



education

---

Department:  
Education  
**PROVINCE OF KWAZULU-NATAL**

**CURRICULUM GRADE 10 - 12 DIRECTORATE**

**NCS (CAPS)**

**TEACHER SUPPORT DOCUMENT**

**GRADE 11**

**ECONOMICS STEP AHEAD**

**PROGRAMME**

**2023**

**PREFACE**

This support document serves to assist Economics learners

on how to deal with curriculum gaps and learning losses because of the impact of COVID-19 in 2020. It also captures the challenging topics in the Grade 10 work. Activities should serve as a guide on how various topics are assessed at different cognitive levels and preparing learners for informal and formal tasks in Economics. It will cover the following topics:

<b>No.</b>	<b>TOPIC</b>	<b>PAGE</b>
<b>1.</b>	<b>Relationship Between Markets</b>	<b>3- 15</b>
<b>2.</b>	<b>Effect Cost and Revenue</b>	<b>16- 20</b>
<b>3.</b>	<b>Price Elasticity of Demand and Supply</b>	<b>21- 26</b>
<b>4.</b>	<b>Economic Growth</b>	<b>27- 35</b>
<b>5.</b>	<b>Economic Development</b>	<b>36- 42</b>
<b>6.</b>	<b>Money and Banking</b>	<b>43- 51</b>
<b>7.</b>	<b>Globalisation</b>	<b>52- 60</b>
<b>8.</b>	<b>Environment</b>	<b>61- 69</b>

## **TOPIC 5: RELATIONSHIP BETWEEN MARKETS**

## RELATIVE PRICES

<b>WEEK</b>	3 - 4
<b>TOPIC</b>	Relationship between markets
<b>WEIGHTING</b>	
<b>SUB- TOPIC/ CLARIFICATION</b>	Relative prices
<b>RELATED CONCEPTS/ TERMS/ VOCABULARY</b>	Briefly explain relative prices
<b>PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE</b>	Circular flow model.
<b>RESOURCES</b>	
<ul style="list-style-type: none"><li>• Text book and work books</li><li>• News papers</li><li>• Previous question papers</li><li>• Posters with drawings in the notice board</li><li>• Chalk board</li><li>• Textbooks</li><li>• Examination guideline</li><li>• News bulletin</li><li>• Internet</li></ul>	
<b>ERRORS/MISCONCEPTIONS/PROBLEM AREAS</b>	
<ul style="list-style-type: none"><li>• Absolute and relative price</li></ul>	
<b>METHODOLOGY</b>	
<ul style="list-style-type: none"><li>• Group discussions</li><li>• Working in pairs</li><li>• Explanations by educators (narration)</li><li>• Question and answer method</li><li>• Peer explanation</li><li>• Combination of the above methods</li></ul>	
<b>ASSESSMENT</b>	Class work Homework Class test
<b>ACTIVITIES</b>	06 activities ( <b>easy, average and difficult</b> )

Relative price is the price of a product compared to another product. It's expressed as a ratio between the prices of two products or services. To obtain a relative price of a product, divide the price of one product by another. Let us take coffee, for example. A tall cup of cappuccino costs R5, while one cup of coffee with almond milk costs R10.

$$R10 / R5 = 2:1$$

Here is a formula to calculate a relative price for the goods you need:

$$Pr = Px/Py$$

Where;

Pr is a relative price.

Px is the price of a first product.

Py is the price of a second product.

This ratio indicates that instead of buying a cup of coffee for R10, you could buy two tall cups of cappuccino.

Let's take another example where the two goods will be houses and apartments. For instance, there is an increase in the price of houses compared to apartment rents, which might indicate that houses are in great demand now. To meet the demand and obtain the highest profit, a developer would withdraw funds from the apartment construction and relocate them to the building of houses. As a result, there will be more houses than apartments.

Let's imagine that the price of apartments is declining. It might be the outcome of an oversupply of apartment units. As a result, developers would build fewer apartments and consider allocating resources to building houses.

To sum it up, a relative price is crucial as it helps companies allocate resources in the right way and receive the highest revenue. Besides, it allows you to compare the prices and set preferences about specific products.

## DEMAND AND SUPPLY RELATIONSHIP

### Relationship between product and factor market

WEEK	3 - 4
TOPIC	Relationship between markets
WEIGHTING	
SUB- TOPIC/ CLARIFICATION	Briefly discuss the relationship between product and factor markets
RELATED CONCEPTS/ TERMS/ VOCABULARY	Product and factor market
PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE	Circular flow.
RESOURCES	
<ul style="list-style-type: none"><li>• Textbook and work books</li><li>• News papers</li><li>• Previous question papers</li><li>• Posters with drawings in the notice board</li><li>• Chalk board</li><li>• Textbooks</li><li>• Examination guideline</li><li>• News bulletin</li></ul>	

<ul style="list-style-type: none"> <li>Internet</li> </ul>	
<b>ERRORS/MISCONCEPTIONS/PROBLEM AREAS</b>	
<ul style="list-style-type: none"> <li>Difference between product and factor market.</li> </ul>	
<b>METHODOLOGY</b> <ul style="list-style-type: none"> <li>Group discussions</li> <li>Working in pairs</li> <li>Explanations by educators (narration)</li> <li>Question and answer method</li> <li>Peer explanation</li> <li>Combination of the above methods</li> </ul>	
<b>ASSESSMENT</b>	Class work Homework Class test
<b>ACTIVITIES</b>	06 activities ( <b>easy, average, and difficult</b> )

#### **SUBSTITUTES AND COMPLEMENTS**

<b>WEEK</b>	3 - 4
<b>TOPIC</b>	Demand and supply relationship
<b>WEIGHTING</b>	
<b>SUB- TOPIC/ CLARIFICATION</b>	Discuss in detail the demand and supply relationships with the aid of graphs (substitutes and complements).
<b>RELATED CONCEPTS/ TERMS/ VOCABULARY</b>	Product and factor market
<b>PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE</b>	Demand and supply.
<b>RESOURCES</b>	

<ul style="list-style-type: none"> <li>• Textbook and work books</li> <li>• News papers</li> <li>• Previous question papers</li> <li>• Posters with drawings in the notice board</li> <li>• Chalk board</li> <li>• Textbooks</li> <li>• Examination guideline</li> <li>• News bulletin</li> <li>• Internet</li> </ul>	
<b>ERRORS/MISCONCEPTIONS/PROBLEM AREAS</b>	
<ul style="list-style-type: none"> <li>• Difference between substitutes and complements.</li> </ul>	
<b>METHODOLOGY</b>	
<ul style="list-style-type: none"> <li>• Group discussions</li> <li>• Working in pairs</li> <li>• Explanations by educators (narration)</li> <li>• Question and answer method</li> <li>• Peer explanation</li> <li>• Combination of the above methods</li> </ul>	
<b>ASSESSMENT</b>	Class work Home works Class test
<b>ACTIVITIES</b>	06 activities ( <b>easy, average, and difficult</b> )

## ACTIVITY: 1

### 1.1 MULTIPLE CHOICE

1.1.1 The price quoted for a product and a signal to buyers of what they are expected to pay... ..

- A. Elasticity
- B. Ceteris paribus
- C. Opportunity cost
- D. **Absolute cost**

1.1.2 A market where prohibited goods are exchanged is known as ... ..

- A. Goods
- B. Factor
- C. **Black market**
- D. Capital

1.1.3 The price of one good expressed in terms of another... ..

- A. nominal

- B. index
- C. percentage
- D. **relative price**

1.1.4 The sacrifice that must be made of one item in favour of another, because of scarcity, is known as ...

- A. **opportunity costs.**
- B. scarcity costs.
- C. cost of living.
- D. standard costs.

4x2

(8)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A- G) next to the question number (1.2.1 –1.2.4) in the **ANSWER BOOK.**

1.2.1 The demand relationship between goods that are used in conjunction with each other. **Complementary goods**

1.2.2 The price of a good or service, in terms of another good or service.  
**relative prices**

1.2.3 The responsiveness of the quantity supplied of a product to a change in its price.

**price elasticity of supply**

1.2.4. These goods that can be used in place of another good.

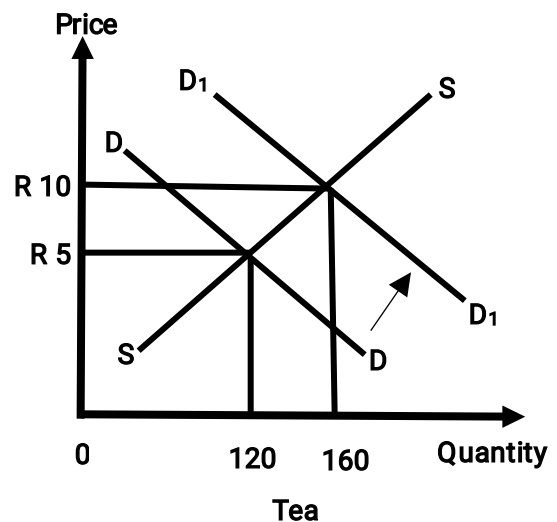
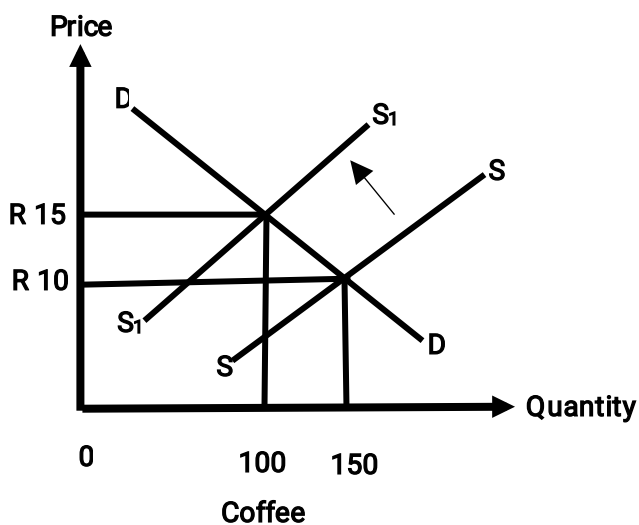
**Substitute goods**

4x1

(4)

## ACTIVITY 2

2.1 Study the graphs below and answer the questions that follow.



2.1.1 Identify the quantity demanded for tea?

(1)

- 40 units

2.1.2 What type goods is represented in the graph above?

(1)

- Substitute goods

2.1.3 Briefly describe the term *complementary goods*.

(2)

- It refers to the goods that can be used together to satisfy the needs of the consumer.
- The goods that can be jointly consumed to satisfy the needs of the consumer.

(Accept any other correct and relevant response)

2.1.4 Explain the impact of an increase in coffee price in the tea market.

(2)

- It causes an increase in the quantity demanded of tea.
- The price for tea ends up increasing as a result of the increase in demand.

(Accept any other correct and relevant response)

2.1.5 How does the factor market relate with goods market?

(4)

- Less factors of production such as labour will be required to produce coffee as a result of decrease in demand for coffee in the market.
- The increase in demand for tea means more factors of production will be needed to increase output.

(Accept any other correct and relevant response)

### ACTIVITY 3

3.1 Study the extract below and answer the questions that follow.

Air conditioner		Cooler	
Price	Quantity demanded	Price	Quantity demanded
R 22 000	100	R 13 000	200
R 28 000	60	R 13 000	500

3.1.1 Identify the relationship between the price and quantity of complementary good?

(1)

- Negative

3.1.2 Name any ONE example of a pair of substitute goods.

(1)

- Butter and margarine
- Beef and mutton
- Coffee and tea

3.1.3 Briefly describe the term *substitute goods*.

(2)

- It refers to goods that can be used to replace other goods or be used in place of



another good.

(Accept any other correct and relevant response)

- 3.1.4 Why would the increase in the price of the substitute good like butter cause an increase in the demand of margarine?

(2)

Substitute goods satisfy the similar or same needs if one product becomes more expensive, consumers can replace this product with a substitute.

(Accept any other correct and relevant response)

- 3.1.5 How does the product market relate to the factor market?

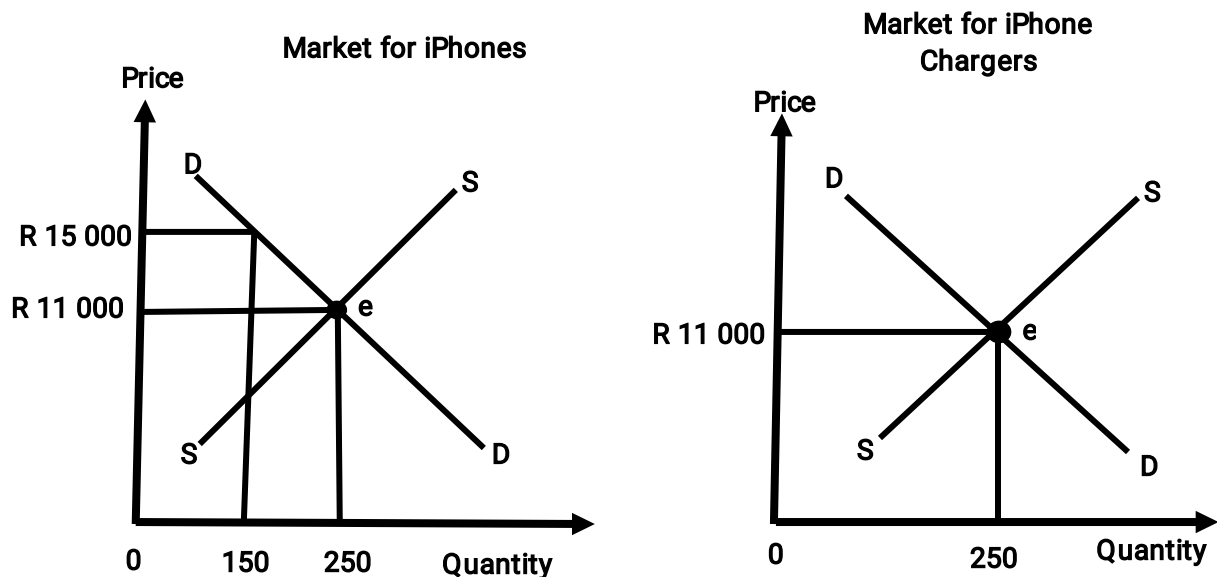
4)

- Product market cannot exist without the factor market.
- An increase in goods and services in the product market will lead to an increase in demand for factors of production in the factor market.
- Factors of production in the factor market are only valuable when they are needed for production purposes in the product market.

(Accept any other correct and relevant response)

#### ACTIVITY 4

- 4.1 Study the graphs below and answer the questions that follow.



- 4.1.1 Identify the kind of goods represented by graphs above?

(1)

- Complementary goods.

- 4.1.2 Name the original market price for i Phone in the graph above

(1)

- R11 000.

- 4.1.3 Briefly describe the term *elastic demand*.

(2)

- An elastic demand is one in which the change in quantity demanded due to a change in price is large

(Accept any other correct and relevant response)

4.1.4 Why will the demand for i-Phone change if the price of i-Phones decreases?  
(2)

- The demand for chargers will increase because more people will buy i-Phones.

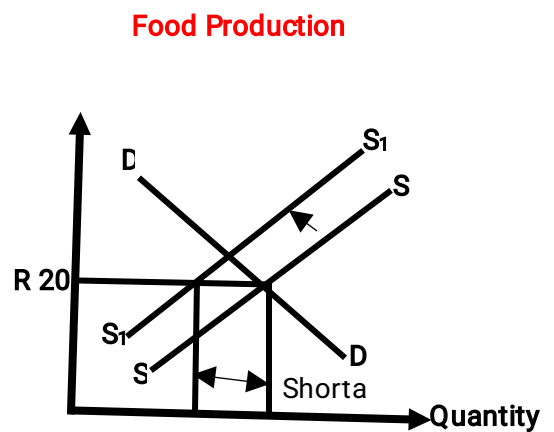
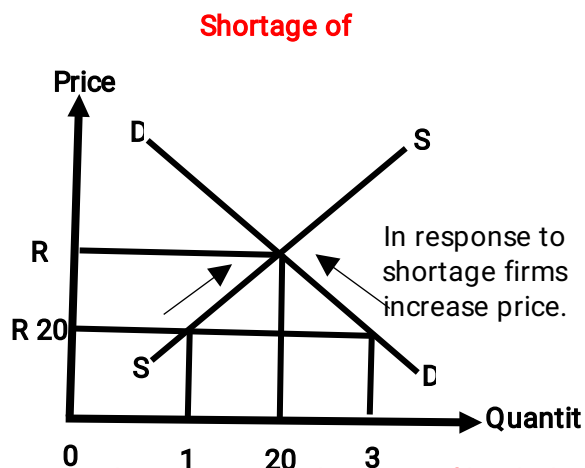
(Accept any other correct and relevant response)

4.1.5 How does the coefficient of 0,8 impact the demand elasticity for the i Phone?  
(4)

- The i-Phone will have a relative inelastic demand because the co-efficient is smaller than 1.
- The demand for the i-Phone will not drastically change when there is a change in price.

(Accept any other correct and relevant response)

4.2 With the aid of a neatly labelled graphs explain the impact of land shortage on the production of food.  
(8)

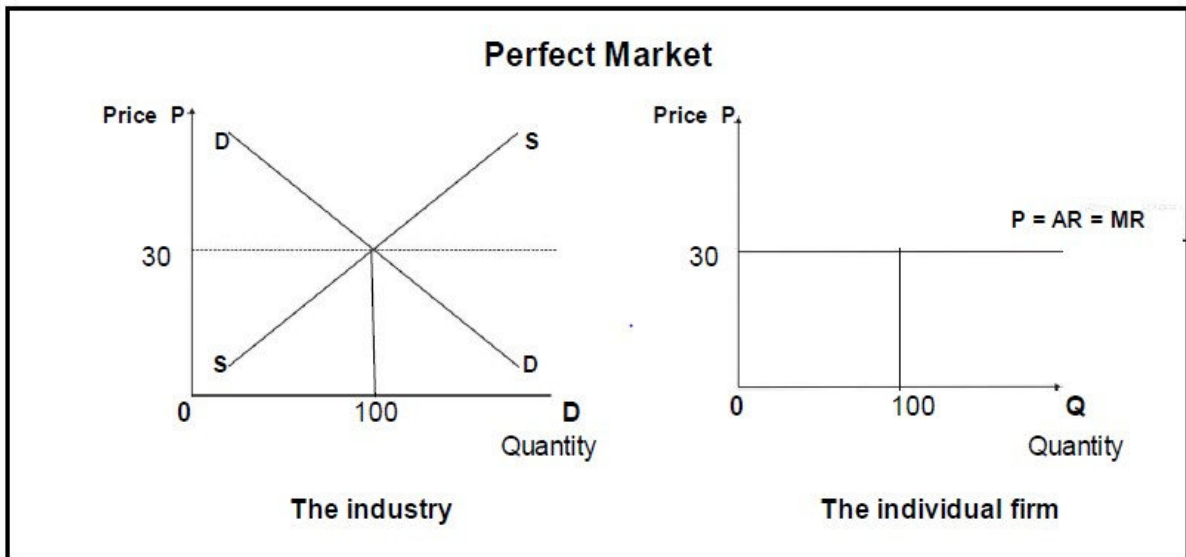


- When there is a shortage of land, the supply (production) of food will decrease as indicated by a shift of the supply curve from  $S$  to  $S_1$ .
- This is because land is the natural resource needed in order to produce agricultural products which in turn is needed for food production.
- Because of the decrease in supply, there will be an increase in price from R 20 to R 40.

(Accept any other correct and relevant response)

## ACTIVITY 5

5.1 Study the graphs and answer the questions that follow.



5.1.1 Identify the price setter in the graphs above.

(1)

- The industry

5.1.2 Name the market price in the graphs above.

(1)

- R30

5.1.3 Briefly explain the term *average revenue*.

(2)

- It is the revenue that is earned per unit of output.  
(Accept any other correct and relevant response)

5.1.4 What would be the impact on the market if many firms leave this industry?

(2)

- When firms leave the market the market supply curve will shift to the left and reduce quantity supplied, price will be reduced.  
(Accept any other correct and relevant response)

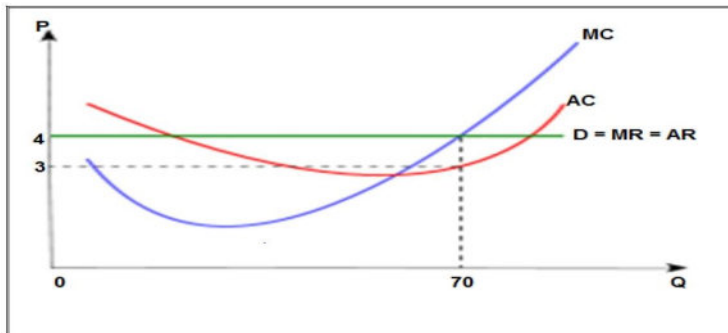
5.1.5 How is the price of a perfect market influenced in the long run? (2 x 2)

(4)

- Economic profits attract new entrants into the market which will increase the market supply thus lowering its price
- The individual firm is a price taker, and the lower price will wipe out economic profits until the price (average revenue) will be equal to average cost
- The long run equilibrium position is where normal profit will prevail  
(Accept any other correct relevant response)

## ACTIVITY 6

6.1 Study the graph and answer the questions that follow.



6.1.1 Identify the market structure above.

(1)

- Perfect market

6.1.2 What is the cost of the product in the graph above?

(1)

- R3

6.1.3 Briefly describe the term *marginal cost*.

(2)

- Additional cost incurred when one more unit of a product is produced.  
(Accept any other correct and relevant response)

6.1.4 Why is the marginal revenue curve (MR) in the perfect market the same as the demand curve?

(2)

- Each additional unit would be sold at the same price which is the horizontal demand curve  
(Accept any other correct and relevant response)

6.1.5 Determine whether this business makes a normal/ economic profit or a loss. Show ALL calculations.

(4)

- $TR - TC$
- $(PxQ) - (CxQ)$
- $(R4 \times 70) - (R3 \times 70)$
- $R280 - R210$
- R70

#### MARKET STRUCTURE: PERFECT AND IMPERFECT

WEEK	3 - 4
TOPIC	Relationship between markets
WEIGHTING	
SUB- TOPIC/ CLARIFICATION	Discuss in detail the characteristics of perfect and imperfect markets

<b>RELATED CONCEPTS/ TERMS/ VOCABULARY</b>	Perfect market and monopoly.
<b>PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE</b>	Market structures: Perfect and imperfect markets.
<b>RESOURCES</b>	
<ul style="list-style-type: none"> <li>• Textbook and work books</li> <li>• News papers</li> <li>• Previous question papers</li> <li>• Posters with drawings in the notice board</li> <li>• Chalk board</li> <li>• Textbooks</li> <li>• Examination guideline</li> <li>• News bulletin</li> <li>• Internet</li> </ul>	
<b>ERRORS/MISCONCEPTIONS/PROBLEM AREAS</b>	
<ul style="list-style-type: none"> <li>• Difference between perfect and imperfect market.</li> </ul>	
<b>METHODOLOGY</b>	
<ul style="list-style-type: none"> <li>• Group discussions</li> <li>• Working in pairs</li> <li>• Explanations by educators (narration)</li> <li>• Question and answer method</li> <li>• Peer explanation</li> <li>• Combination of the above methods</li> </ul>	
<b>ASSESSMENT</b>	Class work Homework Class test
<b>ACTIVITIES</b>	06 activities ( <b>easy, average, and difficult</b> )

## ACTIVITY 1

**1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number.**

**1.1.1 The two large firms dominating an oligopolist market is known as a ... .**

**A Duopoly**

**B Pure oligopoly**

- C Monopoly
- D Perfect market

1.1.2 Many firms selling heterogeneous products are referred to as ...

- A Monopolies.
- B oligopolies.
- C monopolistic competition.
- D perfect competition.

1.1.3 The demand curve for a monopolistic competition is ...

- A horizontal.
- B vertical.
- C downward- sloping.
- D upward- sloping.

3X2 (6)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A- G) next to the question number (1.2.1 –1.2.5) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Price maker F	A A market structure that sells a unique product with no close substitute
1.2.2 Patent D	B Few large sellers dominating the market.
1.2.3 Long term E	C Goods and services are traded.
1.2.4 Oligopoly B	D It gives the producer the sole right to be a producer a particular product
1.2.5 Monopolies A	E Period long enough to change all the inputs.
	F The ability of a firm to control and set the market price
	G Legal barrier to entry.

5X1 (5)

1.3 Give one term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.5)

1.3.1 A period whereby only one factor of production can be varied.

Short run

1.3.2 Demand curve for an oligopoly.

kinked demand curve

1.3.3 When firms do branding, advertising, product differentiation, extend shopping hours.

Non price competition

1.3.4 A platform where the quantities and prices of production inputs are negotiated.

Market

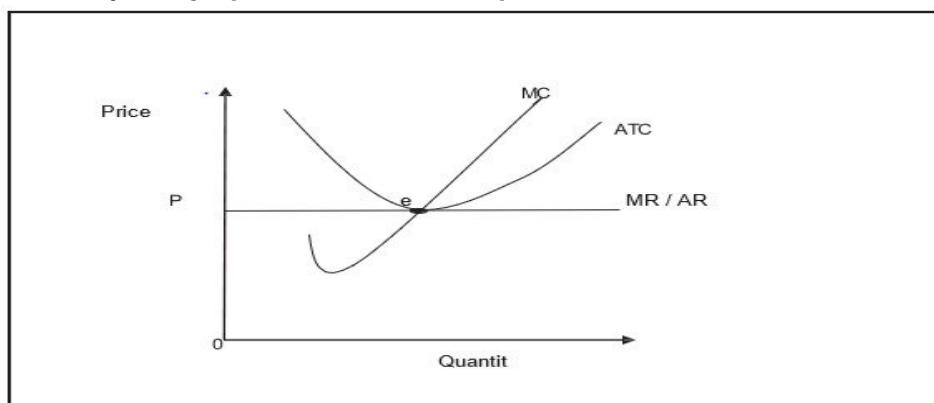
1.3.5 Products that are not identical to other similar ones and have slight differences.

Heterogeneous

5X1 (5)

## ACTIVITY 2

2.1 Study the graph and answer the questions that follow



2.1.1 Identify the nature of demand curve in the graph above? (1)

- Horizontal demand curve

2.1.2 Name the type of profit is indicated in the above graph? (1)

- Normal profit

2.1.3 Briefly explain the term *economic profit* (2)

- The difference between the revenue received from sales and the explicit costs of producing its goods and services, as well as any opportunity costs

2.1.4 Why must marginal cost be equal to marginal revenue for the profit to be maximized? (2)

- When the marginal revenue is greater than the marginal cost ( $MR > MC$ ), the business will expand its output. This is because the profit of the business is increasing; the benefits of adding an extra unit are more than the cost of producing it.
- When marginal revenue is less than marginal cost ( $MR < MC$ ), the business will reduce its output. This is because the benefits of adding an extra unit are less than the costs. i.e., the profit of the business is decreasing.
- When the marginal revenue is equal to marginal cost ( $MR = MC$ ), the business will have to decide to stop adding an additional unit of a product because the profit is maximized.

(Accept any other correct relevant response)

2.1.5 How is the long-run equilibrium achieved in the above market?

(4)

- Economic profits attract new entrants into the market which will increase the market supply thus lowering its price
- The individual firm is a price taker, and the lower price will wipe out economic

- profits until the price (average revenue) will be equal to average cost
- The long run equilibrium position is where normal profit will prevail  
(Accept any other correct relevant response)

### ACTIVITY 3

3.1 Study the extract below and answer the following questions:

**THREE MONOPOLIES THAT SOUTH AFRICA SHOULD END**

Entities that are protected by legislation such as licences, patent rights and copy rights morph into monopolies, resulting in limited competition. Time and time again, these legislated monopolies bank on the taxpayer's rands to bail them out of the repercussions of what seems to be chronic underperformance. Below is a list of industries that are overshadowed by state-run monopolies that, if deregulated and privatised, will yield far greater returns to the citizens of South Africa.

- Aviation
- Energy Supply
- Railways

www.mg.ca.za

3.1.1 Identify ONE of the three state monopolies implied in the extract (1)

- Eskom
- Prasa

3.1.2 Name one barrier to entry mentioned the extract above?  
(1)

- licences, patent rights and copy rights

3.1.3 Describe the term natural *monopoly*. (2)

- A natural monopoly is a type of monopoly that exists typically due to the high start-up costs or powerful economies of scale of conducting a business in a specific industry which can result in significant barriers to entry for potential competitors

(Accept any other correct relevant response)

3.1.4 Why do South African state- owned monopolies fail to make economic profit?  
(2)

- South Africa's state- owned enterprises have challenges of mismanagement, corruption and political interference which lead to them not being managed effectively

(Accept any other correct relevant response)

3.1.5 How do monopolies disadvantage consumers? (4)

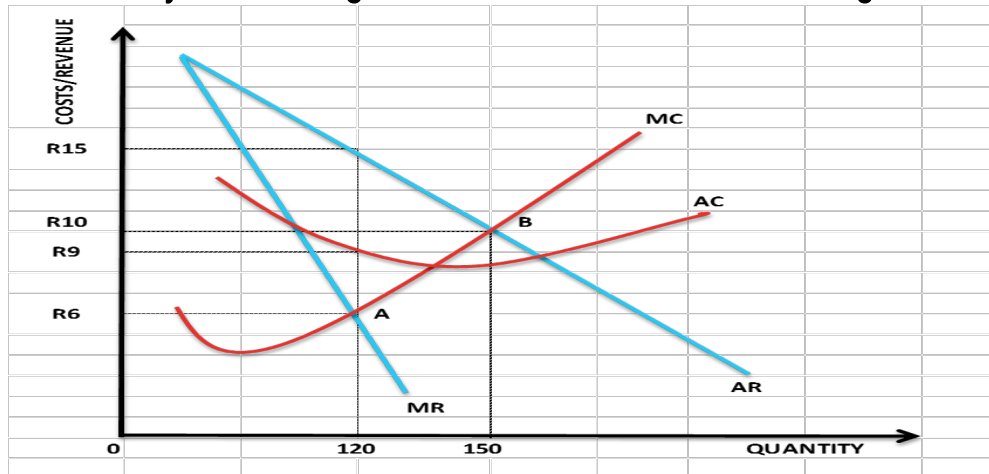
- Monopolies lead to price discrimination as consumers may be charged excessively high prices
- Consumers may be forced to buy lower quality goods because consumer choice is very limited



- Consumer surplus and economic welfare is reduced which affect consumer sovereignty  
(Accept any other correct relevant response)

#### ACTIVITY 4

4.1 Study the following information and answer the following information.



4.1.1 Identify the point on the graph that indicates optimum production  
(1)

- Point A.

4.1.2 Provide another alternative name for AR curve.  
(1)

- Demand curve.

4.1.3 Briefly describe the term *deadweight loss*.  
(2)

- Deadweight loss is the loss to society/welfare loss created by a monopoly as it produces less output than it can produce.  
(Accept any other correct relevant response)

4.1.4 why is the marginal revenue curve (MR) will always lie below the average revenue curve (AR)? (2)

- The negative sloping demand curve means that more goods are sold at low prices; hence additional revenue will decrease as more goods are sold.  
(Accept any other correct relevant response)

4.1.5 Calculate the profit or loss of this market. Show ALL calculations.  
(4)

$$\begin{aligned}
 \text{PROFIT/ LOSS} &= (\text{AR} \times \text{Q}) - (\text{AC} \times \text{Q}) &= (\text{AR} - \text{AC}) \\
 \times \text{Q} & & \\
 &= (\text{R}15 \times 120) - (\text{R}9 \times 120) &\text{or} &= (\text{R}15 - \text{R}9) \times \\
 120 & & & \\
 &= \text{R}1\,800 - \text{R}1\,080 &= \text{R}6 \times 120 \\
 &= \text{R}720 \quad \text{Economic Profit} &= \text{R}720 \\
 &\text{Economic Profit.} &
 \end{aligned}$$

#### ACTIVITY 5

### 5.1 Study the extract below and answer the questions that follow:

#### OLIGOPOLIES

A few large oligopolies dominate an oligopoly market, and they sell a homogenous and differentiated products, i.e. just a few hand set manufacturing companies dominate the cell network of South Africa. The products are similar and sold by a few companies. Moreover, the products are branded due to extreme competition, and because there are huge long-term entry barriers, the companies make exorbitant profits. The competing companies have an unusual interdependence, to the point that they almost operate in unison.

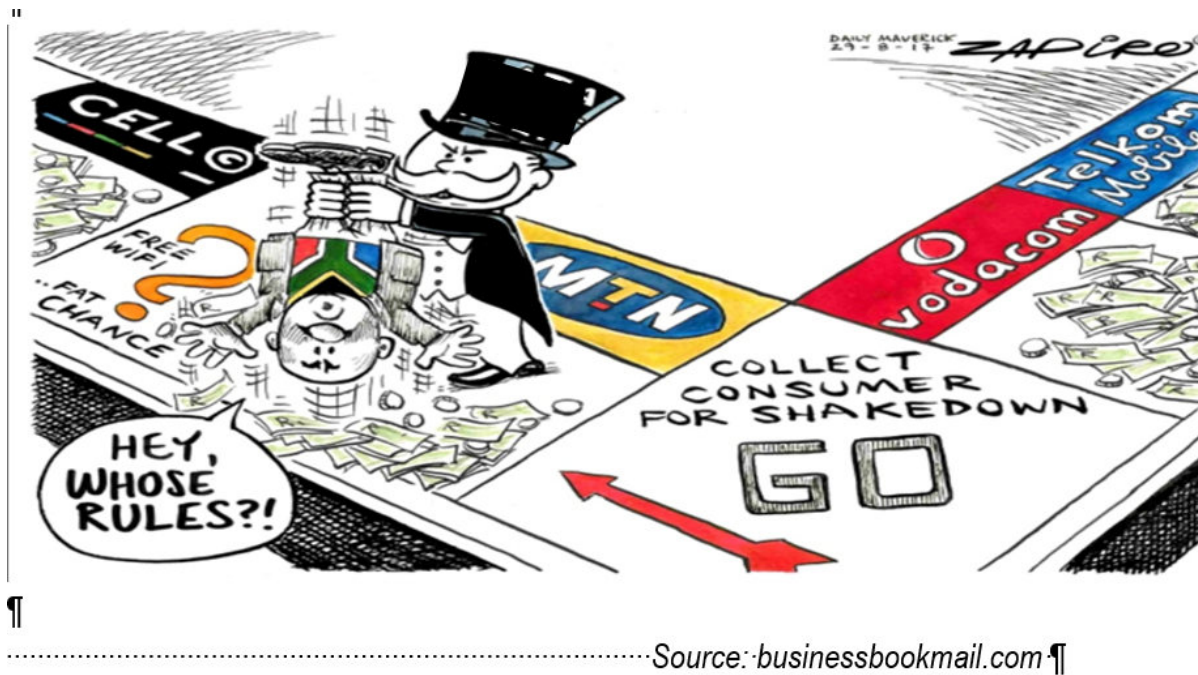
[Adapted from [Markitects.co.za](http://Markitects.co.za)]

- 5.1.1 Identify an example of an oligopoly market in the extract above  
(1)
- Cell network firms
- 5.1.2 Name the type of a product sold by a pure oligopoly  
(1)
- Homogenous
- 5.1.3 Briefly describe the term *cartel* (2)
- A cartel is a formal agreement between groups of producers of a good or service to control supply or to regulate or manipulate prices.  
(Accept any other correct relevant response)
- 5.1.4 Why do firms collude with one another? (2)
- Firms collude to make higher profits at the expense of consumers and reduce the competitiveness of the market.  
(Accept any other correct relevant response)
- 5.1.5 How does branding assist oligopolies gain a bigger market share.  
(4)
- When a customer recognizes a brand's colour, theme, logo, etc., they are more likely to choose that product over all others.
  - Once a customer begins to recognize and buy a product or a service, good branding will keep them coming back for more
  - Every customer has their trust issues whenever it comes to trying a new product or service, however, a strong brand can help you set yourself apart as a well-established business with strong values that customers can resonate with.  
(Accept any other correct relevant response)

### ACTIVITY 6

#### 6.1 Study the picture below and answer the questions that follow.

## COLLUSION AMONG OLIGOPOLIES AT THE EXPENSE OF CONSUMERS



6.1.1 identify the market structure represented by the above illustration.

(1)

- Oligopoly

6.1.2 Name one barrier to entry in this market structure

(1)

- High start-up cost
- Economies of scale
- Government regulation

6.1.3 Briefly describe the term *non price competition*

(2)

- Non price competition refers to a form of competition in which two or more producers use such factors as packaging, delivery or customer service rather than price.

(Accept any other correct relevant response)

6.1.4 Why is it more beneficial for firms to collude instead of engaging in competition?

(2)

- Because firms are able to limit competition and market uncertainties which ensures that they make higher profits

(Accept any other correct relevant response)

6.1.5 How does non price strategy positively impact oligopolies?

(4)

- Oligopolies use non price strategies to gain more customers e.g., by Advertising

- More revenue and profit gained by the business without adjusting the price
  - Employees maybe trained more for them to improve their service to their customers
  - Oligopolies are regarded as inefficient but when there are more customers demanding the product, they will increase the production and that will lead to being efficient
- (Accept any other correct relevant response)

## ACTIVITY 7

7.1 Study the picture and answer the questions that follow



7.1.1 Identify the non-price competition strategy in the cartoon above/  
(1)

- New menu/ Product development

7.1.2 What kind of profit can these competitors make in the long run?  
(1)

- Normal profit

7.1.3 Briefly describe the term *product differentiation*  
(2)

- Product differentiation is the characteristic or characteristics that make your product or service stand out to your target audience.
- (Accept any other correct relevant response)

7.1.4 Why is there interdependency between oligopolies?  
(2)

- An oligopoly market, there is a small number of big firms. Accordingly, there is a high degree of mutual interdependence, implying that price and output policy of one firm has a significant impact on the price and output policy of the rival firms in the market.
- (Accept any other correct relevant response)

7.1.5 How can the two monopolistic competitors increase their market share

(2x2) (4)

- The firms can advertise their product as the best such as putting up a big billboard in a busy highway.
- They must focus in building and developing their brand so that customers can associate with the product, this can be done through appointing a famous and successful brand ambassador.
- The firms must invest in product development and proliferation which means offering a wide range of different product to cater for different consumer need.

(Accept any other correct relevant response)

#### TOPIC 6: EFFECTS OF COST AND REVENUE

<b>WEEK</b>	3 - 4
<b>TOPIC</b>	Effects of costs and Revenue
<b>WEIGHTING</b>	
<b>SUB- TOPIC/ CLARIFICATION</b>	Objectives of the business, Short- run cost, Long run costs.
<b>RELATED CONCEPTS/ TERMS/ VOCABULARY</b>	Specific, Measurable, Acceptable, Realistic, Time specific, survival, economic loss, economic profit, long run, normal profit, short run, Total Product/ Output, Marginal Product/ Output, Average Product/ Output, Fixed costs, Variable costs, Total costs, Marginal costs, Average costs, Average Fixed costs, Average Variable costs, Total revenue, Marginal revenue, Average revenue
<b>PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE</b>	Price formation, characteristics of market structures, price elasticity, Value, price and utility, Production Possibility curves.
<b>RESOURCES</b>	
<ul style="list-style-type: none"><li>• Text book and work books</li><li>• News papers</li><li>• Previous question papers</li><li>• Posters with drawings in the notice board</li><li>• Chalk board</li><li>• Textbooks</li><li>• Examination guideline</li><li>• News bulletin</li><li>• Internet</li></ul>	
<b>ERRORS/MISCONCEPTIONS/PROBLEM AREAS</b>	

<ul style="list-style-type: none"> <li>• Difference between short and the long run</li> <li>• Interpretation of profits and losses</li> </ul>	
<b>METHODOLOGY</b> <ul style="list-style-type: none"> <li>• Group discussions</li> <li>• Working in pairs</li> <li>• Explanations by educators (narration)</li> <li>• Question and answer method</li> <li>• Peer explanation</li> <li>• Combination of the above methods</li> </ul>	
<b>ASSESSMENT</b>	Class work Homework Class test
<b>ACTIVITIES</b>	06 activities ( <b>easy, average and difficult</b> )

## ACTIVITY 1

1.1 Study the table below and answer the questions that follow.

Output	FC	VC	TC	AVC	MC
0	20	0	20	0	-
1	20	5	25	5	5
2	20	8	28	4	A
3	20	10	30	3.3	2
4	20	16	36	4	6

1.1.1 Identify the cost that does not change from the table above.

(1)

- **Fixed Costs**

1.1.2 What is the total cost of producing the forth unit of output?

(1)

- **36**

1.1.3 Briefly describe the term *average variable costs*.

(2)

- **It refers to the costs that changes as production increases.**  
**(Accept any other correct relevant response)**

1.1.4 Explain the impact of producing the third unit of output on average variable cost.

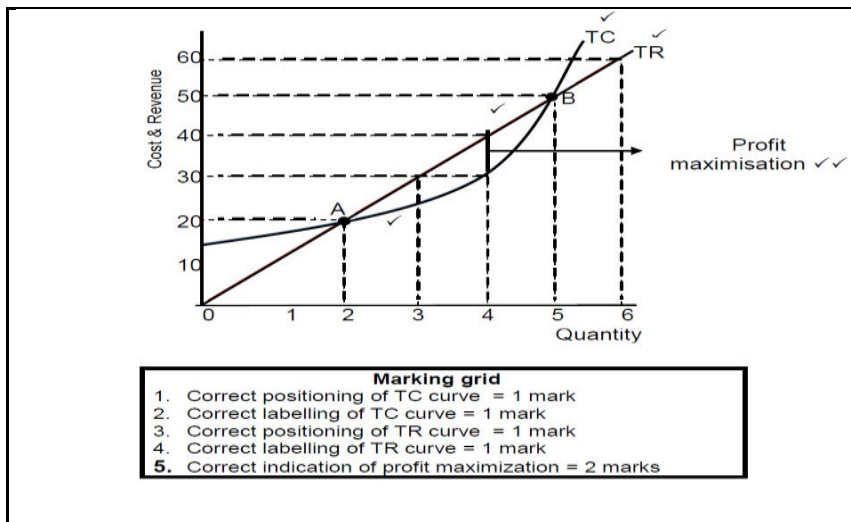
(2)

- **Variable cost decreases to its lowest.**
- **The impact is negative, there is a decline in average variable cost.**  
**(Accept any other correct relevant response)**

1.1.5 Calculate the value of A. Show ALL your calculations.

(4)





- The firm will make profits between points A and B (TR and TC) where the total revenue exceeds the total cost.
- Profit is maximized when the gap between TR and TC is the greatest.
- This occurs at 4 units of production at a cost of R40.
- Breakeven points will occur at points A and B.  
(Accept any other correct relevant response)

**TOPIC 7 PRICE ELASTICITY OF DEMAND AND SUPPLY**

<b>WEEK</b>	5 – 6
-------------	-------



<b>TOPIC</b>	Price elasticity
<b>WEIGHTING</b>	
<b>SUB- TOPIC/ CLARIFICATION</b>	Objectives of the business, Short- run cost, Long run costs.
<b>RELATED CONCEPTS/ TERMS/ VOCABULARY</b>	DEMAND Price elasticity of demand, Perfect elastic demand. Elastic demand Unitary elasticity demand, Inelastic demand, Perfect inelastic demand Supply, Price elasticity of supply, Factors of production
<b>PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE</b>	Price formation, , price elasticity, Value, price and utility,.
<b>RESOURCES</b>	
<ul style="list-style-type: none"> <li>• Text book and work books</li> <li>• News papers</li> <li>• Previous question papers</li> <li>• Posters with drawings in the notice board</li> <li>• Chalk board</li> <li>• Textbooks</li> <li>• Examination guideline</li> <li>• News bulletin</li> <li>• Internet</li> </ul>	
<b>ERRORS/MISCONCEPTIONS/PROBLEM AREAS</b>	
<ul style="list-style-type: none"> <li>• Normal goods</li> <li>• Inferior good</li> <li>• Substitute products</li> <li>• Complementary products</li> <li>• Unrelated products</li> </ul>	
<b>METHODOLOGY</b>	
<ul style="list-style-type: none"> <li>• Group discussions</li> <li>• Working in pairs</li> <li>• Explanations by educators (narration)</li> <li>• Question and answer method</li> <li>• Peer explanation</li> <li>• Combination of the above methods</li> </ul>	
<b>ASSESSMENT</b>	Class work Homework Class test

<b>ACTIVITIES</b>	06 activities (easy, average and difficult)
-------------------	---

### ACTIVITY 1

**1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number**

1.1.1 When the percentage change in quantity supplied is greater than the percentage change in price it refers to ...

- A. price elastic supply
- B. price inelastic supply
- C. unitary elasticity of supply
- D. zero elasticity of supply

1.1.2 The situation in which the quantity of a good or service is unaffected when the price of that good or service changes is known as ...

- A inelastic
- B elastic
- C elasticity
- D unitary elastic

2x2 (4)

**1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A–I) next to the question number (1.2.1 –1.2.10) in the ANSWER BOOK.**

COLUMN A	COLUMN B
1.2.1 Relative elastic demand <b>E</b>	A States that an increase in price leads to an increase in quantity supplied and a decrease in price results in a decrease in quantity supplied,
1.2.2 The law of demand <b>D</b> .	B The cost of producing one extra unit of output, it can be found by calculating the change in total cost when output is increased by one unit.
1.2.3 Marginal cost <b>B</b>	C Is an economic term referring to the change in behaviour that buyers and sellers have in response to a price change for a good or service
1.2.4 Elasticity <b>C</b>	D States that an increase in price results in a decrease in quantity demanded and a decrease in price results in an increase in quantity demanded.
1.2.5 The law of supply <b>A</b>	E When the proportionate change produced in demand is greater than the proportionate change in price of a product

5x1 (5)

**1.3 Provide the economic term/concept for each of the following descriptions. Write only the term/concept next to the question number. No abbreviations, acronyms and examples will be accepted.**

1.3.1 When there is no change produced in the demand of a product with change in its price

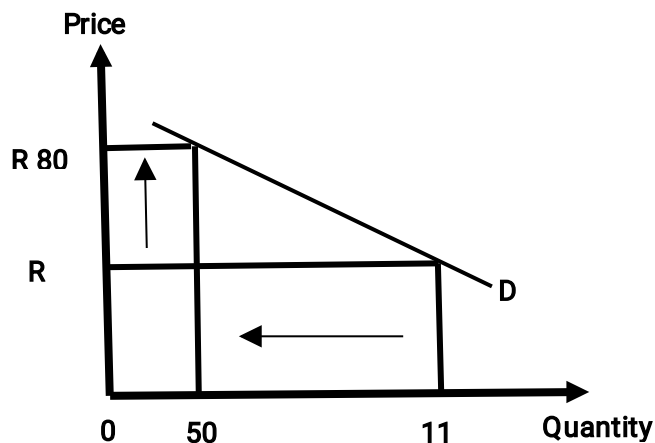
perfectly inelastic demand

1.3.2 A change in price that causes the same change in quantity demanded.

## ACTIVITY 2

2.1 Study the graphs below and answer the questions that follow.

## PRICE ELASTICITY OF DEMAND



2.1.1 Identify the quantity of goods demanded when the price increases.

(1)

- 50

2.1.2 Name the type of price elasticity of demand depicted in the above graph.

(1)

- Relative elastic demand.

2.1.3 Briefly describe the term *perfectly elastic demand*.

(2)

- It occurs when demand does not react to price changes.  
(Accept any other correct relevant response)

2.1.4 Briefly explain the durability of the product as a determinant of price elasticity of demand. (2)

- The more durable the product is, the more elastic the demand will be.
- If the product lasts for a long time, consumers will be influenced by price increases and will be more hesitant to buy the product.
- Products that are not durable have an inelastic demand.  
(Accept any other correct relevant response)

2.1.5 Calculate the price elasticity of demand from the above graph. Show ALL calculations. (4)

- $PED = \frac{\% \text{ change in Quantity demanded}}{\% \text{ change in Price}}$

- Step 1 : % change in Price =  $\frac{80-65}{65} \times \frac{100}{1}$
- = 23%
- Step 2 : % change in Quantity demanded =  $\frac{50-110}{110} \times \frac{100}{1}$
- = 55%
- $PED = \frac{\% \text{ change in Quantity demanded}}{\% \text{ change in Price}}$
- $\frac{55\%}{23\%}$
- 2.4

## 2.2 Why is the price elasticity of demand important to the producer? (8)

- It tells the producer that for every action there is a reaction.
- By studying elasticity of demand, we can predict what the change in price will be for the producers.
- It is useful to help firms decide how to increase their total revenue.
- To increase its total revenue, the producer can raise the price to get more revenue per product.
- The producer may also drop the price to increase the quantity sold.
- If the buyers are sensitive to the price (elastic demand), they will buy more if the price drops, so the producers should drop the price.
- If the buyers are not sensitive (inelastic demand) they will not buy much less even if the price increase, so the producer should increase the price.
- To increase the sales, raise the price when the demand is inelastic or drop the price when the demand is elastic.
- Producers want to know how sensitive the market supply is to a change in the price of the product.

(Accept any other correct relevant response)

## 2.3 How does substitutes influence the price elasticity of demand? (8)

- If a product has a substitute, consumers will easily change to another cheaper product when there is a change in price.
- The product would then have a price elastic demand.
- If a product does not have a close substitute, consumers would either stop buying the product or would continue to buy it even if the price increases.
- This would cause the demand for the product to be price inelastic.

(Accept any other correct relevant response)

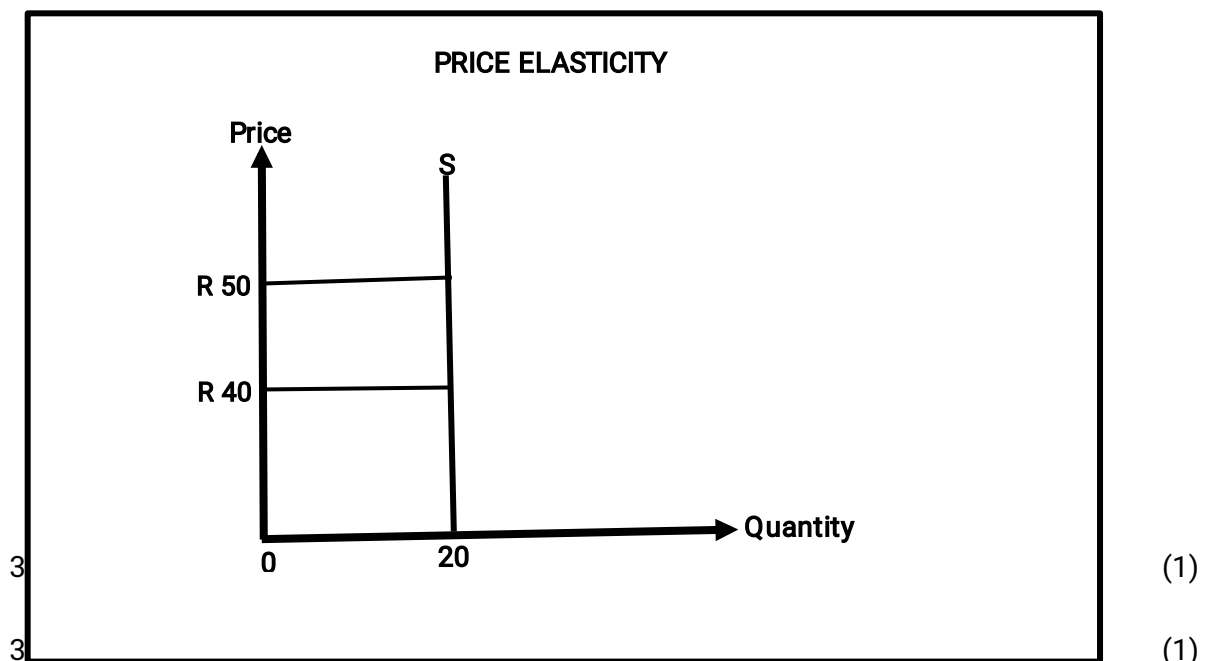
## 2.4 Examine the importance of the relative prices in the economy. (8)

- Relative prices convey important information about the scarcity of a particular goods.
- They are used by consumers, businesses, and the government to decide which goods and services to purchase.

- Transmit, important information necessary for efficient allocation of resources throughout any market economy.
  - The government can determine the level of inflation, economic growth and economic development in the country.
  - They can be used by economists to assess the economic performance and compare it to other countries.
  - The government uses the relative prices to check in which direction the economy is heading.
  - They important for the Reserve Bank and the government to make effective decisions on the correct use and implementation of both fiscal and monetary policies.
- (Accept any other correct relevant response)

### ACTIVITY 3

3.1 Study the graph below and answer the questions that follow.



- 20
- 3.1.3 Briefly describe the term *price elasticity of supply*. (2)
- It is the responsiveness of quantity supplied, as a result of a change in price.  
(Accept any other correct relevant response)
- 3.1.4 Why is the supply curve shaped vertically? (2)
- Quantities offered for sale remain constant.
  - No matter how prices can change, the quantity supplied is unresponsive.  
(Accept any other correct relevant response)
- 3.1.5 How are relative prices used in the economy? (4)
- They show inflation, economic growth and economic development in a country.
  - Economist can use them to assess the performance of the economy.
  - Government and the Reserve Bank can use them to decide on the correct fiscal and monetary policies to implement.

(Accept any other correct relevant response)

#### ACTIVITY 4

##### 4.1 Study the extract below and answer the questions that follow.

###### How Would Price Elasticity of Supply for Nuclear Energy be?

Price elasticity of supply for energy generated from nuclear power plants is likely to be quite low, likely below 1.

One of the factors, influencing price elasticity of supply is time taken to fill demand – building a new power plant takes a long time, suggesting that an increase in price cannot necessary be met by a quick increase in quantity supplied.

[www.blombeg.ca.za](http://www.blombeg.ca.za)

4.1.1 identify the degree of price elasticity that is equal to 1.

(1)

- Unitary price elasticity of supply

4.1.2 Give the formula used to calculate PES.

(1)

- $$PES = \frac{\% \Delta \text{ in Quantity Supplied}}{\% \Delta \text{ in Price}}$$

4.1.3 Briefly describe the term *supply*.

(2)

- It is the amount of goods or service that is available at a specific price to consumers.

4.1.4 explain the effect of decreasing relative prices on the people's standard of living.

(2)

- Decreasing relative prices is an indication that inflation is decreasing and that the people have more disposable income to spend.

4.1.5 Why is the price elasticity of supply important?

(4)

- It measures how much the supplied quantity of a good or service responds to a change in price.
- It is necessary to changing market conditions, especially price changes.

4.2 Briefly discuss inelastic supply and unitary elastic supply as a degree of price elasticity of supply, without the use of a diagram.

(8)

###### Relative inelastic supply

- Price elasticity is less than one ( $PES < 1$ ).
- A change in price will cause a smaller percentage change in quantity supplied.
- Producers would struggle to adapt to the price increase, particularly in the short run.

#### Unitary elastic supply

- Price elasticity is equal to one ( $PES = 1$ )
- A change in price will cause exactly the same percentage change in quantity supplied.
- The supply curve looks like the normal supply curve with a positive slope from left to right.

## TOPIC 8 ECONOMIC GROWTH

TOPIC: ECONOMIC GROWTH			
Term	3	Week	1
Duration	4 HOURS	Weighting	11%
Sub- topics	Wealth creation process ,Distribution ,Distribution methods ,Economic growth and standard of living		
RELATED CONCEPTS/ TERMS/VOCABULARY	Wealth ,income ,income per capita, economic growth ,income distribution ,wealth distribution ,Lorenz curve ,standard of living ,gross		
PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE			
<ul style="list-style-type: none"><li>The open economy circular flow model dealt with in grade 9.</li></ul> Entrepreneurships and sectors of the economy dealt with in grade 9.			
RESOURCES			
Textbooks and workbooks, Previous Question Papers, Posters with formats in the notice board/class walls, Examination guidelines, Annual Teaching Plan, National budget speech summary, Government departments publications, Cartoons on Government, taxes, prices and production, Magazines,  Newspapers, Internet, Stats SA, SARB Quarterly Bulletin, Diagnostic Reports			
ERRORS/MISCONCEPTIONS/PROBLEM AREAS			
METHODOLOGY			
BASELINE ASSESSMENT:			
<ul style="list-style-type: none"><li>Allow learners to discuss current issues</li></ul>			
<ul style="list-style-type: none"><li>Learners must <b>EXPLANATION AND DISCUSSION: Wealth creation measures</b></li><li>Define and explain the relevant concepts</li><li>Discuss economic growth.</li><li>Discuss real GDP</li><li>Discuss the standard of living</li></ul>			
ASSESSMENT			



- Home works
  - Class works
  - Class test
  - Data response
  - Case studies

## ACTIVITY 1

**1.1. Various questions are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A. – D.) next to the question number (1.1.1 - 1.1.5) in the answer book, for example 1.1.6 B.**

- 1.1.1. The curve that measures inequality and distribution between households is known as a ... ..
- A. Gini coefficient
  - B. capital
  - C. Lorenz curve**
  - D. productive inefficiency
- 1.1.2. Real GDP measures the ... ..
- A. Standard of living
  - B. Economic growth**
  - C. Economic development
  - D. Income distribution
- 1.1.3. A policy aimed at increasing the ownership of agricultural land of black people in the economy is called ...
- A. Land reform.
  - B. Agricultural land.
  - C. Land redistribution.**
  - D. information
- 1.1.4. The standard of living of a population is best described by the... ..
- A. Per capita income**
  - B. Low economic growth
  - C. Decrease in expenditure
  - D. Secondary education
- 1.1.5. South Africa uses a ... .. taxation system
- A. Proportional
  - B. Progressive**
  - C. Regressive
  - D. All of the above
- 5x2 (10)

**1.2 Choose a description from COLUMN B that matches the item in COLUMN A**

COLUMN A	COLUMN B	

1.2.1 Progressive taxation	A	A stock of capital assets of households ,representing money earned and saved .	<b>H</b>
1.2.2 Economic growth	B	When people live below a certain income threshold and cannot afford certain basic goods and services.	<b>I</b>
1.2.3 Residual income	C	Is a graphical representation of the distribution of income /quintile distribution of income.	<b>J</b>
1.2.4 Wealth	D	A wage rate set by the government below which no employer can pay their workers and is set above the equilibrium.	<b>A</b>
1.2.5 Absolute poverty	E	Is the return of land to those who have lost it due to discriminatory laws .	<b>B</b>
1.2.6 Minimum wage	F	Income per person or per head of the total population	<b>D</b>
1.2.7 Land Restitution	G	Method used to measure income inequality .	<b>E</b>
1.2.8 Per capita income	H	A system in which those who earn more pay more.	<b>F</b>
1.2.9 Gini coefficient	I	Is the increase in the productive capacity of the economy	<b>G</b>
1.2.10 Lorenz curve	J	It captures errors and omissions that occurs during the calculation of national income	<b>C</b>
	K	The price of goods and services that you pay to maintain an average standard of living .	

10X1 (10)

**1.3 Give one term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.4)**

1.3.1 The quality of life of an individual or a household

- **Standard of living**

1.3.2 The relationship between input and output obtained with one unit of inputs per worker.

- **productivity**

1.3.3. Measures the number of years a newborn baby or a person is expected to live

- **Life expectancy**

1.3.4. The process that focusses on the improvement of the standard of living of the inhabitants of the country

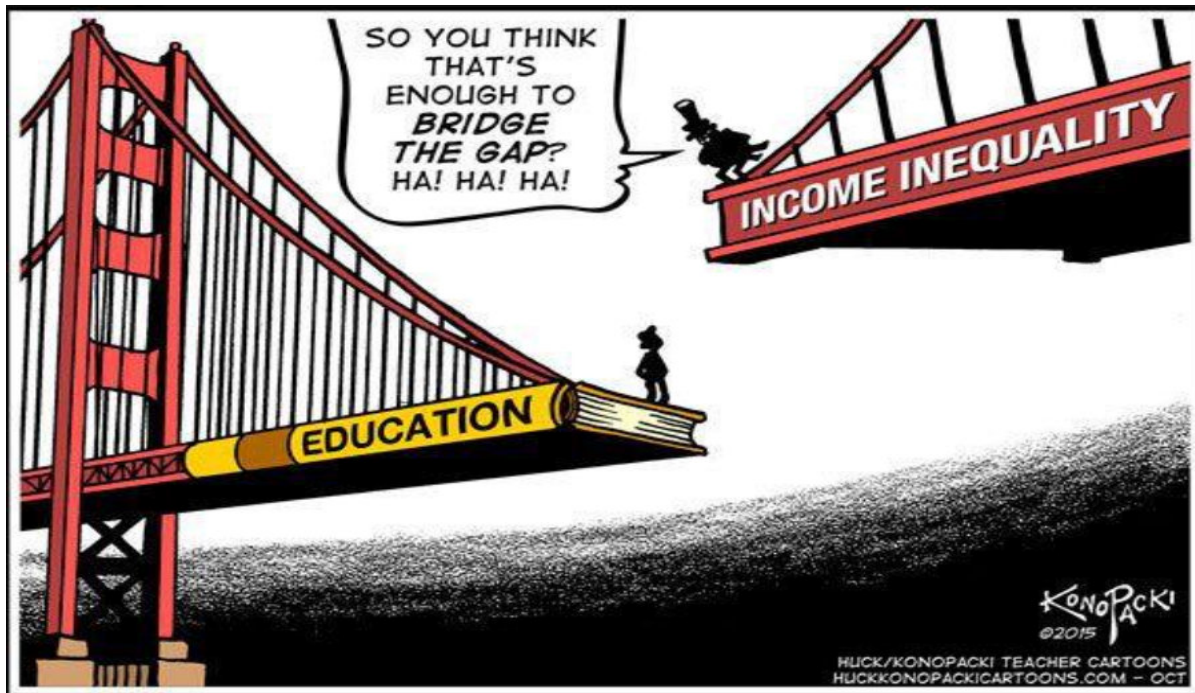
- **Economic development**

4x1

(4)

## ACTIVITY 2

**2.1 Study the picture below and answer the questions that follow.**



Source [www.cartoon.com](http://www.cartoon.com)

2.1.1 Identify the cause of inequality in the above information

(1)

- education

2.1.2 Name ONE method used by government to reduce inequality.

(1)

- Social grant (cash benefit)  
(Accept any other correct relevant response)

2.1.3 Briefly describe the term *residual income*

(2)

- The income that remains after all expenses have been deducted  
(Accept any other correct relevant response)

2.1.4 Explain the impact of poor education on the standard of living.

(2)

- Lack of education can lead to low income per capita
- Lower access to basic goods and services
- Low life expectancy  
(Accept any other correct relevant response)

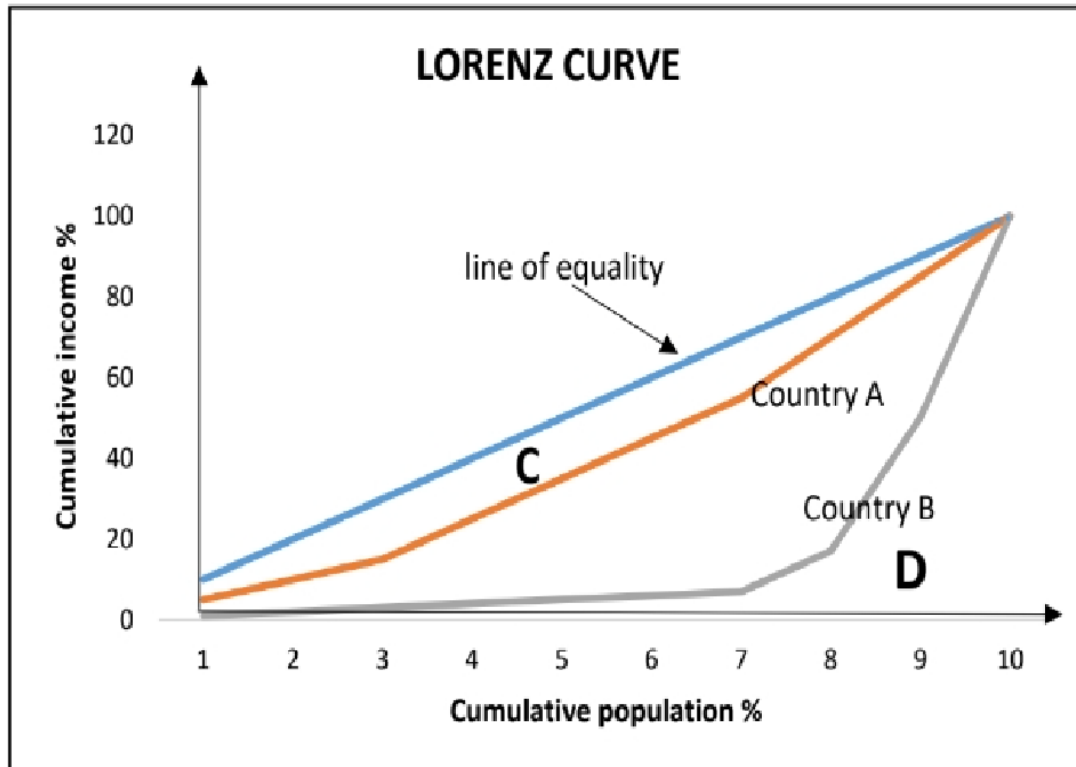
2.1.5 How is wealth created through savings

(4)

- Savings comes from income; income that is not consumed is saved.
- They gather wealth when they keep their cash, make deposits, invest their money and pay premiums on insurance policies.
- They gather wealth when they keep their cash, make deposits, invest their money and pay premiums on insurance policies.  
(Accept any other correct relevant response)

### ACTIVITY 3

3.1 Study the graph below and answer the question that follow.



Source: [www.investopedia.com](http://www.investopedia.com)

3.1.1 Identify a country with the most unequal distribution from the graph above.

(1)

- Country B

3.1.2 What is represented by letter C in the above graph?

(1)

- Inequality gap

3.1.3 Briefly describe the term *Lorenz curve*.

(2)

- Briefly describe the term Lorenz curve. A graph showing the distribution of income (or wealth) within an economy.

(Accept any other correct relevant response)

3.1.4 What does a Gini coefficient of zero mean?

(2)

- It means equal distribution of income/ perfect equality.

(Accept any other correct relevant response)

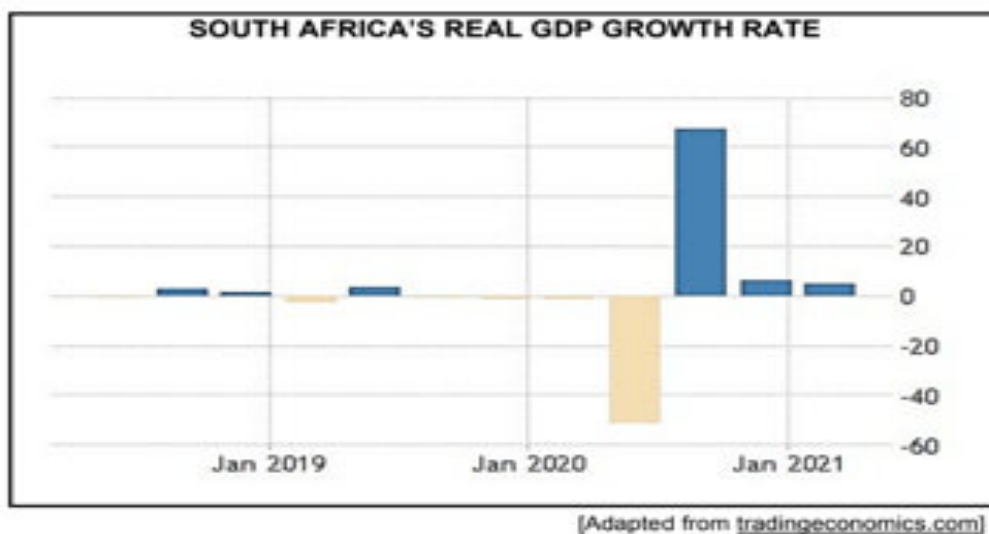
3.1.5 Calculate the value of Gini coefficient. show all calculations

2×2 (4)

- Gini co-efficient =  $C / C + D$   
 $= 20 / 100$   
 $= 0,2$

#### ACTIVITY 4

4.1 Study the Graph below and answer the question that follow.



- 4.1.1 Identify the period in which growth in real GDP is the lowest.  
(1)
- 2<sup>nd</sup> Quarter of 2020
- 4.1.2 Name an economic indicator that is used to measure economic growth.  
(1)
- Real GDP
- 4.1.3 Briefly describe the term *economic growth*.  
(2)
- It is an increase in the production capacity of a country.  
(Accept any other correct relevant response.)
- 4.1.4 Explain factors that lead to increased economic growth.  
(2)
- Increased productivity drive long- term growth in most countries
  - Improvement in technology is important because it reduce the cost supplying goods and service and usually lead to economic growth  
(Accept any other correct relevant response.)
- 4.1.5 Why is South Africa experiencing low economic growth rate  
(2 x 2) (4)
- The overvaluation and volatility of South Africa's currency
  - Barriers to entry, limits to competition and limited new investment opportunities
  - Deficiencies in state organisation, capacity and leadership  
(Accept any other correct relevant response.)

## ACTIVITY 5

5.1 Study the picture below and answer the questions that follows



Source [www.cartoon](http://www.cartoon.com)

.com

5.1.1 Identify the cause of poverty

(1)

- Lack of education
- High rate of unemployment

5.1.2 Name one factor that determine the standard of living

(1)

- Level of income of the household
- Population size / family size

5.1.3 Briefly describe the term *standard of living*

(2)

- Quality of life of an individual or household  
(Accept any other correct relevant response.)

5.1.4 Why is South Africa regarded as a country with the highest inequality in the world?

(2)

- South Africa has high level of unemployment due to lack of skills
- South Africa has relatively high level of illiteracy due to poor education  
(Accept any other correct relevant response.)

5.1.5 How can high population growth influence the standard of living?

(2 x 2) (4)

- When population growth rate is above real GDP the standard of living will decrease
- High population may result in shortages of good and service to high demand.
- More people may live in poverty as they fail to access employment opportunities.

(Accept any other correct relevant response.)

## ACTIVITY 6

6.1 Differentiate between economic growth and economic development.

(8)

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
<ul style="list-style-type: none"> <li>• Is an increase in the productive capacity of the economy</li> </ul>	<ul style="list-style-type: none"> <li>• Is an increase in the standard of living of people in a country</li> </ul>

<ul style="list-style-type: none"> <li>Is measured as percentage change in real GDP</li> </ul>	<ul style="list-style-type: none"> <li>Deals with issues such as education literacy, healthcare, employment and environmental sustainability.</li> </ul>
<ul style="list-style-type: none"> <li>Concerned with goods and services</li> </ul>	<ul style="list-style-type: none"> <li>Concerned with people and human development</li> </ul>

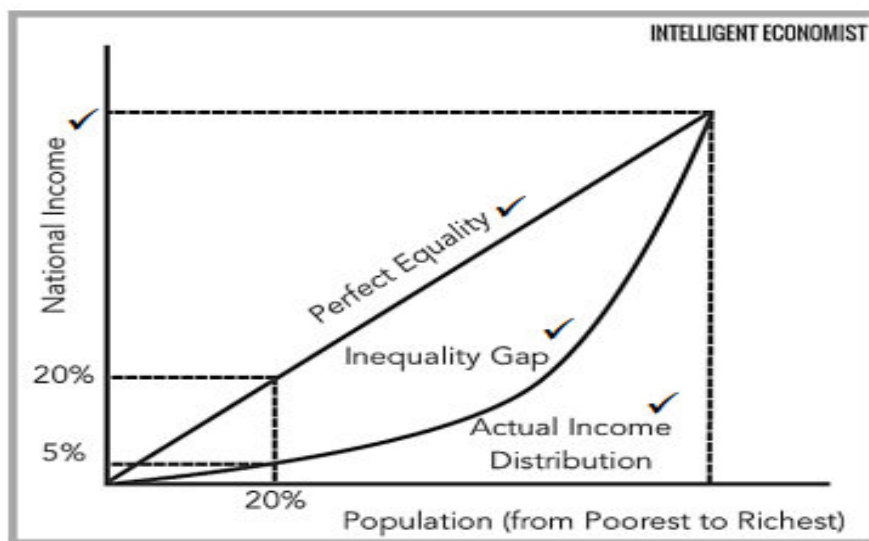
(Accept any other correct relevant response.)

6.2 Discuss the importance of economic growth  
(8)

- The means for people to enjoy better living standard
  - Increase government income due to tax revenues that can be used to finance spending project.
  - An increase in demand and output, which will increase investment in new capital machinery and help to sustain the growth.
  - A positive effect on company profit and on business confidence in general.
- (Accept any other correct relevant response.)

## ACTIVITY 7

7.1 With the aid of a well labelled graph explain a country with high inequality  
(8)



label

- 1 Mark- correct labelling of BOTH axes
- 1 mark – line of equality with label
- 1 mark – large inequality Gap
- 1 Mark Actual income distribution line with

- The Gini coefficient is calculated using the Lorenz curve.
- The Gini coefficient can vary from 0 (meaning perfect equality or fair distribution).
- If a country's income distribution is almost equal, the Lorenz curve will be closer to 45 degrees' line and the higher its Gini coefficient.
- If there is perfect equality, the Lorenz curve will be the same as the 45 degrees' line and the Gini coefficient will be 0.

(Accept any other correct relevant response.)

7.2 Examine the impact of COVID- 19 impact on wealth creation

(8)

- Many consumers were retrenched creating a lower demand for goods and services.
- Lower income levels led to lower savings for capital formation.
- Many business owners were forced to close their doors and thus were not able to earn an income.
- Certain industries such as tobacco and alcohol were suffering from the ban/ restricted trading hours, therefore lower profits  
(Accept any other correct relevant response.)

7.3 How should higher education inequalities be addressed to improve the standard of living in

South Africa?

(8)

- 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)

#### ACTIVITY 8

- Discuss the methods used by the government to redistribute income and wealth  
(26)
- Analyse the causes of uneven distribution of income in South Africa  
(10)

#### Introduction

Redistribution is a process of re-allocating income, wealth and resources equally amongst the citizens to reduce social and economic inequality.

#### BODY (MAIN PART)

##### Taxation

- The government can begin to ensure redistribution by using tax
- Progressive tax system will be used since it states that the higher- income pay more tax.
- The revenue collected from taxes is used to assist the poor citizen

##### Social grants (cash benefits)

- Cash grants are paid by the government to receivers without any service being rendered.
- They help the poor face the basic costs of living in the country
- The main cash grants in South Africa are Older Persons Grants; Child Support Grants; Disability Grants; etc

##### Payments in kind

- These are essential services that the government ensure they are provided to the needy free of charge.



- They consist of primary healthcare; basic education; feeding schemes; protection and infrastructure.
- Although these do not contribute to the accumulation of assets for generating long- term wealth, they satisfy basic needs.

### **Education**

- Improved education system increases education levels in low- income families in a country
- This improves the peoples' prospects in the labour market.
- Education clearly makes workers more competitive in a tough labour market.
- The supply of highly skilled labour needs to increase if unemployment and poverty are to be reduced.

### **Labour practice**

- Elimination of the labour inequalities improve the general working conditions for all South Africans
- The implementation of a minimum wage and unemployment insurance helps to reduce relative poverty for people who earn very low wages .
- Strategies for helping the youth to obtain their first job include a wage subsidy, a search subsidy and reduced regulations for first jobs.

### **Macroeconomic policy**

- Benefits of strong macroeconomic performance and economic growth is that tax revenue is generated to fund social expenditure.
- Macroeconomic policies such as GEAR and AsgiSA influence the distribution of income and wealth in various ways.
- Regional development policies reduce geographical inequalities of income and wealth.

### **Redistribution methods**

- South Africa's transformation since 1994 has emphasised strategies for eliminating inequalities and living conditions for all South Africans.
- Interventions that would ensure a more rapid redistribution of income, wealth and opportunities to the previously disadvantaged.
- They include: Black Economic Empowerment (BEE); Affirmative action; Land redistribution and Property subsidies.

**(Accept any relevant and correct responses)**

**max 26**

### **Additional part**

**Analyse the causes of uneven distribution of income in South Africa**

**(10)**

**Uneven distribution of income exists because:**

- A lack of education and training: individuals with advanced qualifications or skills earn higher income than those who are without qualifications.
- Unequal ownership of resources of wealth, such as property and other assets.
- Family sizes: some households have more dependants and burden than others.

- Discrimination: traditionally, gender inequality has favoured men over similarly qualified women.
- Inheritance passed on from one generation to the next ensures that wealth remains in the hands of the few.
- Culture and personal preferences for a certain type of work will affect income.
- Unemployment may deprive certain part of the citizens the opportunity of earning income

**(Accept any relevant and correct response)**

**max 10**

### **Conclusion**

Some government policies are geared towards addressing income inequalities, while others address wealth redistribution.

max 2

**(Accept any relevant and correct response)**

## **TOPIC 9 ECONOMIC DEVELOPMENT**

TOPIC: ECONOMIC DEVELOPMENT			
Term	3	Week	4
Duration	4 hours	Weighting	10%
Sub- topics	Methods of development Common characteristics		
RELATED CONCEPTS/ TERMS /VOCABULARY	<ul style="list-style-type: none"><li>• GEAR</li><li>• RDP</li><li>• ASGISA</li><li>• NDP</li><li>• NGP</li><li>• MDG</li><li>• Standard of living,</li><li>• low levels of productivity,</li><li>• high population growth and dependency burden</li><li>• high levels of unemployment</li><li>• dependency on the primary sector</li><li>• deficient infrastructure</li></ul>		
PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE			
<ul style="list-style-type: none"><li>• Early economic development,</li><li>• Causes of poverty,</li><li>• Types of unemployment,</li><li>• Economic growth,</li><li>• Population and labour force</li></ul>			
POST- KNOWLEDGE			
Grade 12 economic growth and development.  Economic and social performance indicators			
RESOURCES			

<ul style="list-style-type: none"> <li>• Learners textbooks</li> <li>• Newspaper articles</li> <li>• Chalkboard summary</li> <li>• Statistics: stats SA</li> <li>• Past exam papers</li> </ul>	
ERRORS/MISCONCEPTIONS/PROBLEM AREAS	
<p>Learners confuse economic growth and development</p> <p>Learners also confuse general strategies and South African strategies of development.</p> <p>Interpretation and analyzing of graphs is a challenge.</p>	
METHODOLOGY	
<ul style="list-style-type: none"> <li>• Describe the relevant concepts</li> <li>• Discuss methods that can be implanted to assist development</li> <li>• Explain the characteristics of economic development</li> </ul>	
ACTIVITIES	
Teacher Activities	Learner Activities
<ul style="list-style-type: none"> <li>• Teacher will introduce a topic</li> <li>• Infuse current issues from newspaper article to elaborate characteristics and methods of development.</li> <li>• Teacher will describe basic concepts</li> <li>• Compare economic growth and development</li> <li>• Discuss methods that can be implanted to assist development.</li> </ul> <p>NB: Refer to examination guidelines to develop more activities and ensure that all cognitive levels are assessed.</p> <p>Step Ahead Programme 2021</p>	<ul style="list-style-type: none"> <li>• Discuss the strategies to increase development.</li> <li>• Differentiate between economic growth and development.</li> <li>• Compare the characteristics of developing countries with those of developed countries.</li> </ul>
ASSESSMENT	

### ACTIVITY 1

- 1.1 Various options are provided as possible answers to the following questions.  
Write down the question number (1.1.1 to 1.1.5) choose the answer and write the

**letter (A-D) next to the question number in the ANSWER BOOK.**

- 1.1.1 A measure of the quantity of goods and services available to the population of a country is called ... ..  
 A.) economic growth  
**B.) standard of living**  
 C.) wealth  
 D.) productivity
- 1.1.2 An increase in the productive capacity of the economy so that greater value of goods and services is produced is known as... ..  
 A.) economic development  
 B.) privatization  
 C.) industrialization  
**D.) economic growth**
- 1.1.3 The percentage of adults who can read and write effectively at least in one language is called ... ..  
 A.) mortality rate  
**B.) literacy rate**  
 C.) repo rate  
 D.) growth rate
- 1.1.4 The condition that exist when the income of a household is too low to be able to afford basic needs is known as ... ..  
**A.) poverty**  
 B.) inequality.  
 C.) gini- coefficient  
 D.) unemployment.
- 1.1.5 Knowledge that is unique to a given culture or society is called ... ..  
 A.) intellectual property rights  
**B.) indigenous knowledge system (IKS)**  
 C.) good governance  
 D.) entrepreneurship.

**(2x5)10**

**1.2 Choose a description from COLUMN B that matches an item in COLUMN A. write only the letter ( A-F) to the question number (1.2.1- 1.2.5) in the ANSWER BOOK, for example 1.2.6 D**

COLUMN A	COLUMN B
1.2.1 Labour force <b>D</b>	A. Increasing the stock of capital in the country.
1.2.2 Dependency burden <b>E</b>	B. Implementing programmes whereby current needs are met without endangering resources for future needs.
1.2.3 Human development index <b>F</b>	C. An improvement in the standard of living of the population
1.2.4 Economic development <b>C</b>	D. People between the age of 15 and 64 who are employed and seeking employment.
1.2.5 Capital formation <b>A</b>	E. A measure showing the number of people to be supported by the working population.
	F. A statistic used to rank country's average

	achievements in three basic aspects: health, knowledge and standard of living.
--	--

**(5X1) 5**

**1.3 Give ONE word for each of the following descriptions. ABBREVIATIONS and ACRONYMS will not be accepted.**

- 1.3.1 The number of years a person born in a particular country is expected to live.  
**Life expectancy**
- 1.3.2 Poorly developed infrastructure in developing countries.  
**Deficient infrastructure**
- 1.3.3 A government programme launched in 2004 to provide temporary work for the unemployed.  
**Expanded public works programme**
- 1.3.4 A policy that was launched in 1994 to addressing poverty alleviation and the shortcomings in the provision of services across the country.  
**Reconstruction and Development Programme.**

**(4X1) (5)**

## **ACTIVITY 2**

2.1.1 Name two characteristics of developing countries.

(2)

- **Low standard of living**
  - **Low levels of productivity**
  - **High population growth and dependency burden**
  - **High levels of unemployment**
  - **Deficiency of infrastructure**
- (Accept any other relevant correct answers)**

2.1.2 How does low literacy rate affect the productivity of the country?

(2)

- **Low literacy means that the majority of the population cannot read and write, that will decrease their productivity in the workplace**
  - **Illiterate workers are more likely to made mistakes and wastage of resources.**
- (Accept any other relevant correct answers)**

**2.2 Read the extract below and answer the questions that follow.**

### **Micro developers open doors and windows for solving SA's housing problem.**

SA's urban population is expanding, creating a growing need for housing. In addition, people are moving away from rural areas, where poverty and unemployment are extremely high, towards metros and cities, where there are more economic opportunities. If they get "to town", they usually settle on shacks in informal settlements or cheap rental accommodation. If they qualify for government-provided Reconstruction and Development Programme (RDP), they will end up remaining on the outskirts of the city. The majority of RDP beneficiaries are so far from economic centres that they find it too costly to even look for employment opportunities. It would therefore be extremely beneficial, for the poor and for the country, if the poor could

access accommodation closer to centres of employment and entrepreneurship.

Source: Business

day2023

2.2.1 Identify a development strategy mentioned in the above extract.

(1)

RDP/ Reconstruction and development Programme.

2.2.2 Name one service that is provided by government as part of RDP.

(1)

Housing, electrification, land reform, water and sanitation

2.2.3 Briefly describe the term *population growth*.

(2)

Population growth is the increase in the number of people living in a country in a particular period

(Accept any other relevant correct answers)

2.2.4 Explain the main aim of Reconstruction and Development Programme (RDP)?

(2)

- RDP is aimed at addressing poverty alleviation and the shortcomings in the provision of services across the country.
- It is also attempted to combine measures to boost the economy.

(Accept any other relevant correct answers)

2.2.5 How would higher unemployment result to chronic poverty

(4)

It can result to chronic poverty by:

- Jobless population are failing to satisfy their essential needs which lead to be poorer.
- Unemployed group is unable to save which make them to invest less on wealth.
- People dependent on social grant unable to invest in education which lead to poverty trap.

(Accept any other relevant correct answers)

### ACTIVITY 3

3.1 Study the cartoon below and answer questions that follow.



Source: google/cartoons

3.1.1 Identify the challenge faced by developing countries in the above cartoon.

(1)

High levels of unemployment/ unemployment/ lack of job opportunities.

3.1.2 Name ONE cause of youth unemployment in South Africa.

(1)

- Lack of relevant skills
  - Shortage of labour - intensive industries.
- (Accept any other relevant correct answers)

3.1.3 Briefly describe the term *labour productivity*.

(2)

Labour productivity refers to how much is being produced by each worker in a period of time.

(Accept any other relevant correct answers)

3.1.4 What strategies can be used by government to reduce unemployment in the country? (2)

- The government must promote and support labour- intensive industries which is the driving force behind job creation.
- Promote more capital investment by increasing the level and quality of investment in new technology.
- The government can create a stable environmental system that will achieve economic growth and development.
- Creating a stable social system that will prevent inequality and promote gender equity.

(Accept any other relevant correct answers)

3.1.5 How does low life expectancy affect the human development index of a country?

(4)

Its affect HDI by:

- Demonstrating a shortage of facilities as more people die at an early age which is associated with slow economic development.
- Indicating a high mortality rate and natural rate which are associated with a low HDI values.
- Reflecting poor living condition as compared to those of other countries.

(Accept any other relevant correct answers)

3.2 Differentiate between economic growth and development.

(8)

<b>Economic growth</b>	<b>Economic development</b>
<ul style="list-style-type: none"><li>• It relates to the increase in productive capacity of a country in a particular period.</li><li>• It is measured in terms of real GDP</li></ul> <p>(Accept any other relevant correct answers)</p>	<ul style="list-style-type: none"><li>• This refers to an improvement in the standard of living of the population.</li><li>• It is measure in terms of GDP per capita.</li></ul> <p>(Accept any other relevant correct answers)</p>

3.3 How successful is RDP in South Africa?



(8)

RDP has been successful in South Africa because:

- Most communities especially in rural areas have been electrified.
- EPWP has provided temporary employment for unemployed people.
- New houses have been built and allocated to deserving household.

RDP has not been successful because:

- There are still some communities without proper supply of clean water and sanitation
- Some RDP houses are not in good quality.
- There is absence of sufficient land for huge scale housing ventures.

(Accept any other relevant correct answers)

#### ACTIVITY 4

4.1.1 Name two factors that influence income

(2)

- Level of skills and training
- Value of wealthy

4.1.2 What effect does low standard of living have on the economy?

(2)

- People dependent on transfer payment which increase government spending.

(Accept any other relevant correct answers)

4.2 Read the extract below and answer the questions that follow:

#### NDP 2030 Targets: SA's targets vs. reality

The new development plan: vision 2030(NDP) was adopted by government in 2012.the plan was designed to reduce inequality and eradicate poverty in South Africa by aiming to reach key goals meant to develop South Africa.

However, based on key targets in the NDP 2030 that have not been met to date, picture- perfect South Africa envisioned in the NDP's vision 2030 may not be realized on time. The national planning commission (NCP), an agency tasked with the strategic planning to NDP, realized a report in 2030 with recommendations to remedy issues that may deter the NDP's 2030 targets.

Adopted in Web//

feb 2023 SA News

4.2.1 Identify developmental strategy in the above article.

(1)

- Joint initiative on Priority Skills Acquisition /JIPSA

4.2.2 Name the government department that is responsible for skills development in South Africa. (1)

- Department of higher education and training/DHET

4.2.3 Briefly describe the term *economic development*.

(2)

- Economic development relates to the improvement in standard of living of the population in a particular period of time.

(Accept any other relevant correct answers)

4.2.4 Explain the negative impact of shortage of skilled labour force in the country.

(2)

- The high rate of unskilled labour force slow down the production process, therefore retarding economic growth rate for the country.
- Unskilled labour force can be inflexible thus quality of goods and services cannot be produced.
- It is hampering the competitiveness of the country in the international market.

(Accept any other relevant correct answers)

4.2.5 How would lack of productive resources in a country lead to poverty?

(4)

- The resources cannot provide enough food for the population.
- No- existence of entrepreneurship, because of lack of business education and entrepreneurial skills development.

(Accept any other relevant correct answers)

## ACTIVITY 5

5.1 Study the picture below and answer the questions that follow.

Reconstruction and development programme has set out to the correct the service provision backlogs.



In areas of South Africa where electricity had traditionally not yet been provided, state subsidized solar panels and solar powered hot water cylinders have been installed on houses to harness the power of the sun to electricity houses.

*Source: google/internet*

5.1.1 Identify the developing policy that was implemented by government since 1994.

(1)

- **Reconstruction and Development Programme.**

5.1.2 Name the common characteristics of developing country.

(1)

- **Low standard of living**
- **High level of unemployment.**
- **High population growth.**

(Accept any other relevant correct answers)

5.1.3 Briefly describe the concept *dependency ratio*

(2)

- Dependency ratio indicates how many young people under the age of 15 and over the age of 64 depend on people of working age (16 to 64 years old)

(Accept any other relevant correct answers)

5.1.4 Explain inadequate infrastructure as a cause of poverty.

(2)

- Inadequate infrastructure raise the costs and risks associated with doing business in a country, this is a major cause of poverty.

(Accept any other relevant correct answers)

5.1.5 How do indigenous knowledge systems contribute to economic development?

(4)

- Local knowledge that is unique to a given society or culture be used to pursue new business venture which improved the standard of living.
- Community use key areas such as agriculture, animal husbandry and tree for herbs and doing business to other people thereby earn income.
- Local community and the global community form development partnership to adapt to the local conditions and indigenous practices.

(Accept any other relevant correct answers)

## TOPIC 10 MONEY AND BANKING

<b>WEEK</b>	
<b>TOPIC</b>	Money and Banking
<b>WEIGHTING</b>	
<b>SUB- TOPIC/ CLARIFICATION</b>	Technical functions of money - Modern money - Money- associated instruments - The monetary system - The value of money - Stabilising the value of money
<b>RELATED CONCEPTS/ TERMS/ VOCABULARY</b>	Money, Quasi money, Cheques, Credit cards, electronic payments, Inflation, interest rate, monetary policy, savings, investments, economic growth, result/ lender, repo rate / prime rate, Micro- lending/ Bank failure, Bank run, insolvent, liabilities, recession, depression, shareholders.
<b>FOUNDATION- KNOWLEDGE FOR GRADE 12</b>	Circular Flow, Business cycles and Inflation.
<b>RESOURCES</b>	
<ul style="list-style-type: none"> <li>• Text book and work books</li> <li>• News papers</li> <li>• Previous question papers</li> <li>• Posters with drawings in the notice board</li> <li>• Chalk board</li> <li>• Textbooks</li> <li>• Examination guideline</li> <li>• News bulletin</li> <li>• Internet</li> </ul>	
<b>ERRORS/MISCONCEPTIONS/PROBLEM AREAS</b>	
<ul style="list-style-type: none"> <li>• Difference between monetary policy and fiscal policy</li> <li>• Interpretation of profits and losses</li> </ul>	
<b>METHODOLOGY</b>	
<ul style="list-style-type: none"> <li>• Group discussions</li> <li>• Working in pairs</li> <li>• Explanations by educators (narration)</li> <li>• Question and answer method</li> <li>• Peer explanation</li> <li>• Combination of the above methods</li> </ul>	
<b>ASSESSMENT</b>	Class work Home works Class test

<b>ACTIVITIES</b>	06 activities (easy, average and difficult)
-------------------	---

### ACTIVITY 1

**1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only letter (A- D) next to the question number (1.1.1-1.1.5)**

- 1.1.1 The total supply of money in the economy is known as... ..  
 A. M2  
**B. M3 ✓✓**  
 C. M1  
 D. M1 for M2
- 1.1.2 A facility whereby an account holder is able to withdraw more than what he/she has in the bank account is known as ...  
 A loan facility  
 B credit card  
**C bank overdraft ✓✓**  
 D mortgage bond
- 1.1.3 A deposit of money in the bank account for a period longer than three years is known as ...  
**A long- term deposit ✓✓**  
 B fixed deposit  
 C Short- term deposit  
 D medium- term deposit
- 1.1.4 An exchange rate system in which the value of the currency is determined by market forces is ... exchange rate system.  
 A. fixed  
 B. managed floating  
 C. monetary  
**D. free floating ✓✓**
- 1.1.5 A branch of macroeconomics that provides a framework for analysis of money and its functions is known as ... ..  
**A. monetary economics. ✓✓**  
 B. money supply.  
 B. financial markets.  
 D. quantitative economics.

5x2 (10)

**1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A- I) next to the question number (1.2.1 to 1.2.8)**

COLUMN A	COLUMN B
1.2.1 Flat money <b>D✓</b>	A. Money that must be acceptable as a means of payment.
1.2.2 Currency <b>G✓</b>	B. The rate at which banks borrow money from the reserve bank
1.2.3 Moral persuasion <b>I✓</b>	C. Refers to how quick money can be converted into cash.
1.2.4 Exchange rate <b>F✓</b>	D. Money that is not backed up by any physical assets such as gold.
1.2.5 Repo rate <b>B✓</b>	E. General rise in the prices of goods and

	services which leads to a decline in the buying power
1.2.6 Liquidity C✓	F. The price of one currency in terms of the other
1.2.7 Inflation E✓	G. Money used in a specific country
1.2.8 Legal tender A✓	H. Interest rates offered by banks to their preferred clients.
	I. Used to convince banks to act in a way that is desirable in current economic conditions

8X1 (8)

**1.3 Provide the economic term/concept for each of the following descriptions. Write only the term or concept next to the question number.**

- 1.3.1 Percentage of deposits at banks that must be kept on hand to meet short-term and emergency funding needs.  
Cash reserves ✓
- 1.3.2 The percentage at which banks lend money to their most preferred clients.  
Prime rate ✓
- 1.3.3 The amount of money available in an economy.  
Money supply ✓
- 1.3.4 The number of times the available money supply in the economy changes hands.  
Velocity of money ✓
- 1.3.5 An account from which deposited funds can be withdrawn at any time.  
Demand deposit ✓
- 1.3.6 A process of giving too many loans to micro-lenders, while increasing the risk of loans not being paid back.  
Over-exposure ✓

**ACTIVITY 2**

**2.1 Answer the following questions**

- 2.1.1 Name any TWO examples of major banks in South Africa.  
(2)

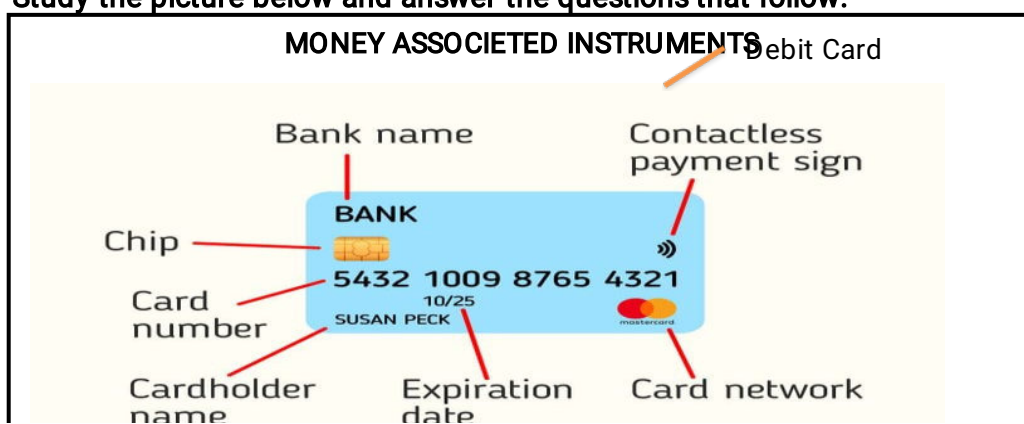
Nedbank ✓  
Absa ✓  
Capitec ✓  
FNB ✓  
Standard bank ✓

- 2.1.2 Explain the importance of bank notes security features.  
(2)

Bank notes security features assist in identifying legit bank notes from fake money.  
✓✓

(Accept any other correct relevant response.)

**2.2 Study the picture below and answer the questions that follow.**



2.2.1 Identify the money instrument shown in the picture above.

(1)

Debit card ✓

2.2.2 What is the three- letter code for South African currency?

(1)

ZAR ✓

2.2.3 Briefly describe the term *bartering system*.

(2)

Bartering system is the exchange system whereby goods were exchanged for other goods. ✓✓

(Accept any other correct relevant response.)

2.2.4 How does inflation affects the value of money as a store of value.

(2)

Inflation causes a decline in the buying power of money and therefore makes it worth less

over time. ✓✓

(Accept any other correct relevant response.)

2.2.5 Why is money a necessity in the economy?

(4)

- Money facilitates the exchange of goods and services in the economy. ✓✓
  - Money could be saved to accumulate wealth or to be used at a later date. ✓✓
  - Money provides a measure that enables to put value on goods and services. ✓✓
- (Accept any other correct relevant response.)

### ACTIVITY 3

3.1 Study the picture below and answer the questions that follow.

**NEW MONEY**

**TAKE A CLOSER LOOK**  
at our banknotes and coin with new designs and upgraded security features.

The upgraded banknotes and coin can be used from **May 2023** alongside the currency already in circulation. They are **worth the same value**.  
Use your money with pride and confidence.  
**#OurMoneyOurPride**



Source: South African Reserve Bank

- 3.1.1 Identify the currency depicted in the picture above.  
(1)  
Rand ✓
- 3.1.2 What is the highest denomination of money shown in the picture above?  
(1)  
R200 ✓
- 3.1.3 Briefly describe the term *credit creation*. (2)  
Credit creation is the process of by which commercial banks are able to create loans in the form of new deposits. ✓✓  
(Accept any other correct relevant response.)
- 3.1.4 Why do banks require security against issuing of loans? (2)  
If the borrower becomes insolvent, security serves as a guarantee that the financial institution will be able to recover its money. ✓✓  
(Accept any other correct relevant response.)
- 3.1.6 How does the use of electronic fund transfer (EFT) benefit the economy?  
(4)
- Electronic fund transfer eliminates the risks associated with money loss. ✓✓
  - Using EFT saves time for both businesses and customers. ✓✓
  - EFT is a convenient method of payment and can be used for online purchases. ✓✓
  - EFT can be done using a cell phone, computer. ✓✓
- (Accept any other correct relevant response.)

#### ACTIVITY 4

##### 4.1 Answer the following questions.

4.1.1 Name any TWO measures of money supply.

(2)

M1 ✓

M2 ✓

M3 ✓

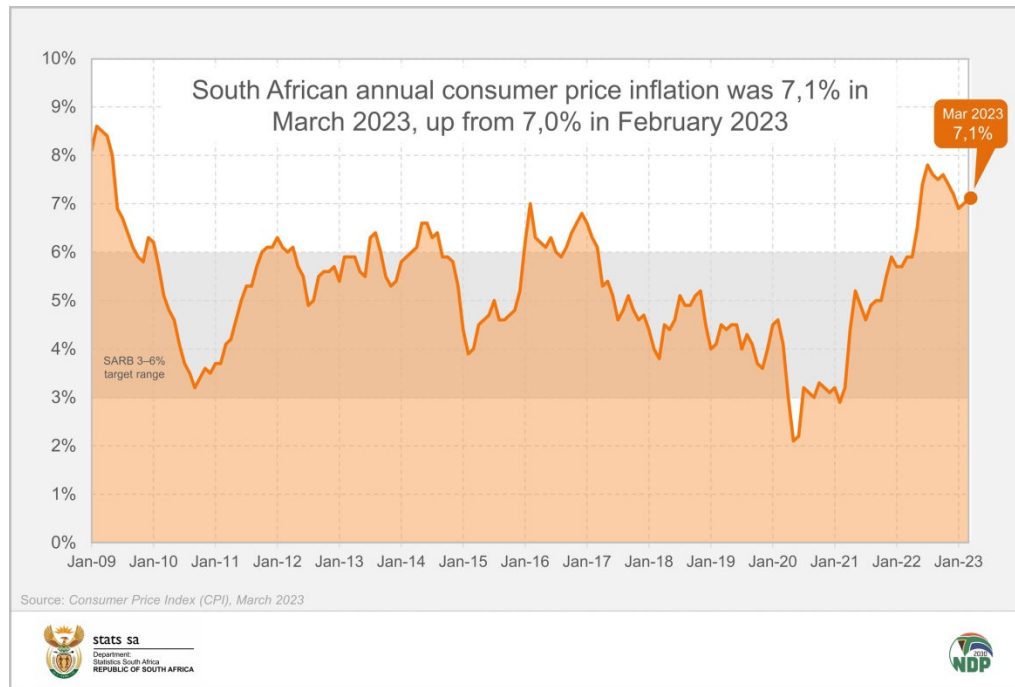
4.1.2 Explain the role of capital markets in the economy?

(2)

Capital markets assist in providing finance for long term borrowers. ✓✓

##### 4.2 Study the graph below and answer the questions that follow.





4.2.1 Identify the period when the consumer price index was at its highest.

(1)

January 2009 ✓

4.2.2 What is the South African Reserve Bank's inflation target range?

(1)

3 – 6% ✓

4.2.3 Briefly describe the term *prime rate*.

(2)

Prime rate is the interest rate that commercial banks charge their creditworthy customers. ✓✓

(Accept any other correct relevant response.)

4.2.4 Explain the benefit of high CPI on debtors.

(2)

Debtors benefit because they receive money with a high purchasing power and repay their debt

using money with low purchasing power. ✓✓

(Accept any other correct relevant response.)

4.2.5 How does the repo rate increase affect consumers?

(4)

- The repo rate increase causes a prime rate increase which makes costs of borrowing high for consumers. ✓✓
  - It results to high costs of living and put a strain in consumers' budget. ✓✓
- (Accept any other correct relevant response.)

## ACTIVITY 5

5.1 Answer the following questions.

5.1.1 Name any TWO examples of money- associated instruments.

(2)

Debit cards ✓  
Credit cards ✓  
Electronic funds transfer ✓  
Cheques ✓

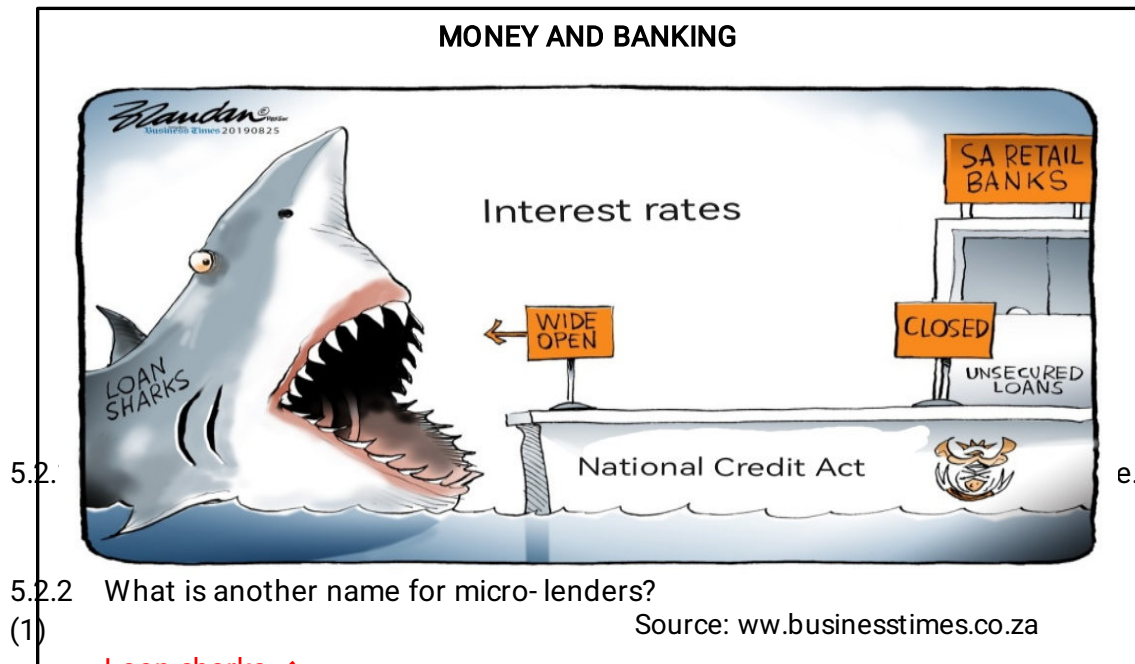
5.1.2 What is the role national treasury in the South African financial system?  
(2)

The national treasury regulates the monetary system working together with the South African

Reserve Bank. ✓✓

(Accept any other correct relevant response.)

5.2 Study the cartoon below and answer the questions that follow.



Loan sharks ✓

5.2.3 Briefly describe the term *interest rates*.  
(2)

Interest rates refer to the amount in a form of a percentage that a lender charges a borrower. ✓✓

(Accept any other correct relevant response.)

5.2.4 Explain the purpose of National Credit Act  
(2)

National Credit Act set maximum interest rates in order protect consumers against being charged

excessive interest rates by creditors. ✓✓

(Accept any other correct relevant response.)

5.2.5 How does borrowing from loan sharks disadvantage the consumers?  
(4)

- The main disadvantage with loan sharks is that they charge very high interest rates which may mean customers have to pay double the loan amount. ✓✓
  - People may take up loans that they don't afford to pay back which can put more strain on their finances. ✓✓
- (Accept any other correct relevant response.)

## ACTIVITY 6

**6.2 Answer the questions below.**

6.1.1. Name any TWO of currencies.

(2)

Rand ✓  
Dollar ✓  
Yuan ✓  
Pound ✓

6.1.2 Why are bank cards more preferred than using cash money?

(2)

Bank cards are easy to carry than loads of cash. ✓✓

Using cards reduce a risk of losing money through theft or negligence. ✓✓

**6.2 Read the extract below and answer the questions that follow.**

**VBS customers queue for their money at Nedbank**

The South African Reserve Bank announced earlier this week that over R300 million had been given to Nedbank to pay VBS retail depositors affected by the collapse of their bank.

They will have access of up to R100 000 once they've opened an account at Nedbank.

6.2.1 Identify the bank that was liquidated according to the extract above.

Hundreds of people have been queuing since early on Friday morning at branches in Limpopo where many VBS customers live.

VBS ✓

6.2.2 What is the name of the policy that is used to manage money supply in the country? (1)

Monetary policy ✓

6.2.3 Briefly describe the term *liquidity*.

(2)

Liquidity refers to the ease with which an asset can be converted into cash. ✓✓

6.2.4 Why are banks advised to be careful when giving loans to their clients?

(2)

Because some clients may be unable to repay their loans which can result to bad debts ✓✓

(Accept any other correct relevant response.)

6.2.5 How do bank failures affect the financial industry?

(4)

- It results to depositors and shareholders losing some or all of their money. ✓✓
- Investors will be unable to obtain loans to expand their businesses or start new businesses. ✓✓
- There will be lack of trust in the banking system which can result in more bank failures. ✓✓

(Accept any other correct relevant response.)

6.3 Discuss reasons for bank failure.

(8)

**Bank run:**

- A run on the bank happens when a large number of bank customers withdraw their deposits at the same time because they think that the bank is becoming insolvent. ✓✓
- This can destabilize the bank to the point where it faces bankruptcy. ✓✓

**Loans that are not repaid:**

- Banks always take a risk by granting loans to its clients. ✓✓
- Unfortunately, not everybody repays their loans and the interests on them. ✓✓
- Outstanding loans are bad debt that causes a bank to lose income and in the long run fails. ✓✓

**Liquidity squeeze:**

- Banks fail when they are unable to meet their day-to-day obligations, in other words, when they are unable to pay their bills. ✓✓

**Fraud, corruption and mismanagement**

- Fraud refers to the misappropriation or theft of funds in banks. ✓✓
- Corruption is the dishonest and unlawful deeds of people in positions of power at banks. ✓✓

**Difficult economic situation:**

- Times of recession and depression cause many banks to fail because of the decrease in overall economic activity. ✓✓

**Unstable political situation:**

- Uncertainty in people can be caused by political unrest, can result in many people withdrawing their deposits and thus causing a bank to fail. ✓✓  
(Accept any other correct relevant response.)

6.4 Discuss the aims of the monetary policy instruments.  
(8)

- To protect the value of the currency in order to ensure economic growth. ✓✓
- To control money supply and credit levels to the advantage of both consumers and businesses. ✓✓
- To manage stable conditions in the financial sector so that banks don't face the risk of  
Failure. ✓✓
- To establish interest rates that will encourage investments and savings, but are affordable to those who want to borrow money. ✓✓

(Accept any other correct and relevant response)

6.5 Analyse the reasons for people to use loan-sharks to borrow money?  
(8)

- People may choose to get loans from loan sharks when they don't meet affordability requirements set by banks. ✓✓
- It is easy to obtain loans from loan-sharks, without any security needed. ✓✓
- Loan sharks are easily accessible when people need emergency financing. ✓✓
- Those who don't like their names being listed on credit bureau prefer borrowing from loan sharks. ✓✓
- People may enjoy the relations and understanding that they build with loan sharks. ✓✓

6.6 How do savings positively influence the economy?  
(8)

- The availability of savings in the economy makes it possible for investors to borrow money from banks to start or expand their businesses. ✓✓
- They help consumers be able to deal with financial difficulties during recession where inflation tends to be high. ✓✓
- When people save, the country can be able to maintain a stable exchange rate by

avoiding demand pull inflation. ✓✓

- Savings enable people to create wealth for themselves and their families which end up spilling over to the economy. ✓✓
  - Savings contribute to the general macroeconomic stability through various indirect positive effects on employment and other variables. ✓✓
- (Accept any other correct and relevant response)

## ACTIVITY 7

- Discuss in details the main functions of the South African Reserve Bank.  
(26)
- How can the South African reserve bank stabilize the value of money?  
(10)

### Introduction

South African Reserve Bank is a national institution that issues banknotes and coins and is responsible

for controlling and regulating credit as well as monetary policy in a country. ✓✓

(Max 2)

(Accept any suitable introduction)

### BODY (MAIN PART)

#### 1. Act as a banker and funding agent to the government ✓

- The Bank conducts a cheque account for the government and other State Owned Enterprises (SOEs). ✓✓
- Administers the financial accounts for all three levels of the government as well as various parastatals. ✓✓

#### 2. Issues coins and banknotes ✓

- The South African Reserve Bank has the sole right to produce, issue and destroy banknotes and coins in the country. ✓✓
- S.A Mint & Notes companies are subsidiary companies of the Reserve Bank, they manufacture coins and notes. ✓✓

#### 3. Custodian of gold and foreign reserves ✓

- The SARB acts as custodian of the country's official gold and other foreign exchange. ✓✓
- It also markets the gold output of the country on international markets, paying the mining houses in a combination of Rands and Dollars. ✓✓

#### 4. Sets the monetary and exchange rate policies ✓

- SARB is responsible for forming and implementing the monetary policy of the state. ✓✓
- The governor of the SARB is assisted by the Monetary Policy Committee (MPC) to decide on any changes to monetary policy. ✓✓
- The SARB is responsible for the stability of the exchange rate which is the rate at which one currency is exchanged for another currency. ✓✓

#### 5. Controls inflation ✓

- The SARB sets a goal for inflation (between 3% and 6%), this is called inflation

targeting.✓✓

- When inflation rises the bank increases the repo rate (reducing the demand for credit).✓✓
- When inflation drops it reduces the repo rate (stimulating the demand for credit).✓✓

**6. It is a lender in the last resort✓**

- Should banks require cash urgently, they can get cash advances from the SARB.✓✓
- This practice adds to stability in the banking sector.✓✓
- Banks then repay the loan plus interest at the repo rate, in the way SARB controls the liquidity it allows on the market.✓✓

**7. Controls the banks and the banking system✓**

- The SARB keeps strict control of the activities of the banking sector and has a department for banking supervision.✓✓
- The claims between banks are settled on a daily basis by the SARB.✓✓
- Clients from Bank A deposit cheques from Bank B into their accounts and these cheques have to be cleared.✓✓

**8. Compiles and publishes macroeconomic data✓**

- The SARB publishes statistics about the economy in its Quarterly Bulletin and in several other publications.✓✓
- All parties that are interested benefit from such information.✓✓
- The complete SARB Quarterly Bulletin is available on the internet.✓✓

(Max 26)

**ADDITIONAL PART**

**How can the South African reserve bank stabilize the value of money?**

(10)

- The reserve bank can increase interest rates when the inflation rate is high in order to discourage people from taking out loans or buying on credit. ✓✓
- By setting a cash reserve requirement which prevents banks from lending out all money to clients. ✓✓
- Selling government bonds can also be used as a way for the reserve bank to withdraw money from circulation. ✓✓
- By setting inflation targeting which helps keep prices low by controlling interest rates. ✓✓
- The reserve bank can use moral suasion to get banks making the right decisions when granting credit. ✓✓
- By also working closely with government in managing salary increases to avoid overspending on salaries that may push up inflation. ✓✓

(5 x 2) (Max 10)

**Conclusion**

All the functions of the South African Reserve Bank must be properly executed by everyone responsible, to ensure an efficient and effective banking service in the country.✓✓

(Max 2)

**TOPIC 11 GLOBALISATION**  
**LESSON PLAN: GRADE 11**

TOPIC: GLOBALISATION			
Term	4	Week	2
Duration	4 HOURS	Weighting	20%
Sub- topics	<ul style="list-style-type: none"><li>• Meaning of globalisation</li><li>• Causes of globalisation</li><li>• Consequences of globalisation</li><li>• North/south divide</li></ul>		
RELATED CONCEPTS/ TERMS /VOCABULARY	Absolute advantage, economic integration, free trade, globalisation, free trade area, internationalisation , integration, Foreign Direct Investment ,multinational enterprise, trade block, regionalisation, quota/s, multinational corporations, the world bank.		
PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE			
<ul style="list-style-type: none"><li>o Poverty concept</li><li>o Scarcity problem</li><li>o Market forces</li><li>o South African economic growth and development</li><li>o Economic redress</li></ul>			
RESOURCES			
<ul style="list-style-type: none"><li>o Textbooks</li><li>o Magazines Newspapers</li><li>o Map of the world</li><li>o TV &amp; radio coverage on markets</li><li>o Posters</li><li>o Internet</li><li>o Statistics: SARB, StatsSA Quarterly Bulletin</li><li>o Past exam papers</li></ul>			
ERRORS/MISCONCEPTIONS/PROBLEM AREAS			
<ul style="list-style-type: none"><li>• Confuse absolute and comparative advantage.</li><li>• Fail to differentiate between multinational corporations and multinational corporation and multinational enterprises</li><li>• North- south divide</li></ul>			
METHODOLOGY			

<ul style="list-style-type: none"> <li>o Briefly describe and explain the relevant concept</li> <li>o Briefly describe – Foreign Direct Investment(FDI)</li> <li>o Discuss the World Trade Organisation (WTO).</li> <li>o Briefly explain the main objectives with the Millennium Development Goals (MDGs)</li> <li>o Briefly describe a Free Trade Zone (FTZ)</li> <li>o Briefly debate the effects of economic integration, use examples to motivate your arguments</li> <li>o Examine in detail the causes and consequences of globalisation</li> <li>o Debate the positive and negative consequences of globalisation</li> <li>o Compare the characteristics of rich (North) and poor (South) countries.</li> </ul>	
<b>ACTIVITIES</b>	
<b>Teacher Activities</b>	<b>Learner Activities</b>
<ul style="list-style-type: none"> <li>• Provide a summary of what learners are expected to learn during the lesson.</li> <li>• Conduct baseline assessment of grade 10 content and give feedback to learners before the start of grade 11 work.</li> <li>• The teacher will then present the lesson by using direct instruction method.</li> <li>• Give learners activities to write</li> </ul>	<ul style="list-style-type: none"> <li>• Actively participate by marking classwork and homework</li> <li>• Make notes based on new content taught</li> </ul>
<b>ASSESSMENT</b>	
<ul style="list-style-type: none"> <li>o Class Test</li> <li>o Data response</li> <li>o Classwork</li> <li>o Homework</li> <li>o Essay question</li> </ul>	

## ACTIVITY 1

1.1 The various options are provided as possible answers to the following questions.

Choose the correct answer and write only the letter next to the question number. E.g.

### 1.1.6 D

1.1.1 A type of intergovernmental agreement where barriers to trade are reduced among participating states is known as... ..

A. trade bloc✓✓

B. building bloc

C. banking bloc

D. business bloc

1.1.2 The process of interaction among the countries of the world to bring their economies closer together is called -----

A. globalization✓✓

B. industrialisation

C. integration



- D. liberation
- 1.1.3 A grouping of countries to get more control over the global economy is called ----  
--  
A. integration ✓✓  
B. Foreign Direct Investment  
C. Free Trade  
D. Internationalisation
- 1.1.4 The institution that is responsible for assisting countries with balance of payment deficit is known as... ..  
A. International Labour Organisation  
B. World bank  
C. International Monetary Fund ✓✓  
D. World Trade Organisation
- 1.1.5 A socio-economic and political division between the wealthy developed and the poorer developing countries is called-----  
A. South divide  
B. North divide  
C. North - South divide ✓✓  
D. Economic divide

(5x2) 10

**1.2 Choose a description from column B that matches the item in column A. Write only the letter next to the question number in the answer book. E.g. 1.2.6 G**

COLUMN A	Answers	COLUMN B
1.2.1. Capital liberalization	D✓	A. An organization that is initiated trade liberalization
1.2.2 IMF	F✓	B. A country can produce more output with the same input than another country.
1.2.3. Internationalisation	E✓	C. Trade is an important element
1.2.4.GATT	A✓	D. Removal of restrictions such as tariffs and quotas
1.2.5. Absolute advantage	B✓	E. Extension of economic activities across national borders
		F. An institution of standardized trade, BOP and exchange rates, international lending and borrowings.

(1x5) 5

**1.3. Give ONE term for EACH of the following descriptions. Write ONLY the term next to the question number (1.3.1 - 1.3.6) in the answer book. Abbreviations, acronym and examples WILL NOT be accepted.**

- 1.3.1 Trade unification between different states by partial or full abolishing of customs

and tariffs on trade.

Economic integration ✓

1.3.2 The group of first twenty most industrialised countries.

G20✓

1.3.3 A policy that limits the quantity of supply that can be imported.

Quotas✓

1.3.4 The trading of goods and services between countries with less red tape.

Free trade✓

1.3.5 Businesses that are producing goods or services in more than one country.

Multinational enterprises. ✓

(1×5) 5

## ACTIVITY 2

2.1 Study the following extract and answer the questions that follow.

### China's Free Trade Zone See Robust Growth in Q1 2023

Free Trade Zones (FTZs) in China witnessed a rapid foreign trade and investment growth in the first quarter (Q1) this year with the total foreign trade of its 21 FTZs amounting to 1.8 trillion Yuan, up to 6.6% year on year, according to the ministry of commerce.

The growth rate was 1.8 % higher than the national level according to the ministry spokesperson. Foreign Direct Investment (FDI), in these FTZs in actual rose by 22.1% from a year earlier to 71.9 billion Yuan.

Source: Fibre2Fashion News Desk: 16 May 2023

2.1.1 Identify the organization that regulates trade between countries.

(1)

World Trade Organisation✓

2.1.2 Mention one member country of BRICS besides the one mentioned in the extract.

(1)  
Brazil, Russia, India, South Africa✓

2.1.3 Briefly describe the concept *foreign direct investment*.

(2)

A form of investment where a foreign company invests in a business in the form of buildings, machines and equipment. . ✓✓

(Accept any other correct and relevant response)

2.1.4 Explain the benefits of being part of the free trade zone.

(2)

- A free trade zone encourages competition which consequently increases the country's efficiency. ✓✓
- Employment created by these zones help reduce unemployment in less developed economies. ✓✓
- Countries enjoy reduction in taxes, custom duties and requirements for registration of businesses. ✓✓

(Accept any other correct and relevant response)

2.1.5 How did Russia and Ukraine war affect the South African Economy?

(4)

- The war triggered a huge shock to the South African economy especially to energy and food markets, limiting supply and pushing up prices to extreme high levels. ✓✓
- An increase in investor uncertainty lead to a depreciation of the Rand ✓✓  
(Accept any other correct and relevant response)

2.2. Briefly discuss the *changes in employment conditions* and *changes in culture* as consequences of globalisation.

(8)

**Changes in employment conditions:**

- With globalisation MNEs make FDI in business in developing countries generating employment ✓✓
- FDI provide rewarding employment opportunities ✓✓
- Globalisation has led to job losses in developed countries ✓✓

**Changes in culture:**

- There is an increase in the desire to use foreign ideas ✓✓
  - Globalisation has resulted in several cultures coming together ✓✓
  - People of one culture discover shortcomings in their culture when they come into contact with other cultures ✓✓
  - They adapt aspects of other cultures that are more in tune with the times ✓✓
- (Accept any other correct relevant response)

2.3 Analyse the effect of the Covid- 19 pandemic on globalisation.

(8)

- With the initial lockdown there was no travel allowed, but goods was still allowed to move between countries ✓✓
  - People stopped travelling, but other means of contacting people became prominent. ✓✓
  - There was a greater move to procuring goods via online platforms, so globalisation has continued. ✓✓
  - Improved technology means people have access to information and events in other countries, so the pandemic seems to have promoted globalisation ✓✓
  - Unemployment rate increased drastically since individuals were not permitted to search for work increasing the unemployment rate even further. ✓✓
- (Accept any other relevant correct answer)

**ACTIVITY 3**

3.1 Study the picture below and answer the questions that follow.



- 3.1.1 Identify one disease that can be as the result of globalisation  
(1)  
Ebola, Malaria, HIV, Dengue✓  
(Accept any other correct relevant response)  
*Fibre2Fashion News Desk:*
- 3.1.2 Name one member country of G8 countries.  
(1)  
Canada, France, Germany, Italy, Japan, Russia, UK, USA ✓
- 3.1.3 Briefly describe the concept *comparative advantage*.  
(2)  
Occurs when one country can produce certain goods at a lower opportunity cost than any other countries✓✓  
(Accept any other correct relevant response)
- 3.1.4 Why are developing countries more affected by climate change than developed countries?(2)
- The developing countries experience a decline in the production of agricultural products due to climate change✓✓
  - Developing countries do not have productive and financial capacity to respond to the threads of climate change. ✓✓  
(Accept any other correct relevant response)
- 3.1.5 How will the abolishment of globalisation impact the South African Economy? (4)
- Production will decrease as the country relies on importing capital. ✓✓
  - FDI's decrease resulting in increase in unemployment. ✓✓
  - Producers will not be able to export their products to other nations. ✓✓  
(Accept any other correct relevant response)
- 3.2 Briefly discuss *trade liberalisation* and *standardization* as causes of globalization. (8)
- Trade liberalisation**
- Trade liberalisation means the removal or reduction of trade barriers that restrict trade between countries✓✓
  - These barriers include tariffs, such as duties and surcharges and non- tariffs such as licensing rules and quotas. ✓✓

- Trade liberalisation promotes free trade which allows countries to trade goods without regulatory barriers. ✓✓ Max. 4
- Standardization
- Standardisation refers to making trade rules the same all over the world, making it easier for countries to trade and invest internationally – countries have to conform to a fixed set of rules. ✓✓
- Those who are subjected to the rules behave in a similar manner, which promotes globalisation. ✓✓
- The institutions include the World Trade Organisation (WTO) which facilitated international trade agreements, tariff policies and the protection of intellectual property. ✓✓

(Accept any other relevant correct response) Max. 4 (8)

3.3 Analyze the environmental and economic costs as effects of globalisation on the South African economy. (8)

#### **Environmental costs**

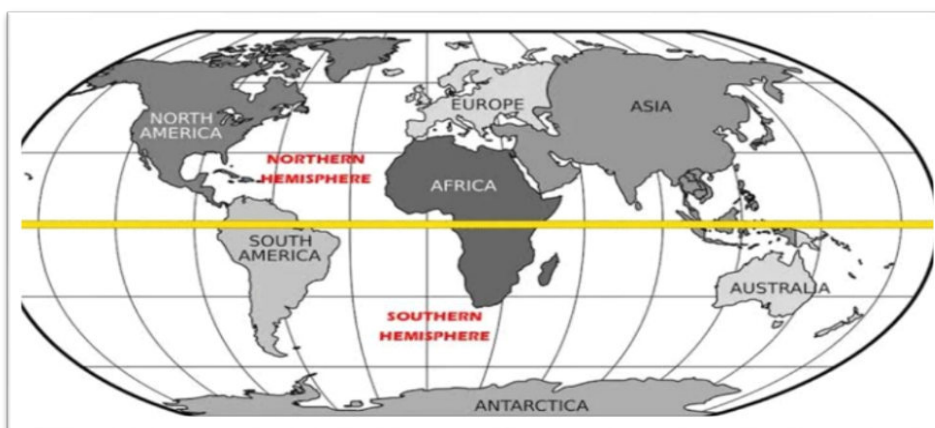
- The overproduction leads to exploitation of natural resources. ✓✓
- The manufacturing process leads to pollution, which negatively influences the environment. ✓✓
- The over-consumption leads to shortages in natural resources such as water. ✓✓

#### **Economic costs**

- Trade liberalisation favours competitive industries and penalises uncompetitive ones, thus favouring developed countries and not developing countries. ✓✓
- It requires the reconstruction and reform of economies, which is costly and smaller economies cannot afford this. ✓✓
- It encourages brain drain, which creates severe shortages of skilled labour in developing countries. ✓✓

### **ACTIVITY 4**

4.1 Study the picture below and answer the questions that follow



Source: amazon U.K

4.1.1 Identify one country that is regarded as a developed country. (1)

Canada, Japan, Denmark, Australia, France, (Accept any other relevant correct response) ✓

4.1.2 What are the phenomena depicted by the above picture?  
(1)

North-South Divide✓

4.1.3 Briefly describe the concept trade *liberalization*  
(2)

The abolishment of government intervention in trade flows on both the import and export side. ✓✓

4.1.4 Why is it beneficial for countries to engage in free trade?  
(2)

- o Free trade causes international specialisation as it enables the different countries to produce goods in which they have an advantage. ✓✓
- o It promotes international trade and also promotes foreign direct investment. ✓✓

(Accept any other correct relevant response.)

4.1.5 How does globalisation negatively affect South Africa in terms of culture and pollution?(4)

- Loss of culture and identity as South Africans tends to adopt Western culture shying away from their own. ✓✓
- The pollution of mass production in developed countries lead to drought, floods and natural disasters in developing countries✓✓

4.2 Differentiate between countries in the North and countries in the South in terms of per capita income and life expectancy.

(8)

	North (Developed)	South (Developing)
Per- capita	Per capita income - approximately 87% of the world's total income is produced by 15% of the total population and live in the economically developed regions of the world✓✓	85% of the world population lives on only one fifth of the world's income. ✓✓
Life expectancy	Life expectancy in developed countries high and currently stands at about 75years. ✓✓	Life expectancy in developing countries is low due to problems such as malnutrition, disease and ill health. Life expectancy is 48 years. ✓✓

4.3 Analyse the consequences of globalisation

- Economic growth in most countries grows faster because they have access to international markets. ✓✓
- Employment is created as need to produce more goods creates demand for more

labour. ✓✓

- Balance of payments Improves because of excess exports compared to the value of imports. ✓✓
  - Poverty alleviation: Globalisation reduces the levels of poverty because there are more jobs available. ✓✓
  - Spread of culture: globalisation has resulted in different cultures coming together resulting in different cultures forming a completely new culture of their own. ✓✓
  - Emergence of world culture: world- wide, there is an increase in the desire to use foreign ideas, products, technology and practices to be part of the world culture. ✓✓
- (8) (Accept any other relevant and correct answer)

### ACTIVITY 5

- Examine the causes of globalization.  
(26)
- How can South Africa benefit from trade agreements such as BRICS?  
(10)

### INTRODUCTION

Globalisation is the worldwide interfacing and interaction of economies with trade as an important element, and ICT making it possible ✓✓

Max 2 (Accept any other relevant response)

### MAIN PART

Technological changes

Globalisation has been made possible by technological changes. ✓✓

Much of the changes are evolutionary and often unnoticed but extremely significant. ✓✓

Information technology ✓

IT is based on the convergence of two initially separate technologies namely, communication technologies and computer technologies. ✓✓

Both technologies happen with the aid of computers and mobile phones are developed to perform similar functions. ✓✓

Information can be retrieved, studied, changed, distributed and stored again. ✓✓

New production processes ✓

IT brought about new systems of production based on extensive communication and transportation networks at lower costs. ✓✓

e.g. components of motorcars are made in different parts of the world and assembled in other parts of the world ✓✓

IT permits services to be disconnected from production and traded or performed remotely e.g. accounting and call centres. ✓✓

Transportation and communication ✓

Globalisation is very dependent on communication and transportation ✓✓

Transportation systems are means by which materials, products and other tangible things are transported from place to place ✓✓

Communication systems are the means by which information is transmitted from place to place in the form of messages, ideas, instructions, images, drawings etc ✓✓

IT transformed both the technologies of transportation and communication ✓✓

Trade liberalisation ✓

Trade liberalization is the removal of restrictions ✓✓ e.g. tariffs and quotas ✓✓

Trade liberalization was a result of:

The General Agreement on Tariffs and Trade (GATT) ✓

Members negotiated for the gradual removal of international trade restrictions and barriers and methods to increase participation and volumes of trade

The role was taken over by the World Trade Organisation (WTO) in 1994 ✓✓

WTO ensures that agreements that are reached are honoured and acts as mediator in trade disputes ✓✓

Export promotion ✓

These are incentives the government gives to manufacturers to encourage the manufacturing of goods that can be exported. ✓✓

Part of it is to encourage foreign direct investment ✓✓

Free trade area ✓

Countries remove all trade barriers among themselves on goods and services traded ✓✓

Each country however continues to operate its own trade barriers against the rest of the world ✓✓ (Max 26 marks)

ADDITIONAL PART:

How can South Africa benefit from trade agreements such as BRICS? (10)

- New foreign direct investment in South Africa from developed countries increasing the country's economic growth ✓✓
- Increasing marketing opportunities for South African export products by exposing them to different countries ✓✓
- Larger choice of products due to high competition there will be a variety of goods and services to choose from. ✓✓
- South Africa earns foreign revenue with exports especially with merchandise gold exports. ✓✓
- Rebalancing the Balance of Payment where the imported goods are equivalent to the quantity of exported goods ✓✓. (Accept any other relevant and correct answer)

CONCLUSION

Globalisation helped the economies grow, reduced unemployment in developing countries and created markets for countries with absolute advantage. ✓✓ (Max 2)

(Accept any other correct relevant higher order response)



**TOPIC 12 ENVIRONMENTAL DETERIORATION**

<b>WEEK</b>	Term 4: week 3 and 4
<b>TOPIC</b>	ENVIRONMENTAL DETERIORATION
<b>WEIGHTING</b>	
<b>SUB- TOPIC/ CLARIFICATION</b>	The environment The problem Protecting the environment Approaches to sustainability Global and local impact on South Africa.
<b>RELATED CONCEPTS/ TERMS/ VOCABULARY</b>	Labour demand; labour supply; equilibrium point; equilibrium price; equilibrium quantity; surplus of labour; shortage of labour
<b>PRIOR- KNOWLEDGE/ BACKGROUND KNOWLEDGE</b>	Scarcity problem, economic redress, international trade and population dynamics.
<b>RESOURCES</b>	
<ul style="list-style-type: none"> <li>• Text book and work books</li> <li>• News papers</li> <li>• Previous question papers</li> <li>• Chalk board</li> <li>• Map of the world</li> <li>• Examination guideline</li> <li>• TV coverage</li> </ul>	
<b>ERRORS/MISCONCEPTIONS/PROBLEM AREAS</b>	
<ul style="list-style-type: none"> <li>• Learners struggle to differentiating between conservation and preservation</li> <li>• Learners struggle to differentiate between global and local issues.</li> </ul>	
<b>METHODOLOGY</b>	
<ul style="list-style-type: none"> <li>• Group discussions</li> <li>• Working in pairs</li> <li>• Explanations by educators (narration)</li> <li>• Question and answer method</li> <li>• Peer explanation</li> <li>• Combination of the above methods</li> </ul>	
<b>ASSESSMENT</b>	Class work Home works Class test Debate
<b>ACTIVITIES</b>	06 activities ( <b>easy, average and difficult</b> )

**ACTIVITY 1**

**1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter ( A- D) next to the question number.**

- 1.1.1. Carbon dioxide that is emitted during the production of goods and services are called ...  
 A. The greenhouse effect  
 B. Global warming  
 C. Biodiversity  
**D. Carbon emissions.**
- 1.1.2. Resources that may become exhausted if they are not managed in a sustainable manner are known as ... .. resources.  
**A. Natural**  
 B. Finite  
 C. Man- made  
 D. Renewable
- 1.1.3. Resources that will run run out or will not be replenished in our lifetimes  
**A. Non- renewable resources**  
 B. Renewable resources  
 C. Recyclable resources  
 D. Non- recyclable resources
- 1.1.4. Gas emission and climate change are connected to ... ..  
 A. Property rights  
**B. Global warming**  
 C. Positive externalities  
 D. Private benefits
- 1.1.5. Quantity of goods a country is permitted to import or produce...  
 A. Taxation  
 B. Externalities  
**C. Quotas**  
 D. Tariffs

5X2 (10)

**1.2. Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A- E) next to the question number (1.2.1 - 1.2.6)**

COLUMN A	COLUMN B	ANSWER
1.2.1. Environmental degradation	<b>A. Depletion of resources such as air, soil, and water.</b>	<b>E✓</b>
1.2.2. Deforestation	<b>B. The permanent destruction of woodlands</b>	<b>F✓</b>
1.2.3. Global warming	<b>C. Long term shift in temperatures and weather patterns</b>	<b>B✓</b>
1.2.4. Greenhouse gasses	<b>D. Emissions on climate change.</b>	<b>A✓</b>
1.2.5. Command and control	<b>E. Direct regulation of an industry or activity through laws that state what is allowed and what is illegal.</b>	<b>D✓</b>

1.2.6. Erosion	F. The wearing away of natural resources	C✓
	G. Refers to protection of nature	

6X1 (6)

### 1.3 Provide the economic term/concept for each of the following descriptions.

1.3.1. The practice of organizing human activities in order to limit their impact on the natural environment.

- Green issues✓

1.3.2. A localised group of independent organisms together with the environment that they inhabit and depend on.

- Ecosystem✓

1.3.3. Introduction of waste matter into the environment, both directly and indirectly.

- Pollution✓

1.3.4. The extra costs and benefits that are not captured by market transactions.

- Externalities✓

1.3.5. Keeping the resources that are non-renewable intact.

- Preservation ✓

5X1 (5)

### ACTIVITY 2

#### 2. Answer the following questions

1

2.1.1 Name any two types of pollution. (2x1) (2)

Air pollution

Water pollution

Land pollution

Noise pollution

2.1.2 How do environmental subsidies ensure environmental sustainability? (1x2) (2)

Environmental subsidies reduce activities that cause environmental change, since subsidies could be used for the development of new technology or equipment.

*(Accept any other relevant and correct response)*

#### 2. Study the information below and answer questions that follow

2

### THE CONFERENCE OF THE PARTIES (COP)

The UN has yearly conferences which serve as a formal meeting of parties that are known as the Conference of the Parties (COP). The meeting assesses the progress made in dealing with climate change. The first conference was held in Berlin, Germany, in 1995 and the third meeting was held in Kyoto, Japan, in 1997, where the reduction of greenhouse gases was discussed.

In 2011 the 17<sup>th</sup> meeting was held in Durban, South Africa. The emphasis was on the creation of a green climate fund. The Kyoto conference outlined the reduction of greenhouse gas emissions. In 2016 the 22<sup>nd</sup> conference (also known as COP 22) was held in Morocco. Despite these numerous meetings, global temperatures are still increasing.

[adapted from 222.wikipedia.com]

- 2.1. Identify any ONE African country where climate change conference was held. (1  
1 )

South Africa

- 2.1. Name the international organisation in the extract above that initiated climate (1  
2 change conferences. )

UN

- 2.1. Briefly describe the term *conservation*. (2  
3 )

Conservation deals with the sustainable use and management of both renewable and non-renewable resources to ensure that they are available for use for future generations.

(Accept any other relevant and correct response)

- 2.1. Explain the effect of climate change on the GDP. (4  
4 )

- Heavy rains will cause floods which will wipe off agricultural crops; this will reduce production of goods.
- Drought will reduce agricultural crops and also affect animals negatively, production will decrease and also GDP will decrease.

(Accept any other relevant and correct response)

- 2.1. How can a green climate fund help to reduce global warming? (2  
5 )

- It can enable the establishment and use of renewable energy (eco-

friendly).

- Climate fund can be used to do research on alternative sources of energy.
- Technological equipment can be bought and consumed to reduce negative impact caused on the environment.

*(Accept any other relevant and correct response)*

**2. Study the information below and answer the questions that follow.**

**2**



[adapted from

<http://www.google.com/amp>]

- 2.3. Identity environmental friendly source of energy in the above picture. (1  
1 )

Wind mill

Solar energy

- 2.3. What type of pollution do oil spills cause to the ocean? (1  
2 )

Water pollution

- 2.3. Briefly describe the term *marketable permit*. (2  
3 )

Marketing permits are licences that polluters can buy and sell to meet the control levels set by governments.

*(Accept any other relevant and correct response)*

2.3. Explain the use of education to protect the environment. (2  
4 )

- Education provides people with knowledge on how to protect the environment.
- It creates awareness on the impact of environment.
- *(Accept any other relevant and correct response)*

2.3. Why is it important to protecting the environment? (4  
5 )

- If environment is protected more production will be produced and GDP will increase.
- Job opportunities will be created since tourism will do its best due to beauty of natural attractions.
- *(Accept any other relevant and correct response)*

2. Briefly discuss property rights and voluntary agreements as approaches to sustain (8  
4 environment. )

*Property right*

- If people had property rights to fauna and flora, they would care for them and prevent them from becoming extinct.
- They could use their property rights to financial gain to allow guided tours.
- When farmers get property rights to game on their farms, they look after the game and can earn income from tourists viewing the game. (max 4)

*Voluntary agreement*

- Organisations agree to comply voluntarily with the environmental laws and regulations.
- An organisation that designs and implements an environmental management system which is certified by a controlling body.
- It is regularly audited to ensure compliance with environmental regulations.
- *(Accept any other relevant and correct response)*

2. How does environmental degradation impact on South Africa's economy? (8  
5 )

- South Africa's climate is affected by the change in global climate.
- These changes climate may have significant effects on several of South

African society and the economy.

- The increased temperature and changes in the rainfall patterns can be expected to have severe impact on health-related issues such as skin cancer.
- Climate changes could worsen desertification, land will become more and agricultural output can be expected to decline in the absence of corrective measures being applied.
- The food production which needs to increase to meet the needs of growing population is directly threatened by climate change.
- Water supplies will decrease because of the decrease in rainfall and lead to increase in production costs.
- Loss of resources, trees that may never again grow lead to deforestation.
- *(Accept any other relevant and correct response)*

### ACTIVITY 3

#### 3.1 Answer the following questions.

3.1.1 List any TWO examples of renewable resources. (2x1 (2))

Forests

Fish

Animals/plants

*(Accept any other relevant and correct response)*

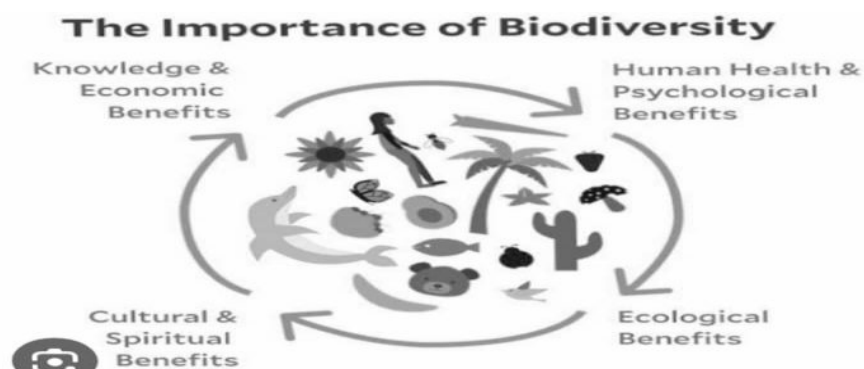
3.1.2 How do green taxes contribute towards sustainability? (1x2 (2))

Revenue collected from green taxes can be used for the protection of the environment.

Industries charged for impacting the environment will reduce their negative impact since they will reduce their production.

*(Accept any other relevant and correct response)*

#### 3.2 Study the information below and answer questions that follow



[adapted from  
<http://www.google.com/amp>]

3.2.1 Identify the term that relates to the variety of species in the data above. (1)

**Biodiversity**

3.2.2 What type of tax used to protect environment? (1)

**Green tax/environmental tax**

3.2.3 Briefly describe the term sustainable development. (2)

**Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.**

*(Accept any other relevant and correct response)*

3.2.4 Why is it important to protect the environment? (2)

**Environment provides us with natural resources which are used to produce goods and service in order to satisfy our needs and wants.**

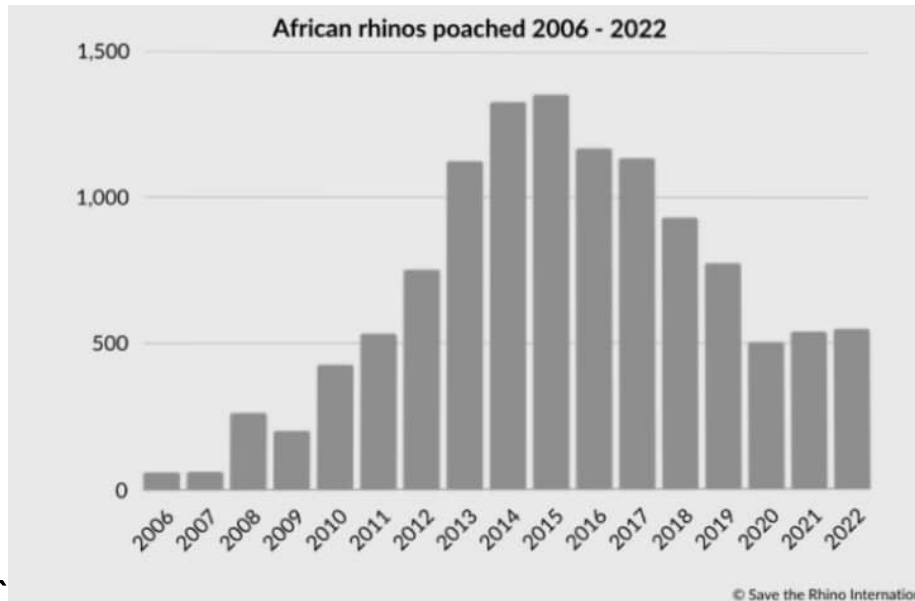
*(Accept any other relevant and correct response)*

3.2.5 How does the environment affect economic development? (4)

- **High population growth will results to higher needs satisfaction by households therefore more natural environment will be consumed.**
- **If more industries are established more pollution will be caused into the environment.**
- **More spending by government on infrastructural development will results to more environmentsl deterioration.**
- *(Accept any other relevant and correct response)*

**3.3 Study the information below and answer questions that follow**





Adapted from

www.poachstatsSA

3.3.1 During which year was rhino poaching at its highest in Africa? (1)

2015

3.3.2 What is the reason of poaching rhinos in Africa? (1)

To sell the horns for money

3.3.3 Briefly describe the term *biodiversity*. (2)

Biodiversity refers to the variety of plants and animals that inhabit the earth.

(Accept any other relevant and correct response)

3.3.4 Explain the effect of over consuming renewable natural resources. (2)

If natural resources are over consumed they will become non-renewable as they do not reproduce themselves due to over consumption.

(Accept any other relevant and correct response)

3.3.5 How will conservation benefit the people living near the rhino habitat? (4)

- Enjoying more job opportunities that will lead to an increase in the standard of living.
- Improving entrepreneurial abilities through manufacturing of handcrafts.
- Community will enjoy the use of good infrastructure like roads, water transport and shopping facilities.
- (Accept any other relevant and correct response)

**3.4** Briefly discuss green and brown issues as South African environmental issues. (8)

*Green issues*

Increased loss of biodiversity: in South Africa 15% of plant species, 37% of mammal species, 14% of bird species, 8% of amphibian species and 4% of reptile species are extinct or near extinction.

Climate change: the change to rainfall and temperature are also prevalent in South Africa.

Deteriorating freshwater resources: according to the water research commission, South Africa is projected to run out of water between 2020 and 2030, given the current high volumes of wastage and projected demand.

*Brown issues*

Increased air pollution: declining air quality and harming people's health.

Increased soil erosion: the annual soil loss in South Africa is estimated at 300-400 million tons.

Increased consumption of natural capital: South Africa is using up its natural capital due to over-consumption.

**3.5** Analyse negativity of globalisation on the environment? (8)

- **Dependency on the primary sector**- South Africa still depends largely on the primary sector as a source of income/ minerals are exported to Northern countries.
- The countries in the South, including South Africa, are still densely populated in certain areas.
- **Large unemployment Levels**- South Africa has a large group of youth which is unemployed- even graduates do not easily find jobs/ lack of funds for skills.
- **Low life expectancies in the country**- factors such as TB/Malaria/ HIV and AIDS are major problems/ insufficient healthcare, especially in rural areas.
- **Increasing levels of poverty**- estimates are that 50% of the South African population is in poverty/ inability of government to create economic growth FDI's.
- **Lack of economic growth development**- aspects such as droughts, corruption, mismanagement and disinvestments are major concerns.
- *(Accept any other relevant and correct response)*

#### ACTIVITY 4

- Examine in detail the state of environment/problems threatening the environment. (26)
  - Analyse the measures/methods used to protect the environment. (10)
- [40]

#### Introduction

Environmental issues are partly a result of the development of new technologies, which has led to the increase in mineral mining, oil exploration, and the increase in the number of manufacturing plant and factories.

*(Accept any other relevant and correct introduction)*

#### Body

#### Main part

##### Natural environmental degradation

- Natural environmental degradation includes situations that arise from local influences such as extremes of weather, local infectious agents and physical disasters.
- It is estimated that, in South Africa, water erosion affects 6.1 million hectares of cultivated soil.
- Of this 6.1 million hectares, 15% is seriously affected, 37% moderately and the rest slightly affected.
- Wind erosion has more severe affect on cultivated soil, estimated at 10.9 million hectares that is currently affected.
- In South Africa, the estimated annual soil loss is 2.5 tons per hectare per year with the highest losses up to 60 tons per hectare per year from unprotected pineapple fields.

*(Accept any other relevant and correct introduction)*

##### Human- induced environmental degradation

- This type of degradation refers to the effect of human activities on the natural environment.
- Humans are constantly engaged in activities such as agriculture, industrial development, mining activities, rural settlement or urban development.
- These human activities often lead to deforestation, land and water degradation, as well as air pollution.

*(Accept any other relevant and correct fact)*

##### Poverty and environmental degradation

- Poverty is seen as a great threat to the environment.
- Poor health conditions limit people's capacity to produce and earn.
- When people have to survive from day to day, it makes them less sensitive to maintaining the natural environment resources.
- Poor people tend to have large families, coupled with poor health services, which will increase poverty levels and create further environmental pressure.
- People are often ill-equipped to deal with the effect on the environment in a manner that limits damage.

*(Accept any other relevant and correct fact)*

### **Agricultural development and deforestation**

- The expansion of agriculture and plantation forestry, as well as other commercial or substance activities, threaten natural resources.
- Agricultural development needs large tracks of land that must be developed to meet the demand for food for an ever-increasing population.
- This often leads to deforestation, soil erosion, land degradation, desertification and various forms of water and air pollution.
- Deforestation reduces the habitats of plant and animal species.
- It also influences rainfall patterns and lowers the ability for rain develops.

*(Accept any other relevant and correct fact)*

### **Land degradation**

- Land degradation is a mismatch between land quality, land usage and land productivity.
- If land is not used efficiently and effectively it becomes eroded through deforestation, soil erosion, soil infertility and flooding. Soil erosion is the most serious form of land degradation.
- At 53% water erosion is the main problem in Africa, followed by wind erosion at 30.5%, chemical degradation at 11.2% and physical degradation at 5.3%.

*(Accept any other relevant and correct fact)*

### **Industrial development, mining and environmental degradation**

- Industrial processes contribute to water, land and air pollution.
- In South Africa, the major contributor to air pollution is the country's oil refineries.
- These refineries emit high levels of sulphur dioxide and several other chemicals known to cause health problems.

- Greenhouse gas emissions as a result of vehicle emissions, power plants, factories and giant livestock farms have a devastating effect on climate change.
- Pollution from mining activities is a direct cause of ground water pollution in South Africa.

*(Accept any other relevant and correct fact)*

#### **Human settlement, urbanisation and environment degradation.**

- Rural-urban migration helps reduce pressure on the rural environment, but puts pressure on the urban environment such as demand for land and services.
- Unplanned informal settlements are one of the consequences of large-scale rural urban migration.
- Government struggles to meet the community needs.
- Run-off from storm water is a common problem in unplanned settlements due to the lack of proper sewage and drainage system.
- The consequences of urbanisation are overcrowding, poor housing conditions overconsumption of limited resources, uncollected solid waste and untreated waste water, environmental pollution and other forms of social evils, such as child abuse, domestic abuse and child labour.

*(Accept any other relevant and correct fact)*

*max*

26

#### **ADDITIONAL PART**

- Price based charges, such as taxes and subsidies, are used to persuade polluters to reduce the level of pollution.
- The use of price-based instruments for pollution control has been advocated for many years, but it is only in recent years that government have come to protect them.
- Government also had concerns that additional charges would increase inflation and thereby impact severely on low-income groups.
- Market-based approach used to control pollution by providing economic incentives for achieving reduction in the emissions of pollutants.
- The central government sets a limit on the amount of a pollutant that can be emitted.
- Businesses are required to hold a number of permit equivalents to their emissions.
- Firms that need to increase their emission permits must buy permits from those businesses that require fewer permits.
- Laws cannot influence the natural processes that cause environmental changes, but it can be used to regulate human behaviour.

- Laws about noise levels, pollution and waste management have been introduced to keep the environment safe for future generations.
- Today, environmental laws are enforced by all countries in the world.

*(Accept any other relevant and correct fact)*

*max 10*

## **CONCLUSION**

Environment should be managed very well and used efficiently so that future generation needs should not be compromised.

*(Accept any other relevant and correct conclusion)*

Max

2

**[40]**