higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

ECONOMICS N5

(22020095)

8 June 2021 (X-paper)
09:00–12:00

Calculators may be used.

This question paper consists of 10 pages.

250Q1J2108

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
ECONOMICS N5
TIME: 3 HOURS
MARKS: 200

NOTE: If you answer more than the required number of questions, only the required number will be marked. Clearly cross out all work you do not want to be marked.

INSTRUCTIONS AND INFORMATION

1. Answer all the questions in SECTION A.
2. Answer any THREE of the four questions in SECTION B.
3. Read all the questions carefully.
4. Number the answers according to the numbering system used in this question paper.
5. Start each section on a new page.
6. Use only a black or blue pen.
7. Round off all calculations to TWO decimals.
8. Write neatly and legibly.

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SECTION A

Answer all the questions in SECTION A.

QUESTION 1

Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1–1.5) in the ANSWER BOOK.

1.1 An example of semidurable goods is …

A petrol.
B clothing.
C property.
D furniture.

1.2 If there is a change in the general price level from 100 to 110 on an income of R32 000 million, the value of the *real national income* is … million.

A R320 000
B R28 000
C R3 520
D R29 090

1.3 The opposite of inflation is …

A reflation.
B deflation.
C structural inflation.
D galloping inflation.

1.4 The current asset that is the most liquid is a …

A fixed deposit.
B savings account.
C cheque account.
D bank overdraft.

1.5 The currency used in London, England is the …

A dollar.
B pound sterling.
C euro.
D yen.

(5 × 2) **[10]**

QUESTION 2

Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (2.1–2.10) in the ANSWER BOOK.

2.1 Goods that still have to undergo further processing are not included in the national product.

2.2 A person is unemployed if he/she wants a job for which he/she is unqualified.

2.3 A progressive tax rate is when higher and lower income earners pay more tax.

2.4 Lower income groups spend a larger percentage of their income on necessities than higher income groups.

2.5 South Africa is a development country.

2.6 You do not earn interest on a *call deposit*.

2.7 Reducing tax rates, will encourage both investment by firms and spending by consumers.

2.8 The remuneration on the production factor, *entrepreneurship*, is interest.

2.9 *Nominal income* is always more than *real income*.

2.10 An *open economy* means that an economy does not take part in international trade.

(10 × 2) **[20]**

QUESTION 3

Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–R) next to the question number (3.1–3.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1	Regulates the increase or decrease of money supply in a country	A	collective bargaining
3.2	The process to live and work in another country	B	emigration
3.3	A worker is paid a fixed rate per unit produced	C	fiscal policy
3.4	The market where foreign currency is traded	D	Forex
3.5	The benefit lost for choosing the next best alternative and not the best	E	galloping inflation
3.6	Inflation that is out of control	F	hyperinflation
3.7	A fixed, predetermined quantity of a goods that may be imported	G	immigration
3.8	The remuneration of the production factor, *capital*	H	income policy
3.9	The added cost incurred in producing another unit of output	I	interest
3.10	A requirement for a wage system	J	interest rate
		K	marginal cost
		L	monetary policy
		M	opportunity cost
		N	piece wage system
		O	quotas
		P	rent
		Q	time wage system
		R	uniformity

(10 × 2) **[20]**

TOTAL SECTION A: 50

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SECTION B

Answer any THREE of the four questions in SECTION B.

QUESTION 4

4.1 Study the cartoon and answer the questions.



[Source: *www.bing.com*, 28/02/2018]

Workers on fruit farms are receiving wages.

4.1.1 Name and explain THREE general services/functions of the government. (3 × 2) (6)

4.1.2 Name and discuss FIVE of the determinants that influence labour supply. (5 × 2) (10)

4.1.3 Distinguish between the THREE motives for demanding money. (3 × 3) (9)

4.2 Briefly describe THREE role of each of the following with regard to the economic cycle:

4.2.1 Households

4.2.2 The government

(2 × 3) (6)

4.3 Briefly explain the following:

4.3.1 National income

4.3.2 National expenditure

(2 × 2) (4)

4.4 Differentiate between the following in a developing economic system where resources are available:

4.4.1 Poverty

4.4.2 Equality

4.4.3 Efficiency

(3 × 2) (6)

4.5 State THREE main functions of trade unions. (3)

4.6 Distinguish between the capital market and money market in South Africa. (2 × 2) (4)

4.7 State the current inflation rate. (2)

[50]

QUESTION 5

5.1 Study the cartoon and answer the questions.



[Source: *www.rollingalpha.com*]

5.1.1 Give your interpretation of the illustration above. (2)

5.1.2 Give the reasons and objectives of each of the following with regard to the South African trade policy:

(a) Export promotion

(b) Import substitution

(2 × 3) (6)

5.1.3 Calculate the balance on the trade account using the following information: (Show items and calculations.)

Transfers	R21 611
Goods import	R82 994
Goods export	R50 121
Loans	R26 699
Gold export	R29 467

(5)

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5.1.4 Discuss FOUR reasons for international trade. (4 × 2) (8)

5.2 Discuss the government's role *as entrepreneur* in the economy. (4 × 2) (8)

5.3 Explain TWO determinants of labour demand. (2 × 3) (6)

5.4 Define the term *collective bargaining*. (3)

5.5 Differentiate between *money wages* and *real wages*. (2 × 2) (4)

5.6 Explain FOUR policies that are used by the state to ensure that the economy performs well. (4 × 2) (8)

[50]

QUESTION 6

6.1 Study the picture and answer the questions.



[Source: *www.bing.com*, 28/02/2018]

6.1.1 Unemployment is one of South Africa's major labour problems.

Briefly discuss THREE other labour problems in South Africa. (3 × 2) (6)

6.1.2 Name FOUR types of unemployment. (4 × 2) (8)

6.2 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (6.2.1–6.2.3) in the ANSWER BOOK.

6.2.1 Discount houses are not regarded as a financial institution.

6.2.2 The study of the role of the state in the economy is known as monetary economy.

6.2.3 Interest is the cost of borrowing. (3)

6.3 Name TWO main sources of government revenue to finance the budget. (2 × 2) (4)

6.4 Distinguish between *economic growth* and *economic development*. (2 × 2) (4)

6.5 Explain FIVE effects of the fiscal policy on the economy. (5 × 2) (10)

6.6 Describe the FOUR components of money. (4 × 2) (8)

6.7 Discuss THREE problems that may occur during the calculation of the national income. (3 × 2) (6)

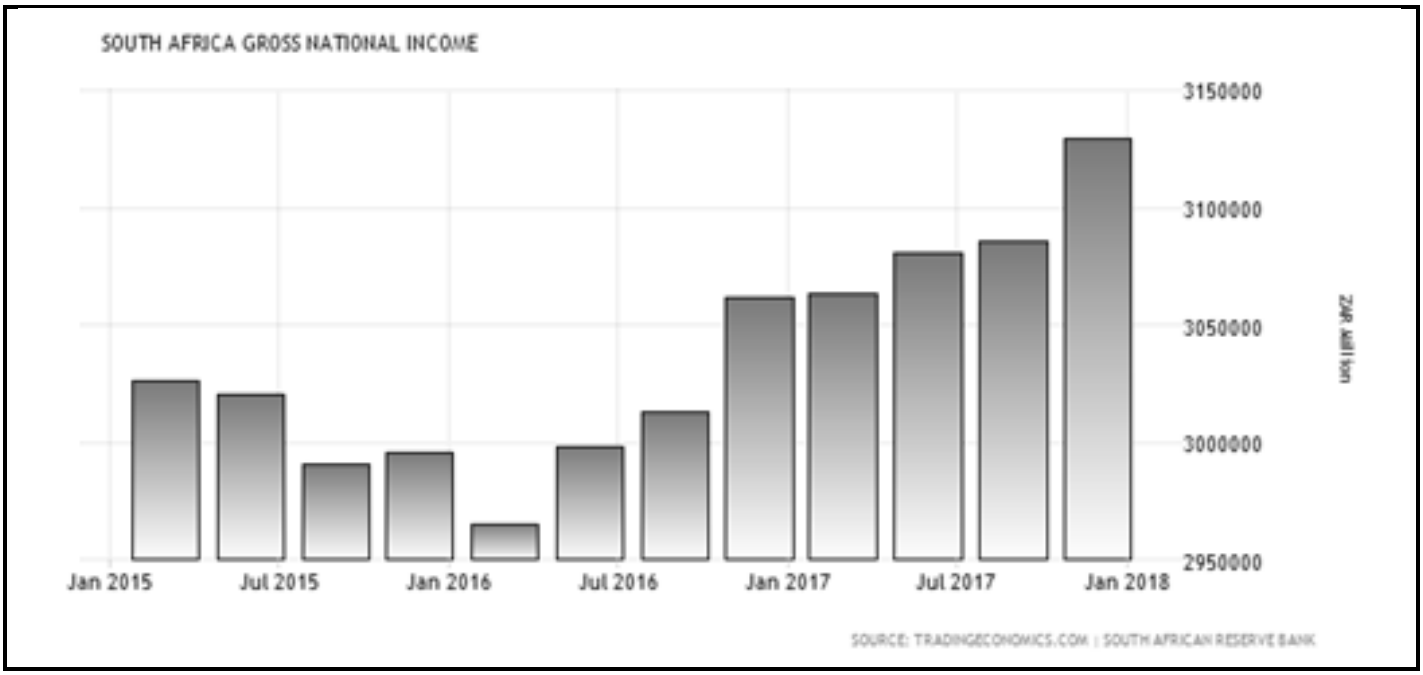
6.8 Is the following statement TRUE or FALSE?

Labour includes all the work done by people, whether they are skilled or unskilled. (1)

[50]

QUESTION 7

7.1 Study the graph of the South African Gross National Income and answer the Questions.



7.1.1 Provide the formula for calculating the *Gross National Income*. (4)

7.1.2 Compare the GNI of January 2016 and January 2018.

Was there an increase or decrease? (2)

7.1.3 Distinguish between *Nominal National Income* and *Real National Income*. (2 × 2) (4)

7.1.4 Answer the questions with regard to the table below.

CALCULATION OF GROSS DOMESTIC PRODUCT (BILLION)

Compensation of employees	943
Net operating surplus	844
Consumption of fixed capital	355
Gross value … (A)	**2 142**
Taxes on production	45
Subsidies on production	16
Gross value added at basic prices	**… (B)**
On products	332
Subsidies on production	(16)
… (C)	**2 487**
Primary income from the rest of the world	56
Primary income to the rest of the world	208
GNP at market price	**2 335**

(a) Name A and C. (2 × 2) (4)

(b) Calculate the value of B. (2 × 2) (4)

7.2 Which THREE methods are used by the state department that has export promotion as one of its portfolios? (3 × 2) (6)

7.3 Define the following:

7.3.1 Privatisation

7.3.2 Deregulation

7.3.3 Nationalisation

7.3.4 Affirmative action

(4 × 2) (8)

7.4 Discuss the FOUR components of the national expenditure in an open economy. (4 × 2) (8)

7.5 Discuss FIVE causes of cost inflation. (5 × 2) (10)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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