



**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2018

**ECONOMICS P1
MARKING GUIDELINE**

MARKS: 150

This marking guideline consists of 22 pages.

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

- 1.1.1 C leakages ✓✓
- 1.1.2 A lack of accountability ✓✓
- 1.1.3 C forces outside the market system ✓✓
- 1.1.4 D Protectionism ✓✓
- 1.1.5 B BRICS ✓✓
- 1.1.6 B System of national account ✓✓
- 1.1.7 A Monetary ✓✓
- 1.1.8 D Expanded Public Works Programme ✓✓ (8 x 2) (16)

1.2 MATCHING ITEMS

- 1.2.1 I illustrate the relationship between unemployment and inflation ✓
- 1.2.2 C payment to revenue services is made by the firm selling the good but charged to the consumer ✓
- 1.2.3 H buying and selling equities and debt securities for example shares and bonds ✓
- 1.2.4 F an official order to stop trading against a country to force it to obey international law ✓
- 1.2.5 G the Banks Act occasionally changes balances of banks to manipulate money creation activities of banks ✓
- 1.2.6 B organised economic activity to create manufacturing, mining and services sectors ✓
- 1.2.7 A measures prices at the level of first significant commercial transaction that is when it enters the country or leave the factory floor ✓
- 1.2.8 D indicators have to be compiled in terms of their rules of compilation ✓ (8 x 1) (8)

1.3 IDENTIFY THE CONCEPT

1.3.1 Capital market ✓

1.3.2 Recession ✓

1.3.3 Corruption ✓

1.3.4 Devaluation ✓

1.3.5 M1 ✓

1.3.6 Corridors ✓

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer TWO of the three questions from this section in the ANSWERBOOK.

QUESTION 2: MACROECONOMICS

2.1 2.1.1 Name any TWO methods to determine GDP.

- Income / GDP (I) ✓
 - Expenditure / GDP (E) ✓
 - Production / GDP (P) ✓
- (Any 2 x 1) (2)

2.1.2 How can export promotion correct the balance of payment disequilibria?

- Borrowing money from the IMF ✓✓
 - Policies of export promotion and import substitution ✓✓
 - Increases in aggregate supply will reduce prices ✓✓
 - Exports are promoted through cheaper prices ✓✓
 - Higher interest rates help to decrease spending on imports ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

2.2 DATA RESPONSE

2.2.1 What is illustrated in the graph above?

Demand and supply side policies ✓ (1)

2.2.2 At which point will the inflation prevail?

At point A ✓ (1)

2.2.3 Briefly describe the term *new economic paradigm*.

The new economic paradigm – discourages policy makers from using monetary and fiscal policies to fine-tune the economy, ✓ but rather encourages achieving stability through sound long-term policy decisions relating to demand and supply in an economy. ✓✓
(Accept any other correct relevant response.) (2)

2.2.4 What would happen to the output if supply did not respond to the change in demand?

Output would increase ✓✓ (2)

2.2.5 How will the government reduce cost of production to stimulate the supply side of the economy?

Government can reduce cost by:

- Supplying infrastructure services such as transport, communication, water and energy ✓✓
- Implementing cash incentives e.g. subsidies
- Compensating businesses who locate to neglected areas with high unemployment ✓✓
- Compensating exporters for certain costs they incur in the development of exports markets

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

2.3 DATA RESPONSE

2.3.1 What is depicted in the above diagram?

Circular flow diagram / Two sector model ✓ (1)

2.3.2 Which participant is the major consumer in the economy?

Households ✓ (1)

2.3.3 Briefly describe the term *circular flow*.

Is a simplification showing how the economy works and the relationship between income, production and spending in the economy as a whole. ✓✓

(Accept any other correct relevant response.) (2)

2.3.4 Discuss the role of the *factor market* in the circular flow

- A factor market is where factors of production are traded ✓
e.g land for interest, labour – wages and salaries,
entrepreneur for profit, capital for interest. ✓
- Households sell their factors of production in the factor market and receive income. ✓✓
- Businesses buy the factors of production from the factor market and the factor market receives an income. ✓✓

(Any 1 x 2) (2)

2.3.5 **How does the multiplier effect influence the government in making decisions?**

Government can influence:

- Economic growth and the macro-economic issues such as employment and inflation by manipulating injections and leakages. ✓✓
 - **Decreasing taxes:** disposable income of consumers will increase, increasing total demand. ✓✓
 - Which results in higher consumer expenditure. ✓✓
 - Profits after tax of producers will increase thus increasing total demand which results in higher investments.
 - **Increasing consumption of goods and services:** If government spends more money, total demand will increase
 - **Increase exports:** this will result in an injection of foreign money into the domestic economy ✓✓
- (Accept any other correct relevant response) (Any 2 x 2) (4)

2.4 **Differentiate between *specialisation* and *choice* as arguments in favour of free trade.**

➤ **Specialisation**

- Free trade allows specialisation in industries where countries have a comparative advantage. ✓✓
 - These industries will have a lower opportunity cost ✓✓
 - It will increase economic efficiency and prevent wasting of resources. ✓✓.
 - Each country that is best suited for specific goods and services will engage in producing more of those goods or services. ✓✓
- (Any 2 x 2) (4)

➤ **Choice**

- Free trade gives consumers the choice to buy anywhere in the world ✓✓
 - They are not limited to buying locally produced goods ✓✓
 - Leads to a global market and consumers benefit from the competition and variety brought to the market ✓✓
 - When other countries produce some items cheaper, the consumers purchase less products ✓✓ (Any 2 x 2)
- (Accept any other correct relevant response.)
(A maximum of 2 marks may be allocated for mere listing of facts/examples.)

(4)
[8]

2.5 **How does the government use fiscal policy to restrict the economy?**

Government uses fiscal policy by:

- Decreasing government expenditure to limit aggregate demand ✓✓
- Reducing production, as fewer goods and services be needed, few factors of production will be employed and disposable income as well as expenditure will decrease ✓✓
- Increasing taxes, which will lead to a decrease in disposable income and will lead to a decrease in aggregate demand. ✓✓
- Reducing government spending and simultaneously increasing taxes: this will have a double effect ✓✓
- Government spending decreases and consumers and producers also have less spending . ✓✓
- Demand drops substantially, inflation decreases ✓✓

(Accept any other correct relevant response)

Max. 8

(A maximum of 2 marks may be allocated for mere listing of facts/ examples.)

(8)

[40]

QUESTION 3: ECONOMIC PURSUITS

3.1 3.1.1 **List any TWO incentives used by the South African government to improve industrial development.**

- Small Business Support Programme ✓
- SEDA Technology Programme (STP) ✓
- Skills Support Programme (SSP) ✓
- Critical infrastructure facilities ✓
- Custom-free incentives ✓
- Foreign investment incentives ✓
- Strategic Investment Program ✓
- Services to business processes ✓ (2 x 1) (2)

3.1.2 **How can the National Development Plan bring about a better life for all?**

- It sets out to expand economic opportunities through investment in infrastructure, more innovation, private investment and entrepreneurship. ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

3.2 **DATA RESPONSE**

3.2.1 **What was the aim of government to implement the industrial development zones?**

To provide purpose built industrial parks linked to ports and international airports ✓ (1)

3.2.2 **Name ONE of the services offered by the East London IDZ.**

Vehicles ✓ (1)

3.2.3 **Describe the term *industrial development zone*.**

It is a purpose built industrial estates that are physically enclosed and linked to an international port or airport e.g. Coega ✓✓
(Accept any other correct relevant response) (2)

3.2.4 **Explain why the IDZ is regarded as a duty free incentive.**

- Is to encourage manufacturing and foreign trade ✓✓
- Makes easier to import or export the materials ✓✓
- Raw material for the purpose of production can be imported free of import duties, while goods exported are exempted from VAT ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

3.2.5 Why were IDZs not very successful since their inception in South Africa?

- IDZs successes were relatively small ✓✓
- Investment levels have been relatively low ✓✓
- The number of permanent jobs created were small ✓✓
- Businesses within the IDZ did not receive special incentives despite promises that businesses in the zone would receive some form of tax and VAT relief relating to imports and exports ✓✓
- Only regions with access to an international airport or seaport were eligible for support ✓✓
- Government acknowledges that IDZs were not a success in South Africa, with the main reasons being – nine concessions usually applied, only two were applied in South Africa namely, conditional exception from import taxes and zero VAT rates. ✓✓

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

3.3 DATA RESPONSE

3.3.1 What is depicted in the above picture?

North-South divide ✓ (1)

3.3.2 Name any aspect used to indicate the level of development in a country

- Employment levels ✓
- Poverty levels ✓
- Health care ✓
- Life expectancy ✓
- Education levels ✓
- Safety and security ✓

(Any 1 x 1) (1)

3.3.3 Briefly describe the term *North/South divide*.

Is to show the division between the rich (more politically stable) countries of the North and the poorer (less politically stable) countries of the South. ✓✓

(Accept any other correct relevant response) (2)

3.3.4 **Briefly explain any challenge of globalisation between the North and the South.**

- It has helped raise the standard of living for many people worldwide, but also driven other people deeper into poverty. ✓✓
- Small businesses in the South are not capable of updating their technology as often as their counterparts in the North without foreign investment from the North ✓✓
- They often do not grow to their full potential. ✓✓
- If they do achieve growth with foreign investment, they lose a lot of their profits to their investors in the North ✓✓
- The South also struggles to compete with the North regarding trade ✓✓
- Their infant industries struggle to compete without the protection of tariffs, which are discouraged by the WTO ✓✓

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

3.3.5 **How could countries in the South overcome the income gap that divides the North from the South?**

Countries in the South could overcome the gap by:

- Obtaining foreign direct investment from the North ✓✓
- Investing in capital to increase productive capacity ✓✓
- Processing raw materials before exporting them as intermediate or finished goods. ✓✓
- Making the education system more effective ✓✓
- Increasing social services so that everyone has equitable food, water and shelter ✓✓

(Accept any other correct relevant response) (Any 2 x 2)
(A maximum of 4 marks may be allocated for mere listing of facts/examples)

(4)

3.4 **Briefly explain *employment* as an economic indicator.**

- **The economically active population:** the labour force between 15 and 65 years of age. ✓✓
- The unemployed are those people within the economically active population ✓✓
- **Employment:** The number of employed people as a percentage of the economically active population (EAP) ✓✓
- **Unemployment:** The unemployed (who are actively looking for work) as a percentage of the economically active population ✓✓

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

3.5 How successful is the South African government incentives in stimulating industrial development?

The South African government is successful in:

- Creating jobs ✓✓
- Diversifying the economy ✓✓
- Developing and maintaining appropriate incentives to attract Investors ✓✓
- Developing domestic manufacturing capacity to increase exports ✓✓
- Achieving high rates of savings and investment ✓✓
- Establishing large scale manufacturing, agricultural, mining and services production ✓✓
- Exploiting the world economy to trade and acquire knowledge ✓✓

(Accept any other correct relevant response)

(A maximum of 2 marks may be allocated for mere listing of facts/examples)

Max. 8 (8)
[40]

QUESTION 4

- 4.1 4.1.1 **Name any TWO services derived by government that are vital to enhance people's lifestyle and level of economic and social development.**

- Electricity ✓
 - Refuse removal ✓
 - Water supply ✓
 - Sanitation ✓
 - Housing ✓
 - Education ✓
- (Accept any other relevant response) (Any 2 x 1) (2)

- 4.1.2 **How can domestic figures be converted to national figures?**

GDP at market prices plus primary income from the rest of the world minus primary income to the rest of the world. ✓ (1 x 2) (2)

4.2 **DATA RESPONSE**

- 4.2.1 **During which year did South Africa experience the biggest trade deficit in the balance of trade?**

January 2015 ✓ (1)

- 4.2.2 **Which account in the balance of payments reflects the figures of the trade balance?**

Current account ✓ (1)

- 4.2.3 **Describe the term *balance of trade*.**

Is the value of exports minus the value of imports ✓✓ (2)

- 4.2.4 **What can South Africa do to affect the export of goods positively?**

South Africa can affect exports by:

- Improving the performance of the manufacturing and service industries ✓✓
 - With regard to technology and productivity ✓✓
 - Maximising the use of production factors such as natural resources ✓✓
 - Providing businesses with subsidies and incentives ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

4.2.5 How does international trade affect the economy positively?

International trade affects industries and countries by:

- Stimulating growth and can raise people's standard of living ✓✓
- Domestic industries with comparative advantage will succeed in global markets and those inefficient compared to the same industries in other countries are likely to collapse. ✓✓
- Resulting in countries specialising in what they are good at ✓✓
- Leading large markets to mass production and increasing efficiency ✓✓
- Leading to globalisation which increases international co-operation and communication ✓✓
- Creating interdependence between countries, which makes them vulnerable to economic shocks that occur outside their borders ✓✓

(Any 2 x 2)

(Accept any other correct relevant response)

(4)

4.3 DATA RESPONSE

4.3.1 Identify the social indicator depicted above.

Malnutrition ✓

(1)

4.3.2 Give any cause of malnutrition in South Africa.

- Mothers are not breastfeeding ✓
- HIV/Aids ✓

(Accept any other correct relevant response.)

(1)

4.3.3 Briefly describe the term *social indicator*.

- Are measures used to evaluate the performance of a country in terms of social well-being of its citizens. ✓✓

(Accept any other correct relevant response)

(2)

4.3.4 Which plans and strategies were implemented by the government to improve overall health-related issues?

- Provide supplements, such as vitamin A, be added to basic foodstuffs such as bread. ✓✓
- Health department also encourages breastfeeding ✓✓

(Accept any other correct relevant response)

(Any 1 x 2)

(2)

4.3.5 How can education reduce poverty in South Africa?

Education can reduce poverty by:

- Providing the underprivileged with resources ✓ and opportunities for upward social mobility ✓
- Reducing inequality ✓✓
- Increasing earnings for individuals ✓✓
- Promoting economic growth ✓✓

(Accept any other correct relevant response)

(Any 2 x 2) (4)

4.4 Differentiate between *incentives* and *subsidies* as methods of export promotion.

Incentives:

- Incentives to encourage exports by giving financial assistance to exporting companies ✓✓
- This assistance enables them to compete effectively in international markets ✓✓
- So as that they can export a large segment of their production ✓✓
- **Types of incentives:** information collected on or market research about potential exports markets ✓✓
- Trade missions, showcasing South African products and services at international exhibitions ✓✓
- Insurance contracts for exports transactions and exports credit loans ✓✓

(Any 2 x 2)

Subsidies:

Two kinds of subsidies, direct and indirect subsidies

Direct subsidy

- Results in government expenditure because they provide direct financial support to domestic producers who export goods abroad ✓✓
- Purpose of direct subsidy is to reduce the cost of production, increase competitiveness in the exporting markets ✓✓
- And establish overseas markets ✓✓
- Strict screening is in place when companies apply for financial assistance ✓✓
- Types of direct subsidy:
 - Cash grants offered to South African exhibitors to exhibit their products at exhibitions overseas ✓
 - Foreign trade missions to explore new markets ✓
 - Funds for formation of formal exports council etc.

Indirect subsidy:

- Occurs when the government does not earn certain types of government income ✓✓ e.g. tax ✓
- The government often refunds companies certain taxes to promote exports ✓
- Types of indirect subsidies:
 - General tax rebates ✓
 - Tax concessions on profits earned from exports on capital invested to produce export goods ✓
 - Refunds on import tariffs ✓

(Any 2 x 2) (8)

4.5 Evaluate the importance of productivity as an economic indicator.

- Productivity is the relationship between the output of economic activities and the input of the factors of production ✓✓
 - **Labour productivity:** Is measured by dividing the real GDP by the number of workers employed ✓✓
 - When labour productivity increases it can lead to economic growth, which can improve workers' living standard ✓✓
 - **Remuneration per worker:** The level of real wages affects the price of goods and services ✓✓
 - When real wages increases at a higher level than the increase in labour productivity, the price of goods and services will rise, contributing to inflation ✓✓
 - Education, training and developing a positive attitude towards and pride in work can increase labour productivity ✓✓
- (Accept any other correct relevant response)

Max. 8 (8)
[40]

TOTAL SECTION B: 80

SECTION C

Answer ONE question from this section in the ANSWER BOOK.

STRUCTURE OF ESSAY	MARK ALLOCATION:
Introduction The introduction is a lower order response: <ul style="list-style-type: none"> • A good starting point would be to define the main concept related to the question 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 that 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 	Max. 26 Max. 10
Conclusion Any relevant higher order conclusion that should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed / analysed without repeating facts already mentioned in the body • An opinion or valued judgment on the facts discussed • Additional support information to strengthen the discussion / analysis • A contradictory viewpoint with motivation, if so required • Recommendations 	Max. 2
TOTAL NUMBER OF MARKS	40

QUESTION 5: MACROECONOMICS**40 MARKS – 40 MINUTES**

- Discuss the macroeconomic objectives of the state. (26 marks)
- How successful the government has been to reduce public sector failure. (10 marks)

Introduction

Macroeconomics is the study of the sum total of economic activity, it includes regional, national and international study fields. ✓✓

Macroeconomic objectives are the targets and goals that the public sector wants to reach for the total economy

(Accept any other correct relevant introduction)

Max. 2

Body**MAIN PART:****Macro-economic objectives****➤ Economic growth ✓**

- Is the increase in the production of goods and services ✓✓
- It is measured in terms of real GDP ✓✓
- There must be more goods and services produced in the country than the growth of the population ✓✓
- Economic development needs economic growth. ✓✓
- Economic growth and development in a country benefit the population, because it leads to a higher standard of living. ✓✓

➤ Full employment ✓

- It implies that all people who want to work and are looking for work must be able to find employment. ✓✓
- A high level of employment is the most important objective of the government ✓✓
- The ideal is to have full employment, although it is technically impossible ✓✓
- The unemployment rate increased over the past few years. ✓✓
- Informal sector activities must be promoted because it is an area where employment increases ✓✓
- For employment to increase, production needs to increase first. ✓✓
- The government supports education, labour intensive businesses and the informal sector ✓✓
- GEAR as a strategy was implemented to create a positive climate that was conducive to employment creation by the private sector ✓✓

➤ **Exchange rate stability** ✓

- Expresses the value of one country's currency in relation to the value of another country's currency ✓✓
- Fluctuation, such as the depreciation and appreciation of a currency, can create uncertainties for investors, producers and traders. ✓✓
- Shortages in the balance of payment also causes further economic problems ✓✓
- South Africa has a floating exchange rate system ✓✓
- The government must still make sure that the exchange rate remains relatively stable to ensure a stable international market ✓✓

➤ **Price stability** ✓

- Implies that prices in the economy do not change much over time. ✓✓
- Stable prices lead to better results in terms of job creation and economic growth ✓✓
- The SARB inflation target is 3%–6% and have been successful in keeping inflation within the target ✓✓
- Interest rates, based on the Repo rate are the main instruments used to achieve price stability ✓✓
- A stable budget deficit also has a stabilising effect on the inflation rate ✓✓

➤ **Economic equity** ✓

- Is the reasonable division of income among the population ✓✓
- South Africa uses a progressive income tax system – taxation on profits, taxation on wealth, capital gains tax and taxation on spending, are used to finance free services ✓✓
- The government intervenes so that the rich do not get richer and the poor do not get poorer ✓✓
- The government also tries to compensate for the human rights abuse of the past ✓✓
- The government pays cash grants such as old age grants, disability grants and child support grants ✓✓
- The government implements policies to achieve BBBEE ✓✓

(If only listed max. 5 marks)

(Examples max. 3 marks)

Max. 26

ADDITIONAL PART

How successful government has been to reduce public sector failure?

The government has reduced public sector failure by:

- Providing leadership and training to management and employees. ✓✓
- Implementing different strategies to ensure service delivery ✓✓ e.g. set targets ✓
- Eliminating corruption through regular monitoring ✓✓ e.g. auditing ✓
- Recognising employee worker performance through incentives ✓✓ e.g. rewards on excellent service. ✓
- Administering flexible business processes to accommodate individual differences ✓✓

Government has not been successful in reducing public sector failure by:

- Wasting the allocation of resources more than the private sector ✓✓
- Not reaching the goals ✓✓
- Inadequate and unable to bring about the desired effects in the economy ✓✓
- Tends to be less productive ✓✓

(Accept any other correct relevant response)

Max. 10

CONCLUSION

It is important for the government to apply suitable policies to achieve the macro-economic objectives ✓✓

(Accept any other correct relevant conclusion.)

Max. 2

[40]

QUESTION 6: ECONOMIC PURSUITS**40 MARKS – 40 MINUTES**

- Discuss the supply-side approach in promoting growth and development in South Africa under the following headings:
 - Efficiency and effectiveness of markets (10)
 - Business efficiency (8)
 - The cost of doing business (8) (26 marks)
- Evaluate the appropriateness of South Africa's regional development policies. (10 marks)

Introduction

Supply-side policy includes anything that can influence the aggregate supply of goods and services, with the focus on microeconomic components for example competition and potential output. ✓✓

(Accept any other correct relevant introduction)

Max. 2

Body**MAIN PART**

➤ **Efficiency and effectiveness of markets :**

Efficiency:

- Pareto efficiency means that given the constraints of the effectiveness parameters, it is not possible to change the allocation of resources in such a way that someone is made better off without making someone worse off. ✓✓
- It includes productive and allocative efficiency. ✓✓

Competition. ✓

- Competition in the market was increased in three ways by establishing new businesses, ✓ recruiting FDI ✓ and the reduction of import restrictions which increased competition from abroad. ✓✓
- A competition regulatory network was created to enforce competitive practices among domestic businesses. ✓✓

Deregulation ✓

- Private sector power imbalances that inhibit the free operation of markets have been revised. ✓✓
- Government maintains it is committed to improving the ease of doing business in South Africa.

➤ **Effectiveness**

- Government demands that markets operate in a manner that ensures that more black people are absorbed into the main stream economy because they were previously excluded. ✓✓
- Two acts were promulgated among other measures to enforce preference for black workers and the businesses of black people ✓✓
e.g. Employment Equity Act and BBBEE. ✓

Max. 10

➤ **Business efficiency**

- **Taxes** must be collected efficiently, small businesses pay a lower rate as long as their income is less than R350 000 per year (Accept the current income) ✓✓
- The levels of taxation in South Africa are reasonable compared to developed countries ✓✓
- As a developing country lower rate will be helpful to promote growth and development ✓✓
- **Capital formation** must increase ✓✓
- Depreciation of capital goods used by businesses is designed to encourage investment. ✓✓
- These serve as incentives to promote efficiency ✓✓
- **Human resources** must be supported to improve ✓✓
- Education receives, proportionally, the biggest slice of expenditure ✓✓
- These are measures aimed at fostering efficiency ✓✓
- **Free advisory services** must be made available so that business efficiency improves ✓✓
- E.g. includes development of exports markets managing and running SMMEs ✓

Max. 8

➤ **Cost of doing business:**

- Cost of doing business must be lowered ✓✓ e.g. transport, communication and energy. ✓
- The availability, reliability and cost of infrastructure services play an important role in the financial viability and profitability of businesses ✓✓
- The prices of imported crude oil are linked to international market prices which are high ✓✓
- High liquid energy prices undermine the efficiency of the economy ✓✓

Max. 8

(Max. 26)

ADDITIONAL PART:

Regional development policies are appropriate by focusing on:

- Prioritising employment creation ✓✓
- Moving workers to where employment is .✓✓
- The distance to employment must be commutable from where unemployed people live. ✓✓
- Accommodation should be near the workplace. ✓✓
- Taking work to workers is regarded as the policy that would most likely solve long-term problems of structurally unemployed and regional differences in growth and development. ✓✓
- Reducing overcrowding in urban areas and therefore preventing unwanted side effects ✓✓ e.g. pollution, drug abuse and HIV ✓ Max. 10

CONCLUSION

Supply-side policies are designed to create an environment where businesses, industries and markets can function optimally. ✓✓

(Accept any other correct relevant conclusion.)

Max. 2 **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150