



## **Education and Sport Development**

Department of Education and Sport Development  
Departement van Onderwys en Sport Ontwikkeling  
Lefapha la Thuto le Tihabololo ya Metshameko

**NORTH WEST PROVINCE**

**PROVINCIAL ASSESSMENT**

**GRADE 11**

**ECONOMICS PAPER 1**

**JUNE MEMORANDUM 2017**

MARKS: 150

This marking guideline consists of 20 pages

**SECTION A (COMPULSORY)****QUESTION 1****30 MARKS – 20 MINUTES****1.1 MULTIPLE CHOICE QUESTIONS**

- 1.1.1 B natural resource□□ □
- 1.1.2 A the type of Business □□□
- 1.1.3 C production method(GDP(P)) □□
- 1.1.4 A non- durable goods□□
- 1.1.5 C decentralized □□
- 1.1.6 A command system □□
- 1.1.7 B social services □□
- 1.1.8 A 1995□□□ (8 x 2) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 D □ Is the Relationship between the quantity of inputs and the quantity of outputs of goods and services.□□
- 1.2.2 C Gives more economic power to black people□
- 1.2.3 A Are the capital goods bought by Government & Business□
- 1.2.4 E□ Calculate the final output in terms of how much it cost the firms to employ their factors of production□
- 1.2.5 G□ Destruct natural environment□
- 1.2.6 F□ Macroeconomics policy 2010□
- 1.2.7 H□ The ability of businesses in an economy to match the price and quality of other countries□
- 1.2.8 B□ Information technology, storage and advertisement□□ (8 x 1) (8)

**1.3 ONE WORD ITEMS**

- 1.3.1 Non-Renewable resources.□□□
- 1.3.2 Working Capital□□
- 1.3.3 Nationalisation□□
- 1.3.4 Social Services□□
- 1.3.5 Manufacturing□□
- 1.3.6 Secondary Sector□□

(6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

Answer TWO of the three questions from this section in the answer book.

**Question 2**

2.1 2.1.1 **Give TWO reasons why the S.A government will intervene in the economy.**

- To strengthen the functioning of the markets□□
- To promote economic growth and development□□
- To ensure a redistribution of income and wealth□□
- To ensure full employment□□
- To ensure price stability□□
- To ensure a stable exchange rate□□□□□□□□□□(Any 2 X 1) (2)

2.1.2 **Why Affirmation Action is implemented in the South African economy?**

- To address the imbalances of the past regime.□□□
- To eradicate inequality.□□□
- To encourage full participation of black people in the economic mainstream.□□□
- Affirmative action is all the measures taken by businesses to ensure that suitably qualified employees from formerly disadvantaged groups have equal employment opportunities at all levels of workforce.□□□□  
(Any relevant response) (Any 1 x 2) (2)

**2.2 Data response**

2.2.1 **Identify the original price and original quantity from the graph**

$P = R10\ 000$  :  $Q = M$ □□□ (2 x 1) (2)

2.2.2 **List any TWO factors that can influence the level of rent.**

- Demand and Supply□□
- An increase in the demand for a product or service□□
- The quality of natural resources□□
- Climate□□
- Technology□□
- location□□

(2X1) (2)

2.2.3 **Define the term *economic rent***

Economic rent is the remuneration or payment made for the use of natural resource production which is limited supply. □□□□

(any relevant response) (2)

2.2.4 **Calculate the economic rent according to the graph. Show all calculations.**

$$\begin{aligned} \text{Economic rent} &= \text{R}35\,000 - \text{R}10\,000 \\ &= \text{R}25\,000 \end{aligned} \quad (2 \times 2) \text{ (4)}$$

## 2.3 Data response:

## 2.3.1 Identify the GDP method used in the above table.

- Income method / GDP(I) (1)

## 2.3.2 How much was spent on exports?

- R183 779 (1)

## 2.3.3 Calculate the GDP at market price. (Calculations must be listed in table form).

Compensation of employees	1 732 809
Net operating surplus	1 086 547
Consumption of fixed capital	522 116
<b>GDP at factor cost</b>	<b>3 341 472</b>
Plus tax on production	71 649
Minus subsidies on production	8 021
<b>GDP at basic price</b>	<b>3 405 100</b>
Plus tax on product	404 939
Minus subsidies on product	12 972
<b>GDP at market price</b>	<b>3 797 067</b>

(4)

## 2.3.4 Outline the role of main aggregates.

- To evaluate the performance of the economy of the country.
- To measure the economic sectors of different cities.
- To measure the total production of a country (2 x 2) (4)

## 2.4 Tabulate TWO advantages of a market economy and a centrally planned economy.

Market Economy	Centrally planned economy
<ul style="list-style-type: none"> <li>• Private ownership and initiative is allowed□□□</li> <li>• Consumer needs are best satisfied as they determine what will be produced□□□</li> <li>• High levels of economic growth occur through system□□□</li> <li>• Consumers are protected from exploitation as there is competition between suppliers□□□</li> <li>• Producers specialise in the good and services they can produce Best□□</li> </ul>	<ul style="list-style-type: none"> <li>• Private individuals have to be Concerned only with performing their daily tasks as resources are utilized and managed by the state.□□</li> <li>• The needs of the community are satisfied collectively□□</li> <li>• Workers are not exploited by the state and unemployment is rare□□</li> <li>• The distribution of income among the Community is fairer to all.□□</li> </ul>

(Any 2 x 4)

**(8)**

**2.5 Briefly discuss the importance of final consumption expenditure by government.**

- State pays salaries and wages of civil servants by doing so improves the economic development of the country.□□□
- State purchases goods and service to benefit the citizens at large and that improves the standard living.□□□
- The state may have economic, social or even political objectives with its expenditure, and may use its expenditure to address an economic problem or to redress previous imbalances.□□□
- The statistical information on state expenditure can be used to compare the government's efforts with those of other countries that are at the same level of development.□□□
- More government spending, more goods and services are demanded therefore more job opportunities will be created.□□□
- National income will increase as well, so consumption is a very important driver of economic growth.□□□

(Any relevant response)

**(8)**

**QUESTION 3**

**3.1 Answer the following questions**

**3.1.1 Name two types of assets that make up fixed capital investment.**

- Residential buildings □
- Non residential buildings □
- Construction work□
- Transport equipment□
- Machinery and other equipment □

(Any 2 x 1) (2)

**3.1.2 Why savings are important in the economy?**

- To boost the production levels. □□
- To create job opportunities / improve income levels□□
- To increase capital formation.□□ (Any relevant response) (1 x 2) (2)

**3.2 Data response:****3.2.1 Which portfolio Mr Cyril Ramaphosa is holding in South Africa?**

- Is the deputy president □ (1)

**3.2.2 What do you call the act of combining the three production factors?**

- Entrepreneurship □ (1)

**3.2.3 Explain the meaning of this statement “young people have a large role to play in the growth of South Africa’s economy”?**

- They are the future economically active population□□
- They are the people that will be the future entrepreneurs□□
- They are the future risk-takers and innovators creating new goods and services. □□□ □(Any 1 x 2) (2)

**3.2.4 According to the extract, why are *educational opportunities* important?**

- South Africa currently has a shortage of skilled workers.□□
- South Africa has an oversupply of unskilled workers, needs to educate and skill people to be semi-skilled and skilled workers.□□
- Only through education will the youth be able to actively participate in the economy.□□ □□(Any relevant response) (1 x 2) (2)

Successful entrepreneur	Unsuccessful entrepreneur
-------------------------	---------------------------



**3.3.3 What would be the positive influence of primary sector on infrastructure?**

- Development of roads, railway lines and generation of electricity in the country through discovery of minerals in the country. [ ] [ ] (2)

**3.3.4 Do you agree that economic growth has been driven mainly by the tertiary sector nowadays? Motivate your response.**

Yes

- During 1990s South Africa's economy was opened up to international trade again. [ ] [ ] [ ] [ ]
- The focus shifted from dominant agriculture systems towards a secondary and tertiary system [ ] [ ]

(2X2) (4)

**3.4 Briefly explain the difference between final goods and intermediate goods.**  
**Final Goods**

- Are goods and services that are bought by the ultimate user to satisfy a need or want. [ ] [ ] [ ] [ ]
  - The buyers of these goods and services have no intention to further transform these goods and services to resell them. [ ] [ ] [ ] [ ]
  - The final goods and services can be either consumer goods and services or capital goods, such as machines. [ ] [ ] [ ] [ ]
  - Capital goods are regarded as final goods, since they are not going to be processed further for resale. [ ] [ ] [ ] [ ]
  - Final goods and services are bought on the product markets by the four participants in the economy. [ ] [ ] [ ] [ ]
  - Have reached the final stage in the production process and have the characteristics of form utility. [ ] [ ] [ ] [ ]
  - Final goods and services can be divided into durable goods, semi-durable goods and non-durable goods. [ ] [ ] [ ] [ ]
- ( any relevant response about final goods and services)

**Intermediate goods and services**

- Intermediate goods and services are those goods and services that are used in the production of other goods and services. [ ] [ ] [ ] [ ]
- In order to produce final goods and services, intermediate goods are combined and processed. [ ] [ ] [ ] [ ]
- Include all goods and services that are not directly consumed
- Usually bought by manufacturers. [ ] [ ] [ ] [ ] (any relevant answer about intermediate goods and services).

(2X4) (8)

**3.5 Why there is slow economic growth in South Africa?**

- Nepotism / corruption .□□□
- There is a belief in the country that corruption and bribery take place in the public service. Corruption reduces the state's ability to use its available resources efficiently. .□□□□
- Disinvestments by foreign investors.□□□
- The labour laws of the country are discouraging the foreign investors to come and invest in our country. .□□□□
- Political instability.□□□
- This results in being downgraded as country twice within three months. .□□□
- The country is in junk status.□□□
- Protest for service delivery.
- Massive protest in most regions of the country is the main cause of lowering our economy.□□  
Eg Fees Must Fall strike in 2015 from the Tertiary institutions.□□□
- Lack of skilled employees especially in government sectors and this lead to poor management in government departments. .□□□

(any relevant response)

**(8)****[40]****QUESTION 4:****40 MARKS – 30 MINUTES****4.1 Answer the following questions.****4.1.1 Name TWO factors that influence the remuneration of natural resources.**

- The quality of the natural resource□
- The location of land or business premises (Social rating of residential areas)□
- Development of infrastructure (Proximity of transport services, schools, recreation facilities and sanitary facilities)□
- The size of the population in the area□
- The rate of the demand of that natural resource □
- Quality of natural resources□
- Climate□
- Technology□
- Type of economic activity preformed with resource□□□(Any 2 x 1) (2)

**4.1.2 What is the main factor that determines how much households can spend on final goods and services?**

- The most important determinant is their **income/remuneration**, which



4.3.4 **In your opinion, will this project benefit the South African government? Explain your answer.**

- Yes
  - Result in a new sustainable growth path for the country
  - Biggest investment in infrastructure
- (NB: No mark should be allocated for Yes / No without a motivation)  
Any relevant response) (Max

4)

4.4 **List and explain FOUR factors that impact on the quantity and quality of labour.**

**Quantity of labour**

- Population growth – If the birth rate exceeds the death rate, the size of the population increases
- Low life expectancy reduces economically active population.
- Labour force participation rate – not all people of working age are part of the labour supply or the economically active population. Some choose not to work and some are not able to work.
- An increase / decrease in the size of the population
- Migration and the difference between immigration and emigration is another factor that influences the supply labour.
- The loss of skilled workers will decrease the economically active population.

(Max) (4)

**Quality labour**

- Education is one way in which the quality of labour can be improved.
- Skills development – it takes years to train skilled and experienced workers
- Health – in South Africa the greatest threat to labour is HIV and AIDS, which has a severe impact on the health of workforce.
- Quality labour allows for the production of more capital
- Better quality labour allows an economy to develop and become more complete.

(Max 4)

**NB: Learners must indicate which factors impact on quality and which on quantity. If not indicated only half a mark (1 not 2) may be allowed.**

(4 x 2)

(8)

4.5 **How will the classification of consumer goods affect the economy?**

**Durable goods**

- Examples of durable goods are furniture, household appliances, cars and personal computers
- The more we spend on durable goods the higher economic growth and development will be

**Semi-Durable goods**

- Examples of semi-durable goods are clothing and footwear, motor vehicle tyres, parts and accessories, and glassware.
- Spending on semi-durable goods may improve the growth and development as they are the basic needs

□ ...

**Non-durable goods**

- Common examples are food, beverages, tobacco and petrol
- These goods may improve growth and development of the country due to the revenue that they yield
- This refers to the excise duty, import tariffs, import quotas, value-added tax, tax on fuel, plastic bag levy, etc

**Services**

- Services like education and health are allocated more in national budget as they are the basic need.
- Common examples are legal, medical and financial services.

[NB: no marks should be awarded on the definitions as it is a higher question]

(Any 2 x 4)  
(8)

[40]

**TOTAL SECTION B: 80**



**INTRODUCTION**

Economically marginalised groups are people who are discriminated against and to a large extent, excluded from the decision-making process.□□

Economically marginalised groups refer to people who are excluded from the economic activities of the country.□□□□

In South Africa, marginalised people are those who are unlikely to find employment and satisfy their needs.□□□□

(Any relevant response) (Max 2)

**BODY****MAIN PART**

## 1. South Africa's History□

- In the past, black, coloured and Indian South Africans□ were discriminated against in terms of employment opportunities, the development of skills, ownership and control of businesses and access to educational and social services□
- As a result, we have many economically marginalised people in South Africa.□□
- They do not own factors of production and do not receive sufficient benefits from the factors of production.□□□□
- Economically marginalised people include unemployed people or people that are “employed” in the informal sector.□□□□
- The informal sector is made up of people who sell goods and services to the local community on a scale.□□□□
- Examples are spaza shops, hairdressers and shoe- repair man on the street corner□
- **Women** □are also economically marginalised. For a long time they were excluded from decision making processes in the economy
- **Racial discrimination** in South Africa in the past resulted not only in a very unequal distribution of wealth and income, but also in poor productivity rates for the country.
- **Physically and mentally handicapped persons**□ are also part of the marginalised groups and they find it difficult to access services and find gainful employment.□□□□
- Marginalised people are characterised by specific conditions that include
  - Being misplaced □– poor people and/ or refugees are victims of situations over which they have no control.□□ □
  - Discrimination □– in any form marginalises people and is a criminal offence□□

- Disability – people who have a physical or intellectual barrier that prevents them from joining the workforce or having access to education
- Inexperience and ignorance – rural, uneducated, unschooled, semi-schooled people are among the people in the group.

## 2. Accessibility

- Participation and access by marginalised groups needs to be increased at all levels of the economy in South Africa to redress the imbalances in the ownership and control of South Africa's resources.
- Marginalised people often do not have meaningful access such as land and financial resources.
- They also have minimal access to the health and educational facilities that could enhance their social well-being.

## 3. Empowerment

- The three core components of broad based black economic empowerment are direct empowerment, investment in human resources and indirect empowerment.
- Indirect empowerment is achieved through developing entrepreneurship and enterprises.

## 4. Procurement

- Preferential procurement is one of the cornerstones of black economic empowerment

(Headings / sub-headings and examples max 8 and facts – Max 18 = 26)

### **BODY: ADDITIONAL PART**

- Through its policy of small, micro and medium enterprises (SMMEs), the government is trying to help these entrepreneurs to gain access to the formal economy.
- The new dispensation in South Africa has achieved remarkable successes in improving the participation levels of women in our economy. This is evident in the appointment of women to key positions in the government and state-owned companies.
- The government of South Africa has developed a set of black economic empowerment (BEE) policies and procurement policies to address marginalised.
- The government developed a number of policies, such those relating to
  - Job creation

- Poverty alleviation□
  - Specific policies to empower black women□
  - Education□
  - Skills transfer and management development□
  - Meaningful ownership□
  - Access to finance to conduct business□
  - Affirmative action□
  - Preferential procurement□
  - Restructuring and privatisation of state-owned enterprises□
  - Public/ private partnership□
  - By using its own purchasing power, government hopes to increase the involvement of BEE- compliant businesses in the tendering system and thereby reach the goals of increased accessibility and empowerment.□□□
  - RDP and Employment Equity Act (EEA) of 1998 was implemented to address economically marginalised groups.□□ □
- (Any relevant response) **(Max 10)**

## CONCLUSION

In South Africa we need every person to be able to be economically active as our Constitution prohibits discrimination of any kind.□□□□

(Any relevant higher order conclusion)

**2)**

**(Max**

**[40]**

**QUESTION 6****40 MARKS – 40 MINUTES**

Every country follows some kind of economic system.

- In South Africa we have a mixed economy. Explain in detail what is a mixed economy entails (26)
- Explain typical social economic issues in your area and how these issues are addressed by a mixed economy. (10)

**INTRODUCTION**

A mixed economy contains features of both a market economy and a centrally planned economy.□□□

In a mixed economy, some of the economic activities are performed by individuals, but the government also assists in industries that are too large to private management and it also performs other functions. □□

Mixed economic system is a mixture of market capitalism and central planning where both the state and the private sector direct the economy□□  
(Any relevant definition for a mixed economic system) (Max

2)

**BODY****MAIN PART****1. Characteristics**

- Goods and services are produced by the public and private sector□
  - In a mixed economy, the state owns and runs several businesses that produce mainly infrastructure services.□□
  - Examples are Eskom, SAA, Transnet, etc□
- Means of production are mostly privately owned□
  - Businesses that are owned by individuals (or groups of individual shareholder) own most of the natural resources.□□
- Profit motive is controlled by state actions□
  - Profit dominates in a mixed economy, even state owned enterprises are supposed to make a profit.□□□
  - The state protects the workers by setting minimum wages, legalising trade unions and laying conditions for employment.□□□

- Government influence the running of the economy
  - The state passes laws to regulate the way businesses function in the market economy, examples : labour Relations Act 66 of 1995, companies Act 11 of 2008, etc
  - The state also designs fiscal and monetary policies that promote a more even distribution of income, for example the progressive tax system, provision of merit goods, social grants etc
- Competition in business is promoted
  - Businesses compete to produce and sell a wide variety of goods and services and this ensures better products and cheaper prices
- Consumer freedom
  - Consumers are free to decide what to consume and they can choose the type of ownership they prefer.
- Privatisation and nationalisation
  - Both privatisation and nationalisation could be practised in a mixed economy.
  - Privatisation is the sale of government assets to the private sector.
  - Nationalisation is government buying privately owned assets.

## 2. ADVANTAGES

- Freedom of choice and private ownership
  - Private ownership of land and businesses gives individuals control of the economy
  - To succeed, enterprises need to have better ideas, better products and better prices than their competitors.
  - Promotes an attitude of hard work and innovation in business
  - Government policy encourages entrepreneurship.
- Economic growth is promoted
  - Economic growth is greater in countries that allow private ownership
  - The SA government promotes growth by providing a well – developed infrastructure and economic policies that encourages the development of industries and trade
  - More jobs are created through development programmes such as BEE.
- State intervenes to ensure welfare
  - The state can intervene in the operating of the economy to improve the standard of living, especially, the poor
  - This is done by regulating working conditions and providing social welfare grants, housing, education, power, water and healthcare.
- Protection of environment

- State passes laws to protect the environment, reduce pollution and control the way in which the natural resources are exploited.□□□

### 3. DISADVANTAGES

- State intervention in the economy□
  - State intervention in the economy to control inflation, to safeguard the rights of the poor, the disabled and other marginalised groups, or to ensure that the environment is protected.□□□
- High levels of poverty□
  - In SA the gap between rich and poor is the largest in the world□□
- State enterprises can be inefficient producers□
  - State Corporation such as Eskom and Telkom have only recently been exposed to competition.□□
  - Many of these businesses are not being managed as efficiently as privately owned enterprises.□□□

**(Headings and examples = max 8 marks + facts max 18 = 26 marks)**

### ADDITIONAL PART

Issues such as:

- Education and training□
  - Many learners are not completing school.□□□□
  - Learnership programmes have not been successful, people do not finish courses.□□□□
  - Shortage of skilled workers□□
  - Illiteracy rates are high□□
  - Some teachers are poorly trained□□
- Health care□
  - The health systems is over burdened and hospitals and clinics cannot cope with the large number of people requiring care.□□
  - There are many complaints about the quality of services.□□
  - Increasing numbers of TB and HIV/AIDS cases.□□
- Social protection (welfare services and social grants)□□
  - Old people and sick people must walk far to get social grants.□□□
- Housing and community amenities□
  - Delivery of houses is slow and corruption levels are high in awarding houses.□□
  - Poor quality of workmanship□□
- Public order and safety□
  - High crime rates□□

- Backlogs in hearing court cases and prisons are overflowing.□□  
(NB: accept both positive and negative response)  
(Any relevant response) **(Max 10)**

### **CONCLUSION**

In South Africa we need Private –Public Partnership to address all socio-economic issues.□□□□□□(Any relevant higher order conclusion) **(Max 2)**

**TOTAL SECTION C: 40**  
**GRAND TOTAL : 150**