



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2017

**ECONOMICS P1
MARKING GUIDELINES**

MARKS: 150

This marking guideline consists of 17 pages.

SECTION A (COMPULSORY)**QUESTION 1****1.1 MULTIPLE-CHOICE QUESTIONS**

- | | | | |
|-------|------|----------------|--------------|
| 1.1.1 | D ✓✓ | Entrepreneur | |
| 1.1.2 | A ✓✓ | CPI | |
| 1.1.3 | D ✓✓ | Market economy | |
| 1.1.4 | A ✓✓ | Manufacturing | |
| 1.1.5 | C ✓✓ | Progressive | |
| 1.1.6 | B ✓✓ | GNI | |
| 1.1.7 | C ✓✓ | IDZ | |
| 1.1.8 | B ✓✓ | SACU | (8 x 2) (16) |

1.2 MATCHING ITEMS

- | | | | |
|-------|-----|---|-------------|
| 1.2.1 | B ✓ | Natural resources such as gold deposits, diamond, coal, oil and gold | |
| 1.2.2 | A ✓ | Banker of banks | |
| 1.2.3 | D ✓ | Child care grants and pensions | |
| 1.2.4 | C ✓ | For short-term savings and loans | |
| 1.2.5 | F ✓ | Individuals invest in any way they want, and they have a right to own property | |
| 1.2.6 | G ✓ | Amount of money that a business has available to finance its day-to-day operations. | |
| 1.2.7 | E ✓ | Use of goods and services to satisfy needs | |
| 1.2.8 | I ✓ | Goods and services that are bought for the purpose of resale | (8 x 1) (8) |

1.3 IDENTIFY THE CONCEPT

- | | | |
|-------|---------------------|-------------|
| 1.3.1 | Economic system ✓ | |
| 1.3.2 | Durable goods ✓ | |
| 1.3.3 | Natural resources ✓ | |
| 1.3.4 | Exchange rate ✓ | |
| 1.3.5 | Urbanisation ✓ | |
| 1.3.6 | Tariffs ✓ | (6 x 1) (6) |

TOTAL SECTION A: 30

SECTION B (Choose any TWO questions from this section)**QUESTION 2: MACROECONOMICS**

2.1 2.1.1 **Name TWO main economic sectors when calculating GDP (P).**

- Primary sector ✓
 - Secondary sector ✓
 - Tertiary sector ✓
- (Any 2 x 1) (2)

2.1.2 **Why is the supply of land fixed?**

- The resources are not man-made ✓✓
 - These resources are scarce in relation to the demand for them ✓✓
 - The availability of non-renewable resources cannot be increased if more resources are required ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

2.2 **DATA RESPONSE**

2.2.1 **Identify the market equilibrium for labour in the graph.**

EL ✓ (1)

2.2.2 **According to the above graph, how are wages determined in the labour market?**

By the interaction of demand for labour and supply for labour/Demand and Supply ✓ (1)

2.2.3 **Briefly describe the term *labour*.**

Application of human mental and physical effort to produce goods and services with the view of obtaining a reward in the form of income.
(Accept any other correct relevant response) (2)

2.2.4 **Explain how HIV and AIDS affect the quality of labour.**

- The supply of skilled and experienced workers will decline ✓✓
 - It will influence productivity of workers ✓✓
 - They cannot perform their tasks efficiently ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

2.2.5 **How does the National Development Plan propose to increase employment and economic growth?**

- Improving labourers' skills by means of better education and training ✓✓
- Improving the functioning of demand and supply in the labour market ✓✓
- Stimulating exports where South Africa has a comparative advantage e.g. mining and tourism ✓✓
- Snowballing investment in social and economic infrastructure ✓✓
- Raise productivity giving more people an opportunity to participate in the economy ✓✓

(Accept any other correct relevant response)

(Any 2 x 2) (4)

2.3 **DATA RESPONSE**

2.3.1 **Name the government expenditure division used in the above table.**

Functional classification ✓

(1)

2.3.2 **Indicate the service in which the government allocates most of the resources.**

Basic education/ education ✓

(1)

2.3.3 **Briefly describe the *final consumption expenditure by the government*.**

Indicates how government uses its income to finance goods and services needed by the public sector ✓✓

(Accept any other correct relevant response)

(2)

2.3.4. **Explain the importance of final consumption expenditure by the government.**

- The government is responsible for important injections into the circular flow. ✓✓
 - For reducing poverty and redistribution of wealth ✓✓ e.g. in the form of welfare grants. ✓
 - Provides a legal framework for the economy to operate efficiently. ✓✓
 - Spending on merit goods like education and healthcare creating good economic prospects for the future. ✓✓
- (Accept any other correct relevant response)

(Any 1 x 2) (2)

2.3.5 **Calculate the total percentage of health expenditure in the above table. Show all calculations**

$144,6 \checkmark / 874,2 \checkmark \times 100 \checkmark$

$=16,5\% / 17\% \checkmark$ OR accept an answer 16,5%/17% ✓✓

(4)

2.4 **Differentiate between *Gross Domestic Product (GDP)* *Gross and National Product (GNP)* as main aggregates in the economy.**

➤ **Gross Domestic Product**

- Is the total value of final goods and services produced within the borders of the country within a particular time period usually a year ✓✓
- It is also called Gross Value Added ✓✓
- Includes foreigners operating in South Africa ✓✓ (Any 2 x 2)

➤ **Gross National Product**

- Is the total value of all final goods and services produced by the permanent residents of a country within a particular time period usually a year. ✓✓
- Only includes the production/income of South Africans ✓✓ (Any 2 x 2) (8)

2.5 **How efficient is the state in addressing the disadvantages of the market system?**

The state is efficient in addressing the disadvantages of the market system by:

- Distributing the income. All decisions regarding production and distribution of income are made by the state ✓✓
- Dispersing the gains of the industry among the workers as a whole ✓✓
- Therefore there could be a much more equal distribution of income and wealth ✓✓
- Limiting externalities, conservation and sustainability. Goods that are not good for the community, or goods where there is exploitation of the environment are not produced ✓✓
- Eliminating the business cycle for income, spending and production can be controlled through central planning ✓✓
- Limiting business cycle fluctuations so that the state is in full control of economic activities ✓✓
- Deciding in which sectors capital formation must take place ✓✓
- Limiting wastage so that there is no duplication of goods and services ✓✓

(Accept any other correct relevant response)

Max.8 (8)
[40]

QUESTION 3: ECONOMIC PURSUITS**3.1 3.1.1 Name TWO functions of money.**

- Money as a medium of exchange ✓
- Money is a unit of account ✓
- A bearer of value ✓
- Money as a standard of different payments ✓ (Any 2 x 1) (2)

3.1.2 How important is an efficient infrastructure for the economy?

- In order for the economy to grow
 - Makes it possible to do business
- (Accept any other correct relevant response) (Any 1 x 2) (2)

3.2 DATA RESPONSE**3.2.1 Why do female traditional healers implement a strategy for management of indigenous knowledge systems?**

- To improve the lives of rural communities ✓
- Sustainable use of natural resources with nutritional and medicinal value ✓ (Any 1 x 1) (1)

3.2.2 Name a health-related problem that can be cured by extracts of wild plants.

- Coughs ✓
- Headaches ✓
- Heal wounds ✓ (Any 1 x 1) (1)

3.2.3 Describe the term *Indigenous Knowledge System (IKS)*.

Local knowledge that is unique to a certain culture or society ✓✓
(Accept any other correct relevant response) (2)

3.2.4 Explain the importance of indigenous knowledge systems as part of local community development.

- It provides culture-fit, problem-solving solutions ✓✓
 - Provides knowledge that has practical application for a local community's daily survival ✓✓
 - Is seen as key to sustainable social and economic development according to the Development Bank ✓✓
 - Learning from IKS can help you to understand local conditions ✓✓ and provide a productive framework for activities aimed to help communities ✓✓
 - Represents an important contribution to global development process ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

3.2.5 Why does the government implement policies to protect and promote indigenous knowledge systems?

- To consult local communities for their views and ideas before development and projects are implemented ✓✓
- It is important for the welfare of the majority of South Africans. ✓✓
- 25% of modern medicines are made from plants first used traditionally ✓✓

(Accept any other correct relevant response)

(Any 2 x 2)

(4)

3.3 DATA RESPONSE

3.3.1 Name the national provider of electricity.

Eskom ✓

(1)

3.3.2 Mention ONE source of energy in South Africa.

- Coal ✓
- Water ✓
- Nuclear power ✓

(Any 1 x 1)

(1)

3.3.3 Which institution regulates electricity in South Africa?

NERSA /National Energy Regulator of South Africa ✓✓

(2)

3.3.4 Explain why South Africa has the most highly developed telecommunication network in Africa.

- South Africa has the most advanced and reliable telephone cable system in all of Africa ✓✓
- More calls are made every day in South Africa than in the whole of Africa ✓✓

(Accept any other correct relevant response)

(Any 1 x 2)

(2)

3.3.5 How does the development of a country's infrastructure influence its population?

- Their method of travel to work or school ✓✓
- How they choose to consume and produce the goods and services ✓✓
- How they communicate and share information ✓✓

(Accept any other correct relevant response)

(Any 2 x 2)

(4)

3.4 **Briefly explain the availability and use of factors of production as methods of growing the economy.**

- Natural resources: Sustainable use of natural resources to create goods and services. ✓✓
 - Natural resources should be used in such a way that future generations will be able to meet their needs. ✓✓
 - Land can be used for new purposes that will render better returns. ✓✓
 - Labour force: the total working population must increase in relation to the total population. ✓✓
 - Knowledge and skills of the labour force should be increased through education. ✓✓
 - Capital investment: should be increased. ✓✓ New capital layout must be created and existing layouts should be expanded. ✓✓
 - This will increase the production capacity of a country. ✓✓
 - Entrepreneurship: should be encouraged. More businesses open and more employment opportunities arise. ✓✓
 - Technology: must improve. Better production techniques can be developed to increase productivity. ✓✓
- (Accept any other correct relevant response) (Any 4 x 2) (8)

3.5 **How can the government stabilise the value of money in a country?**

The government stabilise the value of money by:

- Stabilising the general price level. ✓✓
 - Impossible to keep the price level constant. ✓✓
 - Keeping inflation at a minimum level. ✓✓
 - Using monetary policy as an instrument to control inflation e.g. interest rates. ✓✓
 - Increasing the interest rate if inflation rises above the Reserve Bank's upper limit✓✓, to curb spending and decrease demand, again stabilising the value of money. ✓✓
- (Accept any other correct relevant response)

Max (8)
[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

4.1 4.1.1 **Name TWO factors that influence the labour force participation rate.**

- The age distribution of the population ✓
- Retirement and social security ✓
- Economic structures ✓
- Emancipation of women ✓

(Any 2 x 1) (2)

4.1.2 **How is the standard of living in a country determined?**

- Per capita real GDP ✓✓
- The number of material goods ✓✓
- Quality of life ✓✓
- Number of holidays per year ✓✓
- Number of patients per doctor ✓✓
- Infant mortality rates ✓✓
- Percentage population literacy ✓✓
- Religion and participation in sporting activities. ✓✓

(Any 1 x 2) (2)

4.2 **DATA RESPONSE**

4.2.1 **What type of economic system is referred to in the above extract?**

Centrally planned economy ✓

(1)

4.2.2 **Who allocates the resources in the above extract?**

Government/State ✓

(1)

4.2.3 **Briefly describe the term *economic system*.**

It is the method used by countries to allocate their resources.
(Accept any other correct relevant response)

(2)

4.2.4 **Explain how service delivery can be improved in South Africa**

- South Africa needs to rapidly improve its economic growth ✓✓ its education and health systems ✓✓, its management of environmental resources ✓✓ and its infrastructure for water, sanitation, telecommunications and transportation. ✓✓
(Accept any other correct relevant response)

(Any 1 x 2) (2)

4.2.5 **Why is South Africa regarded as a mixed economy?**

- The government plays a role in providing collective goods and services and in regulating the market ✓✓
- South Africa has a dual economy with a highly developed financial and industrial economy ✓✓
- Consumers have freedom to decide how to spend their income and what to consume ✓✓
- The government uses sufficient monetary and fiscal policy to ensure maximum economic growth and continuous stability of prices ✓✓

- The government's involvement in the markets entails intervention to control prices to protect consumers and workers. ✓✓
(Accept any other correct relevant response) (Any 2 x 2) (4)

4.3 DATA RESPONSE

4.3.1 Name any TWO major banks in South Africa according to this picture.

- First National Bank (FNB) ✓
 - Standard bank ✓
 - ABSA ✓
- (Any 2 x 1) (2)

4.3.2 Mention a value-added service provided by banks.

- Financial advice ✓✓
 - Insurance products ✓✓
 - Safety deposits boxes ✓✓
 - Stock brokering services ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

4.3.3 Explain why money can retain its value over a long time.

- Used to restore personal wealth ✓✓
 - A good medium for the storage of wealth ✓✓
 - Value of money must not change with the passage of time ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

4.3.4 What are the basic principles of credit creation by banks?

- Making loans available ✓✓
 - The banks use deposits to create credit ✓✓
 - They make the funds deposited by some clients available to other members in the form of loans ✓✓
- (Accept any other correct relevant response) (Any 2 x 2) (4)

4.4 Briefly explain how an entrepreneur creates employment and ensures competition.

➤ Create employment

- Many entrepreneurs in the informal sector start their own micro-businesses to create their own employment ✓✓
 - These businesses create self-employment as well as the employment of others. ✓✓
- (Any 2 x 2)

- **Ensure competition**
 - Entrepreneurs create competition ✓✓
 - They challenge those that have profitable businesses ✓✓
 - The supply of entrepreneur to the market is therefore also dependent on the level of profitability ✓✓
 - The higher the level of profitability, the more workers will turn into entrepreneurs ✓✓
 - This will increase the amount and variety of goods and services available, thus leaving consumers in a better position ✓✓
- (Accept any other correct relevant response) (Any 2 x 2) (8)

4.5 **How does regional economic integration remove trade barriers between member countries?**

- **Free trade area** ✓
 - Two or more countries agree to trade with each other by eliminating tariffs and other barriers to trade amongst the members ✓✓
 - Each country still has its own tariffs on imports from non-member countries ✓✓
- **Common monetary union** ✓
 - Countries situated near each other agree to use one single currency as a legal tender ✓✓
 - South Africa has such an agreement with Swaziland and Lesotho. ✓✓
- **Customs union** ✓
 - Countries agree on a single external tariff amongst member countries e.g. SACU ✓✓
- **Common market** ✓
 - Includes all the features of a customs union but also permits the free movement of capital and labour beyond the borders of member countries ✓✓
- **Monetary union** ✓
 - Member countries use a single currency to trade as with a CMA ✓✓
- **Economic union** free movement of labour and capital ✓✓
 - Economic policies are synchronised amongst member countries ✓✓

[If only listed, max 4 marks]

Max.8

[40]

TOTAL SECTION B: 80

Answer ONE question from this section.

QUESTION 5: MACRO ECONOMICS**40 MARKS-40 MINUTES**

A country's economy needs a structure within which solutions to the economic problems can be found. The economic structure divides all economic activities into different sectors. These sectors contribute to the national income of the country.

- Discuss the economic importance of the tertiary sector. (26 marks)
- How do the economic sectors link with one another? (10 marks)

INTRODUCTION

Tertiary sector is the sector that is involved in facilitating the flow of goods and services from producers to consumers ✓✓

(Any other correct relevant introduction)

Max 2

MAIN PART

- **Contributes to GDP ✓**
 - It contributes 62% of the overall GDP of South Africa. ✓✓
 - In the current technological environment it is predicted that the growth in the tertiary sector will play an even bigger role in the GDP contribution in future. ✓✓
 - The actual numbers of the tertiary sector's contribution to GDP may be understated. ✓✓
 - Many essential services are not included such as the service of homemakers and services rendered by businesses for themselves in the primary and secondary sector ✓✓ e.g. computer services, bookkeeping and training. ✓
- **Contribution to employment ✓**
 - This sector dominates employment, accounting for 60% of total employment. ✓✓
 - Job opportunities are created for all levels of labour, including unskilled labourers, ✓✓ for example cleaners, semi-skilled workers, such as machine operators and highly skilled such as dentists and teachers. ✓
 - Many South African entrepreneurs choose to start their own businesses in the tertiary sector. ✓✓
- **Contribution to exports ✓**
 - The tertiary sector exports a considerable number of services to foreign countries ✓✓ in the form of freight, insurance, transport, travel, royalties, licence fees and services such as communication. ✓
 - Countries also import services. ✓✓
- **Contribution to economic growth ✓**
 - The growth in the tertiary sector was much bigger than that of the primary sector and of the secondary sector. ✓✓
 - Over this period the tertiary sector was the engine of growth that pulled the other sectors. ✓✓

➤ **Source of income for the state ✓**

- Companies must pay tax to the South African Receiver of Revenue (SARS) ✓✓
- This money is used to provide basic services to South Africans ✓✓ for example, infrastructure (roads, housing, public transport) and welfare services ✓

Max 26

(If only listed max. of 5 marks)

ADDITIONAL PART

➤ **How do the economic sectors link with one another?**

- The secondary sector depends on the primary sector for the raw materials and products that it processes into products that are more useful. ✓✓
 - It depends on the tertiary sector for the provision of services. ✓✓
 - The primary sector depends on the secondary sector for manufactured goods such as machinery, equipment, fertilisers and pesticides. ✓✓
 - It depends on the tertiary sector for other services. ✓✓
 - The tertiary sector also depends on the secondary sector for manufactured goods, ✓✓ such as office machinery, office furniture, stationery and many more. ✓
 - It depends on the primary sector for the provision of products resale, such as traders in fresh produce. ✓✓
 - Businesses within a sector also depend on other businesses within the same sector. ✓✓
 - In the secondary sector, manufacturers make components that other manufacturers use in their final products. ✓✓
- (Accept any other correct relevant response)

Max 10

CONCLUSION

The tertiary sector is important for the economy because it includes all the services provided by the government to communities as well as personal services provided by business to individual consumers. ✓✓

(Accept any other correct relevant conclusion)

Max 2

QUESTION 6: ECONOMIC PURSUITS

Countries have various options to follow when deciding on a development strategy. Most developing countries have economic and other policies with integrated strategies for development.

- Discuss human resources and natural resources as development strategies to improve the living conditions of citizens in developing countries.
- How have basic services, such as health and welfare, improved in South Africa?

INTRODUCTION

Development strategies refer to a long-term plan to promote economic development in a country. ✓✓

(Accept any other correct relevant introduction)

Max 2

MAIN PART

➤ **Human resources**

➤ **Education and training** ✓

- The quality and quantity of education and training need to be improved to increase the skills levels of the labour force. ✓✓
- A skilled labour force will be able to use capital and apply technology in a productive manner. ✓✓

➤ **Health** ✓

- The ability to work is the biggest asset of the poor and is destroyed by ill health. ✓✓
- Health care should be improved to ensure that the labour force will be healthy, energetic and more productive. ✓✓
- These are human resource qualities that developing countries desperately need. ✓✓
- Health care includes control of diseases such as HIV/AIDS, malaria and tuberculosis. ✓✓
- There should be more access to clinics and medicines. ✓✓

➤ **Population planning** ✓

- Population growth should be managed by family planning programmes ✓✓ to ensure that the population can be supported by its natural resources and to combat poverty. ✓✓
- Households who plan their family size make sure that they can afford the cost, feeding, clothing and education of their children. ✓✓
- Unplanned families are often a root cause of poverty and unemployment. ✓✓

➤ **Motivation ✓**

- Human resources need to be motivated to work and must strive towards self-improvement. ✓✓ e.g. bonuses ✓
- This can only be achieved if the working environment is both equitable and stimulating. ✓✓
- Motivated workers are alert, adaptable and innovative. ✓✓

➤ **Natural resources**

➤ **Land ✓**

- Much of the labour force in developing countries is employed in farming. ✓✓
- Production from land can be increased by the use of chemical, fertilisers, conservation and tillage. ✓✓
- Land ownership is a strong incentive to improve and preserve the quality of the land. ✓✓
- Water is a very important element in agriculture and should therefore be used conservatively. ✓✓

➤ **Minerals and fuels ✓**

- Many developing countries exports these mineral resources in unprocessed form. ✓✓
- Production techniques should be applied to transform these raw materials into secondary and tertiary products instead of exporting only primary products. ✓✓

Max 26

(If only listed, max.6 marks)

ADDITIONAL PART

How have basic services, such as health and welfare, improved in South Africa?

- The welfare system assists disadvantaged groups through transfer payments. ✓✓
- Some examples of these groups are individuals who need child support or disability grants. ✓✓
- Basic municipal services have improved, especially in areas where previously disadvantaged groups live. ✓✓
- These services include sewerage systems; access to clean water and electricity, and basic infrastructure such as roads. ✓✓
- Access to health care has increased significantly. ✓✓
- More clinics have been established in rural areas ✓✓
- More recently the state has given the public the opportunity to obtain free HIV/AIDS counselling as well as free distribution of antiretroviral (ARVs) drugs, ✓✓ which can add many productive years to the life of a person living with HIV/AIDS. ✓✓

(Accept any other correct relevant response)

Max 10

CONCLUSION

These strategies need to be combined in such a way as to increase the rate of production in a country. ✓✓

Max.2

(Accept any other correct relevant conclusion)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150