



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2012

**ECONOMICS
MEMORANDUM**

MARKS: 300

This memorandum consists of 18 pages.

SECTION A (Compulsory)**QUESTION 1 (LO1 – LO4)**

1.1					
LO1	1.1.1	A ✓✓	Land		
	1.1.2	C ✓✓	added.		(2)
	1.1.3	C ✓✓	market mechanism.		(2)
LO2	1.1.4	B ✓✓	left.		(2)
	1.1.5	A ✓✓	oligopoly		(2)
	1.1.6	A ✓✓	Total utility		(2)
LO3	1.1.7	C ✓✓	Capital Gains Tax		(2)
	1.1.8	B ✓✓	more expensive.		(2)
	1.1.9	B ✓✓	Debit		(2)
LO4	1.1.10	C ✓✓	rural		(2)
	1.1.11	B ✓✓	GATT.		(2)
	1.1.12	A ✓✓	environment.		(2)
1.2	1.2.1	Workforce ✓✓			(2)
	1.2.2	Relative price ✓✓			(2)
	1.2.3	Per capita income ✓✓			(2)
	1.2.4	WTO ✓✓			(2)
	1.2.5	Wealth ✓✓			(2)
1.3	1.3.1	E ✓✓	Gifts of nature		(2)
	1.3.2	G ✓✓	Total spending of consumers and non-profit institutions		(2)
	1.3.3	A ✓✓	A single seller with no close substitutes		(2)
	1.3.4	B ✓✓	Satisfaction gained from the consumption of an article		(2)
	1.3.5	D ✓✓	Spatial areas offering specific advantages to mining, manufacturing and other businesses		(2)
	1.3.6	I ✓✓	Increase in production capacity		(2)
	1.3.7	C ✓✓	An example of government intervention to reduce poverty		(2)
	1.3.8	F ✓✓	Addressed issues such as global warming and pollution		(2)

TOTAL SECTION A: 50**SECTION B (Answer any THREE questions from this section)****QUESTION 2 (LO1) (50 MARKS – 25 MINUTES)**

2.1	2.1.1	widening ✓✓			(2)
	2.1.2	final ✓✓			(2)
	2.1.3	planned ✓✓			(2)
	2.1.4	extractive ✓✓			(2)
2.2		<ul style="list-style-type: none"> • Cannot be separated from the worker ✓✓ • Cannot be stored ✓✓ • Supply cannot be increased quickly ✓✓ • Varies in quality ✓✓ 			(6)

(Any 3x2) (6)

2.3 DATA RESPONSE

- 2.3.1 Goods and services that are produced inside the borders of the country and sold to the rest of the world. ✓✓ (2)
- 2.3.2 Asia ✓✓ (2)
- 2.3.3 M or Z ✓✓ (2)
- 2.3.4
- Measures the total expenditure on the final goods and services produced in the domestic economy. ✓✓
 - It is the sum of the final uses of goods and services by SA inhabitants less the value of net imports. ✓✓
 - It can be calculated using the formula $C+G+I+X-M$. ✓✓
- (Any 2x2) (4)

2.4 DATA RESPONSE

- 2.4.1 Comprises of all structures and systems that facilitate economic activity. ✓✓ (2)
- 2.4.2
- To remain competitive ✓✓
 - To attract foreign investment ✓✓
- (4)
- 2.4.3
- Hydro-electric power ✓✓
 - Firewood ✓✓
 - Solar energy ✓✓
 - Wind energy ✓✓
 - Tidal energy ✓✓
- (Any 2x2) (4)

2.5 Motivation

- Profit motive plays an important role ✓✓
 - In the private sector of the mixed economy, consumers and producers are motivated by self-interest. ✓✓
 - The public sector is motivated by the welfare of the community. ✓✓
- (Any 2x2)

Ownership

- Consumers, producers and organisations own most of the factors of production. ✓✓
 - The state also owns land and capital through its enterprises. ✓✓
 - E.g. SABC, Eskom, Transnet, etc. ✓✓
- (Any 2x2) (8)

- 2.6
- The contribution of South African primary sector has decreased. ✓✓
 - This is because of the structural changes. ✓✓
 - RSA economy is less dependent on primary sector. ✓✓
 - Still primary sector is very important because it provides food to the domestic population. ✓✓
 - It also contributes greatly to employment and export earnings. ✓✓
- (Any 4x2) (8)

QUESTION 3 (LO2) (50 MARKS – 25 MINUTES)

- 3.1 3.1.1 economic ✓✓ (2)
 3.1.2 monopoly ✓✓ (2)
 3.1.3 substitutes ✓✓ (2)
 3.1.4 profit ✓✓ (2)
- 3.2
- Monopoly ✓✓
 - Oligopoly ✓✓
 - Monopolistic competition ✓✓ (3x2) (6)
- 3.3 **DATA RESPONSE**
- 3.3.1 Elastic supply /Relative elastic ✓✓ (2)
- 3.3.2 The relationship between the changes in price and the proportionate changes in the quantity supplied. ✓✓ (2)
- 3.3.3
- Level of employment. ✓✓
 - Level of spare capacity in the industry. ✓✓
 - Ability of the product to be stored. ✓✓
 - Industrial nature of the product. ✓✓
 - Time ✓✓ (Any 2x2) (4)
- 3.3.4 Price Elasticity of Supply = $\frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}}$ ✓ (2)
- 3.4 **DATA RESPONSE**
- 3.4.1 The additional cost to produce an additional unit. ✓✓ (2)
 3.4.2 MR = MC ✓✓ (2)
 3.4.3 R8 ✓✓✓ (3)
 3.4.4 -R2 ✓✓✓ (3)
- 3.5 **Short-run costs**
- Short-run is a period in which one or more resources cannot be changed. ✓✓
 - Short-run cost can be either fixed or variable. ✓✓
 - Fixed costs cannot be changed while variable costs can be changed. ✓✓ (Any 2x2)
- Long-run costs**
- Long-run is a period in which all costs can be changed. ✓✓
 - There are not fixed costs in the long run. ✓✓
 - All production costs are variable in the long run. ✓✓ (Any 2x2) (8)

3.6 **Substitutes**

- When close substitutes are available, demand will be elastic. ✓✓
- When there is an increase in price, buyers will move to substitutes. ✓✓
- But if substitutes are not available, demand will be inelastic ✓✓
(Any 2x2)

Necessity

- For necessities such as bread and milk, demand will be inelastic. ✓✓
- Consumers have to buy a certain quantity even when price rises. ✓✓
- But for non-necessities and luxuries demand will be elastic. ✓✓
- The demand for luxuries is elastic because consumers can live without them. ✓✓

(Any 2x2) (8) [50]

QUESTION 4 (LO3) (50 MARKS – 25 MINUTES)

- 4.1 4.1.1 higher ✓✓ (2)
 4.1.2 demand ✓✓ (2)
 4.1.3 RDP ✓✓ (2)
 4.1.4 exports ✓✓ (2)

- 4.2
- Renders income. ✓✓
 - Is measured at a specific date. ✓✓
 - Needs to be maintained. ✓✓
 - May have strings attached. (Any 3x2) (6)

4.3 **DATA RESPONSE**

4.3.1 Southern African Development Community ✓✓ (2)

- 4.3.2
- Economic well-being ✓✓
 - Improvement of standard of living and quality of life ✓✓
 - Freedom and social justice and peace and security for the people of Southern Africa. ✓✓ (Any 1x2) (2)

- 4.3.3
- Free Trade Area ✓✓
 - Customs Union ✓✓
 - Common market ✓✓
 - Economic Union ✓✓
 - Monetary Union ✓✓ (Any 2x2) (4)

- 4.3.4
- To achieve economic development and growth. ✓✓
 - Alleviation of poverty. ✓✓
 - Improve the standard of living. ✓✓
 - Maximise productive employment and utilisation of resources. ✓✓
 - Sustainable utilisation of natural resources. ✓✓
 - Effective protection of the environment. ✓✓ (Any 1x2) (2)

4.4 DATA RESPONSE

4.4.1 An instruction from an account holder authorising his bank ✓✓ to pay a sum of money to someone else. ✓✓ (4)

4.4.2

- Credit cards ✓✓
- Debit cards ✓✓
- Internet banking/electronic money/e-money ✓✓
- Postal orders and money orders. ✓✓ (Any 2x2) (4)

4.4.3

- Coins ✓✓
- Banknotes ✓✓
- Demand deposits/Deposit money ✓✓ (Any 1x2) (2)

4.5 Unequal holdings of wealth ✓✓

- Wealth generates income in the form of interests and dividends. ✓✓
- Differences in wealth cause differences in income. ✓✓

Differences in the composition of households ✓✓

- Some households are big and others are small. ✓✓

Differences in skills and qualifications ✓✓

- Those with higher levels of skills and qualifications earn higher incomes. ✓✓

Discriminations ✓✓

- The income of some groups is adversely affected because of discrimination. ✓✓
- Some people had better employment opportunities, pay and promotion chances. ✓✓ Any 2(2x2) (8)

4.6

- The quality of labour can be improved in different ways. ✓✓
- Education and training contributes to economic growth and development. ✓✓
- Improved literacy levels are essential for training. ✓✓
- Trained workers can use capital equipment effectively and efficiently. ✓✓
- The ability to work depends on the health of the workers. ✓✓
- Healthy people are more productive. ✓✓
- Motivation is necessary so that workers are alert and innovative. ✓✓
- Employment can be created through labour intensive development programmes. ✓✓
- A country has to ensure that its population can be supported by the available natural resources. ✓✓
- Unplanned families are the main cause of poverty and unemployment. ✓✓ (Any 4x2) (8)

[50]

QUESTION 5 (LO4) (50 MARKS – 25 MINUTES)

- 5.1 5.1.1 absolute ✓✓ (2)
5.1.2 trade ✓✓ (2)
5.1.3 green ✓✓ (2)
5.1.4 absolute ✓✓ (2)
- 5.2
- Employment ✓✓
 - Increased standard of living ✓✓
 - Reduced isolation ✓✓
 - More human development ✓✓
 - Economic growth ✓✓
 - World citizens ✓✓ (Any 3x2) (6)
- 5.3 **DATA RESPONSE**
- 5.3.1 The provision of energy to meet the needs of the people without compromising the ability of future generations to meet their needs. ✓✓ (2)
- 5.3.2
- Resources that can be replenished or reproduced. ✓✓
 - May become exhausted if they are not managed in a sustainable manner. ✓✓
 - E.g. flora and fauna, wildlife, etc. ✓✓ (Any 2x2) (4)
- 5.3.3
- Coal ✓✓
 - Diamonds ✓✓
 - Gold ✓✓
 - Fossil Fuels ✓✓
 - (Accept any appropriate example) (Any 2x2) (4)
- 5.4 **DATA RESPONSE**
- 5.4.1 The integration of economic activities on a world-wide scale. ✓✓ (2)
- 5.4.2 Developed and developing countries ✓✓ (2)
- 5.4.3
- United Nations (UN) ✓✓
 - World Bank ✓✓ (Any 1x2) (2)
- 5.4.4
- Technological changes ✓✓
 - Trade liberalisation ✓✓
 - Multi-national enterprises ✓✓
 - Standardisation. ✓✓ (Any 2x2) (4)

5.5 Basic economic services

- The provision of clean water, sanitation, electricity and refuse removal ✓✓
- The government is striving to provide every person with adequate facilities for health. ✓✓
- A safe sanitation facility and a refuse removal system are also provided. ✓✓

(Any 2x2)

Food schemes

- It is provided through its Integrated Food Security and Nutrition Programme. ✓✓
- This is to improve the nutrition levels in communities. ✓✓
- It is to ensure that the poorest families especially child headed families have at least one nutritious meal a day ✓✓
- Also to provide employment through community development programme to ensure sustainable food security. ✓✓

(Any 2x2) (8)

5.6

- Globalisation is dependent on transport and communication. ✓✓
- Without them the global economic supply system cannot exist. ✓✓
- Developments in both have transformed the mobility of materials. ✓✓
- There is a massive geographical expansion in the markets. ✓✓
- IT is transforming both the technologies of transport and communication. ✓✓
- Transport moves products, etc. and communication moves information. ✓✓

(Any 4x2) (8)

[50]

QUESTION 6 (LO1 AND LO3) (50 MARKS – 25 MINUTES)

- 6.1
- | | | |
|-------|-----------------|-----|
| 6.1.1 | entrepreneur ✓✓ | (2) |
| 6.1.2 | tangible ✓✓ | (2) |
| 6.1.3 | monetary ✓✓ | (2) |
| 6.1.4 | SADC ✓✓ | (2) |

- 6.2
- To strengthen the functioning of the markets. ✓✓
 - To promote economic growth and development. ✓✓
 - To ensure a redistribution of income and wealth. ✓✓

(3x2) (6)

6.3 DATA RESPONSE

- | | | |
|-------|--|---------------|
| 6.3.1 | Provincial health and education ✓✓ | (2) |
| 6.3.2 | Government/State ✓✓ | (2) |
| 6.3.3 | <ul style="list-style-type: none"> • Availability of water ✓✓ • Sanitation ✓✓ • Electricity ✓✓ • Refuse removal ✓✓ | (Any 2x2) (4) |
| 6.3.4 | <ul style="list-style-type: none"> • Free supply of water ✓✓ • Free supply of electricity ✓✓ | (Any 1x2) (2) |

6.4 DATA RESPONSE

6.4.1 South African Reserve Bank ✓✓ (2)

6.4.2 • Bank of issue ✓✓
• Government's banker ✓✓
• Custodian of gold and foreign reserves. ✓✓
• Banker's bank ✓✓ (Any 3x2) (6)

6.4.3 • Changes in interest rates ✓✓
• Open market transactions ✓✓
• Moral persuasion ✓✓ (Any 1x2) (2)

6.5 Discrimination ✓✓

- The two most common forms are racial and gender discrimination ✓✓
- It is unconstitutional and a criminal offence ✓✓

Handicapped persons ✓✓

- The two most common types are physical and mental handicaps. ✓✓
- It is difficult for those people to find formal jobs. ✓✓
- Government provides disability grants ✓✓

Ignorance and inexperience ✓✓

- People from rural areas and school leavers are in this group. ✓✓

Misplaced ✓✓

- Refugees and most poor people are victims of circumstances. ✓✓
- Language and low levels of education worsens their problem. ✓✓

Any 2(2x2) (8)

- 6.6
- South Africa has one of the highest infections in the world ✓✓
 - The rate of infection is higher among economically active population ✓✓
 - Once infected they become less productive. ✓✓
 - Eventually when they die, their knowledge and experience is lost completely. ✓✓
 - The cost of medical treatment is enormous ✓✓
 - This will have a negative impact on their savings, taxes and profits. ✓✓
 - It has a negative impact on the economic growth of the country. ✓✓

(Any 4x2) (8)

[50]

TOTAL SECTION B: 150

SECTION C (Answer any TWO questions from this section)**QUESTION 7 (LO1 AS1)**

Analyse the characteristics and importance of entrepreneurs in the economy.

INTRODUCTION

An entrepreneur is an ambitious and enterprising person who takes the initiative to start a business enterprise coordinating all other factors of production. ✓✓✓
(Accept any appropriate definition)

(3)

BODY**Characteristics****1. Take the initiative** ✓✓

- They take the initiative in any established enterprise. ✓✓
- They are the driving force behind production. ✓✓
- They also introduce new products and new techniques to the market. ✓✓
- They are dynamic leaders with creative abilities. ✓✓
- They recognise and identify business opportunities. ✓✓

2. Organise production/Combines other factors of production ✓✓

- Factors of production are brought together for production activities. ✓✓
- These resources must be used efficiently to reduce wastage. ✓✓
- They have a broad interest in many things and are open to new ideas and suggestions. ✓✓
- They are able to negotiate and motivate other people. ✓✓

3. Take risks ✓✓

- Goods are produced for future use by unknown consumers. ✓✓
- Buy at certain prices and sell at uncertain prices. ✓✓
- Sometimes income may not cover costs, and that risk will be taken by the entrepreneurs. ✓✓
- They can deal with any uncertainty and takes calculated risks. ✓✓

4. Makes decisions ✓✓

- On what to, where and for whom to produce. ✓✓
- Also decide on the quantity and quality. ✓✓
- Also make decisions on the type of business. ✓✓
- They have a clear understanding of what they want to do. ✓✓

5. Have a need to achieve ✓✓

- They have a strong desire to succeed in challenging tasks. ✓✓
- Regard the establishment of new businesses as a sense of personal achievement. ✓✓

LISTING TO A MAX OF 10 MARKS (Any 10x2) (20)

Importance

1. Ensure competitiveness ✓✓

- Entrepreneurs create competition by challenging other businesses. ✓✓
- The number of entrepreneurs in the market depends on the profitability. ✓✓

2. Creates employment ✓✓

- They are important for an economy to grow and create work opportunities for the growing population. ✓✓
- Small entrepreneurs create more job opportunities. ✓✓
- Informal sector creates more jobs than formal sector. ✓✓

3. Improves efficiency ✓✓

- Entrepreneurs with new ideas and technology use resources efficiently. ✓✓
- Efficiency increases profitability which leads to more competition. ✓✓
- They are important for guiding and combining other factors efficiently. ✓✓

4. Creation of wealth ✓✓

- Entrepreneurs entering the market create new wealth. ✓✓
- They are the driving force in any undertaking. ✓✓

LISTING TO A MAX OF 10 MARKS (Any 10x2) (20)

CONCLUSION

In a market economy, the entrepreneurs take up the challenge of combining the resources and risks associated with it. ✓✓ (2)

Use the following assessment grid together with the above to assess the discussion

MARKS	INTERPRETATION OF TOPIC
0	Candidate has shown no understanding of the topic.
1	Candidate has shown some understanding of topic but missed important aspects of topic. (1 – 15 marks)
3	Candidate has interpreted topic correctly but has not linked facts to topic. (16 – 30 marks)
5	Candidate has interpreted topic correctly and has linked facts to topic. (31 – 45 marks)

(5)
[50]

QUESTION 8 (LO2 AS1)

Explain in detail the characteristics of a perfect competitive market and conclude your essay by briefly explaining the reasons for imperfect markets.

INTRODUCTION

Perfect market is an ideal market structure which rarely exists in the real world. ✓✓✓

(Accept any appropriate introduction)

(3)

BODY**Characteristics****1. Large number of sellers ✓✓**

- A single seller is not big enough to control the market. ✓✓
- There is sufficient competition that no single producer can fix the price of the product. ✓✓
- If any seller tries to charge a higher price than market price, buyers will get it from other sellers. ✓✓
- Sellers in this market are price takers. ✓✓
- One seller cannot change the price by restricting supply. ✓✓

2. Large number of buyers ✓✓

- A single buyer is not big enough to influence the price. ✓✓
- Competition in the market determines the equilibrium price and quantity. ✓✓

3. Homogeneous products ✓✓

- The products in these markets are homogenous or identical. ✓✓
- It is impossible to differentiate the product of one producer from that of another. ✓✓
- There is no reason for buyers to prefer the product of one seller to that of another one. ✓✓
- Sellers and buyers compete with one another in terms of the price of the product. ✓✓

4. Perfect information ✓✓

- All market participants have complete and correct information about market conditions. ✓✓
- E.g. market price of the product. ✓✓

5. No collusion ✓✓

- Each buyer and seller acts independently from one another and no collusion occur. ✓✓

6. Freedom of entry and exit ✓✓

- Buyers and sellers are free to enter or leave the market. ✓✓
- There are no legal barriers or restrictions which reduce the free movement of buyers and sellers. ✓✓
- New firms can enter and compete with the existing ones. ✓✓
- Entry and exit costs are minimal. ✓✓

7. **Unregulated market** ✓✓

- There is no government interference or control in the market. ✓✓
- All decisions are left to individual buyers and sellers. ✓✓

8. **Perfect mobility** ✓✓

- All the factors of production should be able to move freely from one market to another. ✓✓

LISTING TO A MAX OF 16 MARKS (Any 16x2) (32)

Reasons for imperfect competition

- Specialised small markets with no room for many producers. ✓✓
- Large capital outlay which is out of reach of many businesses. ✓✓
- An enterprise may be the only owner of a scarce resource. ✓✓
- Producers may have copy rights or patents to the product which makes it difficult for other producers to enter. ✓✓
- Technological developments may lead to a supplier having an advantage over their competitors. ✓✓
- Insufficient knowledge of the market conditions. ✓✓

(Any 4x2) (8)

CONCLUSION

The conditions for perfect competition are very restrictive, so it is hardly surprising that no market meets all the requirements for perfect competition. ✓✓

(Any appropriate conclusion is acceptable) (2)

Use the following assessment grid together with the above to assess the discussion

MARKS	INTERPRETATION OF TOPIC
0	Candidate has shown no understanding of the topic.
1	Candidate has shown some understanding of topic but missed important aspects of topic. (1 – 15 marks)
3	Candidate has interpreted topic correctly but has not linked facts to topic. (16 – 30 marks)
5	Candidate has interpreted topic correctly and has linked facts to topic. (31 – 45 marks)

(5)
[50]

QUESTION 9 (LO3 AS2)

Fully explain the characteristics of developing countries.

INTRODUCTION

Developing countries are identified with the characteristics they display. ✓✓✓
(Accept any appropriate definition) (3)

BODY**Characteristics of developing countries****1. Low standard of living ✓✓**

- Standards of living in developed countries are low. ✓✓
- It is measured in terms of per capita income. ✓✓
- E.g. inadequate housing, poor health, limited education, etc. ✓✓

2. Low per capita income ✓✓

- Per capita income in developing countries is low. ✓✓
- They have slower growth of per capita GNI than developed countries. ✓✓
- There is greater unequal distribution of income. ✓✓

3. Greater unequal distribution of income ✓✓

- The income gap between the rich and the poor is greater in developing countries. ✓✓
- This income gap is referred to as income inequality. ✓✓

4. More poverty ✓✓

- Majority of the population in developing countries are poor. ✓✓
- People are poor because they earn less than poverty line income. ✓✓

5. Low life expectancy ✓✓

- They also have to battle against malnutrition, disease and ill health. ✓✓
- Because of malnutrition, disease and ill health, their life expectancy is low. ✓✓

6. Low levels of education ✓✓

- Low standard of living is because of low levels of education. ✓✓
- Adult literacy rate is low in developing countries. ✓✓

7. Low levels of productivity ✓✓

- Labour productivity in these countries is very low compared to developed countries. ✓✓
- This is because of the absence of factor inputs. ✓✓
- Poor nutrition during childhood restricts mental and physical growth. ✓✓
- These factors contribute to ill-health, disease and worker absenteeism. ✓✓
- Too little money is spent on developing human capital. ✓✓

8. High population growth and dependency burdens ✓✓

- Birth rates are high and death rates are low because of modern medicines. ✓✓
- The average population growth rates of developing countries are higher than developed countries. ✓✓
- Children make up the majority of the population. ✓✓
- Children and people over the age of 65 depend on the productive population. ✓✓

9. **High levels of unemployment** ✓✓

- Developing countries cannot make optimal use of their labour force. ✓✓
- There is a lot of underemployment – working for less number of hours or wages. ✓✓
- Most of the unemployed are not able to create employment for themselves. ✓✓

10. **Dependence on primary sector** ✓✓

- Majority of the population live and work in the rural areas. ✓✓
- Most of them are engaged in agricultural activities. ✓✓
- Primary sector goods are their main exports. ✓✓

11. **Deficient infrastructure** ✓✓

- All forms of infrastructure are deficient in developing countries. ✓✓

LISTING TO A MAX OF 20 MARKS (Any 20x2) (40)

CONCLUSION

Development strategies applied in developing countries differ from country to country. ✓✓ (2)

Use the following assessment grid together with the above to assess the discussion

MARKS	INTERPRETATION OF TOPIC
0	Candidate has shown no understanding of the topic.
1	Candidate has shown some understanding of topic but missed important aspects of topic. (1 – 15 marks)
3	Candidate has interpreted topic correctly but has not linked facts to topic. (16 – 30 marks)
5	Candidate has interpreted topic correctly and has linked facts to topic. (31 – 45 marks)

(5)
[50]

QUESTION 10 (LO4 AS4)

Write a detailed essay on the causes and effects of poverty.

INTRODUCTION

Poverty is a condition in which people lack the means to satisfy their basic physical needs. ✓✓✓

(Accept any appropriate definition)

(3)

BODY**Causes of poverty****1. Root causes ✓✓**

- Colonialism and imperialism – exploited colonised land and people of their wealth and power. ✓✓
- Domination, discrimination, segregation, capitalism and apartheid. ✓✓

2. Unemployment ✓✓

- The most important reason for poverty is the lack of employment. ✓✓

3. Inadequate infrastructure ✓✓

- Inadequate infrastructure increases the cost of business. ✓✓
- The cost of providing infrastructure is high and unaffordable in most poor countries. ✓✓

4. Lack of resources ✓✓

- Resources are not enough to support the population. ✓✓

5. Lack of social infrastructure ✓✓

- The most important are lack of education and healthcare. ✓✓
- Many poor countries cannot afford to provide education for the young people. ✓✓
- Economic growth and development depends on the quantity and quality of education. ✓✓
- Education will also improve productivity. ✓✓
- Health care includes nutrition, health facilities, social security, etc. ✓✓
- There is inadequate primary health care in poor countries. ✓✓

6. Lack of investment and debt ✓✓

- Poverty leads to insufficient investment and vice versa. ✓✓
- Investment is essential for growth and development. ✓✓
- Excessive debt is disadvantageous to growth and development. ✓✓

7. Lack of technological progress ✓✓

- Lack of modern technology in agriculture, manufacture and service industry. ✓✓
- Lack of technical skills and investment are the reasons for the lack of technology. ✓✓

8. Poor governance ✓✓

- Poor countries have records of poor governance. ✓✓
- Corruption and nepotism are not effectively dealt with. ✓✓
- Budgets, procedures and protocols are not followed properly. ✓✓
- Ineffective or bad policies can also lead to poverty. ✓✓

9. Violence and war ✓✓

- Violence and war occur to the disadvantage of the citizens. ✓✓
- Resources for education and health care are used for war. ✓✓
- It destroys human lives and infrastructure. ✓✓

LISTING TO A MAX OF 12 MARKS (Any 12x2) (24)

Effects of poverty**1. Social effects ✓✓**

- Poverty leads to many social problems. ✓✓
- E.g. homelessness, drug dependency, domestic violence, etc. ✓✓
- Pride and dignity are adversely affected. ✓✓
- It also negatively affects mutual respect, tolerance and peaceful co-existence. ✓✓

2. Decrease in demand ✓✓

- It leads to a decrease in aggregate demand. ✓✓
- The unemployed do not have any purchasing power. ✓✓

3. Increase in population ✓✓

- Increase in the number of children as a source of old age financial security. ✓✓
- It is also the result of migration from other countries. ✓✓
- It is also disadvantageous to the environment and employment. ✓✓

4. Decline in productivity ✓✓

- Low income and low standard of living leads to low economic productivity. ✓✓
- Most poor people lack education and skills. ✓✓
- The growing rate of HIV/Aids and absenteeism also leads to low productivity. ✓✓

5. Low rate of development ✓✓

- The need to spend more on social security drains poor countries of their fiscal resources. ✓✓
- Since people are poor, it is the responsibility of the government to provide education, health and other services. ✓✓
- It places heavy burden on government finances. ✓✓

6. Rural-urban migration ✓✓

- Poverty leads to the migration of better trained people from rural to urban areas. ✓✓
- Rural population becomes increasingly impoverished. ✓✓
- Urban areas grow in an unplanned manner without the services. ✓✓
- It results in overcrowding, crime and other social ills. ✓✓

LISTING TO A MAX OF 8 MARKS (Any 8x2) (16)

CONCLUSION

It is difficult for many poor people to break the poverty cycle because of the lack of opportunities and resources and Poverty leads to more poverty. ✓✓ (2)

Use the following assessment grid together with the above to assess the discussion

MARKS	INTERPRETATION OF TOPIC
0	Candidate has shown no understanding of the topic.
1	Candidate has shown some understanding of topic but missed important aspects of topic. (1 – 15 marks)
3	Candidate has interpreted topic correctly but has not linked facts to topic. (16 – 30 marks)
5	Candidate has interpreted topic correctly and has linked facts to topic. (31 – 45 marks)

(5)
[50]

TOTAL SECTION C: 100

GRAND TOTAL: 300