



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

CAPRICORN NORTH DISTRICT

**NATIONAL
SENIOR CERTIFICATE**

Stanmorephysics.com **GRADE 12**

ECONOMICS TERM TEST 1

MARCH 2024

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MARKS: 100

TIME: 1:1/2 hours

This question paper consists of 11 pages.

INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows in the ANSWER BOOK:

SECTION A: COMPULSORY

SECTION B: Answer ONE of the two 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. Number the answers correctly according to the numbering system used in this question paper.
4. Write the question number above each answer.
5. Read the questions carefully.
6. Start EACH question on a NEW page.
7. Leave 2–3 lines between subsections of questions.
8. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the 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 MACROECONOMICS

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 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D.

1.1.1 Products that consumers can use repeatedly to satisfy their needs for many years are called ... goods.

- A durable
- B non-durable
- C perishable
- D semi-durable

1.1.2 The inverse relationship between inflation and unemployment is best illustrated by the ... curve.

- A Laffer
- B Lorenz
- C indifference
- D Phillips

1.1.3 Long-term financial instruments, such as shares, are traded in the ... market.

- A money
- B foreign exchange
- C capital
- D labour

1.1.4 The balance of payments account that records transactions related to exports and imports of goods and services is known as the ... account.

- A financial
- B current
- C capital Transfer
- D reserve

1.1.5 Transfer of ownership of entities from the private sector to the public sector is called...



- A privatisation.
- B commercialisation.
- C deregulation.
- D nationalisation.

(5x2)(10)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A.
Write only the letter (A–F) next to the question numbers (1.2.1–1.2.6) in the
ANSWER BOOK, e.g. 1.2.7 G

COLUMN A	COLUMN B
1.2.1 Money flow	A Document that sets out the government's expected expenditure and income over a three-year period
1.2.2 Medium-Term Expenditure Framework	B The government decides to decrease the value of a currency in relation to other currencies.
1.2.3 Subsidy	C Income and expenditure move between the participants in the economy
1.2.4 Kuznets cycle	D The difference between visible (tangible) exports and visible (tangible) imports.
1.2.5 Devaluation	E A cash grant given to manufacturers to reduce the cost of production
1.2.6 Balance of trade	F Changes in construction and building industry cause business cycles with a duration of 15-20 years.
	G Spending by businesses on capital goods

(6x1)(6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.4) in the ANSWER BOOK.

Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 The total market value of all final goods and services produced by citizens of a country within a specific period (1)

1.3.2 A component of the balance of payments account that records grants relating to ownership of fixed assets.

1.3.3 A tax system in which lower income groups pay higher tax in proportion to their income than those in higher income groups.

1.3.4 Monetary policy wherein the South African Reserve Bank persuades banks to be careful when granting credit.

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(4x1)(4)

TOTAL SECTION A: 20

SECTION B (ANSWER ONE OF THE TWO QUESTIONS)

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

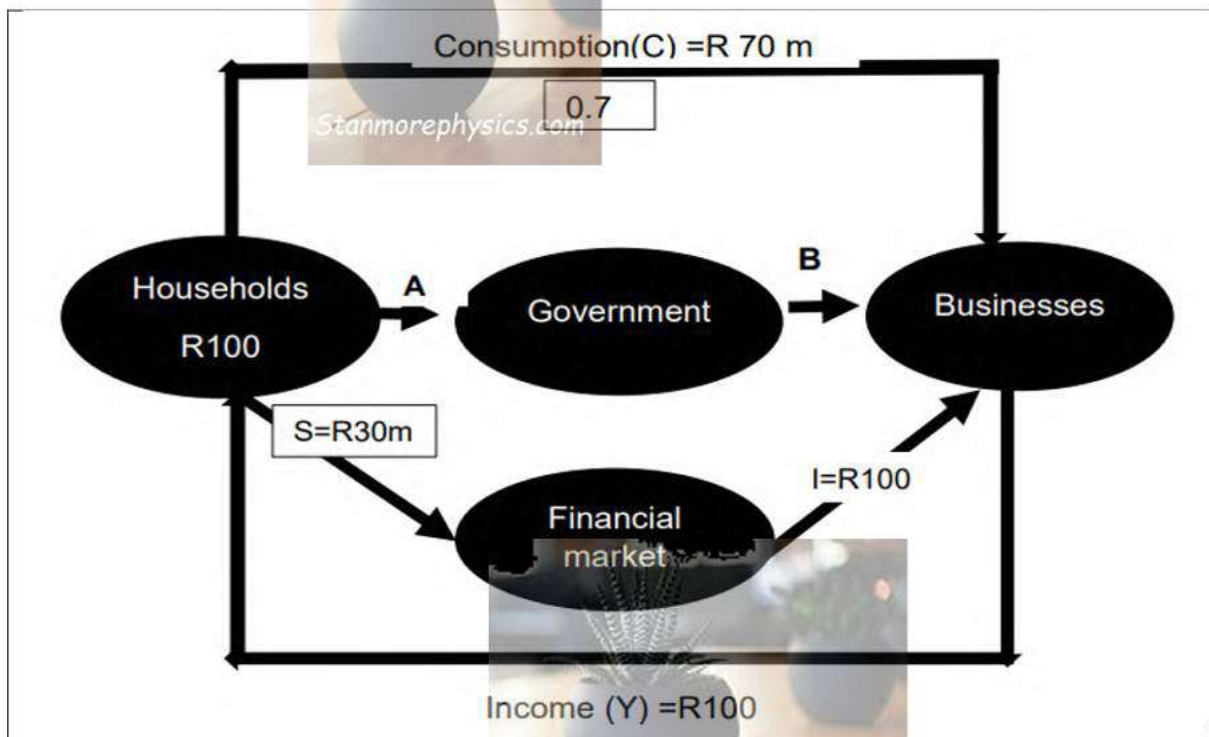
QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO flows in the circular-flow model. (2x1)(2)

2.1.2 Why are national accounts important to economists? (1x2)(2)

2.2 Study the table below and answer the questions that follow:



Source: Own source

- 2.2.1 Identify the letter that represent leakages. (1)
- 2.2.2 Name any ONE injection in the circular flow model. (1)
- 2.2.3 Briefly describe the term *autonomous spending*. (2)
- 2.2.4 Explain the importance of businesses in the economy. (2)
- 2.2.5 Calculate the change in national income if an additional R50 m is invested and marginal propensity to consume is 0.7. Show all calculations. (2 x 2) (4)

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

Financial account			
Direct investment			
Balance of quarterly figures (R mill)	2021	2022	2023
Liabilities	42 168	7670	5745
Assets	4610	-4951	-4555
Net direct investment	46778	2719	1 190

Source: Own source

2.3.1 Identify the year in which South Africa disinvested its stake of ownership in foreign countries (1)

2.3.2 Name any other sub-component of the financial account. (1)

2.3.3 Briefly explain the term *direct investment* (2)

2.3.4 How can export promotion control be applied to correct balance of payments disequilibria? (2)

2.3.5 Why is Foreign Direct Investment important to the South African economy? (4)

2.4 Briefly discuss the interaction between *households* and the *business sector* in the circular flow model. (8)

2.5 Analyse methods used by the South African Reserve Bank to intervene in the foreign exchange market. (8)

[40]

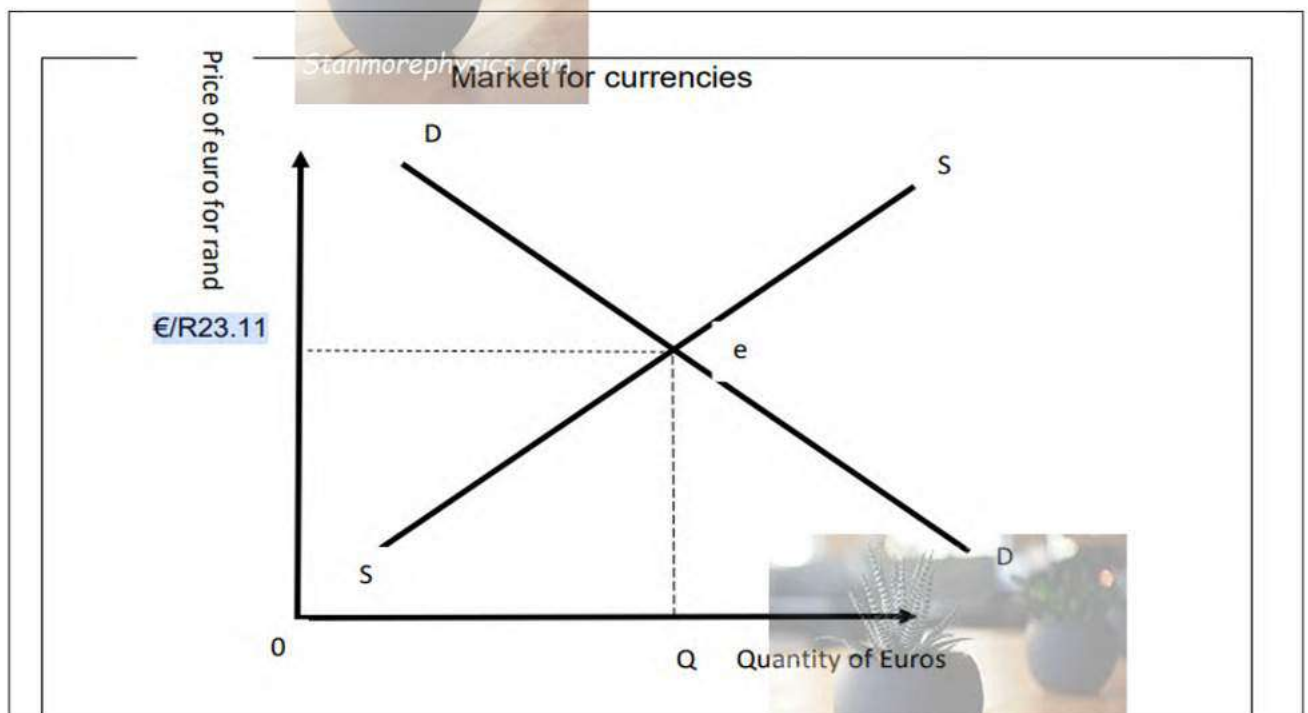
QUESTION 3: MACROECONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Give any TWO effects of international trade. (2x1) (2)

3.1.2 What is the purpose of the residual item when the expenditure method is used to calculate national income? (1 x2) (2)

3.2 Study the information below and answer the questions that follow



3.2.1 Identify the rate of exchange between the rand and the euro. (1)

3.2.2 What type of exchange rate system is currently used in South Africa? (1)

3.2.3 Briefly describe the term *devaluation*. (2)

3.2.4 What would cause an increase in demand for the euro?

3.2.5 Illustrate on the same set of axes the effect of an increase in export from South Africa on the value of the euro. (4)

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

GROSS VALUE ADDED BY KIND OF ECONOMIC ACTIVITY		
	2023 figures	
	At constant 2015 prices	At current prices
Primary sector	301 424	482 114
Secondary sector	596 114	997 334
Tertiary sector	2 304 211	3 881 921
Gross value added at basic prices		A

[Own source]

- 3.3.1 Identify the base year used by the SARB above. (1)
- 3.3.2 Name any other method used to calculate GDP (1)
- 3.3.3 Briefly describe the term *constant prices* (2)
- 3.3.4 Explain the importance of subsidies on production to the economy? (2)
- 3.3.5 Calculate the value of A in the table above. Show all calculations. (4)
- 3.4 Briefly discuss *goods market* and *factor market* as markets in the circular flow. (8)
- 3.5 Analyse the effect of an improvement in the terms of trade on the economy. (8)

[40]

TOTAL SECTION B: 40

SECTION C

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

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. <ul style="list-style-type: none"> • A good starting point will be to define the main concept related to the question topic. • Do NOT include any part of the question in your introduction. • Do NOT repeat any part of the introduction in the body. • Avoid mentioning 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/Differentiate/Explain/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Assess/Debate A maximum of 8 marks may be allocated for headings/examples Additional part: Critically discuss/Evaluate/Critically evaluate/Debate/Deduce/Compare/Distinguish/Interpret/How?/Suggest A maximum of 2 marks may be allocated for mere listing of facts.	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendations 	Max. 2
TOTAL	40

QUESTION 4: MACROECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail the features underpinning forecasting of business cycle. (26 marks)
 - Analyse the challenges that an economic recession poses for the different participants in the economy. (10 marks)
- [40]**

QUESTION

MACROECONOMICS

40 MARKS-40 MINUTES



- Discuss in detail the reasons for public sector failure. (26 marks)
- Analyse the challenges faced by the South African government in pursuing the macro-economic objectives. (10 marks)

[40]

TOTAL SECTION C: 40

GRAND TOTAL: 100





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**ECONOMICS
MARKING GUIDELINES**

Stanmorephysics.com

MARKS: 100

This marking guidelines consists of 16 pages.

SECTION A (COMPULSORY)**QUESTION 1 MACROECONOMICS****20 MARKS – 20 MINUTES****1.1 MULTIPLE CHOICE**

1.1.1 A-durable ✓✓

1.1.2 D-Phillips ✓✓

1.1.3 C-capital ✓✓

1.1.4 B-current ✓✓

1.1.5 D-nationalisation

(5x2)(10)

1.2 MATCHING ITEMS

1.2.1 C - Income and expenditure move between the participants in the economy. ✓

1.2.2 A - A document that sets out the government's expected expenditure and income over a three-year period. ✓

1.2.3 E- A cash grant given to manufacturers to reduce the cost of production. ✓

1.2.4 F- Changes in the construction and building industry cause a business cycle with a duration of 15-20 years. ✓

1.2.5 B -The government decides to decrease the value of a country's currency in relation to other currencies. ✓

1.2.6 B -The difference between visible (tangible) exports and visible (tangible) imports. ✓ (6x1)(6)

1.3 GIVE THE TERM

1.3.1 Gross national product ✓

1.3.2 Capital transfer account ✓

1.3.3 Regressive tax system. ✓

1.3.4 Moral persuasion ✓

(4x1) (4)

TOTAL SECTION A: 20

SECTION B

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

QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name TWO examples of real flows in the circular-flow model of an open economy

- Goods and services. ✓
- Factors of production ✓
- Imports and exports ✓

(2x1)(2)

2.1.2 Why are national account aggregates important to economists?

- They indicate the level of economic activity and measure economic growth in a country, serving as a basis for corrective action. ✓✓ (2)
(Accept any relevant response)

2.2 DATA RESPONSE

2.2.1 Identify the letter that represent leakages.

- A ✓(1)

2.2.2 Name any ONE injection in an open economy circular flow model.

- Government spending. ✓
- Investment ✓
- Export income ✓(1)

2.2.3 Briefly describe the term *autonomous spending*.

- Expenditures that consumers must make even when they have no disposable income. ✓✓(2)

2.2.4 Explain the importance of businesses in the economy.

- The main producers in an economy as they harness factor of production and transform resources into final goods and services. ✓✓(2)

2.2.5 Calculate the change in national income if an additional R50 m is invested and marginal propensity to consume is 0.3. Show all calculations.

$$\text{Multiplier} = 1/0.3 \checkmark$$

$$= 3.33 \checkmark$$

$$\text{Change in national income} = R50 \text{ m} \times 3.33 \checkmark = R 165,5 \text{ m} \checkmark \text{ OR } \checkmark \checkmark \checkmark \checkmark (4)$$

2.3 DATA RESPONSE

2.3.1 Identify the year in which South Africa disinvested its stake of ownership in foreign countries

- 2021 \checkmark (1)

2.3.2 Name any other sub- component of the financial account.

- Current account \checkmark
- Capital transfer account. \checkmark (1x1)(1)

2.3.3 Briefly explain the term *direct investment*

- Investment in foreign business to get a meaningful percentage share /control in a business, and includes investment in real estate. $\checkmark \checkmark$ (2)

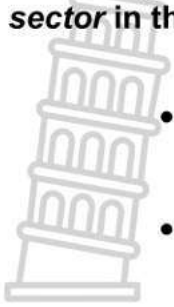
2.3.4 How can export promotion be applied to correct balance of payments disequilibria?

- A country can reduce or abolish export duties and providing export subsidies, which will stimulate an increase in production for the export market. $\checkmark \checkmark$
- It may also offer monetary, fiscal and physical incentives, which will encourage export promotion and marketing. $\checkmark \checkmark$ (2)

2.3.5 Why is Foreign Direct Investment important to the South African economy?

- It may lead to an increase in investment, as it will add to domestic investment. $\checkmark \checkmark$
 - There will be increased investment in modern technological equipment and machinery, which will improve productivity of local businesses. $\checkmark \checkmark$
 - There may be a diversification of the economy, which will create more jobs and improve the standards of living of the population. $\checkmark \checkmark$
 - There may be an expansion of the local industrial base, which will contribute to the government's revenue through taxes. $\checkmark \checkmark$
 - There may be an increase in production including for the export market, earning the country foreign exchange. $\checkmark \checkmark$ (2x2)(4)
- (Accept any relevant response)

2.4 Briefly discuss the interaction between *households* and the *government sector* in the circular flow model.



- Households sell factors of production to the government, in the form of labour and other resources. ✓✓
- That earns households income which will reduce poverty and improve their standard of living. ✓✓
- Households pay taxes to the government, which is the most important source of income to the government. ✓✓
- Government provides public goods and services to household, as well as social grants which reduce poverty. ✓✓

(2x4)(8)

2.5 Analyse methods used by the South African Reserve Bank to intervene in the foreign exchange market.

Direct intervention ✓

- When a country's currency is overvalued, the central bank may use its gold and foreign exchange reserves to buy foreign exchange. ✓✓
- When a currency is weak, the central bank will sell foreign currency. ✓✓

Indirect intervention ✓

- When a currency is overvalued, the central bank may increase the interest rate, which will attract foreign investors. ✓✓
- There will be an increase in the inflow of foreign exchange, thereby reducing the deficit in the balance of payments. ✓✓
- If the currency is undervalued, the SARB can reduce rates of interest, causing an outflow of foreign currency and excess liquidity. ✓✓
- This will release inflationary pressure but also reduce the surplus on the balance of payments. ✓✓

(2x4)(8)

QUESTION 3: MACROECONOMICS

40 MARKS

3.1 Answer the following questions.

3.1.1 Give any TWO effects of international trade.

- Globalization✓
- Effective competition✓
- Large scale production✓
- Specialization✓

(Any 2x1) (2)

3.1.2 What is the purpose of the residual item when the expenditure method is used to calculate Gross domestic product?

- It balances out the shortfall when calculating GDP, to ensure that $GDP = GDI = GDE$. ✓✓

(2)

3.2 DATA RESPONSE

3.2.1 Identify the rate of exchange between the rand and the euro.

- R 23.11 for one euro. ✓

(1)

3.2.2 What type of exchange rate system is currently used in South Africa?

- Free floating ✓

(1)

3.2.3 Briefly describe the term *devaluation*.

- A deliberate action by government to decrease the value of a currency in the foreign exchange market. ✓✓

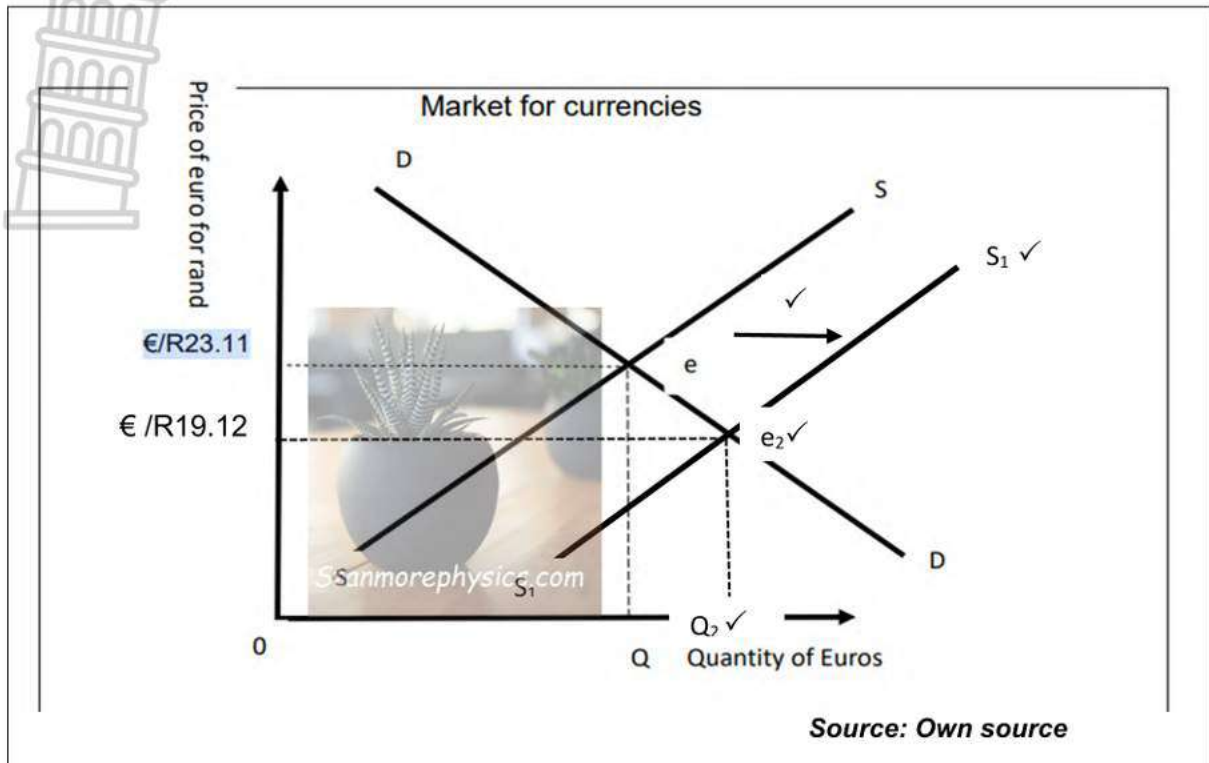
(2)

3.2.4 What would cause an increase in demand for the euro?

- South Africans importing more goods and services from Europe or touring that country can only pay with the European currency. ✓✓
- They therefore have to acquire the currency through the foreign exchange market and that constitutes demand for the euro. Accept any relevant answer. ✓✓

(2)

3.2.5. Illustrate on the same set of axes the effect of an increase in export from South Africa on the value of the euro.



(No explanation required)

(4)

3.3 DATA RESPONSE

3.3.1 Identify the base year used by the SARB above.

- 2015✓

(1)

3.3.2 Name any other method used to calculate GDP

- Income method✓
- Expenditure method✓

(1)

3.3.3 Briefly describe the term *constant prices*

- Prices that have been adjusted for inflation/price increases using a GDP price deflator. ✓✓(2)

3.3.4 Explain the importance of subsidies on production to the economy?

- Subsidies encourage increased production of certain goods and services by reducing the cost of production for the producer. ✓✓ (2)

3.3.5 Calculate the value of A in the table above. Show all calculations.

- A = 482 114✓ + 997 334✓ + 3 881 921✓

- A= 2361 369 ✓ OR ✓✓✓✓ (4)

3.4 Briefly discuss *goods market* and *factor market* as markets in the circular flow.

Goods markets

- The market in which goods and services are traded/bought and sold. ✓✓
- It is divided into:
 - Capital goods market-for the trading of buildings, machinery and vehicles. ✓✓
 - Consumer goods market-for trading of non-durable, semi-durable and durable consumer goods. ✓✓
 - Services market-includes wholesale and retail, transport and financial markets. ✓✓

Factor markets

- A market wherein factors of production are bought and sold. ✓✓
- It can be subdivided into a market for capital, labour market and natural resources market. ✓✓
- In this market household sell their factor of production and receive income. ✓✓
- The foreign sector imports and exports natural resources, is liable for the emigration and immigration of labour and channels international capital investments on the factor market. ✓✓ (4x2)(8)

3.5 Analyse the effect of an improvement in the terms of trade on the economy.

- The economic welfare of citizens increases because more revenue is earned with the same expenditure. ✓✓
- The prices of export goods have increased or prices of imports have decreased. ✓✓
- In the long term less will be sold/exported since prices are high and expensive, generating less revenue and diminishing the welfare. ✓✓
- For decreasing prices of imports welfare will increase but decrease in the long term as foreign goods may compete with local ones, leading to closures and job losses. ✓✓
- The country is accumulating capital if the result is greater than 100% which implies more investment ✓✓. (Any 4x2)(8)
(Accept any relevant response)

[40]

TOTAL SECTION B: 40

SECTION C

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

QUESTION 4: MACROECONOMICS

40 MARKS

- Discuss in detail the features underpinning forecasting of business cycle. (26 marks)
- Analyse the challenges that an economic recession poses for the different participants in the economy. (10 marks)

[40]

INTRODUCTION

Business cycles can be described as successive periods of contraction and expansion of economic activities.

(Accept any other correct relevant introduction) (Max 2)

BODY: MAIN PART

LEADING INDICATORS ✓

- Leading indicators are indicators that change before the economy changes ✓✓
- Leading indicators give consumers, business leaders and policy makers a glimpse (advance warnings) of where the economy might be heading. ✓✓
- These indicators peak before a business cycle has reached a peak. ✓✓
- Most important type of indicator in helping economists to predict what the economy will be like in the future. ✓✓
- When these indicators rise, the level of economic activities will also rise in a few months' time. ✓✓
- When they decline it also means the level of economic activity will decline in the near future ✓✓
- Examples: include the number of residential plans passed, number of job advertisements, number of new companies ✓

COINCIDENT INDICATORS ✓

- Coincident indicators are indicators that change at the same time as the economy changes ✓✓
- Coincident indicators show the actual state of the economy. ✓✓
- A downturn is shown by a decrease in these indicators while an upswing is shown as an increase in these indicators ✓✓
- Coincident indicators confirm the changes predicted by the leading indicators. ✓✓

- The value of retail sales will reach a peak and then begin to decline at the same time as the business cycle. ✓✓
- Examples: are usage of capacity in manufacturing, registered unemployment, real GDP. ✓✓

LAGGING INDICATORS ✓

- Lagging indicators change after the economy has already changed ✓✓
- Lagging indicators reach the turning point after the business cycle has already turned ✓✓
- Lagging indicators serve to confirm the behaviour of co-incident indicators ✓✓
- Examples: number of commercial vehicles sold, real investment in machinery, unit labour costs in manufacturing ✓

COMPOSITE INDICATORS ✓

- Composite indicators summarise a group of indicators of the same type into a single value ✓✓
- The single figure forms a norm for a country's economic performance ✓✓
- Composite indicators can be consolidated into single values of a composite leading, coincident and lagging indicator. ✓✓

AMPLITUDE ✓

- It is the difference between the value of total output between peak and trough measured from the trend line to the peak and trough ✓✓
- Amplitude reflects the intensity of the upswing and downswing in economic activity ✓✓
- **The amplitude shows two things:**
 - The power of the underlying forces such as interest rates, exports or consumer spending. ✓✓
 - A large amplitude during the upswing signifies strong underlying forces. ✓✓
 - The duration of a cycle with larger amplitude is usually longer than one with a small amplitude ✓✓
- The extent of change such a decrease in unemployment of 50% or increase in inflation of 100% during the upswing ✓✓
- The larger the amplitude, the more extreme the changes that may occur. ✓✓

TREND LINE ✓

- The trend line indicates the general direction in which the economy is moving ✓✓
- When the economy is growing, there is an upward trend, but when the economy is contracting there is a downward trend ✓✓
- The trend will change when the time series data change their behavioural patterns of the past ✓✓
- The trend line normally has a positive slope because the production capacity of the economy increases over time ✓✓

LENGTH/DURATION OF A CYCLE ✓

- Length is measured from peak to peak or from trough to trough ✓✓
- Longer cycles show strength and shorter cycles show weakness with regard to economic activities ✓✓
- Cycles may overshoot which means that whenever activity in terms of some composite indicators increase to beyond its normal level ✓✓
- The contraction in the growth of output may overshoot the level where it should naturally stop. ✓✓

EXTRAPOLATION

- Extrapolation refers to the estimation of something unknown from the facts that are known ✓✓
- Past data is used when predictions are made about the future based on assumptions related to trends ✓✓
- Extending a trend into the future may provide information on what is likely to happen ✓✓
- Economists may predict that the economy will grow in few months to come if a business cycle has passed through a trough and entered into an upswing ✓✓
- Extrapolation techniques are sometimes used to predict future share prices ✓✓

MOVING AVERAGES ✓✓

- They are calculated along the time series so that a smoother business cycle can be established. ✓✓
- Moving averages are used to analyse the changes in a series of data over a certain period of time. ✓✓
- Economists use moving averages to eliminate the effect of sharp fluctuation in the business cycle ✓✓

(Accept any other correct relevant response)

(A maximum of 8 marks may be allocated for mere listing of

headings/examples)

(Max 26)

ADDITIONAL PART

An economic recession may pose the following challenges on the different

participants in the economy:

- The tax base for the government may shrink as some businesses may shut-down their operation and workers lose jobs ✓✓
- Government will collect less tax revenue from businesses and households resulting in postponement of some public projects due to lack of funds ✓✓
- Social expenditure by the government may increase as poverty and unemployment levels increase during the recession ✓✓
- State debt may increase as the government tries to raise funds for some of its critical expenditure ✓✓
- Households may lose their jobs and fail to find new employment as production of goods and services decrease. ✓✓
- Consumers' confidence will decrease resulting in less expenditure on goods and services ✓✓
- Businesses may experience low demand for goods and services as consumers postpone some of their expenditures ✓✓
- Business may generate less revenue resulting in less profits. ✓✓
- Business confidence may decrease thereby discouraging them from investing in the economy ✓✓
- The foreign sector will have less supply of South African exports as domestic production decreases ✓✓
- Foreign investors will lose confidence with the economy resulting in less capital inflow ✓✓
- (Accept any other correct relevant response) (Max 10)

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

(Max 10)

CONCLUSION

- The country can be enabled to prepare suitable policies to deal with different changes in the economy reflected by the indicators and features ✓✓(2)

(Accept any other correct relevant higher order conclusion)

QUESTION 5

MACROECONOMICS

40 MARKS-40 MINUTES

- Discuss in detail the reasons for public sector failure. (26 marks)
- Analyse the challenges faced by the South African government in pursuing the macro-economic objectives (10 marks)

INTRODUCTION

Public sector failure occurs when the government fails to manage the economy and the resources under its control optimally. ✓✓

Public sector failure can be regarded as a failure of government to achieve its objectives. ✓✓

(Accept any other correct relevant introduction)

(Max 2)

BODY: MAIN PART

MANAGEMENT FAILURE ✓

- Ignorance leads to the implementation of conflicting or wrong policies ✓✓
- Incompetence in the public sector may be due to improper qualifications, lack of training, experience and an attitude of apathy ✓✓
- Lack of skills may lead to wrong decisions and low productivity ✓✓
- Corruption exist when government official exploit their positions for personal gain. ✓✓
- Taking bribes, committing fraud, nepotism, behaving dishonestly and committing discrimination. ✓✓
- Allowing rent-seeking, which is the behaviour that improves the welfare of someone at the expense of the welfare of others ✓✓

APATHY/INDIFFERENCE ✓

- Government officials show little or no interest in delivering an efficient service to the public ✓✓
- It is not always easy to hold the public sector officials accountable because of the huge workforce in various departments ✓✓
- Corruption and poor service delivery are some of the symptoms of apathy ✓✓
- People employed by the state do not always serve the interests of the public ✓✓
- Public sector officials seek to maximise their salaries, status and power and are not required to produce a profit and loss statement ✓✓

- Poor accountability is the result of low motivation, poor training, and lack of competence ✓✓

LACK OF MOTIVATION ✓✓

- Frontline workers rarely receive incentives for successful service delivery but are only monitored on inputs and following procedures and processes. ✓✓
- Lack of motivation leads to limited services, high cost and low-quality service delivery. ✓✓
- There is no measurement of effectiveness or productivity and few rewards for outstanding performance and penalties for poor performance. ✓✓
- There are not enough systems in place to evaluate the services that government employees give. ✓✓

BUREAUCRACY ✓✓

- Bureaucracy makes policies take long to be implemented or it is not implemented successfully for ✓✓ example, official rules and procedures ✓✓
- Bureaucrats tend to obey rules and procedures without judgements ✓✓.
- Government officials tend to be more interested in obeying rules than the efficient delivery of goods and services to the people. ✓✓
- Bureaucrats can manipulate policies to benefit themselves at the expense of the people. ✓✓

POLITICIANS ✓

- Politicians tend to promote policies and spend money on projects as long as they get votes in return. ✓✓
- These policies might involve an inefficient allocation of resources. ✓✓
- Politicians can also serve their own interests through corruption, personal and hidden agendas and suspicious motives. ✓✓

STRUCTURAL WEAKNESSES ✓

- Objectives are not met, such as full employment and houses for all are not realistic and attainable objectives. ✓✓
- Too aggressive redistribution of income and wealth may cause the government not to reach their macroeconomic objectives. ✓✓


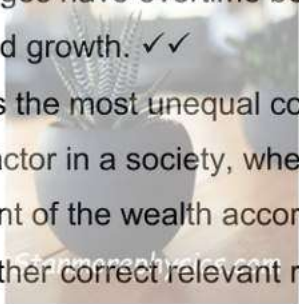
SPECIAL INTEREST GROUPS ✓

- Groups such as labour unions and business groups can also cause government failure. ✓✓
- Trade unions can influence the government to pass certain laws to favour their members. ✓✓
- Business groups can influence the government to provide them with profitable contracts and favourable regulations. ✓✓
- Businesses may influence the government to distribute resources so that they can benefit at the expense of the country. ✓✓ (Max 26)

ADDITIONAL PART

Analyse the challenges that the South African economy is experiencing in achieving the macro-economic objectives.

- The economy faces a number of socio-economic challenges such as high unemployment rate; social inequality; limited access to health-care services; low levels of educated people that decreases the country's productivity levels. ✓✓
- South Africa's unemployment rate is one of the highest in the world; unemployment in SA is due to sluggish economic growth, strict labour laws and bureaucratic hurdles that have weighed on the ability of local companies to hire additional workers. ✓✓
- The rand is perceived to be riskier than currencies of developed countries due to domestic, political and economic instability – this can often lead to greater fluctuations in the rand's value against the dollar and other major currencies. ✓✓
- The SARB is unable to keep inflation within the target range of 3–6% due to continuous increase in the price of fuel and other factors. ✓✓

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- For example, South Africa's annual inflation rate was 7, 2% in December of 2022, down from 7, 4% in the prior month, as expected, but still above the upper limit of the South African Reserve Bank. ✓✓
 - The fluctuations such as the depreciation and appreciation of a currency create uncertainties for investors; producers and retailers. ✓✓
 - South Africa faces persistent challenges of inequality, unemployment and poverty. ✓✓
 - These challenges have overtime been worsened by sustained low levels of investment and growth. ✓✓
 - South Africa is the most unequal country in the world, with race playing a determining factor in a society, where 10 percent of the population owns more than 80 percent of the wealth according to the World Bank report. ✓✓
 - (Accept any other correct relevant response) (Max 10)
- 

CONCLUSION:

- Efficient public sector provisioning in South Africa is key to a much better growth rate, higher employment rate and a better standard of living of all. ✓✓
- (Accept any other correct relevant higher order response) (Max. 2)

[40.]

TOTAL SECTION C: 40

GRAND TOTAL: 100