



Province of the
EASTERN CAPE
EDUCATION

Iphondo leMpuma Kapa: Isebe leMfundo
Provinsie van die Oos Kaap: Departement van Onderwys
Porafensie Ya Kapa Boljahabela: Lefapha la Thuto



**NATIONAL
SENIOR CERTIFICATE**


GRADE 11

NOVEMBER 2024

ECONOMICS P1

MARKS: 150

TIME: 2 hours



This question paper consists of 13 pages.

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:
SECTION A: COMPULSORY
SECTION B: Answer TWO of the three questions.
SECTION C: Answer ONE of the two questions.
2. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
3. Answer the questions in full sentences. The format, content and the context of your responses must comply with the cognitive requirements of the questions.
4. Number the answers correctly according to the numbering system used in this question paper.
5. Write the question number above each answer.
6. Read ALL the questions carefully.
7. Start EACH question on a NEW page.
8. Leave 2–3 lines between subsections of questions.
9. Use only black or blue ink.
10. You may use a non-programmable pocket calculator.
11. Write neatly and legibly.



SECTION A (COMPULSORY)

QUESTION 1

30 MARKS – 20 MINUTES

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 numbers (1.1.1 to 1.1.8) in the ANSWER BOOK, for example 1.1.9 B.

1.1.1 Natural resources that can be replaced over time are known as ...

- A non-renewable.
- B sustainable.
- C labour.
- D renewable.

1.1.2 Goods that are designed to last for a long period of time are ...

- A services.
- B durable.
- C non-durable.
- D semi-durable.

1.1.3 An economic system where resources are allocated based on market forces is a ... economy.

- A market
- B mixed
- C centrally
- D socialist

1.1.4 The industries that operate in the tertiary sector include ...

- A mining and construction.
- B electricity and gas.
- C transport and communication.
- D transport and manufacturing.

1.1.5 A tax system in which the tax rate increases as the taxpayer's income increases is known as a ... tax system.

- A progressive
- B regressive
- C proportional
- D capital gains



- 1.1.6 The number of children born alive each year per thousand of the population is known as the ... rate.
- A illiteracy
 - B crude death
 - C crude birth
 - D poverty
- 1.1.7 The rate at which the central bank lends money to the commercial banks is the ...
- A prime lending rate.
 - B repo rate.
 - C interest rate.
 - D inflation rate.
- 1.1.8 The ... represents the cost of a typical shopping basket of goods and services of an average South African household.
- A Gini index
 - B CPIX
 - C producer price index
 - D consumer price index

(8 x 2) (16)



1.2 Choose a description in COLUMN B that matches an item in COLUMN A. Write only the letter (A–I) next to the question numbers (1.2.1 to 1.2.8) in the ANSWER BOOK, for example 1.2.9 J.

COLUMN A	COLUMN B
1.2.1 Labour	A the value of an output obtained with one unit of input
1.2.2 Open economy	B occur when scarce resources are wasted due to incorrect production decisions
1.2.3 Nationalisation	C general increase in prices and fall in the purchasing power
1.2.4 Market failure	D where goods and services are traded with other countries
1.2.5 Productivity	E summary composite measure of a country's average achievements of health, knowledge and standard of living
1.2.6 Human Development Index	F a country that does not trade with other countries
1.2.7 Inflation	G occurs when the state takes over ownership of businesses from the private sector
1.2.8 Infrastructure	H the basic facilities, services and installations needed for the functioning of an economy
	I use of mental and physical effort to produce goods and services

(8 x 1)

(8)



1.3 Give ONE term/word for each of the following descriptions. Write only the term/word next to the question numbers (1.3.1 to 1.3.6) in the ANSWER BOOK.

Abbreviations, acronyms and examples will NOT be accepted.

- 1.3.1 When capital stock grows at the same rate as the labour force
- 1.3.2 The goods that are scarce and that people are willing to pay for
- 1.3.3 A measure of the income earned by citizens or permanent residents of a country, irrespective of where it is earned
- 1.3.4 A salary or wage that households receive for labour services
- 1.3.5 Generally accepted as a means of payment as it serves as a medium of exchange
- 1.3.6 Development that will meet a nation's current needs without compromising the ability of future generations to meet their own needs

(6 x 1) (6)

TOTAL SECTION A: 30



SECTION B

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

QUESTION 2: MACROECONOMICS**40 MARKS – 30 MINUTES**

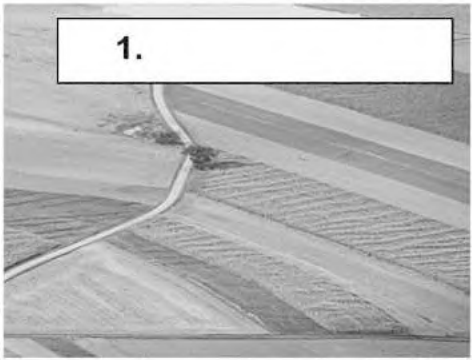
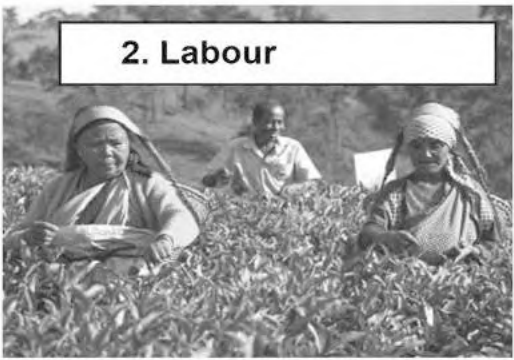


2.1 Answer the following questions.

2.1.1 Name any TWO factors influencing the price of natural resources. (2)

2.1.2 How can the South African government use its procurement system to uplift economically marginalised groups? (2)

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

FACTORS OF PRODUCTION

<p style="text-align: center;">1.</p> 	<p style="text-align: center;">2. Labour</p> 
<p style="text-align: center;">3.</p> 	<p style="text-align: center;">4. Entrepreneur</p> 

www.economicshelp.org

2.2.1 Identify the factor of production labelled **3** from the picture above. (1)

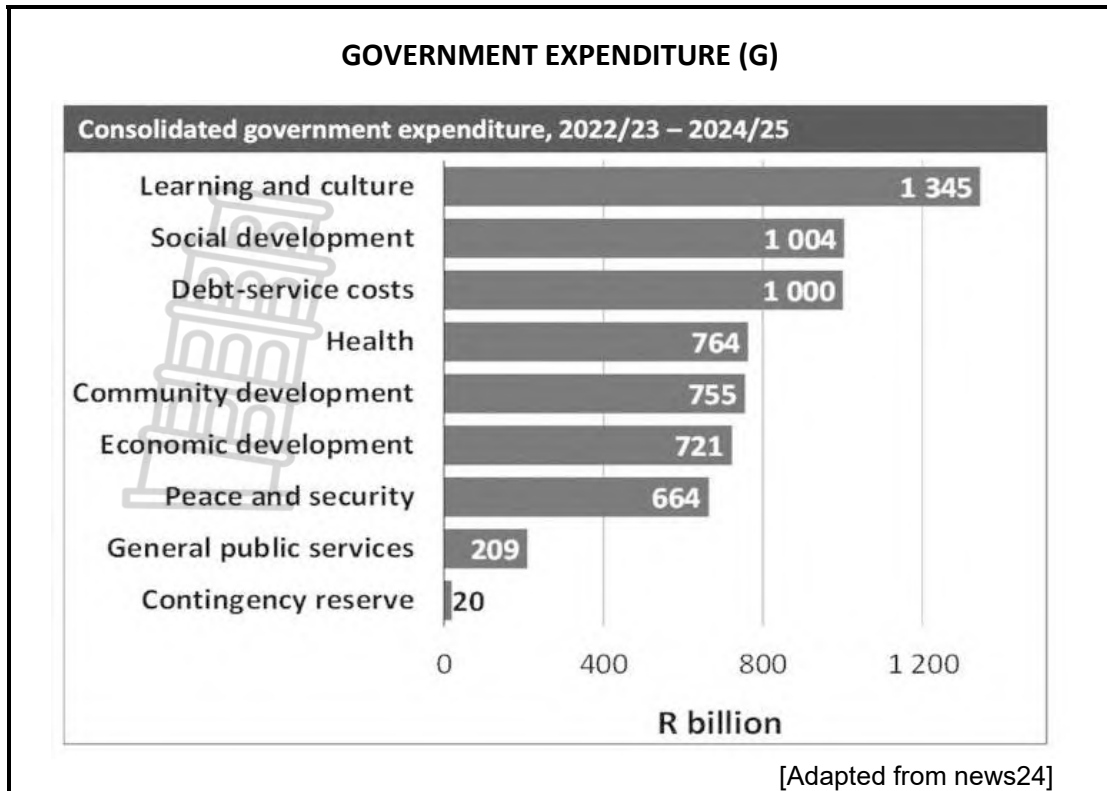
2.2.2 Name ONE factor that influences the quality of the workforce (labour). (1)

2.2.3 Briefly describe the term *economic rent*. (2)

2.2.4 Explain the role played by entrepreneurs in the economy. (2)

2.2.5 How can capital formation contribute more positively to the economy?
(2 x 2) (4)

2.3 Study the information below and answer the questions that follow.



- 2.3.1 Identify the classification of the final consumption expenditure by government in the graph above. (1)
 - 2.3.2 Name any ONE example of social services. (1)
 - 2.3.3 Briefly explain the term *injection*. (2)
 - 2.3.4 Why are imports not included in domestic expenditure? (2)
 - 2.3.5 Analyse the importance of government expenditure in the economy. (4)
 - 2.4 Explain the role (importance) of the national account aggregates. (8)
 - 2.5 Evaluate the possible causes for the ongoing energy crisis in South Africa. (8)
- [40]**



QUESTION 3: ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name TWO functions of the South African Reserve Bank. (2)

3.1.2 Why is wealth more important than income? (2)

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

COUNTRIES WITH THE BIGGEST INEQUALITY IN INCOME DISTRIBUTION WORLDWIDE IN 2023, BASED ON THE GINI COEFFICIENT

COUNTRIES	GINI COEFFICIENT
South Africa	0,63
Namibia	0,591
Colombia	0,548
Eswatini	0,546
Botswana	0,533
Brazil	0,52
Zambia	0,515
Angola	0,513
Mozambique	0,505
Zimbabwe	0,503

According to the World Bank, South Africa is the most economically unequal country in the world with a Gini coefficient of 0,63. Higher unemployment is a major factor behind the inequality levels.

[Adapted from www.statista.com]

3.2.1 Identify a reason for the higher Gini coefficient in South Africa from the information above. (1)

3.2.2 Indicate what a Gini coefficient of one means. (1)


3.2.3 Briefly describe the term *income distribution*. (2)

3.2.4 Explain the use of the Gini Coefficient to measure income inequalities. (2)

3.2.5 Examine the impact of income inequality on the South African economy. (4)

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

BANK FAILURE AND THEIR CONSEQUENCES



Regulators have closed Republic First Bank, a regional lender in New York. Fulton Bank will take over the failed bank's deposits and assets. Rising interest rates and falling commercial real estate values have increased financial risks for many regional and community banks.

[Adapted from <https://apnews.com/article/republic-first-bank-closure>. Accessed on 31 April 2024.]

- 3.3.1 Identify a reason for bank failures from the information above. (1)
- 3.3.2 Name a consequence of bank failures. (1)
- 3.3.3 Briefly describe the term *bank failure*. (2)
- 3.3.4 Explain the basic principles of credit creation by banks. (2)
- 3.3.5 Examine the relationship between bank failure and economic activities. (4)
- 3.4 Differentiate between *economic growth* and *economic development*. (8)
- 3.5 Analyse the monetary policy by focusing on the instruments used by the South African Reserve Bank (SARB). (8)

[40]



QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

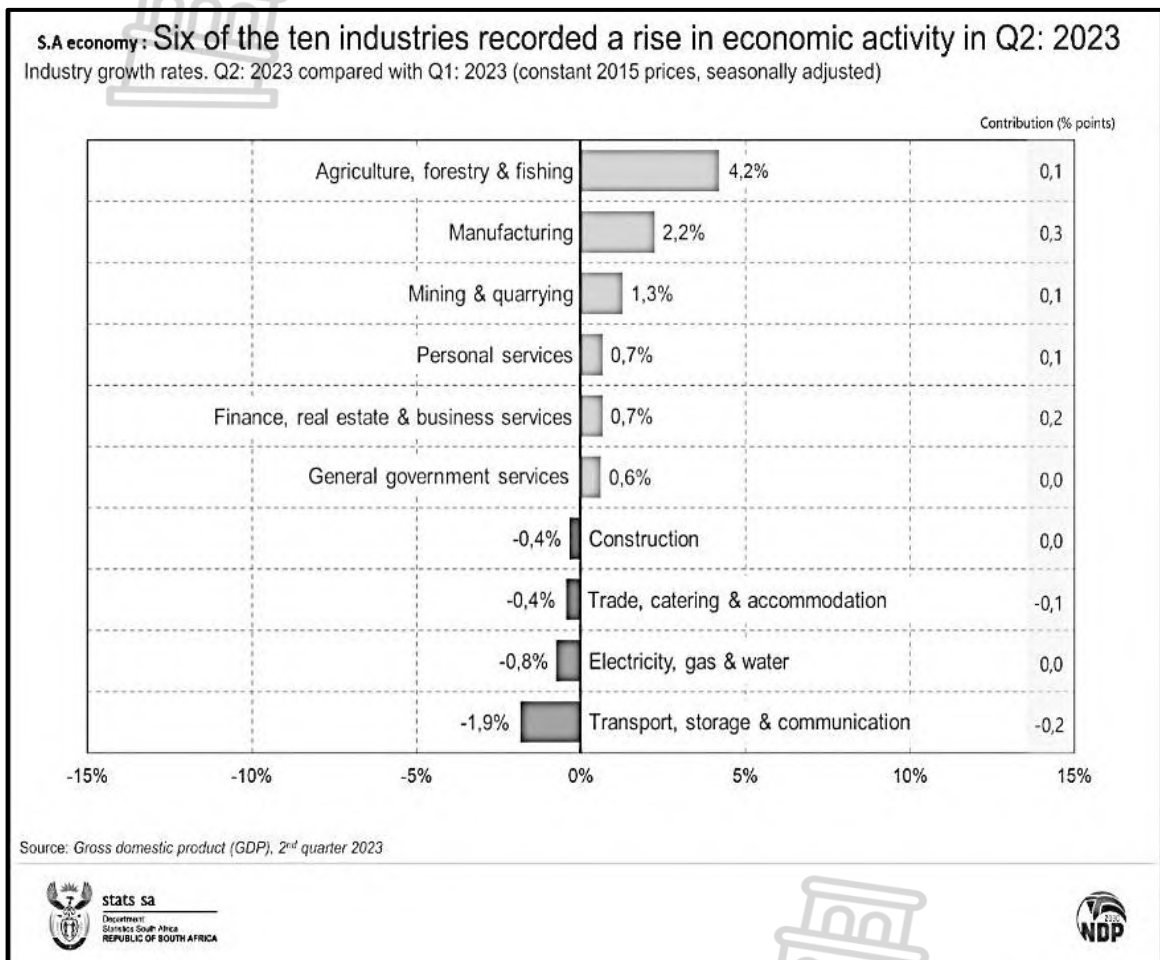
4.1 Answer the following questions.

4.1.1 Name any TWO forms of energy infrastructure. (2)

4.1.2 How do local people benefit from indigenous knowledge? (2)

4.2 DATA RESPONSE

Study the information below and answer the questions that follow.



[Source: www.stats.sa.gov.za]

4.2.1 Identify an industry with the lowest contribution in the graph above. (1)

4.2.2 Name ONE operation in the primary sector. (1)

4.2.3 Briefly describe the term *industry*. (2)

4.2.4 Explain the importance of the secondary sector in the economy. (2)

4.2.5 How will an improved infrastructure contribute to an increase in the quality of life? (4)

4.3 DATA RESPONSE

Study the article below and answer the questions that follow.

S.A REDISTRIBUTION METHODS

South Africa has implemented various redistribution methods to address the country's historical socio-economic disparities and inequality. Efforts to reduce inequality have focused on higher social spending, targeted government transfers, and affirmative action to diversify wealth ownership and to promote entrepreneurship among the previously marginalised. Rising debt is reducing the scope to further use fiscal policy for redistribution.

[Adapted from <https://imf.org> & Meta AI]

- 4.3.1 Identify South Africa's redistribution method mentioned in the article above. (1)
- 4.3.2 Name the type of tax levied on the profit gained when selling off capital goods. (1)
- 4.3.3 Briefly describe the term *fiscal policy*. (2)
- 4.3.4 Explain the difference between *land redistribution* and *land restitution*. (2)
- 4.3.5 How can minimum wages benefit the economy? (4)
- 4.4 Discuss final goods and intermediate goods. (8)
- 4.5 Why is it necessary to regulate micro-lenders? (8)
- [40]**

TOTAL SECTION B: 80



SECTION C

Answer any ONE of the two questions from this section in the ANSWER BOOK.

Your answer will be assessed as follows:

STRUCTURE OF THE ESSAY	MARK ALLOCATION
Introduction <ul style="list-style-type: none">• A good starting point would be to define a concept or key word that appears in the question.• Include other sentences to support the topic.• Do not include in your introduction any part of the question.• Do not repeat any part of the introduction in the body.• Avoid saying in the introduction what you are going to discuss in the body.	Max. 2
Body Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/ Analyse/Compare/Evaluate/Distinguish/Explain/Assess/Debate. Additional part: Give own opinion/Critically discuss/Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Calculate/Deduce/Compare/ Explain/Distinguish/Interpret/Briefly debate	Max. 26 Max. 10
Conclusion Any relevant higher order conclusion that should include: <ul style="list-style-type: none">• A brief summary of what has been discussed/analysed without repeating facts already mentioned in the body• Any opinion or valued judgement on the facts discussed• Additional support information to strengthen the discussion/analysis• A contradictory viewpoint with motivation, if so required• Recommendations	Max. 2
TOTAL	40

QUESTION 5: MACROECONOMICS

40 MARKS – 40 MINUTES

- Compare and contrast the South African mixed economy with a centrally planned economic system. (26)
 - Evaluate the government's efficiency in the delivery of social services to local communities. (10)
- [40]**

QUESTION 6: ECONOMIC PURSUITS

40 MARKS – 40 MINUTES

- Discuss in detail, the characteristics of developing countries. (26)
 - How can human and natural resources be used to ensure economic development (10)
- [40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150



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GRADE 11

NOVEMBER 2024

ECONOMICS P1 MARKING GUIDELINE

MARKS: 150



This marking guideline consists of 23 pages.

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

- 1.1.1 D – renewable ✓✓
- 1.1.2 B – durable ✓✓
- 1.1.3 A – market economy ✓✓
- 1.1.4 C – transport and communication ✓✓
- 1.1.5 A – progressive ✓✓
- 1.1.6 C – crude birth ✓✓
- 1.1.7 B – repo rate ✓✓
- 1.1.8 D – Consumer Price Index ✓✓ (8 x 2) (16)

1.2 MATCHING ITEMS

- 1.2.1 I – use of mental and physical effort to produce goods and services ✓
- 1.2.2 D – where goods and services are traded with other countries ✓
- 1.2.3 G – occurs when the state takes over ownership of business from the private sector ✓
- 1.2.4 B – occurs when scarce resources are wasted due to incorrect production decisions ✓
- 1.2.5 A – the value of output obtained with one unit of input ✓
- 1.2.6 E – summary composite measure of a country's average achievements of health, knowledge and standard of living ✓
- 1.2.7 C – general increase in prices and fall in the purchasing power ✓
- 1.2.8 H – the basic facilities, services and installations needed for the functioning of an economy ✓ (8 x 1) (8)

1.3 GIVE THE TERM

- 1.3.1 Capital widening ✓
- 1.3.2 Economic goods ✓
- 1.3.3 Gross national income ✓
- 1.3.4 Income ✓
- 1.3.5 Money ✓
- 1.3.6 Sustainable development ✓✓

(6 x 1) (6)

TOTAL SECTION A: 30



SECTION B

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

QUESTION 2: MACROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 **Name any TWO factors that influence the price of natural resources**

- Supply and demand ✓
- Climate ✓
- Location ✓
- Quality of resources ✓
- Technology ✓

(2)

2.1.2 **How can the South African government use its procurement system to uplift economically marginalised groups?**

The government can improve the access of economically marginalised groups by:

- Ensuring compliance with the Broad-Based Black Economic Empowerment Act. ✓✓
 - Setting aside contracts for small, medium and micro enterprises (SMMEs) including those belonging to historically disadvantaged individuals. / Reserving contracts for historically disadvantaged individuals. ✓✓
 - Channelling funds to businesses belonging to previously disadvantaged groups. ✓✓
 - Directing investment funds into underdeveloped and disadvantaged rural communities by means of conventional construction projects. ✓✓
- (Accept any other relevant response)

(2)

2.2 DATA RESPONSE

2.2.1 **Identify the factor of production labelled 3 from the picture above.**
Capital ✓

(1)

2.2.2 **Name ONE factor that influences the quality of the workforce(labour).**

- Education/skills training ✓
- Health care ✓
- Experience ✓

(Any 1)

(1)

2.2.3 **Briefly describe the term *economic rent*.**

An unearned extra income for which the resource owner has done nothing / an excess payment made to or for a factor of production over and above the amount expected by its owner. ✓✓

(2)

2.2.4 **Explain the role played by entrepreneurs in the economy.**

- Entrepreneurs play a key role in shaping the economy by starting new firms/businesses. ✓✓
- The creation of new businesses can contribute to the development of a more diverse and dynamic economy. ✓✓
- Entrepreneurs promote innovation and competition, leading to new improved goods and services that contribute to economic growth and development. ✓✓
- Entrepreneurs provide access to goods and services and improve the overall standard of living. ✓✓
- Entrepreneurs have the potential to lift people out of poverty by creating employment and stimulating economic activity. ✓✓
- Entrepreneurs can encourage capital formation by attracting investment ✓✓

(Accept any other relevant response.)

(2)

2.2.5 **How can capital formation contribute more positively to the economy?**

- The accumulation of capital goods translates to investment and production of goods and services, which should boost the income of the population and stimulate demand. ✓✓
- When the stock capital in a country grows at a rate that is greater than the growth rate of the labour force, it will lead to an increase in the real GDP. ✓✓
- New capital goods can improve efficiency and productivity, leading to higher output and better-quality products. ✓✓
- Investment in capital goods can lead to the creation of new jobs. ✓✓
- Capital formation can lead to higher income and improved standard of living ✓✓

(Accept any other relevant response.)

(2 x 2) (4)



2.3 DATA RESPONSE

- 2.3.1 **Identify the classification of final consumption expenditure by government in the graph above.**
Functional classification ✓ (1)
- 2.3.2 **Name any ONE example of social services**
- Environmental protection ✓
 - Housing and community amenities ✓
 - Health ✓
 - Education ✓
 - Recreation, culture and religion ✓
 - Social protection/social security and welfare ✓
 - Public order and safety ✓
- (Any 1) (1)
- 2.3.3 **Briefly explain the term *injection***
It's the introduction of income into the circular flow such as investment, government expenditure and export income. ✓✓ (2)
- 2.3.4 **Why are imports not included in domestic expenditure?**
- Imports do not form part of domestic production ✓✓
 - Imports are produced in the rest of the world ✓✓
- (Accept any other relevant response.) (2)
- 2.3.5 **Analyse the importance of government expenditure in the economy.**
- Government expenditure helps to stabilise the economy during times of recession or depression by increasing aggregate demand. ✓✓
 - Government investment in infrastructure, education can boost the economic growth and development. ✓✓
 - Government expenditure can create jobs directly (e.g in the public sector) and indirectly (e.g through infrastructure projects). ✓✓
 - Government expenditure can reduce income inequality through social welfare programs. ✓✓
 - Government provides essential public goods and services like defence, education, health, and infrastructure that benefit society as whole. ✓✓
 - Government funding for Research and Development drives innovation and technological progress. ✓✓
- (Accept any other relevant response.) (2 x 2) (4)

2.4 Explain the role (importance) of the national account aggregates.

The national account aggregates are useful for:

- Indicating the economic activity within a country ✓✓
- Measuring economic growth from one year to the next ✓✓
- Determining the standard of living in a country ✓✓
- Comparing prosperity levels among countries ✓✓
- Provide valuable insights for businesses, helping them make informed decisions ✓✓
- Serve as benchmarks to assess the effectiveness of economic policies, such as fiscal stimulus packages or monetary policy decisions ✓✓

(Allocate a maximum of 4 marks for a mere listing of facts)

(8)

2.5 Evaluate the possible causes for the ongoing energy crisis in South Africa.

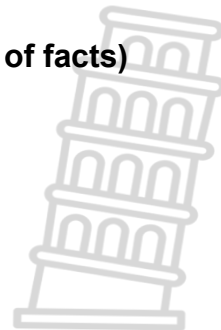
- Ageing infrastructure much of nation's electricity generation infrastructure need to be replaced. ✓✓
- Eskom's track record of building new generation capacity, since the crisis began in 2007, has not been good. ✓✓
- Poor performance of Eskom's Coal Fleet, none of the coal plants in Eskom's fleet are operating at full capacity. ✓✓
- Coal Powered Energy is too expensive for Eskom to keep up with – Eskom has roughly 400 billion rands of debt (that it services) through regular government bailouts. ✓✓ Open cycle gas turbines used during failures in the coal fleet, require diesel to run and this comes at a huge cost to the power utility. ✓✓
- Corruption and mismanagement of funds led to Eskom falling deeper into debts where government can no longer afford bailouts. ✓✓ A legacy of mismanagement, defective planning, misuse of available resources, the apathy of the government and corruption has also played a big role in the country's electricity supply shortage woes. ✓✓
- Lack of progress in adding new generation capacity to the national grid – the necessary maintenance of plants has been delayed to avoid load shedding. ✓✓ Adding new renewable energy capacity to the national grid would solve this problem. ✓✓
- Barriers created by government made it almost impossible to use alternative energy sources until recently. ✓✓

(Accept any other relevant response)

(Allocate a maximum of 2 marks for a mere listing of facts)

(8)

[40]



QUESTION 3: ECONOMIC PURSUITS**40 MARKS – 30 MINUTES****3.1 Answer the following questions.****3.1.1 Name TWO functions of the South African Reserve Bank.**

- Banker to commercial banks ✓
- A banker to the government ✓
- A custodian of gold and foreign exchange reserves ✓
- Provides economic and statistical services ✓

(Accept any other relevant response.)

(2 x

1)

(2)

3.1.2 Why is wealth more important than income?

- Wealth is more important as it provides a safety net and financial stability ✓, and wealth can grow over time through smart investments, generating more income and increasing one's net worth. ✓
- Income allows people to satisfy their needs and pursue many other goals that they deem important to their lives ✓, while wealth makes it possible to sustain these choices over time. ✓

(Accept any other correct relevant response.)

(1 x 2)

(2)

3.2 DATA RESPONSE**3.2.1 Identify a reason for the higher Gini coefficient in South Africa from the information above.**

Higher unemployment

(1)

3.2.2 Indicate what a Gini coefficient of one means?

It means that a country's income distribution is equal. ✓

(1)

3.2.3 Briefly describe the term *income distribution*.

Income distribution refers to the way in which income is allocated/distributed among individuals or groups within a population or economy. ✓✓

(2)

3.2.4 Explain the use of the Gini coefficient to measure inequalities

- A lower Gini coefficient (closer to zero), indicates that a country's income distribution is almost equal. ✓✓
- A Gini coefficient of zero represents a situation where everyone has the same income, ✓✓ while a coefficient of one represents a situation where one person holds all the income. ✓✓
- A higher Gini coefficient (closer to one), indicates that a country's income distribution is more unequal. ✓✓
- The Gini coefficient can vary from 0 (perfect equality) to 1 (perfect inequality). ✓✓

(2)

3.2.5 Examine the impact of income inequality on the South African economy

- Income inequality can lead to increased poverty, homelessness and economic insecurity. ✓✓
 - Income inequality can fuel feelings of frustration, resentment, social unrest and political instability. ✓✓
 - Income inequality can limit economic growth, as lower- and middle-income households have less disposable income to spend. ✓✓
 - Lower economic growth can result in lower tax revenues and increased government debt. ✓✓
 - Income inequality can lead to increased health problems, such as mental health issues, obesity and other health related matters, which can reduce life expectancy. ✓✓
 - Income inequality can limit access to quality education, perpetuating the cycle of inequality. ✓✓
 - Income inequality can lead to reduced economic mobility, making it harder for individuals to improve their economic status, which can discourage innovation and entrepreneurship. ✓✓
 - Crime rate and criminal activity can increase due to income inequality. ✓✓
- (Accept any other relevant response.) (2 x 2) (4)

3.3 DATA RESPONSE

3.3.1 Identify a reason for bank failures from the information above.

- Rising interest rates ✓
- Falling commercial real estate values ✓

(1)

3.3.2 Name a consequence of bank failures.

- Lack of confidence in the banking sector ✓
- Depositors may lose their deposits ✓
- Banking panic ✓
- Banking run ✓
- Negative perception ✓
- Unemployment ✓

(1)

3.3.3 Briefly describe the term *bank failure*.

Bank failure occurs when a bank is unable to meet its obligations to its depositors or other creditors because it has become insolvent or too liquid to meet its liabilities. ✓✓

(2)



3.3.4 Explain the basic principles of credit creation by banks.

- Credit creation refers to the loans that banks make available. ✓✓
- The banks sell money through granting loans. ✓✓
- Banks are financial institutions that serve as links between people who make deposits and people who acquire loans. ✓✓
- They mobilise the savings of some to become available as loans to others. ✓✓

(Accept any other relevant response.)

(2)

3.3.5 Explain the relationship between bank failure and economic activities

- Bank failures hamper money supply in the economy. ✓✓
- When a bank fails, it reduces its lending, which can lead to a credit crunch, making it harder for businesses and individuals to access credit. ✓✓
- Bank failures can lead to a decrease in economic growth, as credit becomes less available and investments decline. ✓✓
- Bank failures can lead to a loss of deposits, which can reduce consumer spending and investment. ✓✓
- Bank failures can lead to increased unemployment, as businesses struggle to access credit and may be forced to reduce operations or close. ✓✓
- During liquidation of banks the assets are sold off to repay the depositors. ✓✓
- This could take very long and result in the loss of value for money. ✓✓
- When one bank fails, it causes other banks to have a contraction of money supply. ✓✓
- The other banks may become more pessimistic about the economy and try to reduce their lending in the economy. ✓✓

(Accept any other relevant response)

(2 x 2) (4)

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

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
<ul style="list-style-type: none"> • Is an increase in the productive capacity of the economy ✓✓ 	<ul style="list-style-type: none"> • Is an increase in the standard of living of people in a country ✓✓
<ul style="list-style-type: none"> • Is measured as a percentage change in real GDP ✓✓ 	<ul style="list-style-type: none"> • Deals with issues such as education literacy, healthcare, employment and environmental sustainability ✓✓
<ul style="list-style-type: none"> • Concerned with goods and services ✓✓ 	<ul style="list-style-type: none"> • Concerned with people and human development ✓✓
<ul style="list-style-type: none"> • Is a necessary input for economic development ✓✓ 	<ul style="list-style-type: none"> • Growth should lead to development ✓✓
(Any 2 x 2)	(Any 2 x 2)

(8)

3.5 **Examine the monetary policy by focussing on the instruments used by the South African Reserve Bank (SARB).**

Interest rates ✓

- The interest rate, based on the repo rate, is the main instrument that the SARB uses to implement its monetary policy. ✓✓
- During contraction of economic activities, the SARB will decrease the repo rate in order to stimulate the economy. ✓✓
- When there is inflationary pressure, SARB will increase the repo rate and banks will increase the prime lending rate accordingly. ✓✓

Cash reserve requirements ✓

- The SARB can influence the supply of money by changing the percentage of deposits that banks must keep as cash reserves. ✓✓
- When the SARB needs to limit the money supply, it will increase the percentage cash reserves. ✓✓

Open market transactions ✓

- Open market transactions involve the buying and selling of state securities. ✓✓
- When the SARB wants to limit the supply of money/money stock, it sells securities to the banks. ✓✓
- The banks then have less money available for granting loans. ✓✓
- When the SARB wants to increase the supply of money and stimulate the economy, it buys securities from banks. ✓✓

Moral suasion ✓

- The SARB can use convincing moral persuasion to ask banks to be more careful with the granting of loans. ✓✓
- The Reserve bank can also use moral suasion to warn consumers not to spend too much and rather to save during times of inflation. ✓✓

(Allocate a maximum of 2 marks for a mere listing of facts)

(4 x 2)

(8)
[40]



QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**40 MARKS – 30 MINUTES****4.1 Answer the following questions.****4.1.1 Name any TWO forms of energy infrastructure.**

- Electricity (coal, wind, solar, sun, waves) ✓
- Nuclear power ✓
- Hydroelectric plants ✓
- Burning of oil and gas ✓
- Burning of wood ✓

(2 x 1) (2)

4.1.2 How do local people benefit from indigenous knowledge?

- Indigenous knowledge helps local people cope with periodic food shortages by utilising the traditional know-how of preserving food. ✓✓
- Indigenous knowledge helps preserve cultural heritage and traditional practices, promoting cultural identity and community cohesion. ✓✓
- Indigenous knowledge encompasses traditional healing practices, medicines, and health remedies, which can complement modern healthcare. ✓✓
- Indigenous knowledge can inspire innovative solutions, products and services promoting local entrepreneurship and economic development. ✓✓
(Accept any other relevant response.)

(2)

4.2 DATA RESPONSE**4.2.1 Identify an industry with the lowest contribution in the graph above.**

Transport, storage and communication / -1.9%✓

(1)

4.2.2 Name ONE operation in the primary sector.

- Agriculture ✓
- Forestry ✓
- Fishing ✓
- Mining and quarrying ✓

(Any 1) (1)

4.2.3 Briefly describe the term *industry*

Refers to all the business enterprises that produce a similar type of good or service. ✓✓

(2)



4.2.4 **Explain the importance of the secondary sector in the economy.**

- The secondary sector is labour-intensive, which helps the economy to create many jobs opportunities and reduce unemployment. ✓✓
- It helps to process raw materials into finished goods that can be exported at higher prices and generate more income for the economy. ✓✓
- Helps to expand the tax base for the government and contributes to the GDP. ✓✓
- The sector contributes to the economic growth which enables consumers to have a variety of goods and services. ✓✓ (1 x 2) (2)

4.2.5 **How will an improved infrastructure contribute to an increase in the quality of life?**

An improved infrastructure can contribute to an increase in the quality of life by:

- transporting goods and services and enabling people to access work, schools and recreational activities, which play an important role in the economy. ✓✓
- efficiently moving goods and services across borders (exports and imports). ✓✓
- connecting households across metropolitan areas to higher quality opportunities for employment. ✓✓
- stimulating economic growth especially in rural areas / by contributing to the gross domestic product of the country. ✓✓
- making it possible for people to do business from anywhere in the world through improved commutation/technology. ✓✓
- gaining knowledge through improved communication, which helps entrepreneurs to make the correct business decisions. ✓✓
- ensuring that the right information reaches the right person at the right time. ✓✓
- providing reliable power supply, as every aspect of our lives requires power (energy) and modern economies cannot operate without a reliable power supply. ✓✓

(Accept any other relevant response.) (2 x 2) (4)



4.3 DATA RESPONSE

4.3.1 Identify South Africa's redistribution method mentioned in the extract above.

Affirmative action ✓

(1)

4.3.2 Name the type of tax levied on the profit gained when selling off capital goods.

Capital Gains Tax (CGT) ✓

(1)

4.3.3 Briefly describe the term *fiscal policy*.

Refers to the use of government spending and taxation to influence the overall level of economic activity. ✓✓

(2)

4.3.4 Explain the difference between *land redistribution* and *land restitution*

Land restitution focuses on restoring land to its original owners who were forcibly removed or dispossessed of their land due to historical injustices, ✓ while land redistribution aims to redistribute land from large landholders (wealthy elites) to smaller-scale farmers, rural communities or landless people. ✓

(2)

4.3.5 How can a minimum wage benefit the economy?

- Helps to reduce poverty and income inequality within a society. ✓✓
- With a higher minimum wage, workers have more disposable income to spend on goods and services, boosting economic activities. ✓✓
- A minimum wage can help reduce stress, improves mental and physical health, and increases overall well-being. ✓✓

(Accept any other relevant response)

(2 x 2) (4)

4.4 Differentiate between *final goods* and *intermediate goods*.

Final goods

- Goods that are intended for direct consumption or use by the end-user. ✓✓
- Meet the final demand of consumers. ✓✓
- Examples: food, clothing, cars, smartphones, TV's, etc. ✓✓

Intermediate goods

- Are goods that are used as inputs in the production process to create final goods. ✓✓
- Are not intended for direct consumption. ✓✓
- Examples: raw materials (steel, cotton, wheat), components (engines, tyres, screens), semi-finished goods, etc. ✓✓

(8)

4.5 Why is it necessary to regulate micro-lenders?

It is necessary to regulate micro-lenders to:

- protect borrowers by ensuring that micro-lenders operate ✓✓ transparently and fairly, preventing exorbitant interest rates, hidden fees and deceptive marketing. ✓✓
- promote responsible lending practices, such as assessing the borrower's creditworthiness and ability to repay. ✓✓
- help prevent borrowers from taking on too much debt, reducing the risk of default. ✓✓
- help ensure that micro-lenders serve the needs of low-income households and small businesses, promoting financial inclusion and economic development.
- prevent illegal activities, such as money laundering and fraud, in the micro-lending sector.

(Accept any other relevant response.)

(Allocate a maximum of 2 marks for a mere listing of facts.)

(8)



SECTION C

Answer any ONE of the two questions from this section in the ANSWER BOOK.

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

- Compare and contrast the South African mixed economy with a centrally planned economic system. Marks (26)
- Evaluate the government's efficiency in the delivery of social services to local communities. Marks (10) **[40]**

INTRODUCTION

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

(Accept any other relevant introduction)

MIXED ECONOMY	CENTRALLY PLANNED
Ownership ✓	
<ul style="list-style-type: none"> • Consumers, producers and organisations own most of the factors of production, the state may, nevertheless, own a significant proportion. ✓✓ • In South Africa, the state owns land and capital directly through its enterprises such as Transnet, Telkom, Post offices, Eskom, Denel, SABC and Rand Water. ✓✓ 	<ul style="list-style-type: none"> • The government owns/ controls the factors of production. Labour, however, is not owned but is directed by the government. ✓✓ • There is no private property (land and capital) as it has been all nationalised, expropriated or confiscated by the government. ✓✓
Motivation ✓	
<ul style="list-style-type: none"> • In the private sector of a mixed economy, consumers and producers are assumed to be motivated by self-interest. ✓✓ • The public sector, however, is assumed to be motivated by the necessity to satisfy the social needs of the community. ✓✓ 	<ul style="list-style-type: none"> • The participants are assumed to be unselfish, and their motivation is to co-operate for the common good of the community. ✓✓ • The system requires subordination, obedience, and discipline on the part of the individual for the benefit of the state and the community. ✓✓

Planning ✓	
<ul style="list-style-type: none"> In a mixed economy we have a central planning authority. ✓✓ All sectors of the economy follow the economic plan of the state to achieve various targets and goals. ✓✓ 	<ul style="list-style-type: none"> A planning process is used to allocate resources. ✓✓ The government, as the planning authority, directs producers on what to produce, directs labour into jobs and directs consumers on what to consume. ✓✓
Business fluctuations ✓	
<ul style="list-style-type: none"> Booms and slumps in the business cycle can be levelled and the government works towards creating a stable economy. ✓✓ 	<ul style="list-style-type: none"> Business fluctuations are controlled by the government through its control of investment and consumer Expenditure. ✓✓
Competition ✓	
<ul style="list-style-type: none"> There is high level of competition which drives businesses to be more innovative and improve their products and services to stay ahead of their competitors. ✓✓ 	<ul style="list-style-type: none"> Competition among producers is discouraged ✓✓
Full employment ✓	
<ul style="list-style-type: none"> Full employment in a mixed economy is a theoretical concept where all available resources are being utilised, and everyone who is willing and able to work, is employed. ✓✓ In a mixed economy, the government plays an important role regulating the economy and addressing market failures, which can help achieve full employment. ✓✓ 	<ul style="list-style-type: none"> Full employment is achieved by directing the labour force to economic activities, even if the labour force's achievements are not fully productive. ✓✓ All workers, to use their labour, are employed, even if it may be unprofitable because they may be better suited to different productive activities. ✓✓
Distribution of income ✓	
<ul style="list-style-type: none"> The government of a country with a mixed economy can introduce corrective measures to ensure a more equitable distribution of wealth. ✓✓ 	<ul style="list-style-type: none"> The distribution of income is more even and equitable for all. ✓✓
Mass production ✓	
<ul style="list-style-type: none"> In a mixed economy, the government plays a role in regulating and guiding the economy, while also allowing for private enterprise and market forces to drive innovation and growth, leading to mass production. ✓✓ 	<ul style="list-style-type: none"> Mass production is achieved through directing different producers to produce only one product each. ✓✓ These results are economies of scale. ✓✓

Choices ✓	
<ul style="list-style-type: none"> • A mixed economy provides a wide range of products and services from both public and private sectors, giving consumers the freedom to choose what suits their needs and preferences. ✓✓ • Businesses have the freedom to start new ventures, innovate, and produce goods and services that meet market demands. ✓✓ 	<ul style="list-style-type: none"> • Consumers have relatively little choice. ✓✓ • Workers may be allocated jobs in particular occupations or geographical areas. ✓✓ • There is no mechanism by which enterprises compete to provide different types of the same good. ✓✓ • Queuing is the rule and what is available for purchase in shops is in most instances of poor quality. ✓✓

Economic growth ✓	
<ul style="list-style-type: none"> • The government uses efficient monetary and fiscal policy to ensure a maximum economic growth and continuous stability in prices. ✓✓ 	<ul style="list-style-type: none"> • Economic growth is often compromised in centrally planned economy due to inefficient allocation of resources. ✓✓ • As economies grow, they become more complex, and the more complex the economy is, the more difficult it is to plan the allocation of resources efficiently. ✓✓

Economic decisions ✓	
<ul style="list-style-type: none"> • Economic decisions are made by both government and private sectors. ✓✓ 	<ul style="list-style-type: none"> • Economic decisions are made by central authority. ✓✓

Markets and prices ✓	
<ul style="list-style-type: none"> • Markets and prices are influenced by both government and private sectors. ✓✓ 	<ul style="list-style-type: none"> • Markets and prices are controlled or regulated by the government. ✓✓

(Accept any other correct relevant response.)

(Allocate a maximum of 8 marks for mere listing of facts and examples.)



BODY: ADDITIONAL PART

- Evaluate the government's efficiency in the delivery of social services to local communities.
- The government's service delivery to local communities is efficient because:

Positives:

- South Africa has comprehensive social welfare policy framework, including the National Development Plan and Social Development Sector Plan. ✓✓
- Social services such as grants, healthcare, and education, are widely available covering a significant portion of the population. ✓✓
- Government has demonstrated a commitment to social protection, with focus on vulnerable groups, including children, people with disabilities and the elderly. ✓✓
- The state tries to uplift previously disadvantaged communities by providing social services (such as housing, education, medical services, basic services like water and electricity) to the poor. ✓✓
- An increase in education and training to increase literacy and improve adult literacy, e.g. building of schools, colleges, universities and technikons. ✓✓
- Health care now includes free health care services for all' which include NHI bill recently signed by the President. ✓✓
- The National Health Insurance program (NHI) is an essential step towards ensuring that all citizens have access to quality health, regardless of their income or social status. ✓✓
- Transfer payments, such as social security benefits, welfare payments, and tax credits are indeed effective ways for government to redistribute wealth and provide support to citizens in need. ✓✓
- Transfer payments are made in order for the marginalised to be able to afford their basic needs and wants. ✓✓

Negatives:**The government's efficiency in socially delivering to local communities has been hampered by:**

- Bureaucratic red tape, corruption and inadequate infrastructure that hinder effective service delivery. ✓✓
- Limited financial resources, inadequate human resource, and insufficient infrastructure which impede service delivery. ✓✓
- Significant disparities that exist in service delivery between urban and rural areas, with rural areas often receiving inadequate services. ✓✓
- The state is falling short of its targets with regards to state pensions, disability grants, etc. due to inefficient administrative processes or bureaucracy and insufficient funding or budget allocations. ✓✓
- The state is currently facing the reality of too many claimants and too few taxpayers, which puts a financial strain on the government and increases tax burden on existing taxpayers. ✓✓

- SA has lower levels of literacy in rural areas, this causes lower employment levels in these areas hence SA must improve literacy levels. ✓✓
- Total expenditure on health has decreased from R65.4 billion in 2021/2022 to R62.2 billion in 2024/2025. ✓✓
- The issue of social protection (social welfare grant) is becoming unsustainable as the tax base is not sufficient to keep up with the increasing demand for grants. ✓✓
- Some rural communities are still lacking running water, basic sanitation and infrastructure. ✓✓
- There are hospitals that have a problem with water supply and this is an indication of poor service delivery to the public. ✓✓
- There are excellent doctors in S.A, but due to poor working conditions, they leave for US, Canada, UK etc. ✓✓

(Accept any other relevant response)

(Max. 10)

CONCLUSION

A mixed economy requires careful management to avoid potential drawbacks, as well as a well implemented mixed economic system that can provide a stable and prosperous economic environment, balancing individual freedom with social responsibility. ✓✓

(Accept any other relevant conclusion of higher order.)

(2)

[40]



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

- **Discuss in detail, the characteristics of developing countries.**
- **How can human and natural resources be used to ensure economic development?**

INTRODUCTION

A developing country is a sovereign state with a less developed industrial base and lower Human Development Index (HDI) relative to other countries. ✓✓
(Accept any other relevant introduction.)

Low standard of living ✓

- In developing countries there is a high level of poverty with poor standard of living with no housing and domestic services such as electricity, water, sanitation and removal of garbage. ✓✓
- Income per capita in developing countries is about a fifth of that in developed countries and this means that people are unable to buy property, services and motor vehicles. ✓✓
- There is generally a wide gap between rich and poor. with a large percentage of the population living below the poverty line. ✓✓
- People in developing countries have a life expectancy of 52 years or less whereas those in developed countries live for 75 – 80 years on average. ✓✓

Low levels of productivity ✓

- In addition to a low standard of living, developing countries are characterised by relatively low levels of labour productivity. ✓✓
- The main causes are low education standards within the countries, a lack of investment in physical capital such as machinery, a lack of experienced management and a lack of access to technology. ✓✓
- In addition to these factors, a lack of good public-health services, as well as inadequate drinking water, sanitation and waste disposal, all result in a high incidence of water-borne and other environmental diseases, resulting in poor levels of health among workers. ✓✓



High population growth and dependency burdens ✓

- Developing countries usually have a high population growth rate due to very high birth rates. ✓✓
- Birth rates in developing countries are generally in the order of 30 to 40 per 1 000, whereas those in the developed countries are less than half that figure. ✓✓
- The crude birth rate is one of the most efficient ways of distinguishing the less developed from the more developed countries. ✓✓
- A high population growth rate causes a number of problems such as unemployment, pressure on housing, education and health services. ✓✓
- Furthermore, the **labour force** in developing countries has to support almost twice as many children and elderly people as it does in richer countries. ✓✓
- Children, as well as older people are often referred to as an economic dependency burden because they are non-productive members of society. ✓✓
- They must be supported financially by a country's labour force. ✓✓
- The dependency burden represents about one-third of the population of developed countries but almost 45% of the population of the less developed nations. ✓✓

High levels of unemployment ✓

- Low levels of education and training and entrepreneurial knowledge add to high rates of unemployment. ✓✓
- Labour is also underutilised in developing countries as compared to developed countries. ✓✓
- In order to accommodate the rapid population growth, it is necessary to create many new jobs – an aim that is usually not achieved. ✓✓

Dependence on the primary sector ✓

- Economies of developing countries are mainly dependent on agriculture or other primary sector activities, for example, fishing. ✓✓
- A high proportion of people are employed in the primary sector with little employment opportunities outside this sector. ✓✓
- As late as 1960, exports of primary-sector products accounted for more than 84% of all exports of developing countries. ✓✓
- In parts of Africa, land is communal property and little use is made of modern agricultural techniques and technology. ✓✓
- Agricultural production results in small surpluses for sale. ✓✓
- Although agricultural production in Africa is declining, exports of agricultural products continue to dominate African economies and agriculture accounts for more than 70% of employment. ✓✓



Deficiency of infrastructure ✓

- A major problem in most developing countries is that infrastructure such as roads, power generation facilities and communication systems are often lacking or poorly maintained. ✓✓
- This lack of infrastructure results in poor access to markets. ✓✓
- This restructuring efforts has helped reduce public debt, promote black economic empowerment and advance competition. ✓✓

(Accept any other relevant response.)

(Max. 26)

ADDITIONAL PART

How can human and natural resources be used to ensure economic development?

- Natural resources are extracted through primary sector activities, which creates employment and income opportunities for unskilled and semi-skilled workers. ✓✓
- Production relies on natural resources, creating export opportunities that create employment opportunities which increase living standards. ✓✓
- South Africa receives a lot of income from the tourism industry due to the availability of natural resources (environment) that are set aside for tourist attractions, improving the living standards of the individuals employed in the tourism industry. ✓✓
- Investing in education and training programs enhance skills and knowledge, increasing productivity and competitiveness. ✓✓
- Encouraging efficient use of natural resources, reducing waste and promoting sustainable consumption patterns. ✓✓
- Ensuring access to quality healthcare that promotes productivity in the work place. ✓✓

(Accept any other relevant response.)

(10)

CONCLUSION

Developing countries face significant challenges in achieving economic growth and development, and addressing these challenges requires a comprehensive approach that includes diversifying economies and promoting industrialisation. ✓✓

(Accept any other relevant conclusion of higher order.)

(2)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

