



## **Education and Sport Development**

Department of Education and Sport Development  
Departement van Onderwys en Sport Ontwikkeling  
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**NORTH WEST PROVINCE**

**PROVINCIAL ASSESSMENT**

**GRADE 11**

**ECONOMICS P1**

**JUNE EXAMINATION 2019**

**MARKING GUIDELINES**

MARKS: 150

These marking guidelines consist of 13 pages.



NW/JUNE/ECOM/ EMIS/6\*\*\*\*\*

**SECTION A: COMPULSORY****QUESTION 1****1.1 MULTIPLE CHOICE**

- 1.1.1 C entrepreneur.✓✓  
1.1.2 A capital-intensive✓✓  
1.1.3 C double counting✓✓  
1.1.4 D transfer payment.✓✓  
1.1.5 D government and firms.✓✓  
1.1.6 A government✓✓  
1.1.7 B service✓✓  
1.1.8 D secondary✓✓ (8x2) (16)

**1.2 MATCHING**

- 1.2.1 G occurs when the capital stock is increased to accommodate an increasing labour force✓  
1.2.2 D occurs when the amount of capital per worker is increased✓  
1.2.3 A the primary owners for the factors of production✓  
1.2.4 F measured through  $C + I + G + (X - M)$  ✓  
1.2.5 H Includes taxation, government spending and state borrowing✓  
1.2.6 B when the state takes over the ownership of business from the private sector✓  
1.2.7 E platinum, uranium and chromium✓  
1.2.8 C change in weather patterns✓ (8 x 1) (8)

**1.3 GIVE ONE TERM**

- 1.3.1 Labour✓  
1.3.2 Interest✓  
1.3.3 Intermediate goods✓  
1.3.4 Depreciation✓  
1.3.5 Privatisation✓  
1.3.6 Durable goods✓ (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****2.1 Answer the following questions****2.1.1 Name any TWO characteristics of natural resources.**

- Natural resources are scarce in nature✓
  - They have a price✓
  - They are unevenly distributed across the earth/ fixed in supply✓
  - They can be easily exhausted or exploited✓ (2x1)
- (Accept any other relevant correct response) (2)

**2.1.2 Why is technology regarded as the 'FIFTH' factor of production?**

- Because the new innovations are very important in the production of goods and services.✓✓ (1x2)
- (Accept any other relevant correct response) (2)

**2.2 DATA RESPONSE****2.2.1 Name any type of labour depicted in the picture above.**

- Skilled labour✓
- Unskilled labour✓ (1)

**2.2.2 Which a word in the picture above is indicating one of the qualities of an entrepreneur?**

- Idea✓ (1)

**2.2.3 Briefly describe the concept *production*.**

- The changing or transformation of raw materials into semi-finished and finished goods.✓✓ (2)
- (Accept any other relevant correct response)

**2.2.4 How can entrepreneurship be promoted in South Africa?**

- Through education and training.✓✓
  - Through learner-ships and apprenticeships.✓✓
  - Through subsidies.✓✓ (2)
- (Accept any other relevant correct response)

**2.2.5 What is the economic importance of land in South Africa?**

- It makes production of goods and services possible✓✓
- Contributes to the economic development of a country/ sustain economic activity and enrich the people's lives✓✓
- Jobs creation or opportunities✓✓



- Export opportunities✓✓
  - Source of income✓✓
  - Serve as inputs for the production of goods and services✓✓
  - Provide opportunities for international trade✓✓
- (Accept any other relevant correct response) (4)

## 2.3 DATA RESPONSE

### 2.3.1 Name the economic system depicted above.

- The mixed economic system✓ (1)

### 2.3.2 Which sector is contributing the most into the economic system above?

- The private sector✓ (1)

### 2.3.3 Briefly describe the concept *economic system*.

- A way in which a country tries to solve the questions what should be produced, with what and by whom.✓✓ (2)

### 2.3.4 How are the production decisions made under this economic system?

- They are made by both the private and the public sector.✓✓ (2)

### 2.3.5 Explain why the above economic system is not ideal for a country like South Africa.

- It benefits the private sector more than the public sector.✓✓
  - It promotes corrupt relations between the private and the public sector.✓✓
  - It leads to tax evasion.✓✓
- (Accept any other relevant correct response) (4)

## 2.4 Distinguish between *nominal wages* and *real wages*.

Nominal wages	Real wages
<ul style="list-style-type: none"> <li>• Are the amounts that the worker receives each day, each week or at the end of the month.✓✓</li> <li>• These wages are not adjusted to price changes/ inflation.✓✓</li> </ul>	<ul style="list-style-type: none"> <li>• Are the amount of goods and services that a person can buy with a nominal wage.✓✓</li> <li>• These wages are adjusted to price changes/ inflation.✓✓</li> <li>• Also known as the buying power of the nominal wage.✓✓</li> </ul>

(Accept any other relevant correct response) (2 x 4) (8)



**2.5 How does the South African government ensure the efficient delivery of socio-economic services?**

- Through social protective services such as old-age pensions, disability grants, etc. ✓✓
  - Through the provision of education and training facilities to enhance the employment chances of the citizens, especially the youth. ✓✓
  - Through the provision of health services to the communities as a whole. ✓✓
  - Through the provision of housing for the needy. ✓✓
- (Accept any other relevant correct response)

(8)  
[40]

**QUESTION 3**

**3.1 Answer the following questions**

**3.1.1 Name any TWO types of markets in the circular flow model.**

- Product / good and services/ output market. ✓
- Factor/ resource market. ✓
- Foreign exchange market. ✓
- Financial market. ✓

**N.B: No marks should be awarded for either capital and money markets.**

(2 x 1) (2)

**3.1.2 Why is the mining industry important in South Africa?**

- It is the largest earner of foreign exchange and reserves. ✓✓
  - It creates employment for both the skilled and unskilled labour. ✓✓
- (Accept any other relevant correct response)

(1 x 2) (2)

**3.2 DATA RESPONSE**

**3.2.1 Name the government division that is responsible for drawing up the budget above at national level.**

- The treasury. ✓ (1)

**3.2.2 Identify the expenditure item that captures old-age pension from the table above.**

- Social protection. ✓ (1)



**3.2.3 Briefly describe the concept *final consumption expenditure by government*.**

- It indicates how government uses its income to finance goods and services needed by the public sector. ✓✓
- It includes the spending of all departments of central, provincial and local authorities. ✓✓
- It includes consumption expenditure on services rendered to the communities, like salaries and wages as well as investment expenditure, where the government has to pay for capital goods like roads and buildings. ✓✓

(Accept any other relevant correct response) (2)

**3.2.4 What is the main reason behind the exclusion of transfer payments in the final consumption expenditure by the government?**

- Is to avoid double counting. ✓✓ (2)

**3.2.5 Calculate the percentage value of health expenditure represented by letter A. Show ALL the calculations.**

$$\begin{aligned} \text{\% value of health expenditure} &= \frac{\text{Health}}{\text{Allocated expenditure}} \times 100 \checkmark \\ &= \frac{144.6}{874.2} \times 100 \checkmark \\ &= \underline{16.5 \text{ or } 16.54 \text{ or } 17\%} \checkmark \checkmark \end{aligned} \quad (4)$$

**3.3 DATA RESPONSE**

**3.3.1 Name a sector that used to be a pillar of the South African economy prior to the 1990s.**

- Primary sector ✓ (1)

**3.3.2 According to the extract above, what is the main driver of economic growth?**

- Tertiary sector ✓
- Wholesale and retail trade ✓
- Tourism ✓
- Communications ✓ (1)

**3.3.3 Briefly describe the concept *gross domestic production*.**

- The market value of all the final goods and services produced within the boundaries over a specific period. ✓✓ (2)



### 3.3.4 How can the South African government contribute to a knowledge-based economy?

- Through subsidizing tertiary institutions of technology. ✓✓
  - Through the introduction of more technological institutions of higher learning. ✓✓
  - Through the provision of free Wi-Fi in both rural and urban areas. ✓✓
- (Accept any other relevant correct response) (2)

### 3.3.5 What makes you think that South Africa is experiencing the paradox of plenty challenges?

- South Africa continues to remain poor as a country despite the following facts ✓✓:
- South Africa is world-renowned for its mining sector ✓✓, with an abundance of mineral resources, accounting for a significant proportion of world production ✓✓ and reserves with an estimated worth of R20.3 trillion. ✓✓
  - The country is estimated to have the world's fifth largest mining sector in terms of gross domestic product. ✓
- (Accept any other relevant correct response) (2 x 2) (4)

### 3.4 Distinguish between *non-durable goods* and *services*.

Non-durable goods	Services
<ul style="list-style-type: none"> <li>• These are tangible (physical) goods. ✓✓</li> <li>• They can only used once. ✓✓</li> <li>• Common examples are food, beverages and tobacco. ✓✓</li> </ul>	<ul style="list-style-type: none"> <li>• They are intangible in nature. ✓✓</li> <li>• They provide direct satisfaction of wants and needs. ✓✓</li> <li>• Common examples are rent, medical services, information and entertainment. ✓✓</li> </ul>

(Accept any other relevant correct response)

(2 x 4) (8)

### 3.5 Why do you think that the tertiary sector is important in building a prosperous and strong economy?

- It provides food and minerals for the country. ✓✓
- South Africa earns foreign income by exporting primary sector products. ✓✓
- It trains workers and creates job opportunities. ✓✓
- Provision of raw materials for secondary industries. ✓✓
- Contribution to the GDP. ✓✓
- Source of capital creation. ✓✓
- Stimulation of research and development. ✓✓
- It stimulates economic growth. ✓✓
- It increases state income. ✓✓
- It stimulates trade. ✓✓



- It provides power and energy.✓✓  
(Accept any other relevant correct response)

(8) [40]

**QUESTION 4**

4.1 Answer the following questions

4.1.1 **Mention any TWO examples of transfer payments.**

- Old-age pension✓
- Disability grants✓
- Child-grants✓

(2x1) (2)

4.1.2 **What is the significance of the gross national income in the economy?**

- It provides us with the measure of what is happening to income and living standards of the South African citizens and residents.✓✓ (1x2) (2)

**4.2 DATA RESPONSE**4.2.1 **Which method is used to determine GDP in the table above?**

- Expenditure method✓ (1)

4.2.2 **Name any other method that can be used to calculate GDP.**

- Income method✓
- Production method✓ (1)

4.2.3 **Briefly describe the concept *gross domestic expenditure*.**

- GDE indicates the total value of spending originating within the borders of the country.✓✓  
(Accept any other correct relevant response) (2)

4.2.4 **What is the significance of capital goods in the economy?**

- They are used in the production of other goods.✓ (2)

4.2.5 **Determine the value of B. Show ALL the calculations.**

- $360\ 000✓ + 45\ 000✓ - 65\ 000✓ = 340\ 000✓$  OR  $340\ 000✓$  (4)

**4.3 DATA RESPONSE**4.3.1 **Identify ONE socio-economic challenge in the cartoon above.**

- Inequality✓
- poverty✓ (1)



4.3.2 **State ONE negative consequence of poverty in the cartoon above.**

- Hunger✓/Malnutrition✓/crime✓ (1)

4.3.3 **Briefly describe the concept *economic marginalization*.**

- The exclusion of certain section of the population in the economic decision-making of a country.✓✓  
(Accept any other relevant correct response) (2)

4.3.4 **Suggest ONE way in which the problem of inequality can be solved.**

- Provide free tertiary education.✓✓
- Provide learner ships and apprenticeships.✓✓
- Apply a progressive system of taxation.✓✓
- Avail expanded work programmes.✓✓
- Through public and private partnerships to create jobs.✓✓
- Have investor-friendly legislation that will attract FDI. ✓✓
- Creation of employment opportunities.✓✓
- Encourage entrepreneurship.✓✓
- Fair distribution of national income.✓✓(Accept any other relevant correct response) (2)

4.3.5 **How can human resources be targeted to be more effective in solving the problems above.**

- More emphasis should be placed on education to benefit all involved in education.✓✓
- Major partners in the private sector should take responsibility to accommodate workers skilled on different levels and focus on manufacturing using labour intensive production methods.✓✓  
(Accept any other relevant correct response) (2 x 2) (4)

4.4 **Distinguish between *renewable resources* and *non-renewable resources*.**

Renewable resources	Non-renewable resources
<ul style="list-style-type: none"> <li>• Natural assets that can be replaced or replanted.✓✓</li> <li>• Examples of renewable resources are biomass, oxygen, water, sunlight, etc.✓✓</li> </ul>	<ul style="list-style-type: none"> <li>• Natural assets that cannot be replaced or replanted.✓✓</li> <li>• Examples of non-renewable resources are coal, fossil fuel, crude oil, nuclear energy, etc.✓✓</li> </ul>

(Accept any other relevant correct response) (2 x 4) (8)



#### 4.5 Why do you think that gross fixed capital formation is important for the economy?

- Creates production capacity and, therefore, makes higher levels of production possible. ✓✓
  - It is vital for economic growth because the more machines, factories and tools we have, the more goods and services we can produce. ✓✓
  - As more factories are built, more people will be employed. ✓✓
  - The national income of a country also increases. ✓✓
- (Accept any other relevant correct response)

(8)

**TOTAL: 40**

### SECTION C

Answer any ONE of the TWO questions from this section in your ANSWER BOOK.  
Your answer will be assessed as follows:

STRUCTURE OF ESSAY:	MARK ALLOCATION:
<b>Introduction</b>	Max. 2
<b>Body:</b> <ul style="list-style-type: none"> <li>• Main part: Discuss/Distinguish/Differentiate/Explain/Analyze /Evaluate/Assess</li> <li>• Additional part: Use / Draw / Sketch a graph / diagram ... / Deduce ... / Outline / Briefly explain / Expand on ... / Your own opinion</li> </ul>	Max. 26  Max. 10
<b>Conclusion</b>  Any relevant higher order conclusion that should include: <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed / analyzed without repeating facts already mentioned in the body</li> <li>• An opinion or valued judgment on the facts discussed</li> <li>• Additional support information to strengthen the discussion / analysis</li> <li>• A contradictory viewpoint with motivation, if so required</li> <li>• Recommendations</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>



**QUESTION 5**

- **Discuss in detail the free-market economy.** (26)
- **Briefly explain why a centrally-planned economy is not ideal economic system for a country like South Africa.** (10)

**INTRODUCTION**

An economic system that uses supply and demand to answer the questions what, how and for whom to produce goods and services and is also known as capitalism. ✓✓

(Accept any other correct relevant response)

(Max 2)

**MAIN PART****Characteristics**

- There is a private ownership of the factors of production. ✓✓
- Prices are determined through market forces of demand and supply. ✓✓
- There is a freedom of choice. People are free where to buy. ✓✓
- There is little government intervention and is limited to the provision of public goods. ✓✓
- This economy is driven by profit motive. ✓✓

(Accept any other correct relevant response)

**Advantages**

- Resources are allocated efficiently. ✓✓
- Economic growth is stimulated. ✓✓
- There is greater innovation amongst entrepreneurs. ✓✓
- There is a wider choice for consumers when purchasing goods and services. ✓✓
- There is freedom of entry in the market. ✓✓
- There is a private ownership of resources and property. ✓✓

(Accept any other correct relevant response)

**Disadvantages**

- It leads to high levels of inequality as the resources remain in the hands of the few. ✓✓
- There is an uneven distribution of income. ✓✓
- There are market failures as firms only focus on the provision of goods and services which offer instant profits. ✓✓
- There is a high level of negative externalities such as pollution and traffic congestion. ✓✓
- Demerit goods are in over-supply. ✓✓

(Accept any other correct relevant response)

(26)

**ADDITIONAL PART**

The centrally-planned economy is not ideal for a country like South Africa because of the following reasons:

- There is always a shortage of consumer goods and services which leads to the emergence of black markets. ✓✓



- There is a lack of consumer choice as a result of lack of competition between producers.✓✓
- There is a lack of incentive for workers to work harder as there are no competitive wages.✓✓
- There is a low rate of economic growth due to mismatched economic policies.✓✓
- There is a development of an overlarge bureaucracy for which consumers, as the taxpayers, must pay for.✓✓
- There will be a high level of misuse of the resources and self-enrichment by politicians and other higher placed people.✓✓ (10)

### CONCLUSION

The governments of the world should strive for an economic system that eradicates poverty, inequalities and corruption.✓✓

(Accept any other correct relevant response)

(Max 2)

[40]

### QUESTION 6

- **Discuss in detail the economic importance of each of the following South Africa's infrastructure components:**
  - **Communication** (10)
  - **Transport** (8)
  - **Energy** (8)
- **In your opinion, what do you think might have led to the recent energy crises in South Africa?** (10) [40]

### INTRODUCTION

The smooth running of the production and distribution process of a country depends to a large extent upon the existence of proper infrastructure. ✓✓

(Accept any other relevant correct response)

(Max 2)

### MAIN PART

#### The economic importance of communication

#### Communication is important for the following reasons:

- Cell phones and wireless technology has enabled entrepreneurs in remote and rural areas to be able to set up small business.✓✓
- Knowledge is gained through communication which helps entrepreneurs to make the correct business decisions.✓✓
- This knowledge also helps consumers to buy the right product to satisfy his or her wants and needs.✓✓
- This sector makes an important contribution to the GDP of a country.✓✓
- It is a source of employment for all levels of labour from the unskilled to technologically skilled personnel.✓✓

(Accept any other relevant correct response)

(Max 10)



**The economic importance of transport**

Transport is important for the following reasons:

- It brings the consumer and the manufacturer together. ✓✓
  - It creates added value when goods are transported to different places across the country. ✓✓
  - It enables our goods to be traded internationally, thus contributing larger to the GDP levels of the country. ✓✓
  - It improves the efficiency of IDZs and SEZs. ✓✓
  - It is also source of employment for both skilled and unskilled labour. ✓✓
- (Accept any other relevant correct response) (Max 8)

**The economic importance of energy**

Transport is important for the following reasons:

- It is crucial to the functioning of modern society. ✓✓
  - This includes industry and domestic consumption. ✓✓
  - It makes the production of goods and services possible. ✓✓
  - It is also source of employment for both skilled and unskilled labour. ✓✓
- (Accept any other relevant correct response) (Max 8)

**ADDITIONAL PART**

The recent energy crisis in South Africa might have been caused by the following factors, amongst others:

- An increase in both the domestic and industrial consumption demand has put an enormous pressure on the utility as the plants were not built to cater for the new homesteads and industries. ✓✓
  - Lack of competition also makes Eskom to slightly inefficient in providing the entire country with power as the sole supplier. ✓✓
  - The alleged state capture, corruption also led to the misuse of funds at the utility which funds were meant to develop or improve the existing plants. ✓✓
  - The appointment of incompetent people in the key positions of power at Eskom also contributed to the current crisis. ✓✓
  - The cyclone in Mozambique also disturbed the supply of energy across the country. ✓✓
  - An increase in the international demand as Eskom also supplies the SADC neighbouring countries. ✓✓
  - Lack of proper service of facilities in all the plants. ✓✓
- (Accept any other relevant correct response) (Max 10)

**CONCLUSION**

The incoming national administration has to ensure that all the rot and corruption that has become synonymous with the country's SOEs is arrested and that the competent personnel is appointed to run and manage them. ✓✓

(Accept any other relevant correct response)

(Max 2) [40]

**TOTAL SECTION C: 40**

**GRAND TOTAL: 150**

