



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2015

**ECONOMICS P1
MEMORANDUM**

MARKS: 150

This memorandum consists of 12 pages.

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

- 1.1.1 C ✓✓ Entrepreneur
1.1.2 B ✓✓ added
1.1.3 B ✓✓ government
1.1.4 C ✓✓ coal
1.1.5 B ✓✓ Capital gains tax
1.1.6 B ✓✓ Economic growth
1.1.7 A ✓✓ underemployed
1.1.8 C ✓✓ has value only because it is generally accepted as a medium of exchange. (8 x 2) (16)

1.2 MATCHING ITEMS

- 1.2.1 D ✓ the amount of money that a natural resource earns over and above its transfer earnings
1.2.2 A ✓ occurs when the values of all outputs of all the enterprises in the economy are merely added together
1.2.3 B ✓ given the best possible outcome within a given set of circumstances
1.2.4 E ✓ include protection, sanitation and water
1.2.5 H ✓ relationship between input and output
1.2.6 F ✓ a statistical measure used to express the inequality of income distribution
1.2.7 G ✓ the amount of a bank assets that is kept in the form of cash to meet day-to-day withdrawals by its customers and financial commitments
1.2.8 C ✓ financial assistance that need not be repaid (8 x 1) (8)

1.3 GIVE ONE CONCEPT

- 1.3.1 Nominal wage ✓
1.3.2 Non-durable goods ✓
1.3.3 Privatisation ✓
1.3.4 Economic development ✓
1.3.5 Consumer cards ✓
1.3.6 Trade deficit ✓ (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B (Answer any THREE questions from this section.)**QUESTION 2: MACRO ECONOMICS**

- 2.1 2.1.1
- Individuals have to use their constitutional right to vote for the political party that will pursue objectives that are similar to their own. ✓✓
 - They have to participate in the official structures that are in place, such as councils, committees and forums. ✓✓
 - They may make appeals through the media, civil society organisations such as ratepayers association, petitions and authorised demonstrations and pickets. ✓✓ (Any 2 x 1) (2)

- 2.1.2 The total value of all final goods and services produced within the borders of a country in a particular period, usually one year. ✓✓ (1 x 2) (2)

2.2 DATA RESPONSE

- 2.2.1 Are people that are not suitable for work. ✓✓
 People over the age of 65. ✓✓
 Those under the age of 15 years old. ✓✓ (Any relevant answer)
 (Any 1 x 2) (2)

- 2.2.2 $4\,364/17\,482 \times 100 = 25\%$ or 24,9% ✓✓ (2)

- 2.2.3 There is an increase/increasing. ✓✓ (2)

- 2.2.4
- School education ✓✓
 - Work related training ✓✓
 - Health ✓✓ (Any 2 x 2) (4)

2.3 DATA RESPONSE

- 2.3.1 Is an economy that uses supply and demand to answer the questions what, how and for whom to produce goods and services. ✓✓ (2)

- 2.3.2 Individuals make their own decisions and have the freedom of choice without being dictated by the government. ✓✓
 The factors of production are controlled and owned privately. ✓✓
 (Any relevant answer) (Any 1 x 2) (2)

- 2.3.3
- Self-interest or private gain. ✓✓ (2)

- 2.3.4
- It works automatically ✓✓
 - Innovation ✓✓
 - Choice ✓✓
 - Economic growth ✓✓
 - Distribution of income and wealth ✓✓
 - Efficiency ✓✓ (Any 2 x 2) (4)

2.4 Explain capital (intermediate) goods and services.

- These goods help to manufacture other goods and are not directly use up. ✓✓
- Examples are machinery and tools that help to produce. ✓✓
- Are bought by manufactures of goods and services. ✓✓
- Also include goods and services that are not fully finished or have to reach the final stage for it to be consumed. ✓✓
- Still requires other processing to make it a final finished product. ✓✓

(Any 4 x 2) (8)

2.5 Briefly discuss efficiency in the delivery of social services in South Africa.

- **Education and training** ✓✓
Education is the single largest item of expenditure in the budget. ✓✓
It includes basic education in schools, FET colleges and universities, to increase literacy. ✓✓
- **Healthcare** ✓✓
To provide basic health services to the community as a whole. ✓✓
Demand for healthcare is likely to increase as more patients have to receive treatment for HIV/Aids and TB. ✓✓
- **The housing function.** ✓✓
Includes the provision of housing for the needy. ✓✓
- **Social security** ✓✓
Tries to meet the basic needs of some individuals. ✓✓
It also protects and promotes the rights of vulnerable groups such as children, older persons, woman and people with disabilities. ✓✓
- **Public order and safety** ✓✓
Physical protection includes the defence, police, criminal justice system and prison services. ✓✓
They are collective services. ✓✓
The quality and efficiency of these services make societies and individuals feel safe or unsafe, and secure or insecure. ✓✓

(2 x 4) (8)
[40]

QUESTION 3: ECONOMIC PURSUITS

- 3.1 3.1.1
- Level of education and tertiary qualifications. ✓
 - Regional location with higher incomes in urban areas compared to rural areas. ✓
 - Economic sector with primary sector earnings being lower than the tertiary sector earnings. ✓
 - Extent employment equity where income differences are due to race and gender discrimination. ✓
- (Any relevant answer.) (Any 2 x 1) (2)
- 3.1.2
- To strengthen the functioning of markets. ✓✓
 - To promote economic growth and development. ✓✓
 - To ensure a redistribution of income and wealth. ✓✓
- (Any 1 x 2) (2)

3.2 DATA RESPONSE

- 3.2.1
- Angola ✓
 - Botswana ✓
 - DRC ✓
 - Lesotho ✓
 - Malawi ✓
 - Mauritius ✓
 - Mozambique ✓
 - Namibia ✓
 - RSA ✓
 - Seychelles ✓
 - Swaziland ✓
 - Tanzania ✓
 - Zambia ✓
 - Zimbabwe ✓
 - Madagascar ✓
- (Any 2 x 1) (2)
- 3.2.2 South African Development Community ✓✓ (2)
- 3.2.3
- Economic well-being ✓✓
 - Improvement of standard of living and quality of life. ✓✓
 - Freedom and social justice and peace and security for the people of Southern Africa. ✓✓
- (Any 1 x 2) (2)
- 3.2.4
- Free trade area ✓✓
 - Customs Union ✓✓
 - Common market ✓✓
 - Economic Union ✓✓
 - Monetary union ✓✓
- (Any 2 x 2) (4)

3.3 DATA RESPONSE

- 3.3.1 A bank failure occurs when a bank is unable to meet the cash demands of its customers. ✓✓ (2)
- 3.3.2 SARB intervenes to prevent a loss of confidence in the banking sector. ✓✓ The SARB guarantees that depositors will not lose the money that they deposited in a registered bank. ✓✓ (2)
- 3.3.3
- Lost the money. ✓✓
 - Lose investment share in the bank. ✓✓
 - Lose confidence in the banking system. ✓✓
 - Could lose his home. ✓✓ (Any relevant answer) (Any 1 x 2) (2)
- 3.3.4
- Poor management ✓✓
 - Poor credit control ✓✓
 - Bad debt ✓✓ (Any 2 x 2) (4)

3.4 Briefly discuss the aims of monetary policy

- Protecting the currency value ensuring economic growth in the country. ✓✓
- Controlling money supply and levels of credit advantageous to consumers and businesses. ✓✓
- Managing conditions that are stable in the financial industry. ✓✓
- Establishment of interest rates and promote investments and savings but also should be reasonable to those borrowing money. ✓✓
- Exchange rates should be attained that are advantageous to the country. ✓✓ (4 x 2)

3.5 Analyse the standard of living and low levels of productivity as characteristics of developing countries.

Low standard of living

- Standards of living are measured in terms of per capita GNI, or in terms of real per capita GNI if measured over time is involved. ✓✓
- The standard of living in developing countries is generally low, mainly due to the low income levels. ✓✓
- Resulted in poverty, inadequate housing, poor health, limited education, high infant mortality rates and low life expectancy. ✓✓
- People struggle to meet their basic needs and do not fulfil their potential. ✓✓ (2 x 2) (4)

Low levels of productivity

- Productivity levels are low due to the lack of expertise especially in key areas like sciences and technology. ✓✓
- Other conditions such as poor health, poor nutrition and lack of innovation are also common. ✓✓ (2 x 2) (4)

[40]

QUESTION 4: MACRO ECONOMICS AND ECONOMIC PURSUITS

- 4.1 4.1.1
- Cellular telephone ✓
 - Satellite telephone ✓
 - Radio telephone ✓ (Any relevant answer accepted) (2 x 1) (2)

- 4.1.2 Are people who are excluded from meaningful participation in society and whose needs are largely not addressed by the authorities. ✓✓
(Any relevant answer) (1 x 2) (2)

4.2 DATA RESPONSE

- 4.2.1 Is the total expenditure by resident households and private non-profit institutions serving households on new final goods and services. ✓✓ (2)

- 4.2.2
- Durable goods ✓✓
 - Semi-durable goods ✓✓ (2 x 1) (2)

- 4.2.3 Increase in a slightly slower pace/decrease. ✓✓
(Any relevant answer acceptable) (2)

- 4.2.4 Non-durable goods – are consumed or destroyed in the process of being used (consumed). ✓✓
Examples – food, beverages and tobacco, household fuel, power and water. ✓✓ (Any relevant example accepted.) (2 x 2) (4)

4.3 DATA RESPONSE

- 4.3.1 Urbanisation – is the movement of people from rural areas to urban areas. ✓✓ (Any relevant answer acceptable) (2)

- 4.3.2
- Higher economic growth in urban areas attracting people to search for employment. ✓✓
 - For better education. ✓✓
 - Better health care services. ✓✓
 - Visit family. ✓✓ (Any relevant answer) (Any 2 x 2) (4)

- 4.3.3
- Level of development ✓✓ (2)

- 4.3.4
- Deficient infrastructure – shortage of housing, schools, hospitals, water, and power suppliers. ✓✓
 - Overcrowding – transport problems and traffic congestion. ✓✓
 - Environmental damage by development of informal housing. ✓✓
 - High unemployment ✓✓ (Any relevant answer) (Any 1 x 2) (2)

4.4 Briefly explain factors that influence the profit of an entrepreneur.

- **The skills of the entrepreneur:** ✓✓ Entrepreneurs who can control costs, produce efficiently and estimate their prices and sales correctly, ✓✓ are likely to have higher profits than those who lack similar skills. They are competent. ✓✓
- **Production processes and techniques** ✓✓
 Entrepreneurs need to decide on the production methods they are going to utilise. ✓✓
 Decisions have to be taken on whether they are going to produce on a large scale or produce when they receive an order. ✓✓
 The machinery used for the production of the goods will determine the production costs as well as the prices of the products. ✓✓
- **The demand for the product** ✓✓
 A demand for the products impacts on profit. If the demand for the product is high, sales generated will increase, the profits in turn will be high and vice versa. ✓✓ (Any 2 x 4) (8)

4.5 Discuss the objectives of NEPAD (8)

- To promote sustainability growth and development in African countries. ✓✓
 - Prevent Africa being marginalised and develop its ability to compete in global markets ✓✓
 - Alleviate poverty by addressing backlogs in service delivery. ✓✓
 - Fast track the empowerment of woman. ✓✓
 - Achieve the Millennium Development Goals ✓✓ (Any 4 x 2) (8)
- [40]**

TOTAL SECTION B: 80

SECTION C

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

STRUCTURE OF THE ESSAY	MARK ALLOCATION
Introduction	Max. 2
Body: Main part: Discuss in detail/In depth discussion/ Examine/Critically discuss/Analyse/Compare/ Evaluate/Distinguish/Explain/Assess/Debate	Max. 26
Additional part: Give own opinion/Critically discuss/Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Compare/ Explain/Distinguish/Interpret/Briefly debate	Max.10
Conclusion	Max .2
TOTAL	40

QUESTION 5

Discuss the economic importance of primary sector in the economy
Critically evaluate the programmes that try to redress the issue of land in South Africa.

INTRODUCTION

The primary sector consist of all economic activities that are a first step in the production process, for example mining, farming, forestry and fishing, to produce primary products. ✓✓

(Any relevant introduction accepted) Max. 2 (3)

BODY**Importance of primary sector**

- **Provides food and minerals:** ✓ Some agricultural products we import. ✓✓
South Africa is almost self-reliant in minerals besides crude oil and other oil products that need to be imported. ✓✓
- Earns foreign exchange by exports, which in turn pays for the imports of other products. ✓✓
- **Trains workers and creates job opportunities** ✓
Workers need to be trained to use the machinery. ✓✓
Job opportunities are created in the mining industry. ✓✓
Agriculture is an important employer for rural people, although the numbers have reduced in recent years. ✓✓
- **Provision of raw material for secondary industries** ✓
Fishing, mining and forestry play a vital role in the expansion and establishment of the secondary industries in South Africa. ✓✓
- **Contribution to GDP** ✓
Due to the fall in the contribution of the primary sector to the GDP, it is vital that its role of job creation still exist. ✓

- **Source of capital formation** ✓

The primary sector needs large amounts of capital to produce goods. ✓✓
Foreign investment plays a vital role in the expansion of these industries. ✓✓

- **Stimulation of research and development** ✓

In the primary sector there are research institutions that conduct research into methods of boosting productivity and quality. ✓✓

- **Source of state income** ✓

In this sector the SARS receives taxes from all industries. ✓✓
Gold mining companies pay extra taxes, which form an important source of state revenue. ✓✓

- **Positive influence on infrastructure** ✓

The development of agricultural regions and the discovery of minerals played an important part in the country. ✓✓

Max. 26

(If only listed max. 9 marks)

- **ADDITIONAL PART**

Briefly highlight the programmes that try to redress the issue of land in South Africa

- **Land Restitution Programme** ✓

The purpose of the programme is to assess the validity of claims, restore land or pay financial compensation to the claimants. ✓✓
People who were dispossessed of their land as a result of racially discriminatory laws and practices. ✓✓

- **Land Redistribution Programme** ✓

The purpose to provide previously disadvantaged South Africans with access to agricultural land. ✓✓
The government originally aimed to redistribute 30% of South Africa's agricultural land by 2014. ✓✓
However it conceded in 2010 that the target would not be met by 2014 and 2025 seemed to be a more realistic date. ✓✓
The emphasis has shifted from faster redistribution of land to more support for settled beneficiaries. ✓✓

Max. 10

(If only listed max. 2 marks)

CONCLUSION

Primary sector has a very important role as it has provided people with food and raw materials since ancient times. ✓✓

Max. 2

(Any relevant conclusion accepted)

QUESTION 6: ECONOMIC PURSUITS

- Discuss and evaluate the methods used by the government to redistribute income and wealth.
- Briefly explain the reasons for the uneven distribution of income.

INTRODUCTION

One of the macroeconomic objectives of the government is to ensure economic equity in the country. ✓✓

Therefore, the government must introduce measures to reduce the size of the income gap between the rich and the poor. ✓✓

(Any relevant introduction)

Max. 3

BODY**Redistribution method**

- **Taxation** ✓
Taxation is one tool used by government to redistribute income. ✓✓
Most governments use a progressive tax system to redistribute income. ✓✓
In terms of the progressive tax, those who earn more pay more tax. ✓✓
The additional income generated by the change in the tax rate, can be used to finance social security programmes. ✓✓
In this way the government redistributes income from the rich to the poor. ✓✓
- **Social security** ✓
Government uses revenue from taxation to pay for its social security programmes. ✓✓
Transfer payments such as old-age pensions and disability grants are paid out of tax revenue. ✓✓
The government also provide non-cash benefits such as food parcels, free education and free medical services to the poor. ✓✓
These benefits help to improve the standard of living of the low income groups and reduce the inequality gap. ✓✓
- **Minimum wage** ✓
The government can impose a minimum wage requirement. ✓✓
No employer is allowed is allowed to pay his workers a wage lower than a certain minimum ✓✓
This is to ensure that workers meet at least the minimum standard of living. ✓✓
- **Redress policies** ✓
There are a number of policies that have been implemented by the South African government to redress the inequalities of the past. ✓✓
A variety of policies have since been introduced to empower these previously disadvantaged groups. ✓✓

- **Black Economic Empowerment** ✓

BEE is a government intervention policy that was introduced in 1996 to address the inequalities of the past. ✓✓ This act provides the foundation for the transformation of the South African economy so that black people who own and manage and control the country's economy can increase significantly and income inequalities will decrease substantially. ✓✓

- **Land restitution and land redistribution** ✓✓

The purpose is to return land to those who lost it as a result of racially discriminatory laws and practices. ✓✓

Land redistribution focuses on land of residential and productive use.

It is based on a willing-buyer willing-seller-principle. ✓✓

Government aims to redistribute 30% of the country's agricultural land to previously disadvantaged people. Land is a major wealth asset if properly used. ✓✓

- **Property subsidies** ✓

Properties are used to help beneficiaries acquire ownership of fixed residential property. ✓✓

The government housing subsidy scheme provides six funding options to all eligible people earning less than R3 500 per month. ✓✓

The subsidy may also be used to supplement loans from banks. ✓✓

ADDITIONAL PART

- Briefly explain reasons for uneven distribution of income. ✓✓

Unequal holdings of wealth ✓ – As wealth generates income in the form of profits, interest and dividends, differentials in wealth cause differences in income. ✓✓

Differences in the composition of households – ✓ Some households are big and others are small. ✓✓

Differences in skills and qualifications – ✓ Those with advanced skills and qualifications are likely to earn higher incomes. ✓✓

Discrimination – ✓✓ The income of some groups is adversely affected by discrimination in terms of employment opportunities, pay and promotion chances. ✓✓

(Any 5 x 2) (10)
(If only listed max. 4 marks)

CONCLUSION

In South Africa, economic redress is applied to improve the standard of living of all people. This is done by improving everyone's access to economic resources through equal opportunities.

Max. 2
(Any relevant conclusion accepted) [40]

TOTAL SECTION C: 40
GRAND TOTAL: 150