higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

# MARKING GUIDELINE

## NATIONAL CERTIFICATE

## ECONOMICS N5

## 18 JUNE 2018

**This marking guideline consists of 8 pages.**

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## SECTION A

## QUESTION 1

| | | | | |
|---|---|---|---|---|
| 1.1 | 1.1.1 | D | | |
| | 1.1.2 | D | | |
| | 1.1.3 | B | | |
| | 1.1.4 | B | | |
| | 1.1.5 | C | | |
| | 1.1.6 | D | | |
| | 1.1.7 | B | | |
| | 1.1.8 | B | | |
| | 1.1.9 | A | | |
| | 1.1.10 | B | | |
| | | | (10 × 2) | (20) |
| 1.2 | 1.2.1 | False | | |
| | 1.2.2 | True | | |
| | 1.2.3 | True | | |
| | 1.2.4 | True | | |
| | 1.2.5 | True | | |
| | 1.2.6 | False | | |
| | 1.2.7 | True | | |
| | 1.2.8 | True | | |
| | 1.2.9 | False | | |
| | 1.2.10 | True | | |
| | | | (10 × 2) | (20) |
| 1.3 | 1.3.1 | C | | |
| | 1.3.2 | E | | |
| | 1.3.3 | D | | |
| | 1.3.4 | B | | |
| | 1.3.5 | A | | |
| | | | (5 × 2) | (10) |
| | | | | **[50]** |

**TOTAL SECTION A: 50**

## SECTION B

## QUESTION 2

2.1 2.1.1 Transfer payment
2.1.2 Double counting
2.1.3 Real national income
2.1.4 Added value
2.1.5 Economic growth

(5 × 2) (10)

2.2 2.2.1 Trade union is an organised group of workers in a particular enterprise, industry, trade or profession seeking to establish a relationship with management via the process of collective bargaining. (2)

2.2.2
- Conciliation board – Is neither a court of law, nor does he have the authority to make judicial rulings but promotes discussions between the involved parties, and submits a negotiated solution to these.
- Industrial councils – A voluntary established mechanism by employers and employees to facilitate the regulation of relationships between them. (2 × 2) (4)

2.3 2.3.1 Inflation is a process✓ where there is sustained and considerable increase in the general price level a result of monetary causes✓ and simultaneous decline in the buying power of money.✓ (3)

2.3.2 2016 (1)

2.3.3 2015 (1)

2.3.4 5,43% – 6,34% ✓ = -0,91% ✓✓
The final answer must be a minus (-) (3)

2.3.5 (a)
- If the inflation rate is higher than the effective interest earned on the investment, it means a loss for the investor.
- This also mean the savings disappear completely.

(b)
- Debtors- are also advantaged over creditors because they pay their debts with money that has depreciated.
- The buying power of money has decreased to such extent that far less goods can be bought with the same amount of money.

(2 × 4) (8)

2.4 2.4.1
- Devaluation of currency is a measure enforced by government to decrease the exchange value of its monetary unit.
- Depreciation of currency is a decrease in the value of currency in terms of other currencies as a result of market forces. (2 × 2) (4)

2.4.2
- Floating exchange rate – The value of a currency can fluctuate continuously and it is determined by the forces of the market (demand and supply).
- Controlled floating exchange rate – The value of a currency may respond to the forces of the market forces until it reaches a certain limit, then the government intervenes by buying or selling foreign exchange. (2 × 2) (4)

2.4.3
- Import quotas – this is a type of trade restriction that sets a physical limit on the quantity of a good that can be imported into a country in a given period of time.
- Export subsidy is a government policy to encourage export of goods to new industries and especially those that show export potential through direct payments, low-cost loans and tax relief for exporters. (2 × 2) (4)

2.6 Reconstruction and Development Programme. (2)

2.6
- They are forbidden to affiliate with any political party.
- It must be registered with industrial registrar in order to be recognised.
- It is prohibited from providing financial assistance to anyone to instigate a strike.
- It must meet certain conditions before calling a strike. (4)

**[50]**

**QUESTION 3**

3.1 3.1.1 Development
3.1.2 Deregulation
3.1.3 Affirmative action
3.1.4 Nationalisation
3.1.5 Privatisation
(5 × 2) (10)

3.2 3.2.1 Monetary policy (2)

3.2.2
- It means an increase in money supply which leads to lower interest rates
- Both consumers and businesses will want to invest more of their money rather than holding it. (2 × 2) (4)

3.2.3
- Market participants
- Foreign transactions
- Government transactions (Any 2 × 2) (4)

3.3 3.3.1 Labour supply is the total number of people and hours (adjusted for intensity of effort) that workers wish to work at a given real wage rate (2)

3.3.2 Surplus✓
200 – 170 = 30✓✓ (3)

3.3.3 Equilibrium occurs where both employers and employees agree on the wage. (2)

3.4 3.4.1 Exchange rate-refers to a rate in which one country's currency is expressed in terms of another country's currency (2)

3.4.2 Depreciate (2)

3.4.3 There will be a negative effect in the balance of payment.✓
More money will be paid for imports as the value of the country's currency drops.✓✓ (3)

3.4.4
- Importing goods
- Services from foreign countries
- Payments of interest on foreign capital
- Payments of instalments on repayments of overseas loans
- Transfer of capital to foreign countries
- Tourists spending money in foreign countries
- Other payments of foreign countries which may take place from time to time. (Any 4 × 1) (4)

3.5 Households – They sell factors of production i.e. labour to firms to produce goods and services and in return they are getting the remuneration of production factors as payments in a form of salaries and wages.
Firms – They sell goods and services to households and household pay for the goods and services.

Government – Provides household with goods and services, including jobs, and in return households pay tax to the government.
Provides firms with goods and services, including roads, and in return they pay tax to the government. (4 × 2) (8)

3.6
- Gross National Product – Is the aggregate market value of all goods and services created or produced during a particular period and net factor income from abroad.
- Gross Domestic product – The sum total of the market value of all goods and services, produced within the geographical boundary of the nation in a given year. (2 × 2) (4)

**[50]**

## QUESTION 4

4.1 4.1.1 Consequence
4.1.2 Cause
4.1.3 Cause
4.1.4 Measure
4.1.5 Consequence
(5 × 2) (10)

4.2 Transaction motive✓ – e.g. money for daily transport ✓
Precautionary motive ✓ – paying for funeral cover ✓
Speculative motive ✓ – buying shares in a company ✓ (6)

4.3 4.3.1 442 000 000 × 63,5 000 000
= 6 960 629,92 m✓✓✓✓ (4)

4.3.2 482 000 000 × 100/140
= 344 286 m✓✓✓ (3)

4.3.3 = 442 000 000 × 100/120
= 368 333 m✓✓
There is a decrease ✓ (3)

4.3.4
- It is an indication of economic growth in a country
- It enables economic welfare comparisons to be made
- It determines the relative importance of the different sectors in the economy (3)

4.4 4.4.1 Fiscal policy is the means by which a government adjusts its spending levels and tax rates to monitor and influence a nation's economy (3)

4.4.2
- Income policy
- Investment policy
- Public debt (3 × 2) (6)

4.5
- The size and quality of labour force
- The quantity and quality of capital
- Technology
- The availability of natural resources (4)

4.5 Economic cycle is a useful framework that shows the flow of goods, services, income and expenditure in the economy. (3)

4.7 The state must ensure that the disadvantaged are at least able to satisfy their minimum needs.✓✓
Large amount of money are spent on the physically disabled and other disadvantaged groups each.✓✓
In South Africa, the government provides for water, houses etc. which cover basic needs.✓ (Any other relevant explanation and example) (5)
**[50]**

## QUESTION 5

5.1 5.1.1 Poverty (2)

5.1.2
- Providing food programs
- Training programs
- Free health care for the poor
- Welfare assistance
- RDP
- Free education (Any 4 × 1) (4)

5.2 Unemployment✓ – It can be defined as the condition whereby qualified people are willing and able to work but cannot find work. It has a depressing effect on the entire economy.✓✓
Strikes✓ – Refusal by employees to continue working or obstruction of the normal progress of work. It leads to public losses and in a service industry output is lost forever.✓✓
Lack of skills/training – South Africa is characterised by a shortage of highly skilled workers. Training should be directed to improving the level of work force.✓✓
Migration✓ – With this the country loses large numbers of emigrants every year. Immigrants increase the labour supply, while emigrants cause it to decrease.✓✓ (12)

5.3 5.3.1
- Goods from one country are sold at lower prices than in the country of origin.
- Protection prevents foreign industries from dumping their surpluses and out-of-season goods at low prices as it may be harmful to domestic industries.

5.3.2
- Free trade leads to overspecialisation.
- Protection creates a more differentiated economic production structure and ensures greater economic stability.

(2 × 4) (8)

5.4 5.4.1 15% (2)

5.4.2 R499 × 1,15✓✓ = R573,85✓ (3)

5.4.3 The amount of goods that were previously purchased by consumers will be less than what they are purchasing now.✓✓
There will be a decrease in the basket of goods.✓ (3)

5.4.5 False (2)

5.5
- It must not be submissive to continuous changes
- It must be understood by both employer and employee
- Employees must be remunerated for good and efficient service
- System must be flexible to accommodate industry needs
- Mutual protection must be present
- Payment must be punctual and according to the agreement of employment. (Any 4 × 2) (8)

5.6 Time wage – Wage employee receives according to time he has worked or spent executing that work. (2)

5.7
- Increase productivity
- Availability of production factors
- Technological development
- Effective government policy (Any 2 × 2) (4)

**[50]**

**TOTAL SECTION B: 150**
**GRAND TOTAL: 200**

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