



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 11

ECONOMICS P1

EXEMPLAR 2013

MEMORANDUM

MARKS: 150

This memorandum consists of 14 pages.

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

- 1.1.1 C fixed ✓✓
- 1.1.2 B transfer earnings ✓✓
- 1.1.3 A functional ✓✓
- 1.1.4 C value added ✓✓
- 1.1.5 B progressive ✓✓
- 1.1.6 B human ✓✓
- 1.1.7 C inverse ✓✓
- 1.1.8 A Thabo Mbeki ✓✓ (8 x 2) (16)

1.2 MATCHING ITEMS

- 1.2.1 C minerals, timber, air and fish ✓
- 1.2.2 E total revenue equals total cost ✓
- 1.2.3 A records international transactions, for example data on imports and exports ✓
- 1.2.4 B quantity of goods and services that a person can buy with his earnings ✓
- 1.2.5 F rewards successful entrepreneurs ✓
- 1.2.6 I measures the level of development of countries ✓
- 1.2.7 H MasterCard, Visa, Diner's Club ✓
- 1.2.8 G enhances the standard and quality of the lives of the people of Southern Africa ✓ (8 x 1) (8)

1.3 IDENTIFY THE CONCEPT

- 1.3.1 Economic goods ✓
- 1.3.2 Capital formation ✓
- 1.3.3 Durable consumer goods ✓
- 1.3.4 Employment Equity Act ✓
- 1.3.5 Old age-pensions ✓
- 1.3.6 Development Bank of Southern Africa ✓ (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

QUESTION 2: MACROECONOMICS

- 2.1 2.1.1 **Ownership:**✓ or
All factors of production are owned by the state, except labour ✓
Motivation:✓ or
Consumers, enterprises and government work for the common good ✓
Planning:✓ or
Resources are allocated through a planning process ✓ (2)
- 2.1.2 Entrepreneurs play a very important role in contributing to growth and progress in any economy ✓ Providing more employment will automatically lead to increased production (economic growth) ✓ (2)
- 2.2 2.2.1 Total value of final goods and services ✓ produced within the boundaries of the country for a given period of time. ✓ (2)
- 2.2.2 Household ✓ (1)
- 2.2.3 It is a balancing item such that GDP calculation is the same as the production and income method ✓✓ (2)
- 2.2.4 $3\ 571 \checkmark + 854 \checkmark - 872 \checkmark = 3\ 553 \checkmark$ (4)
- 2.2.5 SARB Bulletin✓ (1)
- 2.3 2.3.1 Tertiary sector✓ (1)
- 2.3.2 Industries that extract raw materials from nature✓✓for example fishing✓
(Accept any other relevant example) (3)
- 2.3.3
 - The percentage contribution of the primary and secondary sectors in relation to other sectors has decreased, not necessarily the quantity. ✓✓
 - The primary sector has declined steadily in contributing to the GDP. ✓✓
 - While the tertiary sector has increased to be the highest % contributor to the GDP. ✓✓
 - The % of the secondary sector has remained steady over the years ✓✓
(6)

- 2.4
- Since 1994, labour policies have been put in place to protect the rights of all employees. ✓✓
 - To help this process we have the Broad-Based Black Economic Empowerment laws and the Employment Equity Act of 1998. ✓✓
 - The National Skills Development Strategy has enabled 3,6 million people to take part in workplace learning ✓✓ and some 50 000 unemployed young people to take part in leadership programmes. ✓✓
 - Sector Education and Training Authorities (SETAs) play an important role in providing the training needed for the skills demanded by industries. ✓✓
 - Affirmative action plays an important part in new appointments in the workplace. ✓✓
 - Land distribution and land restitution ✓✓ (Any 2 x 4) (8)
- 2.5
- Makes a significant contribution to GDP ✓✓
In 2011 the contribution of the secondary sector to the GDP was 20,8%. ✓✓
 - Creates job opportunities ✓✓
E.g. secondary industries provide job opportunities for unskilled workers (cleaners) and skilled workers (engineers). ✓✓
 - Ensures economic independence ✓✓
We are of recent able to manufacture goods for domestic and world markets. ✓✓
 - Earns foreign exchange ✓✓
South Africa is not a leading industrial country, however, many of our industrial products are exported. We earn foreign exchange for these imports and use this to pay for our imports. ✓✓
 - Important area for investment ✓✓
The secondary industry needs very expensive machinery and equipment. Foreign and local investment allows for this. ✓✓
 - Ensures strategic importance in Africa: ✓✓
South Africa has the necessary minerals, technological expertise and infrastructure to play an important role in the development of Africa. ✓✓
(Any 4 x 2) (8)

[40]

QUESTION 3: ECONOMIC PURSUITS

- 3.1 3.1.1
- Black Economic Empowerment (BEE)✓
 - Land distribution✓
 - Land redistribution✓
 - Property subsidies ✓
- (Any 2 x 1) (2)
- 3.1.2 Future economic growth will decrease/decline ✓✓ (1 x 2) (2)
- 3.2 3.2.1 The percentage increase in a country's economic growth ✓✓ (2)
- 3.2.2 1st quarter in 2007✓ (2)
- 3.2.3 Growth refers to production while development refers to the quality of life of an individual or household ✓
(Any other relevant answer) (2)
- 3.2.4 More people will spend their income on alcohol✓✓ and then there will be less✓✓ to spend on other necessary goods and services, thereby decreasing the quality of life of an individual or household.(Any other relevant answer) (2 x 2) (4)
- 3.3 3.3.1 Lorenz Curve✓✓ (2)
- 3.3.2 Line of perfect equality ✓✓ (2)
- 3.3.3 Area of complete inequality✓✓ (2)
- 3.3.4 It means income inequality will be higher.✓✓ (2)
- 3.3.5 Every member of society will receive equal income.✓✓ (2)
- 3.4 **Bank of issue-** The SARB has the sole right to issue bank notes and coins.✓✓ Since 1963 the South African Bank Note Company has printed South African bank notes.✓✓ In the issuing of bank notes and coins the bank is guided by the needs of the economy.✓✓
Government's banker- The SARB is the main banker of the government✓✓ The bank renders services to the government, which are similar to those commercial banks render to their clients.✓✓ Government departments deposit their funds with the SARB and draw cheques on their accounts.✓✓ (Any 2 x 4) (8)

- 3.5
- South Africa has the 25th biggest economy (in terms of GDP) in the world.✓✓
 - South Africa has a political democracy and an economic ability similar to those of developed countries.✓✓
 - South Africa sets an example✓✓ it solved its internal political problems in a peaceful manner and its principles of democracy are adhered to and enforced by the courts of law.✓✓
 - South Africa is an independent facilitator✓✓since 1994 it was re-admitted as part of world community, where it was experienced as a country with an independent and unbiased viewpoint.✓✓
 - South Africa is involved✓✓ President Thabo Mbeki was one of the main architects of NEPAD, where this policy focuses very much on the economic development of African countries.✓✓
- (Any 4 x 2)

(8)
[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

- 4.1 4.1.1 Gini Coefficient✓ en BBP per capita✓ (2)
- 4.1.2 The intention of a progressive income tax scale is to decrease the inequality gap between rich and poor.✓✓ (2)
- 4.2 4.2.1 Skilled (1)
- 4.2.2 (a) Income as a goal✓ full sentence ✓
 (b) Labour cannot be separated from its owner. full sentence ✓
 (c) Labour cannot be stored or kept ✓ full sentence ✓
 (d) Supply cannot suddenly increase✓ full sentence ✓ (Any 1 x 2) (2)
- 4.2.3 C - Unskilled (1)
- 4.2.4 HIV/Aids (2)
- 4.2.5
- Production requires labour (physical and mental effort).
 - Economy therefore needs a suitable labour force in order to grow.
 - The labour force needs to have the right number of skilled and unskilled workers available.
 - Education is important in developing labour in a country.
 - The more educated a labour force is, the more productive they are.
 - Many South African businesses are labour intensive and so labour costs make up a big part of production costs.
 - Trade unions play an important role, however, in protecting the rights and dignity of workers, protecting their wage and encouraging employers to invest more in adult education and training. (Any 2 x 2) (4)
- 4.3 4.3.1 The budget✓ (1)
- 4.3.2 KwaZulu-Natal 23% ✓✓ (2)
- 4.3.3 Gauteng ✓ More people ✓/one of the bigger provinces/more development/bigger industries (Any other relevant answer) (3)
- 4.3.4
- Refuse removal/clinics/hospitals/job creation
 - Water/electricity/schools/skills development
 - (Any other relevant answer) (2 x 2) (4)

- 4.4
- Wireless technology has enabled entrepreneurs in remote areas to set up businesses. Knowledge is gained through communication. ✓✓
 - The sector makes an important contribution to GDP (8% in 2012). ✓✓
 - It is a source of employment for all levels of labour. ✓✓
 - South Africa is being increasingly used by large overseas companies for the outsourcing of business processes. ✓✓
 - South Africa's reputation as a leading financial services provider is largely due to a developed IT network. ✓✓ (Any 4 x 2) (8)
- 4.5
- It is seen as the key to sustainable social and economic development according to the Development Bank. ✓✓
 - Learning from indigenous knowledge can help you to understand local conditions and provide a productive framework for activities aimed to help communities. ✓✓
 - Indigenous knowledge offers problem-solving plans or strategies for local communities, especially the poor. ✓✓
 - It represents an important contribution to global development knowledge. ✓✓
 - Indigenous knowledge is an under-utilised resource in the development process. ✓✓ (Any 4 x 2) (8)
- TOTAL SECTION B: 80**
- [40]**

SECTION C

Answer ONE question from this section in the ANSWER BOOK.

STRUCTURE OF ESSAY:	MARK ALLOCATION:
Introduction	Max. 3
Body:	
• Main part: Discuss/Distinguish/Differentiate/Explain/Analyse/Evaluate/Assess	Max. 24
• Additional part: Use/Draw/Sketch a graph/diagram .../ Deduce .../Outline/Briefly explain/Expand on .../Your own opinion	Max. 6
Conclusion	Max. 2
Interpretation/Rubric	Max. 5
TOTAL	40

QUESTION 5

In the real world, most economies have a mixed economic system.

- Discuss South Africa's mixed economic system in terms of characteristics, advantages and disadvantages. (24)
- Evaluate the government's efficiency in delivery social services to local communities. (6)

INTRODUCTION

A mixed economic system is an economic system that combines the advantages of both free market and centrally-planned systems. Since 1994, South Africa has chosen a mixed economic system. ✓✓✓

Any other relevant definition.

(Max. 3)

BODY**MAIN PART****Economic characteristics of a mixed-market economy**

- Most of the factors of production are privately owned and the state limits its role to regulating, stabilising, redistributing and allocating. ✓✓
- People use their own initiative to manufacture and sell products. ✓✓
- The profit motive plays an important role in the economy. ✓✓
- In South Africa, the state intervenes in the production process as an entrepreneur, organiser and lawmaker. ✓✓
- Majority economic activities are market orientated depending on the level of government involvement. ✓✓
- The public sector provides infrastructure and public services as there is little profit motive for them to be provided by the free market. ✓✓

Advantages of a mixed-market economy

- Private ownership. Individual creativity and entrepreneurial endeavour drive the economy. ✓✓
- Ownership of possessions, e.g. house, car, etc. is transferable. ✓✓
- Individual has freedom of choice to buy whatever he/she wants. ✓✓
- The entrepreneur is entitled to a profit. ✓✓
- Encourages competition and growth. ✓✓
- The size of the government does not have to be bigger than what is necessary i.e. less bureaucracy and a more efficient allocation of resources. ✓✓
- The state is still on hand to provide essential public goods and services. ✓✓

Disadvantages of a mixed-market economy

- Scarce resources (especially labour, natural resources) could be wasted, exploited or depleted because of market failures (incorrect production decisions, private business greed) ✓✓
- Because most of the factors of production are privately owned, the individual faces the risk of possible losses or bankruptcy. ✓✓
- The quality of goods can be inferior because of lack of control by the state. ✓✓
- Socialists would argue that some mixed economies are too free (not enough state regulation and intervention) and the mix is not always right. ✓✓
- Taxes may be high to fund public goods and services. If taxes are too low there will be insufficient revenue to fund social welfare. ✓✓

(Max. 24)**ADDITIONAL PART****EVALUATION OF SOCIAL SERVICE DELIVERY**

- The state tries to uplift previously disadvantaged communities by providing social services (such as housing, education, medical services, basic services like water and electricity) to the poor. ✓✓
 - Increase in education and training- to increase literacy and improve adult literacy, e.g. building of schools, colleges, universities and technikons. ✓✓
 - Security provision – Challenging as violent crime is on the increase. ✓✓
 - Provision of housing for the needy. – State is falling short of its targets ✓✓
 - With regards to state pensions, disability grants, etc. The state is currently facing the reality of too many claimants and too few taxpayers. ✓✓
 - Increased provision of basic health services to communities. Health care now includes free health care services to women and to children under 6. ✓✓
 - Government spending on HIV/Aids has increased from R30 million in 1994 to more than R3,6 billion in 2003. ✓✓

(Max. 6)

Accept any other relevant answer.

CONCLUSION

A mixed economy is the preferred economic system in most countries because government intervention is necessary when the market fails. However, governments face many challenges in the delivery of goods and services through corruption and inefficiency. In addition the tax base in many mixed economies is small hence less money to function efficiently.

(Any other relevant conclusion)

(Max. 2)

Use the following rubric to assess the discussion above:

MARKS	INTERPRETATION OF TOPIC
1	Learner has shown limited understanding of topic and has given an inadequate response. (1–10)
2	Learner has interpreted topic correctly but has not given the desired response. (11–19)
3	Learner has interpreted topic correctly and has given some elements of the desired response. (20–25)
4	Learner has interpreted topic correctly and has linked some relevant substantive facts to the topic. (26–30)
5	Learner has interpreted topic correctly and has linked the relevant substantive facts to the topics. (31–35)

[40]

QUESTION 6

Developing countries can be classified as low-income, middle-income or newly industrialised countries.

- **Discuss the characteristics of developing countries. (24 marks)**
- **In your opinion, will the government's National Development Plan (NDP) be successful? (6 marks)**

INTRODUCTION

These countries are commonly found in the Southern Hemisphere with the exception of Australia. ✓✓✓

(Any other relevant definition.)

(Max. 3)

BODY**MAIN PART****a) Low standard of living ✓✓**

- Spending by the public as well as the private sector on housing, education and health services is low when compared to developed economies. ✓✓
- As a result the standard of living is a lot lower with people living below the poverty line. ✓✓
- Indicators of low standards of living: poor housing, low health standards, high infant mortality rates, high malnutrition levels, lack of education. ✓✓
- People are not expected to live as long as their counterparts in developed countries because of health, nutritional and other similar disadvantages. ✓✓

b) Low levels of investment ✓✓

- Countries in developing countries have huge sums of foreign debt to repay which means that these funds do not go towards much needed capital projects, e.g. bridges, hospitals, etc. ✓✓
- Savings amongst the inhabitants of the country are low because of the lower standard of living – the level of disposable income is low - hence the low levels of capital formation. ✓✓
- Developmental projects are delayed even further. ✓✓

c) Low levels of productivity ✓✓

- Measured by output per worker etc. is very low. ✓✓
- This can be attributed to factors such as poor nutrition, illiteracy, lack of good public health services, inadequate drinking water, poor sanitation and waste disposal, high incidence of environmental and water-borne diseases. ✓✓
- Lack of capital goods (investment in physical capital, e.g. machinery), low levels of managerial expertise and motivation, and a lack of access to technology also contribute to low productivity levels. ✓✓
- Monetary capital which may be used to develop human capital into more efficient labour, competent managers and entrepreneurs is also lacking. ✓✓
- Low levels of savings by the inhabitants also contribute to low productivity as a result of low levels of personal income being spent on day to day living. ✓✓

d) High population growth and burden of dependents✓✓

- Developing countries have a high population growth rate (measured by the crude birth rate) and this causes problems such as unemployment. It also puts housing, education and health services under pressure.✓✓
- This places a great burden on the economically active population. ✓✓
- In developed countries inhabitants tend to have smaller families and thus are able to save more.✓✓

e) High levels of unemployment✓✓

- Low levels of education and training and entrepreneurial knowledge add to unemployment rates.✓✓
- Large-scale unemployment occurs because jobs are not available for those who want to find employment.✓✓
- In addition to this, when the workers are not being utilised to their full potential, underemployment of employed labour occurs.✓✓

f) Dependence on the primary sector✓✓

- Primary industries tend to dominate in their ranking with subsistence farming methods instead of commercial farming dominating their economies.✓✓
- A high proportion of the population is employed in the primary sector.✓✓
- Primary products account for a high percentage of exports and dominate the economy.✓✓

g) Deficient infrastructure✓✓

- Developing countries lack a good infrastructure (roads, power generation facilities, communication systems) to develop their secondary and tertiary industries fully.✓✓
- The existing infrastructure is not well maintained.✓✓
- Poor infrastructure hampers access to markets.✓✓

(Max. 24)**ADDITIONAL PART****NATIONAL DEVELOPMENT PLAN (NDP)**

- The National Development Plan aims to eliminate poverty and reduce inequality by the year 2030.✓✓
- The plan put together by National Planning Commission, Minister Trevor Manuel contains a broad range of policy proposals describing what needs to be done to endure the country's success over medium to long term.✓✓
- The development plan is built on 6 pillars
- The effectiveness of redress measures such as black economic empowerment and employment equity must improve.✓✓
- Citizens and communities must hold their leaders accountable for their actions.✓✓
- Growing an inclusive economy (raise employment by 11 million to 24 million)✓✓
- The need to improve capabilities (public transport, port and water infrastructure)✓✓
- The need for a capable and developmental state✓✓
- Responsibilities of leaders throughout society to work together to solve our problems.✓✓

(Max. 6)

Accept any other relevant answer.

CONCLUSION

About five-sixths of the world's population live in developing countries. ✓✓
 (Any other relevant conclusion)

(Max. 2)

Use the following rubric to assess the above discussion:

MARKS	INTERPRETATION OF TOPIC
1	Learner has shown limited understanding of topic and has given an inadequate response. (1–10)
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[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150