



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2018

**ECONOMICS P1
MARKING GUIDELINE**

MARKS: 150

This marking guideline consists of 15 pages.

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

- | | | | | |
|-------|------|--------------------------|---------|------|
| 1.1.1 | A ✓✓ | Economic rent | | |
| 1.1.2 | B ✓✓ | Preferential procurement | | |
| 1.1.3 | D ✓✓ | Semi durable | | |
| 1.1.4 | C ✓✓ | Gross domestic product | | |
| 1.1.5 | B ✓✓ | Full employment | | |
| 1.1.6 | D ✓✓ | Capital gains | | |
| 1.1.7 | A ✓✓ | Property subsidy | | |
| 1.1.8 | D ✓✓ | Free trade area | (8 x 2) | (16) |

1.2 MATCHING ITEMS

- | | | | | |
|-------|-----|---|---------|-----|
| 1.2.1 | D ✓ | When a country's capital increases at a rate equal to the rate of increase of the workforce | | |
| 1.2.2 | F ✓ | Value of all assets that individuals, businesses and government own | | |
| 1.2.3 | B ✓ | Involved in the production, or extraction of raw materials | | |
| 1.2.4 | E ✓ | Occurs when the factors of production are not allocated optimally | | |
| 1.2.5 | C ✓ | Records that are kept of all final goods and services that a country produces and their total value | | |
| 1.2.6 | A ✓ | Measuring the cost of living | | |
| 1.2.7 | I ✓ | Percentage of people in a country who can read and write | | |
| 1.2.8 | G ✓ | Consumers can pay for their purchase | (8 x 1) | (8) |

1.3 GIVE ONE TERM

- | | | | | |
|-------|-------------------|--|---------|-----|
| 1.3.1 | Closed ✓ | | | |
| 1.3.2 | Entrepreneur ✓ | | | |
| 1.3.3 | Tangible ✓ | | | |
| 1.3.4 | Monetary policy ✓ | | | |
| 1.3.5 | Productivity ✓ | | | |
| 1.3.6 | Interest ✓ | | (6 x 1) | (6) |

TOTAL SECTION A: 30

SECTION B Answer any TWO of the questions from this section.**QUESTION 2: MACROECONOMICS****2.1 2.1.1 Name TWO social services provided by the government**

- Education ✓
- Health ✓
- Social protection ✓
- Housing ✓
- Public order and safety ✓

(Any other correct relevant response)

(Any 2 x 1)

(2)

2.1.2 Why are intermediate goods and services excluded when calculating the value of GDP?

- Counting them will lead to double counting ✓✓
- (Accept any other correct relevant response)

(Any 1 x 2)

(2)

2.2 DATA RESPONSE**2.2.1 What is illustrated in the above table?**

Gross value added at constant prices ✓

(1)

2.2.2 Which economic activity contributed most in 2017?

Manufacturing ✓

(1)

2.2.3 Briefly explain the term constant prices

- Are prices in which inflation has been included ✓✓
- Also known as real prices ✓✓

(Accept any other correct relevant response)

(Any 1 x 2)

(2)

2.2.4 How is GVA at basic prices converted to GDP at market prices?

- GVA at basic prices plus taxes on products minus subsidies on products is equal to GDP at market prices ✓✓

(2)

2.2.5 Calculate the total contribution of the secondary sector to the GDP at constant prices for 2016. Show all your calculations.

98 396 ✓ + 16 297 ✓ + 27 789 ✓ = 142 482 ✓

OR 142 482 ✓✓ only 2 marks

(4)

2.3 DATA RESPONSE**2.3.1 Which type of economic system is depicted above?**

Mixed economic system ✓

(1)

2.3.2 Who allocates the resources in the above economic system?

Government and private individuals ✓

(1)

2.3.3 **Briefly explain the term *mixed economic system*.**

A blend of market and planned economies in which resources are allocated on the decisions of the private sector and the government. ✓✓

(Accept any other correct relevant response).

(2)

2.3.4. **What role is played by the government in this mixed economic system?**

- Government uses policies and regulations to create and preserve the environment ✓✓ e.g. government will curb monopolistic behaviour. ✓

(Accept any other correct relevant response)

(Any 1 x 2)

(2)

2.3.5 **How efficient is the South African government at delivering social services?**

- Progress has been made in bringing better education, healthcare, housing and other social amenities to the economically marginalised groups ✓✓
- The problem of poverty still exists ✓✓ and income disparities remain enormous ✓✓
- Meanwhile HIV/AIDS is spreading at an alarming rate ✓✓
- Social services delivery is in crisis in South Africa ✓✓
- There have recently been many protests about poor service delivery ✓✓

(Accept any other correct relevant response)

[Accept both negative and positive responses]

(Any 2 x 2)

(4)

2.4 **Briefly provide reasons why people are marginalized.**

People become marginalised because of various reasons:

- The large group is the unemployed of which young unemployed people under the age of 30 forms a large proportion. ✓✓
- Farm labourers with no land ✓✓ female and child-headed households, ✓✓ orphans, people suffering from HIV/AIDS. ✓✓
- Many of these people have no income and depend on social grants ✓✓
- Marginalised groups are a result of discrimination ✓✓ e.g. gender, race ✓
- War and conflict lead to people fleeing their homes and becoming marginalised ✓✓ e.g. refugees and immigrants ✓

(Accept any other correct relevant response)

(Any 4 x 2)

(8)

2.5 **Why is it difficult to change real capital?**

It is difficult to change real capital because:

- It loses its mobility ✓✓
- Using real capital for different purposes ✓✓
- Building is occupationally mobile because it can be used for different purposes ✓✓
- It is geographically immobile because it is impossible to move the building to a different place ✓✓

(Accept any other correct relevant response)

(4 x 2)

(8)

[40]

QUESTION 3: ECONOMIC PURSUITS**3.1 3.1.1 Name any TWO economic indicators.**

- Population ✓
- Infrastructure ✓
- Consumption, poverty and wealth ✓
- Production ✓
- Government finances ✓
- Foreign trade ✓
- Economic freedom and competitiveness ✓ (Any 2 x 1) (2)

3.1.2 How does wealth differ from income?

- Wealth consists of property, vehicles and equipment owned at a specific point in time. ✓✓
- Income is the reward that owners of factors of production receive for using it in the production process ✓✓
(Accept any other correct relevant response) (Any 1 x 2) (2)

3.2 DATA RESPONSE**3.2.1 Name any transport system used in South Africa in the above diagram.**

- Bus system/road transport ✓
- Air plane/air transport ✓
- Train\Gautrain/rail transport ✓ (1)

3.2.2 Which Agency maintains national and toll roads in South Africa?

South African National Road Agency (SANRAL) ✓ (1)

3.2.3 Why did the government introduce the Bus Rapid Transport (BRT) in South Africa?

- Addresses congestion on roads ✓✓
- Contributes to economic growth ✓✓
- Provides an innovative way for implementing high quality public transport network ✓✓
- World class and affordable ✓✓
(Accept any other correct relevant response) (Any 1 x 2) (2)

3.2.4 Explain the reason for government investing money in public transport

- To improve transport system for both rural and urban areas ✓✓
- To make transport system more affordable for commuters ✓✓
(Accept any other correct relevant response) (Any 1 x 2) (2)

3.2.5 What is the positive impact of the Taxi Recapitalisation programme?

- To have a taxi industry that supports a strong economy ✓✓
- Put passengers first and meet the country's socio- economic objectives. ✓✓
(Accept any other correct relevant response) (Any 2 x 2) (4)

3.3 DATA RESPONSE

- 3.3.1 **What does SADC stands for?**
South African Development Community ✓ (1)
- 3.3.2 **Name any member state of the SADC as shown in the above map**
- South Africa ✓
 - Lesotho ✓
 - Namibia ✓
 - Botswana ✓
 - Swaziland ✓
 - Mozambique ✓
 - Angola ✓
 - DRC ✓
 - Tanzania ✓
 - Mauritius ✓
 - Seychelles ✓
 - Zimbabwe ✓
- (Any 1 x 1) (1)
- 3.3.3 **What is the main focus of the SADC?**
- Promote economic cooperation and integration among member counties ✓✓
 - To strengthen regional unity, peace and security ✓✓
 - To introduce common economic, political and social values and systems ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)
- 3.3.4 **Briefly explain *urbanisation* as a social indicator**
- South Africa is the ninth most urbanised country in Africa ✓✓
 - The level of urbanisation of a country is an indication of its level of development ✓✓
 - Industrial activities are a pulling force, such activities happen in urban areas ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)
- 3.3.5 **How has the HIV/Aids pandemic affected economic growth?**
- Millions of children have been left orphaned ✓✓
 - The number of teachers is decreasing and this lowers the quality of education ✓✓
 - Businesses are struggling to compensate sick workers and train new staff ✓✓
 - Productivity levels of the workforce are also negatively affected
 - Employment has decreased ✓✓
- (Accept any other correct relevant response ✓✓) (Any 2 x 2) (4)

3.4 Briefly explain how wealth is created through savings

Wealth is created by means of savings: even if wealth was inherited, someone from a previous generation must have saved money for the purpose of buying the asset. ✓✓

- Savings comes from income; income that is not consumed is saved. ✓✓
- People accumulate wealth, or save when they do not use all of their income. ✓✓
- They gather wealth when they keep their cash, make deposits, invest their money and pay premiums on insurance policies. ✓✓
- Businesses invest their profits in, to expand their business. ✓✓
- Governments accumulate wealth and save when there is a surplus on the budget. ✓✓

(Accept any other correct relevant response)

(Any 4 x 2) (8)

3.5 Why are indigenous knowledge systems important for local communities?

IKS is important by:

- Sustaining social and economic development. ✓✓
- Helping people to understand local conditions. ✓✓
- Providing a productive framework for activities aimed to help communities. ✓✓
- Offering problem-solving plans or strategies for local communities, especially the poor ✓✓
- Representing an important contribution to global development of knowledge. ✓✓
- Underutilising resource in the development process ✓✓

(Accept any other correct relevant response)

Max. (8)

[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

4.1 4.1.1 Name TWO kinds of primary sector operations.

- Agriculture ✓
- Fishing
- Mining ✓

(Any 2 x 1) (2)

4.1.2 What effect does a low economic growth rate have on the economy?

- Will cause increase in poverty ✓✓
- Malnutrition ✓✓
- Less job opportunities ✓✓
- Hunger/Starvation ✓✓

(Accept any other correct relevant response)

(Any 1 x 2) (2)

4.2 DATA RESPONSE

- 4.2.1 **Identify the method used in the above table.**
Expenditure method/GDP(E) ✓ (1)
- 4.2.2 **Name any other method that can be used to calculate the GDP at market prices**
 - Production/GDP (P) ✓
 - Income/GDP(I) ✓
 (Any 1 x 1) (1)
- 4.2.3 **Explain the following components: $GDE = C + G + I$**
 Gross domestic expenditure = Consumption expenditure by household + Government expenditure + Investment by South African businesses ✓✓ (2)
- 4.2.4 **Briefly describe the term *Gross domestic expenditure*.**
 GDE indicates the total value of spending originating within the borders of the country ✓✓
 (Accept any other correct relevant response) (2)
- 4.2.5 **Calculate the GDP at market prices. Show all calculations**
 $360\ 000 \checkmark + 45\ 000 \checkmark - 65\ 000 \checkmark = 340\ 000 \checkmark$
OR $340\ 000 \checkmark \checkmark$ [if only the answer given is 2 marks] (4)

4.3 DATA RESPONSE

- 4.3.1 **What percentage is the enrolment in secondary education?**
57% ✓ (1)
- 4.3.2 **What impact does the literacy rate have on wealth?**
 - Few job prospects ✓
 (1)
- 4.3.3 **What has led to the low enrolment in tertiary education?**
 - Matric failure ✓✓
 - Failure to meet admission requirements ✓✓
 - Lack of motivation ✓✓
 - Socio economic reasons ✓✓
 - Teenage pregnancy ✓✓
 - Poverty ✓✓
 - Drug abuse ✓✓
 (Accept any other correct relevant response) (Any 1 x 2) (2)
- 4.3.4 **Explain how lack of education can lead to a low standard of living.**
Lack of education can lead to:
 - Low income per capita ✓✓
 - Lower access to goods and services ✓✓
 - Poor housing ✓✓
 - Low standard of health ✓✓
 - Low life expectancy ✓✓
 (Accept any other correct relevant response) (Any 1 x 2) (2)

4.3.5 **How should higher education inequalities be addressed to improve the standard of living of South Africa?**

The standard of living could be improved by:

- proper training and skilling of school management to become efficient and effective ✓✓
 - provisioning of sound educational infrastructure in the form of laboratories and libraries ✓✓
 - up skilling and reskilling of the teachers ✓✓
 - insisting on a sound teaching and learning atmosphere ✓✓
- (Accept any other correct relevant response)

4.4 **Differentiate between *economic growth* and *economic development*.**

Economic growth	Economic development
• Is an increase in the productive capacity of the economy ✓✓	• Is an increase in the standard of living of people in a country ✓✓
• Is measured as a percentage change in real GDP ✓✓	• Deals with issues such as education literacy, healthcare, employment and environmental sustainability ✓✓
• Concerned with goods and services ✓✓	• Concerned with people and human development ✓✓
• Is necessary input for economic development ✓✓ (Any 2 x 2)	• Growth should lead to development ✓✓ (Any 2 x 2)

(8)

4.5 **Why is capital formation important to the South African economy?**

- Capital goods increase the efficiency of labour and increase all the economic activities ✓✓
 - Increases the country's ability to produce wealth ✓✓
 - When the stock of fixed capital in a country grows at a rate that is greater than the growth rate of the labour force, it will lead to an increase in real GDP ✓✓
 - Creates jobs/job opportunities ✓✓
 - Shows how much of the new value added in the economy is invested rather than consumed ✓✓
- (Accept any other correct relevant response)

Max.8

(8)
[40]

TOTAL SECTION B: 80

SECTION C (ANSWER ONE QUESTION FROM THIS SECTION)

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction <ul style="list-style-type: none"> • A good starting point would be to define a concept or key word that appears in the question. • Include other sentences to support the topic. • Do not include any part of the question in your introduction. • Do not repeat any part of the introduction in the body. • Avoid saying in the introduction what you are going to discuss in the body. 	Max. 2
Body: <ul style="list-style-type: none"> • Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate • Additional part: Give own opinion/Critically discuss/Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Calculate/Deduce/Compare/Explain/Distinguish/Interpret/Briefly debate/How/Suggest/Use the information and argue, debate, evaluate ... 	Max.26 Max. 10
Conclusion <ul style="list-style-type: none"> • The conclusion is a wrap-up of the discussion of the topic in the body and should be treated as a higher order response. • The conclusion can take the form of an own opinion, with examples to support your discussion or contradictory viewpoint from what has been discussed. • No aspect from either the introduction or the body should be included in the body 	Max. 2
TOTAL:	40

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

- Briefly discuss the characteristics of labour. (26 marks)
- Draw a graph that shows a fixed supply of land and briefly explain how an increase in demand will have an effect on rent. (10 marks)

INTRODUCTION

Labour is the use of human mental and physical effort to produce goods and services to get a reward in the form of income. ✓✓

(Any other correct relevant introduction)

Max. 2

MAIN PART**Characteristics of labour**

- **Labour cannot be separated from worker** ✓
 - Labour is provided by people and cannot be separated from their humanity ✓✓
 - The quality of people's work is affected by their feelings. ✓✓
 - General Job satisfaction, which includes fair remuneration and pleasant working conditions, contributes to the quality and quantity of work done. ✓✓
- **Labour cannot be stored and hoarded** ✓
 - People cannot lock away their labour, for instance when they are young and healthy and sell it when they are old and unproductive ✓✓
 - Labour ability, whether it is used or not, disappears with time ✓✓
 - The labour that is lost during a strike can never be regained ✓✓
 - The labour effort that you failed to put into your learning when you went to a party the night before an exam is lost forever ✓✓
- **Labour varies in quality** ✓
 - The quality of the work done by identically trained people, or even the same person at different times, can/is likely to differ ✓✓
 - The more comprehensive and complicated a task, the greater the difference in the quality of the work will be ✓✓
 - The simpler and shorter a task, the less the difference will be ✓✓
 - For the reason, specialisation of labour is imperative ✓✓
 - Tasks are made short and simple ✓✓
 - This ensures that the quality of work is consistent ✓✓
- **The demand for labour is a derived demand** ✓
 - The demand for labours a derived demand because the demand depends on the demand for thee goods and services produced with the assistance of labour inputs. ✓✓
 - The demand for labour also depends on the productivity of the workers as well as the availability of the other factors of production. ✓✓
- **The supply of labour depends on the size and composition of the population as well as on migration** ✓
 - The quality of labour supplied in any country depends on the size and growth rate of the population, the composition of the population and proportion of the population that is able and willing to work ✓✓
- **Labour is fairly immovable** ✓
 - Working people are normally reluctant to move, so labour is considered to be fairly immovable ✓✓

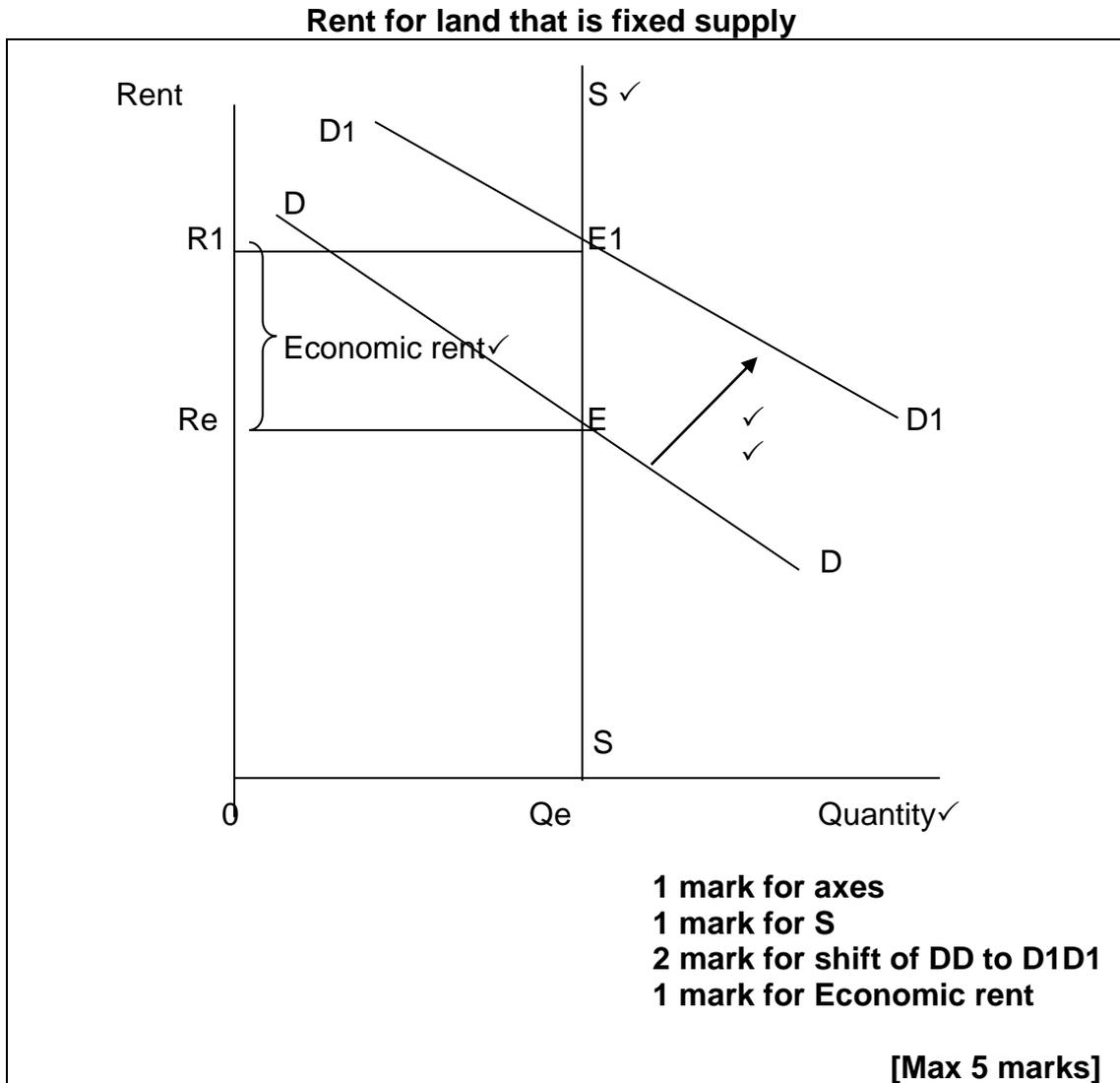
- **The supply of labour cannot be increased over a short period of time ✓**
 - The supply of labour is dependent on the given labour force of a country ✓✓
 - If more workers are required in an industry, the supply of labour cannot be increased immediately because available unemployed workers first ✓✓ have to be trained

- **Labour is linked to human rights ✓**
 - Workers performance and employers treatment of workers in the work place are linked to the human rights of individual workers ✓✓
 - All employees have to respect these rights ✓✓

Max 26
(If only listed max. of 8 marks)

ADDITIONAL PART

- Draw a graph that shows a fixed supply of land and briefly explain how an increase in demand will have an effect on rent.



- The supply of land is fixed (SS) and the original demand curve for land is (DD) ✓✓
- Where DD is equals SS at point E, we get the equilibrium point E and the equilibrium price or the rental price Re, ✓✓ and the equilibrium quantity Qe ✓
- If the demand for land increases, the demand curve will shift to the right at D1D1. ✓✓
- Where D1D1 is equal to S1S1 at point E1 at the equilibrium price R1 ✓ and equilibrium quantity Qe ✓
- The difference between Re and R1 is the economic rent ✓✓ (Max. 5 marks)

Conclusion

A trained, well educated workforce is essential for a country's economic well-being because these workers are responsible for most of the country's production ✓✓
(Accept any other correct relevant conclusion)

(2)
[40]

QUESTION 6: ECONOMIC PURSUITS

- **Discuss the functions of the South African Reserve Bank under the following headings:**
 - **Government's banker (8)**
 - **Bank of issue (8)**
 - **Banker's bank (10)** **26 marks**
- **How will the Governor of the Reserve Bank use monetary policy to influence the quantity of money of the country?** **10 marks**

INTRODUCTION

The central bank is the monetary authority of a country. South Africa's central Bank was established in 1920. The main function of the SARB is to be the monetary authority. ✓✓

(Accept any other correct relevant introduction)

Max. 2

MAIN PART

- **Government as banker**
 - The Reserve bank is the main banker of the state. ✓✓
 - It renders services to the government which are similar to those commercial banks render to their clients. ✓✓
 - Government departments deposit their funds with the Reserve Bank and draw cheques on their accounts ✓✓
 - The Reserve Bank also provides loans, foreign exchange and financial advice to the government ✓✓
 - Also provides monetary advice to the government ✓✓ **Max. 8**
- **Bank of issue**
 - SARB has the sole right to issue bank notes and coins. ✓✓
 - The South African Mint Company mints South Africa coins. ✓✓
 - Both these companies are subsidiaries of the SARB. ✓✓
 - In the issuing of bank notes and coins, the Bank is guided by the needs of the economy ✓✓ **Max. 8**

➤ **Banker's bank**

- SARB declares and keeps the minimum cash reserves that all banks are required to hold to stay solvent. ✓✓
- SARB acts as a clearing bank by settling inter-bank obligations. ✓✓
- The banks do not have to repay the various cheques to one another, but the SARB will settle the balances between the banks. ✓✓
- The SARB is the lender of last resort. ✓✓
- It grants loans to the commercial banks when these banks have a liquidity problem. ✓✓
- The SARB oversees the commercial banks. ✓✓
- It ensures that the banks are operating in accordance with the Banks Act. ✓✓
- The SARB makes sure that all the banks implement monetary policy ✓✓

Max. 10 marks

Max. 26 marks

ADDITIONAL PART

How will the government of the Reserve Bank use monetary policy to influence the quantity of money of the country?

The SARB can influence the quantity of money of the country by:

- increasing the supply of money by adding money to the economy ✓✓
 - or decreasing the supply of money by withdrawing money from the economy ✓✓
 - contraction of economic activities will happen in times of recession and depression ✓✓
 - stimulating the economy by increasing the supply of money ✓✓
 - cooling down the economy by reducing the supply of money during inflation ✓✓
 - stimulating the economy by decreasing repo rate using interest rates and banks will decrease interest rates ✓✓
 - influencing the supply of money by changing percentage of deposits that banks must keep as cash reserve ✓✓
 - limiting the supply of money by selling securities to the banks or can do the opposite when it wants to increase the supply of money ✓✓
 - convincing moral persuasion to ask banks to be more careful with the granting of loans or to encourage loans ✓✓
- (Accept any other correct relevant response)

Max. 10 marks

CONCLUSION

The mission of the SARB is to protect the internal and external value of the rand; It has control over all money-related issues in South Africa. ✓✓

(Accept any other correct relevant conclusion)

Max. 2 marks

(10)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150