1.2.2 I. The economic goods and services provided by the state to assist the economy, eg. Roads and harbours.
- 1.2.3 F. Free enterprise system.
- 1.2.4 B. The human effort that goes into the production of goods and services with the aim of receiving a reward
- 1.2.5 G. When a country exports its excess products to another country at a selling price much below than that of the country they are being exported to.
- 1.2.6 E. Measuring the contribution of a factor of production more than once.
- 1.2.7 C. Stock of capital assets of households, representing money earned and saved at some point of time.
- 1.2.8 A. Occurs when the amount of capital stock per worker is increased. (8x1=8)

ACTIVITY 12**2019 Capricorn South Mid-Year**

1.2.

- 1.2.1. F- Goods which are used up at once. ✓
- 1.2.2. I- The service industry of the economy as it includes a large variety of services. ✓
- 1.2.3. E- The government has full control over the resources. ✓
- 1.2.4. H- Mental and physical efforts of people that are used in the production of goods and services with the aim of getting remuneration. . ✓
- 1.2.5. A- Goods which the business buy in order to produce final goods. . ✓
- 1.2.6 J-Associated with regulating and operating the economy and the business sector more efficiently. . ✓
- 1.2.7. B- Includes wide-reaching road, rail and air links, together with energy and communication. ✓
- 1.2.8. C- Total value of all final goods and services produced within the boundaries of a country in a period of time. ✓ (8x1) (8)

ACTIVITY 13**2019 Mopani East Mid-Year****1.3 CONCEPTS**

- 1.3.1 *Factor Cost* ✓
- 1.3.2 *Production / Value added* ✓
- 1.3.3 Market prices ✓
- 1.3.4 Social welfare / welfare ✓
- 1.3.5 Intermediate goods ✓
- 1.3.6 Nationalisation ✓ (6x1) (6)

ACTIVITY 14**2018 Provincial November****1.3 CONCEPTS/TERMS**

- 1.3.1 Prime ✓
- 1.3.2 Secondary ✓
- 1.3.3 Durable ✓
- 1.3.4 Economic goods ✓
- 1.3.5 Indigenous ✓
- 1.3.6 Transfer ✓ (6 x 1) (6)

ACTIVITY 15**2018 Vhembe Mid-year**

- 1.3.1. Human capital✓
- 1.3.2. Depreciation✓
- 1.3.3. Final goods✓
- 1.3.4. Production method✓
- 1.3.5. Corruption✓
- 1.3.6. Procurement✓

(1 x 6) (6)

ACTIVITY 16**2014 Provincial November**

- 1.3.1 GDE✓
- 1.3.2 Economic Development✓
- 1.3.3 Barter✓
- 1.3.4 Entrepreneur✓
- 1.3.5 Consumption✓
- 1.3.6 Intermediate✓

(6 x 1) (6)

ACTIVITY 17**2017 Vhembe Mid-year**

- 1.3.1 Primary✓
- 1.3.2 Depreciation✓
- 1.3.3 Mixed✓
- 1.3.4 Eskom✓
- 1.3.5 Interest rate✓
- 1.3.6 Profit✓

(6 X 1 = 6)

ACTIVITY 18**2019 Capricorn South Mid-Year**

- 1.3.1. Population growth rate.
- 1.3.2. Savings.
- 1.3.3. Market economy/.Capitalism. ✓
- 1.3.4. Gross National Product. ✓
- 1.3.5. Primary Sector. . ✓
- 1.3.6. Monetary policy✓

(1x6) (6)

ACTIVITY 19

2019 Mopani East Mid-Year

2.1 Answer the following questions:

2.1.1 List TWO categories of natural resources

- Renewable resources✓
- Non-renewable resources✓ (2x1) (2)

2.1.2 How is GNI calculated?

- By adding income from the rest of the world and subtracting income to the rest of the world. ✓✓ (1x2) (2)

2.2 DATA RESPONSE

2.2.1 Which economic system can be linked to capitalism?

- Free market economy✓ (1x1) (1)

2.2.2 What is the key motivating factor for the existence of the economic system depicted in the cartoon.

- Maximum profit.✓✓ (1x1) (1)

2.2.3 Describe the economic system named in Question 2.2.1.

- Is one where prices and quantities are determined by the market forces of demand and supply. ✓✓
- The decisions of what, how and for whom to produce are taken by the businesses. ✓✓ (1x2) (2)

2.2.4 Explain why Samuelson says that the market economy is a “great thing”.

- Economic life proceeds without direct government intervention✓✓ (1x2) (2)

2.2.5 Briefly explain disadvantages of non-governmental intervention.

- More unemployment/more poverty/no economic growth
- Lack of infrastructure/ poor infrastructure✓✓
- Unequal distribution of resources✓✓ (Accept any relevant answer.)

2.3 DATA RESPONSE

2.3.1 Identify the planned expenditure on health in 2015/2016 and 2016/2017 respectively.

- 2015/2016: R159.4✓
- 2016/2017: R168.4b✓ (2x1) (2)

2.3.2 In his 2016 budget speech, the Minister of Finance said that “personnel spending has been curtailed and cost containment measures are reinforced.”

Provide evidence to support the Minister’s statement from the figures above.

- Government budget is cut in the fiscal year 2016/17 on general public services√√
- Spending on general public services decreased from R97.5b (2015/16) to R73.7b (2016/17) √ √
(1x2) (2)

2.3.3 Which category in the table would include the amount spent on old-age pensions?

- Social protection√√ (1x2) (2)

2.3.4 What deductions can be made about debt-servicing costs?

- From the table it can be deduced that debt-servicing costs are increasing√√
- Individuals or companies are unable to pay their debts, hence debt servicing costs are increasing√√
(1x2) (2)

2.3.5 The total government spending in 2016/17 will amount to R1 463.3 billion.

Calculate the percentage of the budget that has been allocated to basic education in 2016/17.

- $(228.8 / R1463.3 \times 100 = 15,6\%)$ √√
(1x2) (2)

2.4 How are entrepreneurs rewarded for their contribution to the economy?

- For their contribution in production, entrepreneurs are paid profit.√√
- Profit is the reward an entrepreneur will earn for taking risks √√
- It is an incentive for producing and coming up with new innovative ideas.√√
- Profit = Sales – Cost of Production or the amount that is left after all the costs in terms of the use of the other factors of production is paid. √√
- Profit can vary from one year to another. √√
- Profits are not guaranteed. √√
- Profits depend on the ability and skills of the entrepreneur. √√
- Profits depend on the condition of the economy of the country. √√
- Profits depend on the demand for goods and services. √√
- Profits depend on the competition from other enterprises. √√
- Profits can be used in three ways:
- It can be reinvested to replace capital or to add to existing capital√√
- A part can be paid to the government as tax√√
- A part must be paid to shareholders as dividends. √√ (4x2) (8)

2.5 Briefly discuss efficiency in the delivery of social services in South Africa.

- Education and training√ √
 - Education is the single largest item of expenditure in the budget. √√
 - It includes basic education in schools, FET colleges and universities, to increase literacy√√

 - Healthcare√ √
 - To provide basic health services to the community as a whole
 - demand for healthcare is likely to increase as more patients have to receive treatment for HIV/Aids and TB√√
 - The housing function√
 - Includes the provision of housing for the needy√√

 - Social security√ √
 - Tries to meet the basic needs of some individuals√√
 - It also protects and promotes the rights of vulnerable groups such as children, older persons, woman and people with disabilities. √√
 - Public order and safety√
 - Physical protection includes the defence, police, and criminal justice system and prison services. √√
 - They are collective services. √√
 - The quality and efficiency of these services make societies and individuals feel safe or unsafe, and secure or insecure. √√
- (2x4) (8)

ACTIVITY 20

2019 Mopani East Mid-year

3.1.1 Give any TWO types of economic activity which constitute the economic structure of the economy.

- Primary sector✓
- Secondary sector✓
- Tertiary sector✓ (Any 2) (2x1) (2)

3.1.2 What do you think *Affirmative Action* means?

- Affirmative action is all the measures taken by businesses to ensure that suitably qualified employees from formerly disadvantaged groups have equal employment opportunities at all levels of the workforce.✓✓
(Any relevant answer) (1x2) (2)

3.2 DATA RESPONSE

3.2.1 List TWO factors that can influence the level of rent.

- Demand and supply✓
- An increase in the demand for a product or service✓
- The quality of natural resources✓
- Climate✓
- Technology✓
- Location✓ (Any 2) (2x1) (2)

3.2.2 Describe the term *economic rent*.

- Economic rent is the remuneration or payment made for the use of natural resource production which is limited in supply. ✓✓
(Any relevant answer) (2)

3.2.3 Explain why the supply of land is fixed.

- The supply of natural resources is fixed and limited to what nature provides us. ✓ (Any relevant answer) (2)

3.2.4 Calculate the economic rent according to the graph. Show all calculations.

- Economic rent = R35 000 – R10 000 ✓✓= R25 000 ✓✓ (2x2) (4)

3.3 DATA RESPONSE

3.3.1 Identify the method that was used in the above table to calculate the GDP.

- Income method / GDP(I)✓ (1)

3.3.2 Name any other method that can be used to calculate the GDP.

- Production / Value added Method / GDP(P)/ GVA✓
- Expenditure method / GDP(E)✓ (Any 1x1) (1)

3.3.3 Describe briefly the concept gross domestic product.

- The total market value of all final goods and services produced within the geographic borders of a country within a specified period usually a year.√√
(2)

3.3.4 State ONE importance of fixed capital formation.

- Capital formation is important for economic growth. √√
- Capital formation will expand production. √√
- Reduction of unemployment due increase in capital formation through investment. √√
- Improved infrastructure.√√ Accept any relevant answer. (1x2) (2)

3.3.5 Calculate the GNI. (Calculations must be listed in table form.)

GDP at market price	3 797 067
Plus Primary income from the rest of the world	82 235√
Minus Factor Primary income to the rest of the word	183 779√
Gross National Income	3 695 523 √√

(4)

3.4 Discuss reasons for the unequal distribution of income.

- People with a higher level of education and post-school qualifications earn higher salaries.√√
- People working in the urban areas earn higher incomes than people in the rural areas.√√
- Different sectors in which people are employed earn different incomes.√√
- Tertiary sector earnings are higher than primary sector earnings.√√
- Level of employment equity in the country where discrimination on the basis of gender and race is rife can force wages down√√
- The power that trade unions have to negotiate higher wages√√
(Any relevant answer) (4x2) (8)

3.5 Tabulate the advantages of a market economy and a centrally planned economy.

Market economy	Centrally planned economy
<ul style="list-style-type: none"> • Private ownership and initiative is allowed ✓✓ • Consumer needs are best satisfied as they determine what will be produced. ✓✓ • High levels of economic growth occur through the system. ✓✓ • Consumers are protected from exploitation as there is competition between suppliers. ✓✓ • Producers specialise in the goods and services they can produce best. ✓✓ <p>(Any relevant answer) (Max 4 marks)</p>	<ul style="list-style-type: none"> • Private individuals have to be concerned only with performing their daily tasks as resources are utilised and managed by the state. ✓✓ • The needs of the community are satisfied collectively. ✓✓ • Workers are not exploited by the state and unemployment is rare. ✓✓ • The distribution of income among the community is fairer to all. ✓✓ <p>(Any relevant answer) (Max 4 marks)</p> <p>(2x4) (8)</p>

ACTIVITY 21

2019 Mopani East Mid-year

4.1 Answer the following questions.

4.1.1 List TWO markets in the circular flow diagram.

- Product market / goods and services market ✓
- Factor market / labour market ✓
- Financial market (money and capital) ✓ (2x1) (2)

4.1.2 Why will a business pay a salary or wage to a member of a household?

- Households offer labour that a business needs to apply in producing goods and services. ✓✓
- Households are paid in the form of a salary or wage for the work that has been done. ✓✓ (1x2) (2)

4.2 DATA RESPONSE

4.2.1 Which factor of production is linked to productivity?

- Labour ✓ (1)

4.2.2 What is the remuneration for this factor mentioned in Question 4.2.1?

- Wages & Salaries ✓ (1)

4.2.3 Why is it impossible for South Africa to become a rich country?

- Inflation grows faster than wages. / ✓✓
- Productivity growth has performed very poorly. (slow) ✓✓ Accept any relevant answer. (1x2) (2)

4.2.4 How can the quality of labour force be determined?

- Education and training ✓✓
- Work related training ✓✓
- Ability and experience ✓
- Health ✓✓ (Any 1) (1x2) (2)

4.2.5 “Rising labour productivity leads to higher employment, income and profits.” What impact will this have on the economy of South Africa?

- It will lead to prosperity / expansion. / ✓✓
- It will lead to economic growth / economic development. ✓✓
- Job creation. (Accept any relevant answer.) (2x2) (4)

4.3 DATA RESPONSE

4.3.1 Give TWO examples of personal services mentioned in the pie chart above.

- Payment of salaries ✓✓
 - Expenditure on services rendered to the communities ✓✓
 - Investment expenditure, where government has to pay for capital goods like roads and buildings ✓✓ (Any 2)
- (2x1) (2)

4.3.2 Define the term tertiary sector.

- The tertiary sector (also known as the services sector or the services industry) of the economy moves goods and services from the producer to the final consumer. ✓✓
 - The tertiary sector distributes goods (makes goods available) and provides services. ✓✓
 - Tertiary sector is the services and trade sector of the economy. ✓✓
 - The tertiary sector is also called the services sector. ✓✓
- (Any relevant definition of the tertiary sector) (2)

4.3.3 Calculate the total contribution of the tertiary sector to the GDP.

(Calculations must be listed in table form.)

Wholesale, retail and motor trade, catering and accommodation	12.5%
Transport, storage, communication	9%
Finance, real estate, business services	21.5%
General government services	13,7%
Personal services	5.4%
	62.1% ✓✓

(2)

4.3.3 Why has economic growth been driven mainly by the tertiary sector since the early 1990s?

- During the 1990s South Africa's economy was opened up to international trade again ✓✓
 - The focus shifted from a dominant agricultural system towards a secondary and tertiary system. ✓✓ (Accept any relevant answer)
- (2x2) (4)

4.4 Discuss the role of the factor market in the circular flow.

- Households as owners of factors of production sell the factors of production on the factor market (input market) to the producers ✓✓

- They receive income (wages, rent, interest and profit) in return through factor market.√√
- Businesses purchase the factors of production from the households in the factor market √√
- Factors of production are paid to households through the factor market.√√
- Accept any other correct relevant response) (4x2) (8)

4.5 Explain the difference between final and intermediate goods in detail.

Final Goods

- Are goods and services that are bought by the ultimate user to satisfy a need or want√√
- The buyers of these goods and services have no intention to further transform these goods and services to resell them.√√
- The final goods and services can be either consumer goods and services or capital goods, such as machines.√√
- Capital goods are regarded as final goods, since they are not going to be processed further for resale.√√
- Final goods and services are bought on the product markets by the four participants in the economy.√√
- Have reached the final stage in the production process and have the characteristics of form utility√√
- Final goods and services can be divided into durable goods, semi-durable and non-durable goods.√√

(Any relevant answer about final goods and services) (Max 4)

Intermediate goods and services

- Intermediate goods and services are those goods and services that are used in the production of other goods and services.√√
- In order to produce final goods and services, intermediate goods are combined and processed.√√
- Include all goods and services that are not directly consumed√√
- Usually bought by manufacturers√√

(Any relevant answer about intermediate goods and services) (Max 4)

(2x4)(8)

[40]

2.1 Answer the following questions**2.1.1 List TWO types of physical capital.**

- Fixed ✓ working ✓ (1 x 2) (2)

2.1.2 Explain how spending stimulate employment?

Increased spending, increase the demand for goods and services that led to increase in job opportunities. ✓✓ 1 x 2 (2)

2.2 Study the table and answer the questions that follow**2.2.1 Name TWO examples of Semi – Durable goods. (2 x 1) (2)**

- Clothing ✓ House textiles ✓
- Motor tire ✓ Recreational and entertainment goods ✓

2.2.2 Briefly explain the term “Non-Durable goods”. (2)

- Goods that can be used repeatedly over an extended period of time ✓✓

2.2.3 Identify the type of item on which consumers spent the largest Portion of their income in 2016. (2)

- Services ✓✓

2.2.4 Determine the percentage contribution of services to the total consumption expenditure of households during 2016.

Show all calculations. (4)

$$\frac{1\,119\,436}{2\,577\,869} \times 100 \checkmark \checkmark$$

$$43,42\% \checkmark \checkmark$$

$$43,42\% \checkmark \checkmark \quad (2 \times 2) \quad (4)$$

2.3 Study the extract below and answer the questions that follow**2.3.1 Explain the meaning of “community participation” (2)**

- Involvement of people in a community to address local needs and wants. ✓✓

2.3.2 Why is public participation important? (2)

- To develop unity amongst citizens through shared interest. ✓✓
- By making their opinions known to the authorities. ✓✓
(accept any relevant correct response)

2.3.3 What is the aim of public participation? (2)

- To exercise the constitutional right and vote to ensure similar objectives are practised by citizens in a democratic society✓✓

2.3.4 What are the risks associated with community participation? (4)

- Community meeting are poorly planned✓✓
- There is lack of effectiveness✓✓
- There are conflict and fragmentation✓✓
- Dissolutionment✓✓

2.4 Differentiate between market economy and centrally planned economy.

(2 x 4) (8)

MARKET ECONOMY	CENTRALLY PLANNED
<ul style="list-style-type: none"> • Solve the problems of “what, how, for whom and how many” to produce✓✓ • The interactions of consumers and businesses determine the price of goods✓✓ • There is little government intervention. ✓✓ • Market mechanism freely determine and coordinate economic decisions. ✓✓ 	<ul style="list-style-type: none"> • The state directs most of aspects of the country’s economic activities.✓✓ • The government owns the factors of production.✓✓ • Government plans, and executes the allocation of resources.✓✓ • Government decides what to produce, in what quantity, at what price and how to distribute.✓✓

2.5 Discuss the importance of labour. (8)

- No production will not take place without labour.✓✓
- Human capital refer to the skills, knowledge and health of workers✓✓
- The government prioritise actions to improve the quality of labour by building human capital of the country.✓✓
- Workers’ income make up the largest portion of the total income. ✓✓
- Remuneration for labour is the main source of income of the most households✓✓
- It is important when combined with other factors of production.✓✓

[40]

4.1 Answer the following questions

4.1.1 List TWO types of foreign trade. (2 x 1) (2)

Exports✓ Imports✓

Entrepot✓

4.1.2 Why are intermediate goods excluded in the GDP? (2 x 1) (2)

- To avoid double counting✓✓

4.2 Study the table below and answer the following questions

4.2.1 Which method was used in the calculation of the gross domestic product (GDP) above? (1)

- Production✓

4.2.2 Which sector contributed most to the GDP in 2017? (1)

Tertiary✓

4.2.3 How to do you calculate GNI? (2)

- $GNI = GDP + \text{primary income receipts} - \text{primary income payment}$ ✓✓

4.2.4 Briefly describe the term “Gross Domestic Product” (2)

- The increase in economic goods and services/change in level of economic activities over a period of time✓✓

4.2.5 Why do you think the primary sector is of great importance to the country? (4)

- They provide food and minerals✓✓
- Earn foreign exchange✓✓
- Train workers and create job opportunities✓✓
- They provide raw materials for secondary industries✓✓
- Contribute to GDP✓✓
- Source of capital creation✓✓
 - Stimulate research and development✓✓

2.1.1. List any two social benefits available to South Africans

- Child support grant✓
- Foster-care grant✓
- Care dependency grant✓
- Old pension grant ✓
- Disability grant✓
- War- veterans grant✓

(Accept any other correct relevant response)

(2 x 1) (2)

2.1.2. What is the aim of consumption?

- To satisfy consumers unlimited needs and wants✓✓

(Accept any other correct relevant response)

(1 x 2) (2)

2.2. DATA RESPONSE**2.2.1. What method was used in the table above to determine GDP?**

- Production method ✓

(1)

2.2.2. Which year is currently used by the SARB as base year?

- 2015 ✓

(1)

2.2.3. Explain the concept “gross domestic product”

- The total value of all final goods and services produced within the borders of a country for a specific period/year✓✓ (2)

2.2.4. How do you convert GDP@ basic prices to GDP@ market prices?

- Add (+) taxes on products and Subtract (-) subsidies on products✓✓ (2)

2.2.5. Calculate the percentage contribution of the tertiary sector to GDP@ basic prices for 2016.

- = $1\,785\,938 / 2\,635\,033 \times 100 / 1$ ✓✓
- = 67, 77 or 67, 8 or 68 ✓✓

(4)

2.3. DATA RESPONSE

2.3.1. Name the economic system represented by the countries above.

- Centrally planned economy ✓ (1)

2.3.2. What is the disadvantage of economic system represented above?

Work-force has little motivation to work harder ✓

- Lack of motivation can lead to lower economic growth ✓
- Shortage of consumer goods and services ✓
- Lack of competition leads to a lack of consumer choice ✓

(Any one – Accept any relevant answer) (1)

2.3.3. Briefly explain the meaning of the centrally planned economy

- Centrally planned economic system is a system by which all economic decisions are taken by the state ✓✓

(Accept any other correct relevant response) (2)

2.3.4. Who solves the economic problems of “What, How, for whom and How many to produce” in the central planned economy?

- The State/government ✓✓ (2)

2.3.5. Why did some countries such as East Germany changed from centrally planned economy to mixed economy?

- Centrally planned economy discourages competition ✓✓
- There is no private ownership of property ✓✓
- Restrict freedom of choice, movement and speech ✓✓

(Accept any other correct relevant response) (4)

2.4. Discuss the advantages of a mixed economy.

- There is private ownership of property ✓✓
- There is freedom of choice ✓✓
- Encourages economic growth ✓✓
- Improves social welfare ✓✓
- Monitors and control monopoly power ✓✓
- Encourages foreign investment ✓✓

(Accept any other correct relevant response) (4 x 2) (8)

2.5 How does the government intervene in the market economy?

- Government intervention in the market economy is limited ✓✓
- Government uses monetary and fiscal policies to manage the economy ✓✓
- Monetary policy is applied by the SARB ✓✓
- The two instruments of the monetary policy are interest rate and money supply ✓✓

- The fiscal policy is applied by the Treasury✓✓
- The two instruments of the fiscal policy are taxation and government spending✓✓**(Accept any other correct relevant response)** (4 x 2) (8)

3.1. Answer the following questions.

3.1.1. Name any two examples of final goods

- Bread✓
- Vehicle✓
- Clothes (Accept any other correct relevant response)(2 x 1) (2)

3.1.2. How will Xenophobia affect economic growth in the future?

- It will have a negative effect on economic growth, as foreigner will disinvest in South Africa✓✓

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

3.2.

3.2.1. Which country is the leader of capitalist nations in the world?

- America/USA✓ (1)

3.2.2. . Identify one advantage of capitalism referred to in the extract

- Government regulate fair trade✓
- The economy is managed and controlled✓
- The government controls and owns the most profitable and vital industries✓
- Government allows the rest of the market to operate freely✓
- Price is allowed to fluctuate freely based on demand and supply✓ (1)

3.2.3. Why do countries choose a particular economic system?

- To address the economic problems of allocation, distribution and the utilisation of resources✓✓
- To answer the economic questions of “what,”“how”,”for whom” and “how many” to produce✓✓

(Accept any other correct relevant response) (2)

3.2.4. Who owns factors of production in the market economy?

- Households, businesses and the state ✓✓ (2)

3.2.5. How does a Market economy differ from Command economy?

Market economy	Command economy
<ul style="list-style-type: none"> • Freedom of enterprise✓✓ • Private ownership of property✓✓ • Freedom of choice✓✓ 	<ul style="list-style-type: none"> • No freedom of enterprise✓✓ • No private ownership of property✓✓ • No freedom of choice✓✓

(Accept any other correct relevant response) (4)

3.3. DATA RESPONSE

3.3.1. When did households spending on durable goods the highest?

- 2016 ✓ (1)

3.3.2. What was households total spending on goods and services in 2016?

- R1 577 642 ✓ (1)

3.3.3. Explain the importance of households spending on final goods and services.

- The higher the consumption spending by households, the more needs and wants are satisfied ✓✓
 - It leads to the higher economic welfare of the households ✓✓
 - It also lead to increased demand of goods and services ✓✓
 - As more production increases, more jobs are created ✓✓
- (Accept any other correct relevant response) (2)

3.3.4. Briefly explain the concept “semi – durable goods

- Semi-durable goods are tangible goods with a shorter life-span (cycle) than durable goods ✓✓ (2)

3.3.5. Differentiate between Durable and Non-durable goods

- Durable goods are goods that last for a long time ✓✓
- Non-durable goods are goods that are used only once ✓✓ (4)

3.4. Discuss South Africa’s government actions to improve the situation of the economically marginalised groups.

- The human resource development strategy to reduce poverty ✓✓
 - The South African Schools Act to access quality education ✓✓
 - Broad Based Black economic empowerment policy to provide full economic potential ✓✓
 - Expanded Public Works Programme for creating jobs ✓✓
- (Accept any other correct relevant response) (4 x 2) (8)

3.5. How far has the South African government achieved its objective of providing a better healthcare service?

- Providing free bursaries for learners pursuing medication as a career ✓✓
- Building more health centres in rural schools ✓✓
- Attracting foreign medical experts to assist in South Africa ✓✓
- Providing free medical check-ups to most of the citizens ✓✓

(Accept any other correct relevant response and consider also negatives)

4.1.1. Give any two examples of Secondary sector industries

- Manufacturing✓
- Electricity, gas and water✓
- Construction ✓

(2 x 1) (2)

4.1.2. How does the secondary sector relate to economic development?

- It contribute to economic development as consumers earn income through its job creation✓✓

(Accept any other correct relevant response)

(1 x 2) (2)

4.2. DATA RESPONSE**4.2.1. Name the industry of the secondary sector depicted in the picture above**

- Manufacturing✓✓

(2)

4.2.2. Briefly explain the concept “secondary sector”.

- The sector that processes raw materials from primary sector into final goods and services✓✓

(2)

4.2.3. Explain the problem created by the industry above to the environment

- Pollution contaminate the environment ✓✓

(Accept any other correct relevant response)

(2)

4.2.4. What is the economic importance of the secondary sector?

- It promotes economic growth✓✓
- It produces consumer goods✓✓
- It contributes to increased self-sufficiency✓✓
- It creates employment and provide skills training✓✓
- It contributes to GDP✓✓

(Accept any other correct relevant response)

(4)

4.3. DATA RESPONSE**4.3.1. Name the production factor in the picture above.**

- Entrepreneurship✓✓

(2)

4.3.2. Explain the production factor mentioned in 4.3.1.

- A person who takes the risk of starting and financing a new business to satisfy the needs and wants of consumers by combining the other factors of production to make profit✓✓

(2)

4.3.3. Why is the production factor mentioned in 4.3.1 important to the economy of South Africa?

- Provides employment for the citizens of a community✓✓
- Combines other factors of production to produce goods and services✓✓
- Promotes healthy competition✓✓
- Creates wealth by using savings and borrowed money to buy capital goods✓✓ **(Accept any other correct relevant response) (4)**

4.4. Discuss the characteristics of labour as a factor of production.

- Labour cannot be separated from the worker✓✓
 - Labour cannot be stored and lost labour cannot be regained✓✓
 - The demand for labour is a derived demand✓✓
 - The quality of labour differs✓✓
 - The supply of labour cannot be increased over a short-term✓✓
 - Labour is linked to human rights✓✓
- (Accept any other correct relevant response) (4 x 2) (8)**

4.5. Critically analyse the beneficial reasons for community participation in the local economic planning and activities.

- Has intrinsic value for participants✓✓
 - Encourages sense of responsibility✓✓
 - Ensures that things are done the right way✓✓
 - Make people to be free from dependence on other's skills✓✓
- (Accept any other correct relevant response) (4 x 2) (8)**

ACTIVITY 26

2014 Provincial November

2.1.1 Which TWO items should be taken into account to convert basic prices to market prices?

- Taxation on products ✓
- Subsidies on products ✓ (2 x 1) (2)

2.1.2 Why should an international treaty to reduce greenhouse gas emissions

i.e. the Kyoto Protocol be implemented?

It is a legally binding agreement to reduce emission levels ✓✓
(1 x 2) (2)

2.2 Read the extract and answer the questions that follow.

2.2.1 Which economic condition most affects the less developed countries?

Harmful and excessive economic volatility ✓✓ (2)

2.2.2 What is the main concern that was addressed by the article?

Poverty ✓✓ (2)

2.2.3 How can the slow economic growth be solved in emerging economies?

- stronger fiscal policy ✓✓
- appropriate monetary policy ✓✓
- refraining from protectionism ✓✓
- Any other relevant fact (2)

2.2.4 How can the G20 nations strengthen the fiscal policy environment?

- They should invest in developing nations to stimulate the global economy ✓✓
- These countries should not unexpectedly reverse large capital inflows to emerging economies ✓✓
- Accept any other relevant fact (2 x 2) (4)

2.3 DATA RESPONSE

2.3.1 Identify the three economic activities on which the highest investment expenditure was made in 2013. Motivate your answer.

- Manufacturing ✓ R77 629 ✓
- transport, storage and communication ✓ R70 271 ✓
- community, social and personal services ✓ R64 347 ✓ (3 x 2) (6)

2.3.2 Determine the total investment expenditure in the secondary sector.

R131 960 m ✓✓ (2)

2.3.3 Determine the percentage contribution of transport, storage and communication to total fixed capital formation in 2013.

$\frac{70\,271}{406\,927} \times 100$
 $= 17,27 / 17.3 / 17 \% \checkmark\checkmark$ (2)

2.4 Discuss any TWO factors indicating the importance of the tertiary sector.

- **Contribution to GDP** ✓✓ contribution show definite increase to /contribution might be understated due to essential services not included / many activities from the informal sector is not included **Contribution to employment** / ✓✓ accommodates 65% of workforce / biggest employer ✓✓
- **Contribution to economic growth** / ✓✓ 2.6 times more than that of the primary sector and 1.7 times more than that of the secondary ✓✓
- **Contribution to exports** ✓✓ countries export services when they sell services such as insurance and port facilities to foreigners ✓✓
- **Backward and forward linkages** ✓✓ provided 13% inputs of agricultural sector and 30% of inputs of manufacturing sector and 42% inputs of construction industry ✓✓ (2 x 4) (8)

2.5 Explain how you will address any TWO marginalised groups' participation in our economy towards successful participation.

- **Discrimination on race and gender** ✓✓ can be solved by putting laws in place to empower all citizens / strict punishment against offenders ✓✓
- **Handicapped persons** ✓✓ increased payment of pension to these people so that they can enjoy a higher standard of living ✓✓
- **Ignorance and inexperience** ✓✓ start major business colleges to accommodate people from rural areas and school leavers to bridge the gap between FET phase and tertiary schooling or specialised job training ✓✓
- **Misplaced** ✓✓ offer language classes and education to refugees and poor people to empower them to earn a decent living ✓✓ (2 x 4) (8)

DATA RESPONSE

4.1.1 List TWO types of foreign trade. (2 x 1) (2)

Exports✓ Imports✓ Entrepot✓

4.1.2 Why are intermediate goods excluded in the GDP? (2 x 1)(2)

- To avoid double counting✓✓

4.2 Study the table below and answer the following questions

4.2.1 Which method was used in the calculation of the gross domestic product (GDP) above? (1)

- Production✓

4.2.2 Which sector contributed most to the GDP in 2017? (1)

Tertiary✓

4.2.3 How to do you calculate GNI? (2)

- $GNI = GDP + \text{primary income receipts} - \text{primary income payment}$ ✓✓

4.2.4 Briefly describe the term “Gross Domestic Product” (2)

- The increase in economic goods and services/change in level of economic activities over a period of time✓✓

4.2.5 Why do you think the primary sector is of great importance to the country? (4)

- They provide food and minerals✓✓
- Earn foreign exchange✓✓
- Train workers and create job opportunities✓✓
- They provide raw materials for secondary industries✓✓
- Contribute to GDP✓✓
- Source of capital creation✓✓
- Stimulate research and development✓✓

ACTIVITY 28

2017 Vhembe Mid-Year

- **2.1 1Two methods used in calculating Gross domestic product**
- Product approach GDP (P), Income approach GDP (I) and Expenditure approach GDP (E) (2 x 1= 2)

2.1.2 Explain intermediate goods

- Are goods used to produce final goods. (2)

2.2 DATA RESPONSE

2.3

2.2.1 Explain Gross Domestic Product (GDP).

- Total value of goods and services produced within the boundaries of a country in a specific period of time usually a year. (3)

2.2.2 Name three sectors found in the economy.

- Primary, Secondary and Tertiary (3)

2.2.3 What is the total of non- manufacturing and non primary sectors in 2013?

$$2,1 + 1,8 = 3,9 \quad (2)$$

2.2.4 Which sector had unfavourable performance in 2012?

- Tertiary sector (2)

2.3 DATA RESPONSE

2.3.1 Name two items included in calculating GVA (Gross value added) at factor cost

- Compensation of employees, Net operating surplus and Consumption of Fixed capital (any 2 X 1= 2)

2.3.2 Calculate gross value added at basic prices (GVA)

$$2\,372\,011 + 45\,294 - 10\,367 = 2\,406\,938 \quad (2)$$

2.3.3 What is the value of gross national income (GNI) at market prices?

$$662\,7 + 34\,099 - 87\,022 = 2\,609\,834 \quad (2)$$

2.3.4 How do we derive GDP from GNI?

$$\text{GNI} + \text{Primary income to the rest of the world} - \text{Primary income from the rest of the world.} \\ 2\,609\,834 + 87\,022 - 34\,099 = 2\,662\,757 \quad (4)$$

2.4 Explain the difference between GDP and GNP. Show the formula to calculate GDP

GDP is the value of goods and services produced within the borders of the country in a year. ✓✓ GNP is the value of goods and services produced only by permanent citizens of that country regardless of wherever they are. ✓✓

Show the formula to calculate GDP at market prices.

$$\text{GDP} = C + G + I + (X - M) \quad (8)$$

ACTIVITY 29

2018 Vhembe Mid-Year

3.1 Answer the following questions.

3.1.1 Physical capital of a business can be divided into two components. NAME them.

Fixed capital ✓✓ and working capital ✓✓ (2 X 1 = 2)

3.1.2 Nationalization – the transfer of ownership of a business from the private sector to the state (1X2=2)

3.3 DATA RESPONSE

3.2.1 Define the term *secondary sector*

Secondary sector is a sector that deals with changing/ transforming/ manufacturing raw materials into usable products or finished products ✓✓ (2)

3.2.2 Calculate the value of “*manufacturing*”.

$395 - 37 - 36 = 322$ ✓✓ (2)

3.2.3 Explain what is meant by ‘durable goods’

Durable goods are goods that take a long time/ last for a long time (2)

3.2.4 List one reason why the secondary sector of the economy is important.

It is the sector that changes raw materials into products that are usable/has utility (value). ✓✓ (2)

3.2.5 Calculate the value of ‘subsidies on products’.

$(1674 + 220) - 1888 = 6$ ✓✓ (2)

3.3 DATA RESPONSE

3.3.1 Calculate Gross value added at factor cost.

$1091✓ + 677 ✓ + 519✓ = 2287✓✓$ (4)

3.3.2 Define the term *subsidy*.

Subsidy is financial assistance given by the state to a producer/seller/ consumer ✓✓ (2)

3.3.3 Between primary income TO and FROM the world indicate which one is a receipt to South Africa and payment from South Africa.

Primary income from the world is income paid to S.A. citizens employed in any part of the world and it is a receipt to S.A. ✓✓ whereas Primary income to the rest of the world is income paid to foreign citizens employed/working in S.A. and it is payment from S.A. ✓✓ (4)

ACTIVITY 30

2019 Capricorn South Mid-Year

2.1.1. Name ANY two examples of renewable resources

- Trees. ✓
- Animals. . ✓
- Fish. ✓

(Any 2x1)(2)

2.1.2. Why are intermediate goods not included in GDP figures

- To avoid double counting. ✓✓

(1x2)(2)

2.2. DATA RESPONSE

2.2.1 Identify the method of determining Gross Domestic Product (GDP) in the table. The income method. ✓ (1)

2.2.2 Complete the item represented by A in the table.

GDP/GVA at basic price ✓

(1)

2.2.3 Describe the term gross domestic products (GDP).

Total number of all goods and services produced within the boundaries of the country in a period of time. ✓✓ (2)

2.2.4 Explain the 'Consumption of fixed capital'

Consumption on fixed capital is used in preference of generating new output ✓✓ (2)

2.2.5 Calculate the 'Gross Domestic Products @ market places' labeled (B) show all calculations.

$$2\ 820\ 262✓ + 338\ 804✓ - 20\ 086✓ = 3\ 138\ 980.✓$$

(4)

2.3 DATA RESPONSE

2.3.1 Which factor of production is represented by the picture above?

- Entrepreneurship. ✓✓

(2)

2.3.2. Explain the importance of the production factor represented above..

- The entrepreneur harnesses the factors of production in order to produce products ✓✓. A business cannot produce a product without an entrepreneur. ✓✓ (2)

2.3.3 How does the skillfulness of the entrepreneur influence profit?

- Skilled entrepreneurs can control costs, produce efficiently and estimate their prices and sales correctly. ✓✓

(2)

2.3.4 Outline TWO characteristics of natural resources.

- Their supply is limited✓✓
- Not all natural resources are renewable and can be divided into renewable and non-renewable resources.✓✓
- Their distribution is uneven✓✓
- They are used in the production of goods and services✓✓
- They have to be processed for further use✓✓ (max: 4)

2.4 Briefly discuss categories of labour.

- Skilled labour✓.-Skilled workers are workers who are qualified and experienced in their duties-✓✓ e.g. Accountant, Lawyer, Doctor✓
- Semi-skilled labour✓. –Its workers who are not fully qualified and experienced✓✓
- Non skilled labour.✓ – Workers who do not have working experience and they are not qualified for any work, they can do any general work✓✓ (max 8)

2.5.Discuss with examples, Minerals and Sea life as a composition of primary sector

- Mineral:
- Mineral production is performed by primary sector,✓✓ the production comes from natural resources, mostly produced by mines.✓✓ E.g Diamond and Gold production ✓
- Sea life:
- The sea life production is also part of the primary sector,✓✓ where the production of fish is mostly done in the sea✓✓. e.g Fishing.✓ (max 8)

ACTIVITY 31

2019 Capricorn South Mid-Year

3.1.1. Name any TWO industries in the secondary sector.

- Construction.✓
- Manufacturing.✓
- Transformation.✓

(2x1)(2)

3.1.2 Why is tertiary sector most preferable in development countries?

- It is because it contributes a lot to the GDP of the country.✓✓ (1X2)(2)

3.2 DATA RESPONSE

3.2.1 Which sector does the extract above refer to?

Tertiary sector✓✓

(2)

3.2.2 List any TWO importance of the sector in the extract.

- It contributes to GDP✓
- Promotes jobs creation.✓
- It helps stimulate economic growth✓.
- It generates state income through tax.✓
- It earns foreign exchange and encourage trade ✓

(any 2x1)(2)

3.2.3 How were black farmers discriminated against, in terms of the Land Act of 1913?

- They were precluded/ excluded from financial support that white farmers enjoyed from the government.✓

(2)

3.2.4 Briefly explain the importance of the primary sector

- Create job opportunities✓✓
- Contribute to the GDP✓✓
- Provides raw material for secondary sector ✓✓ (max. 4)
- Earns foreign exchange✓✓
- Generates income to the state. ✓✓ (accept any other relevant answer)

3.3 DATA RESPONSE

3.3.1 Which economic system is shown by the cartoon above? (2)

Capitalism/ Market Economy ✓✓ (2)

3.3.2 Briefly explain capitalism.

It is a system in which everything is controlled by the market forces, the government plays a very minimal role. ✓✓ (2)

3.3.3 Which system is used by the South African government?

Mixed Economic system ✓✓ (2)

3.3.4 What role does the government play in a centrally planned system?

The government controls everything. ✓✓ (2)

3.3.5 Why does the cartoon show 99% capitalism?

The other percent is for the government to regulate the economy. ✓✓ (2)

(Any other relevant answer)

3.4 Explain ANY TWO characteristics of mixed economy

- Profit motive exists: ✓ Business in the mixed economy are profit motivated, this happens because so of the resources of the country are privately owned. ✓✓
- Competition exists: ✓ If profits are motivated, competition will also exist in the market. ✓✓ This happens when business compete with one another in or outside the country. ✓✓
- The government does intervene in the running of the economy: ✓✓ the government is responsible for most of the things in the country, including running the economy, providing for the poor, supplying community and collective goods to the people, and minimizing corruption and crime. ✓✓
- Natural resources are privately owned: ✓ Most of the resource in the mixed economy are privately owned, this is because the private ownerships are profit motivated and can help boost the economy. ✓✓ (max 8)

3.5 Differentiate between Economic goods and Free goods:

- Economic goods: They command price ✓✓
- They have usage value and exchange value ✓✓
- Possession measure wealth ✓✓ .e.g. TV, Computer, table, house ✓
- Free goods: They do not command price. ✓✓
- They have usage value but no exchange value ✓✓
- Trees, sun, air ✓ (max 8)

ACTIVITY 32

2019 Capricorn South Mid-Year

4.1.1. Mention two kinds of infrastructure.

- Communication✓
- Energy✓
- Transport✓

4.1.2 Why electricity is important in South African economy?

- Because business and households use electricity as energy and it therefore contributes positively to the economy✓✓.
- It gives light to the country✓✓ (1x2)(2)

4.2 DATA RESPONSE

4.2.1 What commodity does Medupi generate? (2)

- Electricity/Electrical power/ Energy ✓✓

4.2.2 Explain the term infrastructure

- Basic physical and organization structures needed for a society to operate✓✓..

4.2.3. Comment on the stability in the supply of the energy in 4.2.1.

- Electricity supply is not yet stabilized as we still have load shedding ✓✓

4.2.4 How load shedding affect the South African economy.

- Load shedding retard/ slowdown the economy✓✓.it also makes investors to be uncertain about the future. ✓✓ (Accept any other relevant answer) (4)

4.3 DATA RESPONSE

4.3.1 Briefly describe tertiary sector.

The tertiary sector is the service industry of the economy as it includes a large variety of services.✓✓ (2)

4.3.2 Calculate the total contribution of the tertiary sector to the GDP

- Transport = 9%. ✓
- Finance = 21%. ✓
- Wholesale = 12%. ✓
- TOTAL = 42%. ✓✓ (max: 4)

4.3.3 Why has economic growth been driven mainly by the tertiary sector?

- It provides market for secondary sector. ✓✓
 - It provides essential services such as finance, insurance , transport etc ✓✓
 - It plays an important role in providing and maintaining the country's infrastructure. ✓✓
 - It earns foreign exchange. ✓✓
 - It stimulates the economy. ✓✓
- (Max.4)

4.4. Tabulate the difference between final goods and intermediate goods.

FINAL GOODS	INTERMEDIATE GOODS
<ul style="list-style-type: none"> • Capital goods are regarded as final goods ✓✓ 	<ul style="list-style-type: none"> • These are goods used for the production of other goods and services. ✓✓
<ul style="list-style-type: none"> • Final goods and services are bought on the product market ✓✓ 	<ul style="list-style-type: none"> • They are combined and processed to produce final goods and services ✓✓
<ul style="list-style-type: none"> • Have reached the final stage in the production process ✓✓ 	<ul style="list-style-type: none"> • Are not directly consumed ✓✓
<ul style="list-style-type: none"> • Final goods and services are divided into three categories, that is, durable, semi-durable and non-durable goods. ✓✓ 	<ul style="list-style-type: none"> • Usually bought by manufacturers ✓✓

ECONOMIC PURSUITS

SECTION B

ACTIVITY 33

2018 Provincial November

3.1 Answer the following questions;

3.1.1 Name any TWO measures of economic development. (2 x 1)(2)

- Income per capita✓ Gross Domestic Product✓
- Health✓ Education✓

3.1.2 Why infrastructure necessary for economic growth? (1 x 2) (2)

- Infrastructure plays an important role in improving competitiveness, facilitating local and international trade.✓✓

3.2 Study the extract below and answer the questions that follow

3.2.1 Identify the social indicator referred to in the above extract. (1)

- Poverty✓

3.2.2 What is the aim of Micro Finance Regulatory Council? (1)

- To promote sustainable growth of the micro – lending industries, to serve the credit needs of people.✓

3.2.2 Mention TWO benefits of the micro – lender. (2)

- Micro- lending business has been formalised and streamlined.✓✓
- Help large number of poor people who lived in poverty.✓✓
- Women are given chance to realise their potentials✓✓
- They created special savings accounts for low income group✓✓
(Accept any relevant correct response)

3.2.3 Briefly describe the term “Poverty” (2)

- It refer to people who are not able to afford the basic needs of life such as food, water, clothing, education and other social services✓✓

3.2.4 How can women be free from poverty? (4)

By:

- Developing their capabilities✓✓
- Creating job opportunities for women✓✓
- Providing income support✓✓
- Providing education that will narrow the gap between the levels of income.✓✓

3.3 DATA RESPONSE

3.3.1 Label the axis on the above graph. (2)

- Cumulative population and cumulative income✓✓

3.3.2 Name the line OE from the above graph. (2)

- Perfect equality✓✓

3.3.3 Why South Africa has the highest rate of inequality in the world? (2)

It is due to high levels of poverty, unemployment ✓✓

3.3.4 What is the relationship between the Gini coefficient and Lorenz Curve? (4)

- Both are measures for income inequality✓✓
- Lorenz curve exhibits the variance of the size distribution of income from perfect equality.✓✓
- Gini coefficient uses Lorenz curve for its calculation✓✓
- Gini coefficient divide the area between the equality line✓✓
- Lorenz curve by the total area lying to the right of equality line✓✓
- If the country's income distribution is almost equal, Lorenzo curve will be closer to the 45⁰ line and gini coefficient will be lower✓✓
- The more the unequal a country's income distribution the further its Lorenz curve is far from the 45⁰ line and the higher its Gini coefficient✓✓
- If there is perfect equality, the Lorenz curve will be the same as the 45⁰ line and Gini coefficient will be zero✓✓

3.4 Differentiate between economic growth and economic development. (2 x 4) (8)

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
<ul style="list-style-type: none"> • Is a process by which the productive capacity of the econ increases over time.✓✓ • Lead to a rising level of national income and output✓✓ • It is in real GDP.✓✓ 	<ul style="list-style-type: none"> • A process that concentrate on peoples standard of living✓✓ • Growth should lead to development✓✓ • The aim is improve the standard of living✓✓

3.5 Discuss money as a medium of exchange and as a store of value (2 x 4) (8)

Medium of exchange

- Money is generally accepted as payment for goods and services. ✓✓
- Money is the mechanism of exchange and causes the economy to be more productive. ✓✓
- The owners of factors of production are willing to exchange their resource for money ✓✓

Store of value

- Money is durable. It can be used over and over without losing its shape or size. ✓✓
- It does not get depleted or disfigured as it is exchanged from person to person. ✓✓
- Due to its durability, money acts as a store of value. Its purchasing power remains relatively constant. It can be stored and used in the future. ✓✓

4.3 Study the cartoon below and answer the questions that follow

4.3.1 Which statistical data are used to describe the condition of living and well-being of people. (2)

- Level of poverty, wealth and inequality ✓✓

4.3.2 Briefly describe the term “Urbanisation” (2)

- Urbanisation is a process by which people move from rural to urban areas to cities and towns. ✓✓

4.3.3 Why people move from rural to urban areas? (2)

- They are attracted by the better facilities and healthcare facilities ✓✓
- There are more recreational facilities ✓✓
- There are more employment opportunities in the cities. ✓✓

(accept any other correct relevant response)

4.3.4 What are the disadvantages of immigration? (4)

- Immigrants will compete for jobs, housing. ✓✓
- It may cause an oversupply of workers ✓✓
- The wage might decline ✓✓
- They need social services ✓✓

4.4. Discuss social and economic as socioeconomic services. (2 x 4) (8)

Social service

- Services are supplied by the government directly to the community, household to promote individual welfare. ✓✓

Services includes

- The education and training function which is aimed at increasing literacy. ✓✓
- Housing function, which provides houses for the needy ✓✓
- Social security function in the form of government pensions and disability allowance. ✓✓

Economic service

- Service are associated with regulating and operating the economy and the business sector more efficiently. ✓✓

The function undertaken by the government include:

- Using monetary and fiscal policies to ensure economic stability. ✓✓
- Maintaining economic order ✓✓
- Providing and maintaining infrastructure ✓✓

4.5 How can inequality be reduced? (8)

- Accelerating labour supply interventions ✓✓
- By offering financial support to poor tertiary student ✓✓
- Lifting labour supply by investing further 1% yearly of GDP into social housing ✓✓
- Improving teacher capacity and accountability ✓✓
- Stimulating labour demand and provide the finance required. ✓✓
- Creating job opportunities for unskilled workers. ✓✓

3.1 Answer the following questions.

3.1.1 List any TWO instruments of the monetary policy.

- Interest rate changes ✓
 - Open market transactions ✓
 - Moral suasion ✓
- (2 x 1) (2)
- Accept any other relevant fact.

3.1.2 How can economic growth lead to economic development?

The increase in the production of goods and services should lead to its contribution to the general prosperity of the community (satisfaction of wants and needs should increase)) ✓✓

(1 x 2) (2)

3.2 Study the cartoon and answer the questions that follow.

3.2.1 Describe the message depicted by the cartoon.

Growth and development in Africa is restricted by aids, poverty, hunger, corruption and debt ✓✓

(2)

3.2.2 Explain the concept poverty trap.

- The same family remains poor generation after generation ✓✓
 - Children have responsibilities in households and receive no or little education ✓✓
 - Communities do not have money or education to spend on capital equipment ✓✓
- Accept any other relevant fact
- (2)

3.2.3 Give any TWO benefits in kind used by government to alleviate poverty.

- Basic economic services ✓
 - Food schemes ✓
 - Health care free of charge ✓
- (2 x 1) (2)

3.3 DATA RESPONSE

3.3.1 Define the concept economic growth

An increase in the production of goods and services in a country (over a year) in physical terms (in numbers) – measured and expressed in terms of real GDP ✓✓

3.3.2 When is a country officially experiencing a recession?

When the GDP is decreasing in two consecutive quarters ✓✓ (2)

3.3.3 Give ONE reason why the economic growth reached its peak in 2010/2011

World Cup Soccer ✓✓ Accept any other relevant reason

3.3.4 How can technology be used to increase economic growth?

- Better instruments or techniques, products or processes, physical equipment or methods used to produce something ✓✓
 - New ways should be discovered so that more goods and services can be produced with similar inputs ✓✓
 - E.g. the use of cell phones and internet automation and electronics ✓✓
- (2 x 2) (4)

3.4 Discuss TWO reasons for unequal distribution of income.

- **Inequality of income** ✓✓ causes are different levels of education and training, customs, traditions and talents ✓✓ in South Africa during colonialism and apartheid blacks were subjected to inferior education and not allowed to be trained as artisans or for professional ✓✓
- **Inheritance / erflatings** ✓✓ usually it is customary that wealth is passed on from one generation to the next – leading to wealth remaining in the hands of a few ✓✓ for many decades only whites had the right to own land and businesses ✓✓
- **The market system/ die markstelsel** ✓✓ this system rewards successful people ✓✓ people with entrepreneurial talents acquire better skills, work hard and save ✓✓

3.5 How can indigenous knowledge systems be used to increase the local employment rates?

- The authority system of kings, chiefs and headmen should be put in place to restore the values, traditions and cultures of the local people ✓✓
 - Local people should become part of conservation areas and parks (saving the rhino) ✓✓
 - Testing and patenting of traditional medicines should be encouraged ✓✓
 - Create a greater awareness of the variety of activities of local people to the tourism industry – earn more foreign exchange ✓✓
- Accept any other relevant fact.(4 x 2) (8)

4.1.1 List any TWO forms of economic integration.

- Free trade areas ✓
- Customs union ✓
- Common market ✓
- Economic union ✓
- Monetary union ✓

(2 x 1) (2)

4.1.2 How will HIV/Aids affect economic growth in future?

- Affected people show a lower productivity and affects production in a negative way ✓✓

4.3 DATA RESPONSE**4.3.1 Explain the concept bank failure.**

Bank failure – is when a bank is unable to repay deposits made with it when legally obliged to do so ✓✓

4.3.2 Identify THREE reasons why Saambou Bank failed

- liquidity problems ✓
- fraud ✓
- failure of corporate governance ✓

(3 x 1) (3)

4.3.3 Which Bank bought out Saambou's operations?

First National Bank ✓✓

(1)

4.3.4 Which role did credit risk play in the Saambou bank failure fiasco?

- Banks lend money – it is their business, but if doubt about repayment of loans emerges, the bank's ability to repay deposits will be ✓✓
- When government banned loan repayment deductions from payrolls of public sector workers, doubt was created if Saambou would be able to recover the micro-loans it granted at high rates of interest ✓✓
- Depositors started with a run on the bank ✓✓

(2 x 2) (4)

4.4 How will depositors and shareholders be influenced by bank failures?

- **Depositors:** when a run on a bank starts the bank will stop repaying deposits ✓✓ when it runs out of cash and it has also no more assets to make use of the Reserve Bank's repurchasing facility ✓✓ they may or may not get all of their deposit money back – the cash reserve will not produce more than 2½ cent per rand ✓✓
- **Shareholders:** they are the last in the line to get something out of a bank failure ✓✓ at the first signs of problems the board of directors will try to sell the bank as a going concern ✓✓ Production method GDP(P) / produksiemetode ✓✓ add up the value of all final goods and services
(2 x 4) (8)

4.5 How does SARB pursue a monetary policy that is almost exclusively aimed at stabilising prices in terms of its inflation targets?

- Inflation is a continuous increase in the general level of prices over a specific period of time and calculated from a price index number ✓✓
- CPI gives the inflation rate for consumers – SARB uses changes in interest rates to stabilise inflation rates (inflation targeting) ✓✓
- The major instrument it uses for its stabilisation policy is the interest rate, because SARB can manipulate the money supply by changing the level of interest rates ✓✓
- The bank does it by means of the repo rate – a rate at which the bank lends money to banks for short periods ✓✓
Accept any other relevant fact (2 x 4) (8)

MACRO ECONOMICS

SECTION C

ACTIVITY 36

2019 Mopani East Mid-Year

Answer any ONE of the two questions in this section in the ANSWER BOOK.

Infrastructure plays an important role in the development of the economy.

Discuss the following aspects of South Africa's infrastructure:

- Communications
- Transport (26)

Briefly explain how the cell phone industry assists in reducing the exclusion of the poor from telecommunications. (10)

Introduction

The economic infrastructure of a country refers to the internal facilities that make business activity possible such as communication, transportation and distribution networks, financial institutions and energy supply systems. √√/ The basic physical structures and facilities needed for the smooth running of business activity.

(Accept any other relevant answer) (2)

Body

Main Part

1. COMMUNICATIONS

It is the movement of information throughout the world. √√/ These include the following:

Postal services √

- This is controlled by the SA Post Office, a state-owned agency. ✓✓
- Many courier companies provide this service, the only competition for the post office in the fast delivery of goods. ✓✓

Telecommunications ✓

- Telkom is the primary landline service provider. ✓✓
- Communications by means of cellular phone networks has grown more rapidly than landlines. ✓✓
- Messages and images can be sent via the telephone, cellphone and computers. ✓✓

Internet and e-mail ✓

- There are two national hubs that connect internet service providers to a single network, the Johannesburg and Cape Town internet exchange ✓✓
- Wider access to broadband, ADSL and 4G has boosted internet connectivity. ✓✓

Radio ✓

- The South African Broadcasting Corporation (SABC) is the state-funded public broadcaster. ✓✓

Television ✓

- The SABC operates the national television network with three full-spectrum free-to-air Channels and on a satellite pay-tv channel beamed mainly to audiences in Africa. ✓✓

Print media ✓

- South Africa is served by eight national, several regional and mainly local community newspapers. ✓✓ (Max 13)

2 TRANSPORT ✓

- A well-developed and reliable transport network is essential for an efficient economy. ✓✓
- It has three subsidiary companies: Spoornet; Metrorail and Transport; National Ports Authority (ports) ✓✓

Road network ✓

The transport of goods by road has greatly increased in recent years and the SA National Roads Limited (SANRAL) is responsible for improving and maintaining the national roads. ✓✓

Rail network ✓

Controlled by Spoornet and is mainly concerned with the transportation of goods but there are also long distance passenger services and Metrorail transports commuters in the cities. ✓✓

Airways ✓

State-owned SA Airways and its subsidiaries SA Express, SA Airlink and Mango provide services internally and internationally. ✓✓

Ports: ✓

Ports are divided into fishing and commercial ports ✓✓

The Transnet-National Ports authority controls the commercial ports ✓✓

Pipelines: ✓

Transnet provides a pipelines between Durban and Gauteng to transport liquid gas. ✓✓

- Gas is transported from Secunda in Mpumalanga to Durban and from Mozambique to Sasolburg. ✓✓ Accept any other relevant answer (Max: 13)
(26)

Additional Part:

Briefly explain how the cell phone industry assists in reducing the exclusion of the poor from telecommunications:

- Cell phones are readily available ✓✓
- Cheap to run ✓✓
- Cell phones can be used even if you don't have a fixed residential address ✓✓
- No waiting for landline connections. ✓✓
- No expensive monthly charges. ✓✓

(Accept any other relevant answer) (10)

Conclusion

Communication and transport have to be fast and efficient so that businesses can compete internationally and also includes information, services and people. ✓✓

(Accept any other relevant answer) (2)

[40]

South Africa is one of many countries in the world with a mixed economy.”

- Discuss the characteristics, advantages and disadvantages of a country having a mixed economy. (26)
- Explain the challenges that South Africa is currently facing. (10)

INTRODUCTION

South Africa’s mixed economy is a mixture of a market and a centrally planned (command) economy. This economic system combines the advantages of both economic systems. √√ (Max. 2)

BODY: MAIN PART

CHARACTERISTICS

- Motivation: √
 - In the private sector of the mixed economy, consumers and producers are assumed to be motivated by self-interest. √√
 - In the public sector it is assumed to be motivated by the necessity to satisfy the social needs of the community. √√
- Ownership: √
 - Consumers, producers and organisations own most of the factors of production. √√
 - The state own enterprises such as Transnet, Telkom, The Post Office, Denel, the SABC and the Rand Water Board√√
- Competition: √
 - In the private sector competition is maintained and produces a variety of goods and services which are produced. √√
 - In SA, rivalry in the private sector is maintained and promoted by the Competitions Act. √√
 - The public sector provides protection, healthcare, education, social welfare and economic services. √√
 - Government’s enterprises are monopolies. √√

- State intervention: ✓
 - Governments interfere in order to realize social and welfare objectives and to improve the functioning of markets. ✓✓

ADVANTAGES

- The private sector: ✓
 - Private ownership, the profit motive and competition are the forces that ensure the production of a great variety of goods and services. ✓✓
 - Imports supplement domestic variety and choice. ✓✓
 - Exports create employment and contribute to economic growth. ✓✓
- The public sector: ✓
 - Protection, education, healthcare, social benefits and opportunities for the poor are provided. ✓✓
 - The public sector handles the market failures by providing infrastructure and the creation of a solid economic framework. ✓✓ (laws, courts, economic rights, banks and central banking) ✓
- Optimum mix: ✓
 - The optimum mix would ensure an optimum standard of living for all citizens. ✓✓
 - Government allows sufficient room for the private sector to pursue its market objectives. ✓✓
 -
- The environment and human rights: ✓
 - Mixed economies have better environment and human rights records than either centrally planned or market economies. ✓✓
 - Attract foreign direct investment ✓✓

DISADVANTAGES

- Creating poverty ✓
 - Because the private sector has control over land and capital it may be able and inclined to exploit workers. ✓✓
 - Through imperfect markets the private sector can rob consumers and worsen the inequality of incomes and wealth. ✓✓
 - The environment and human rights are abused. ✓✓
 - Poverty grows. ✓✓
- Crowding out the private sector ✓

- Because the public sector has control over the legislature process. √√
 - The scale of taxation and public sector enterprises become so extensive that private sector businesses are crowded out, and this leads to a decrease in economic growth and employment creation. √√
 - Unemployment, inflation and fluctuating business cycles √√
 - The distribution of income not fair√√
 - Higher taxes on a few workers√√
 - Centralisation / concentration of growth in cities√√
- (Allocate a max of 8 marks for headings / subheadings / examples) (Max. 26)

ADDITIONAL PART

Analyse the problems that South Africa is facing with too much government involvement in the economy.

- High levels of poverty require more government support to the poor. √√
 - Many service delivery protests have highlighted the need for more effort from government to address the basic needs of communities. √√
 - Crime levels and general lawlessness (e.g. disobedience of road rules) requires more policing. √√
 - Maintenance and expansion of existing infrastructure (e.g. electricity and public transport) require extensive government intervention. √√
 - Inequality should be addressed by government effort through education, housing provision and redistribution programmes √√ (e.g. land) √
- (Accept any relevant answer.)
(Max. 10)

CONCLUSION

In South Africa the state intervenes in the production process as entrepreneur, organiser and lawmaker. √√ (Max. 2) (Accept any relevant higher order conclusion.)

TOTAL SECTION C: [40]

Discuss the characteristics of labour.

(26)

INTRODUCTION

Labour is that application of human mental and physical effort to produce goods and services with a view of obtaining reward in the form of income. ✓✓

BODY

Labour cannot be stored and lost labour cannot be regained

- A worker cannot store her/his labour now and use it at a later stage ✓✓
- The supply of labour cannot be suddenly increased ✓✓
- The available quantity of labour is called labour force ✓✓
- If the ability to work is not used, it is lost forever. ✓✓

Labour is fairly immovable

- Working people are normally reluctant to move, so labour is considered to be fairly immovable ✓✓
- Labour cannot be separated from the worker. ✓✓
- People do not move from place to place easily. ✓✓

Labour is intrinsically heterogeneous

- Labour cannot be standardised. ✓✓
- People differ from each other and therefore, their ability work also differently. ✓✓

The supply of labour cannot suddenly increased/depends on the size and the composition of the population as well as migration.

- A country's labour force is generally made up of people between the ages of 15 to 64. ✓✓
- The quantity of labour supplied depend on the size and the growth rate of the population. ✓✓
- Migration can also influence the supply of labour ✓✓

Labour can be classified into different categories ✓

- Labour is categorised depending on the schooling attained by workers. ✓✓
- Unskilled workers have a minimum of/ no schooling and they can only perform work that require physical effort. ✓✓
- Semi- skilled workers have low level of schooling, they have no specialised knowledge. ✓✓
- Skilled workers have a higher level of manual skills and the ability to work with tools ✓✓
- White- collar/ middle class workers, completed the minimum required schooling have undergone further training and perform mainly clerical work. ✓✓
- High level workers are professional people who have attained professional qualifications such as doctors. ✓✓

The quality of labour performed can differ✓

- The quality of work that worker performs is influence by the worker's attitude towards the work, work experience, satisfaction gained from performing the work and working conditions✓✓
- The quality of labour can be improved through education and training.✓✓
- Quality of labour force varies and is called human resource.✓✓
- Human capital refers to the skills, knowledge and health conditions of workers. ✓✓

(Accept any correct relevant response)

ADDITIONAL PART

In your opinion, how important is capital?

(10)

- By complementing other factors of productions.✓✓
- Allowing the quality labour to produce more capital goods✓✓
- Allowing better quality of labour to develop and become more complex✓✓
- Promoting high quality labour to transfer skills from one worker to another.✓✓
- Allowing workers to earn more and have high income✓✓
- Promoting higher levels of employment.✓✓
- Improving decision making that lead to improved productivity. ✓✓

CONCLUSION

Female labour is becoming an increasingly important labour market. Modern automated production system cannot operate without some form of labour✓✓

(2)

INTRODUCTION

- Mixed economic system – is a combination of market and planned economies
Resources are allocated and controlled by both government and private sector /
✓✓
Accept any relevant fact (Max 2)

BODY: MAIN PART**CHARACTERISTICS**

- Freedom of consumer choice on what to buy and consume ✓✓
- Households and producers own most production factors and government also owns some, such as land and capital ✓✓
- Consumer goods are mostly provided by the private sector and public sector provides collective and community/social goods ✓✓
- Government regulates the markets to ensure fair prices, protects workers and improves functioning of markets ✓✓
- Government ensures fair income/wealth distribution by applying laws such as taxation and subsidies and allocation of grants ✓✓
- States ensure that there is efficient monetary and fiscal policies, economic growth and price stability ✓✓
- States control unfair competition and discrimination such as monopolies and oligopolies ✓✓
Accept any relevant facts

DISADVANTAGES

- Distribution of income is still unequal ✓✓
- There are problems of unemployment, inflation and business cycles ✓✓
- Workers are exploited by employers ✓✓
- Poverty is high ✓✓
- There is human rights abuse ✓✓
- High supply of social services with excessive taxation of private sector ✓✓
- Taxation reduces private sector contribution and results in reduced economic growth and job creation ✓✓
- Too much domination of state results in bureaucracy, corruption, bribery, incompetence and wastage of scarce ✓✓
- Does not achieve high level of efficiency and does not speedily reduce poverty ✓✓
- Actions of trade unions may reduce production and may lead to job losses ✓✓
Accept any relevant facts (Max 26 marks)

ADDITIONAL PART

This discussion could be written in a negative or positive manner – agreeing or disagreeing with mixed economy as a system

Housing to the poor was an excellent initiative to bridge the gap between very poor and wealthy families OR building houses for families might lead to communities awaiting handouts without any drive to look for work and build their own houses ✓✓

- **Protection services** consist of defence, police, prisons and justice services that are collective services that can be used by all citizens of the country / has shown a steady increase in violent crimes resulting in a significant increase in the public's feeling of insecurity and should be in the hands of the private security industry checked by government ✓✓
- **Agriculture** where the government's involvement led to successful land distribution and restitution up to date where everybody can own land / government's involvement led to a sharp decrease in production of agricultural products and even further redistribution of agricultural land (1/2 the farm to the workers) that will impair production even further ✓✓
- **Living conditions (water, sanitation, electricity)** has been successful in delivering these services to most households in South Africa increasing the general standard of living of households / service delivery is poor – almost all water resources are currently in use with no reserve capacity for an increasing population, poor sanitation (polluted water resources – no upgrading) – limited electricity capacity ✓✓

Accept any relevant fact critically analysed answer

(Max 10 marks)

CONCLUSION

Accept any well motivated answer as correct (that reflects the opinion of the candidate)

It is clear from the above discussion that South Africa should continue with this system, because through state intervention, the problems of a free market system are addressed / ✓✓ or

It is clear that South Africa should change to a free market system because the free market will be more effective in delivering better quality services at lower prices due to increased competition ✓✓ or

South Africa should change to a totally centralised economy where government owns everything, no private ownership is allowed, less choices makes living easier ✓✓ (2)

“Human beings are well-equipped to use and exploit natural resources, but they lack the ability to renew them”.

Discuss in detail the characteristics of natural resources. (26)

INTRODUCTION (Max.2)

Natural resources are things that occur naturally and are gifts of nature✓✓

MAIN PART (Max.26)

Natural resources are gifts of nature✓

- They occur naturally and are gifts from God✓✓
- The need to be exploited in order to be used as a factor of production✓✓

Natural resources are distributed unevenly across the world✓

- Some countries have plenty supplies of natural resources, while others have fewer resources. ✓✓ Eg.SA is rich minerals and North Africa has large supplies of oil. ✓✓

The supply of natural resources is limited and fixed✓

- Their supply is limited because they are not man-made✓✓
- They are scarce in relation to the demand for them✓✓

They need to be processed or transformed before the can have utility✓

- Most of them cannot be used in their natural state. ✓✓
- They are processed by producers to make intermediate goods or raw materials. ✓✓

Natural resources can be renewable or non-renewable✓

- Renewable resources can replace themselves over a long period e.g. natural forests, wild animals and fish✓✓
- Non-renewable are exhaustible and destructible e.g. minerals such as gold and diamond'✓✓

The can have strategic value✓

- They are source of income for the country as they earn foreign exchange✓✓
- SA' gold and Arabian oil are some examples✓✓

ADDITIONAL PART (Max.10)

Why is labour important to the South African economy? (10)

- Capital formation or investment leads to economic growth✓✓
- Provides the largest portion of total income in the SA economy✓✓
- Labour is vital to all forms of production because no production can take place without labour✓✓
- Labour together with other factors of production are essential in the production of useful goods and services.✓✓
- Labour brings income by means of salaries and wages to households or consumers.✓✓
- Labour plays an important role in the alleviation of poverty in lowering unemployment rate✓✓

(Max.10)

(Accept any other correct relevant response)

CONCLUSION

Natural resources if combined with other factors of production, contribute to economic growth and development of the country✓✓

(Accept any other correct relevant conclusion)

(Max.2)

[40]

“Tertiary sector is the biggest economic sector of all developed countries”

Identify and discuss the elements of the tertiary sector (26)

INTRODUCTION

Tertiary sector is the sector facilitate the flow of goods and services from producers to consumers ✓✓ (Max.2)

MAIN PART (Max.26)

There are four main elements or categories of the tertiary sector:

Wholesale and retail trade, catering and accommodation

- **Wholesale** includes the resale of new and used goods to retailers, industrial, commercial, institutional or professional users or to other wholesalers, e.g. merchant wholesalers, exporters, importers and co-operatives and sales branches. ✓✓
- They frequently sort and grade goods in bulk, re-pack, re-distribute in smaller packs. ✓✓
- **Retail trade** includes the resale of new and used goods to the general public, personal or household consumption, e.g. Shops and hawkers ✓✓
- **Catering and accommodation** are services rendered by hotels and restaurants. ✓✓
- This group includes the provision on a fee basis of short-term lodging, camping space and camping facilities ✓✓
- Restaurants, bars and canteens includes the preparation and selling of food and drinks for immediate consumption on the premises ✓✓ **(Max.6)**

Transport, storage and communication

Transport industry consists of:

- **Land transport:** it is the transport or movement of people, animals and goods from one to another on land usually by rail, road and through pipes, e.g. Road transport, Railway transport and oil pipeline etc. ✓✓
- **Water transport:** it is the transport of passengers or goods over water, e.g. sea and coastal water transport. ✓✓
- **Air transport:** it is the transport of passengers or goods by air or via space ✓✓
- **Storage:** includes supporting and auxiliary transport and travel agencies activities, e.g. storage and warehousing ✓✓
- **Communication** group includes
- **national postal activities**, e.g. pick-up, transport delivery of mails and parcels ,sale of postage stamps, collection of mails and parcels from public letter boxes or from post office ✓✓
- **Courier activities** other than national postal activities, in which one or more modes of transport may be involved ✓✓

- **Telecommunications** is a group which includes the transmission of sounds, images, data or other information via cables, broadcasting or satellite✓✓
(Max.6)

Finance, insurance, real-estate and business services

The industry consists of the following services:

- Financial intermediation, except insurance and pension funding✓✓ , e.g. central bank
- Insurance and pension funding, except compulsory social security✓✓ e.g. Life insurance
- Activities auxiliary to financial intermediation, ✓✓ e.g. Security dealing activities
- Real estate activities, ✓✓ e.g. Rented properties
- Renting of machinery and equipment, without operator, and of personal and household goods, ✓✓ e.g. renting of vehicle
- Computer and related activities, ✓✓ e.g. software consultancy and supply
- Research and development✓✓
- Other business activities, ✓✓ e.g. marketing research public opinion polling (Max.6)

Community, social and personal services

- Community and social services are provided mainly by the different levels of general government✓✓
 - **The industry consists of the following services:**
- Community services, ✓✓ e.g. sanitation, water, fire-fighting and protection
- Social services, ✓✓ e.g. education, health-care and entertainment.
- Personal services, ✓✓ e.g. dental, repair, recreation, haircare and cleaning services (Max.6)

Additional part:

Evaluate the interdependence of the economic sectors. (10)

- The three sectors, namely primary, secondary and tertiary are interdependent, which means that they support each other. ✓✓
- No sector can exist in isolation from others. ✓✓
- The secondary sector depends on the primary sector for raw materials and products that it process into useful or final goods✓✓
- The secondary sector also depends on the tertiary sector for provision of services. ✓✓
- The primary sector depends on the secondary sector for manufactured goods, ✓✓ e.g. machinery, equipment and fertilisers as well as pesticides.
- The primary sector depends on the tertiary sector for other services✓✓

- The tertiary sector also depend on the secondary sector for manufacture good such as office machines, office furniture, and stationary. ✓✓
- The tertiary sector also depend on the primary sector for the provision of product for resale, such as traders in fresh produce ✓✓ **(Max.10)**

(Accept any other correct relevant response)

CONCLUSION

The economic sectors are the back-bone of economic growth in both developed and developing countries. ✓✓ **(Max.2)**

(Accept any other correct relevant conclusion)

ECONOMIC PURSUITS

ACTIVITY 42

2018 Provincial November

Discuss characteristics of developing countries (26)

INTRODUCTION

Developing countries are classified into low income, middle income and newly industrialised. They differ in their but they common features and problems ✓✓ (2)

(Accept any correct relevant response)

Low standard of living✓

- The standard of living is a measure of the material welfare of a country's inhabitants.✓✓
- It is measured in terms of the real GDP per capita.✓✓
- The standard of living in developing countries is generally low, due to low income that result in poverty, inadequate housing, poor health.✓✓
- Low per capita income✓✓
- Statistics show that the per capita income of developing countries is about one twentieth of the per capita income in developed countries.✓✓
- Lack of education/low level of education compared to developed countries.✓✓

Low levels of productivity✓

- Developing countries have access to natural resources, but level of productivity is very low caused by lack of skills, capital investments and experienced management. Low level of health among workers and Poor working conditions✓✓
- There is correlation between economic performance and hunger levels.✓✓
- Hunger is the symptom of poverty, undernourishment lead to poor health, lower learning ability and weakens physical activity, leading to lower productivity.✓✓

High population growth and dependence✓

- There is high population growth and low income. This is due to very high birth rates although they have high child mortality.✓✓
- This make few employed people responsible for those who unemployed High birth rate have high dependency ratios. Large proportion of the total population is in the younger age group, which lead to higher economic dependence.✓✓

High level of unemployment ✓

- Country with a high population growth rate and low levels of economic growth will not be able to provide enough job opportunities.✓✓
- Official unemployment figure do not include hard core unemployment, hidden unemployment and under unemployment.✓✓

Deficient infrastructure✓

- Poor infrastructure constrains the economic growth. Infrastructure plays an important role in improving competitiveness, facilitating local and international trade and increasing the country's integration into global economy. ✓✓
- Where infrastructure exist, it is not always in a good condition ✓✓
- Some countries cannot afford infrastructure development. ✓✓

Dependence on the primary sector ✓

- They depend heavily on the primary sector for survival. ✓✓
- Majority of people live and work in rural areas ✓✓
- Export from the primary sector make up more than exports of manufactured and service goods. ✓✓

(Accept any correct relevant response)

ADDITIONAL PART

How can the standard of living improve?

(10)

- Improving access to things that make life comfortable ✓✓.
- Increasing real GDP that will lead to increase in standard of living. ✓✓
- Output rising more than the total population. ✓✓
- Creating job opportunities. ✓✓
- Reducing unemployment. ✓✓
- Stimulating the supply of well - educated labour force with skills to fill the jobs that are created. ✓✓

CONCLUSION

- Standard of living of the country is a measured of the material welfare of a Country's inhabitants. ✓✓

When the population grows faster than real GDP people will be worse off. ✓✓
(accept any correct relevant response)

ACTIVITY 43

2014 Provincial November

In countries well governed, poverty is something to be ashamed of. In a country badly governed, wealth is something to be ashamed of. - Confucius

There are people in the world so hungry, that God cannot appear to them except in the form of bread. - Mahatma Gandhi

- **Discuss the effects of poverty.** (26 marks)
- **How will you contribute to reduced poverty in your community?** (10 marks)

INTRODUCTION

- Poverty – condition where people lack sufficient income and wealth Where there is lack of basic needs/items such as food, clothing, water and shelter needed for living ✓✓ Accept any relevant definition (Max 2 marks)

BODY: MAIN PART

- **Decrease in demand** ✓ aggregate demand of a country is lower than potential aggregate demand ✓✓ resources (labour) are underutilised ✓✓ high levels of unemployment usually accompany poverty ✓✓ unemployed have no purchasing power ✓✓ they do not contribute to production but they have to be fed and cared for ✓✓ is a burden on the state ✓✓ when poverty is increasing it leads to a decrease in demand for locally produced food and clothing ✓✓ might force firms to reduce their employment of staff or even close down ✓✓ / ✓✓
- **Increase in population numbers** ✓ poor has no access to credit and are unable to finance their children's education ✓✓ absence of physical or monetary investment opportunities – tend to have many children as a source of old age financial security ✓✓ population growth is also a result of people migrating from neighbouring countries ✓✓ place tremendous pressure on the environment and on natural resources and employment ✓✓
- **Decline in productivity** ✓ low income and low standard of living can lower their economic productivity ✓✓ most poor people lack education and skills ✓✓ they cannot afford nutritious food with low wages and they lack access to essential health services ✓✓ high infection with HIV/Aids with loss of worker's power ✓✓ results in low economic growth with fewer economically active persons to contribute to the economy ✓✓
- **Low rate of development** ✓ these countries spend large amounts on social security in the form of child support, poverty relief programmes and public sector work programmes ✓✓ drain government's fiscal resources ✓✓ poor not able to contribute to cost of educating their children or to the health care they receive – all becomes a burden to the state ✓✓
- **Rural-urban migration** ✓ rural areas lose their better-trained, stronger and more productive labour power ✓✓ migration to cities in search of employment and better income ✓✓ no money is sent to rural families who become increasingly impoverished (Max 26 marks)

ADDITIONAL PART

- Start small business enterprises to create more jobs ✓✓
- In service training agencies to better the skills of the local people ✓✓
- Use people from the community to better water provision to the community (replace water pipes regularly in all communities) ✓✓
- keep roads pothole-free ✓✓
- upgrading of Eskom electricity ✓✓
- look for alternative water resources from neighbouring countries (like Zimbabwe and Malawi) in exchange for other most needed products and services in those countries ✓✓ Accept any other relevant answer (Max 10 marks)

CONCLUSION

Poverty is a very serious problem in the world and the governments try various methods to reduce it. There are several strategies implemented by governments to eradicate poverty.

Accept any relevant conclusion (Max 2 marks)

\$ END \$