higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

ECONOMICS N5

14 NOVEMBER 2013

This marking guideline consists of 7 pages.

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SECTION A

ALL the questions in SECTION A are COMPULSORY.

QUESTION 1

1.1 E
1.2 A
1.3 C
1.4 A
1.5 True
1.6 False
1.7 False
1.8 True
1.9 False
1.10 False
1.11 True
1.12 True
1.13 True
1.14 False
1.15 True
1.16 False
1.17 False
1.18 True
1.19 True
1.20 False
1.21 True
1.22 True
1.23 True
1.24 False
1.25 False

(25 × 2) **[50]**

SECTION B

Answer any THREE of the four questions in this section.

QUESTION 2

2.1 C (2)

2.2
- It describes the main relationships between economic aggregates.
- It shows the flow of goods, services, income, expenditure and money in the economy.
- It can be used to identify important macro-economic concepts such as total production, total expenditure and total income, imports and exports. (3 × 2) (6)

2.3 C (2)

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2.4 D (2)

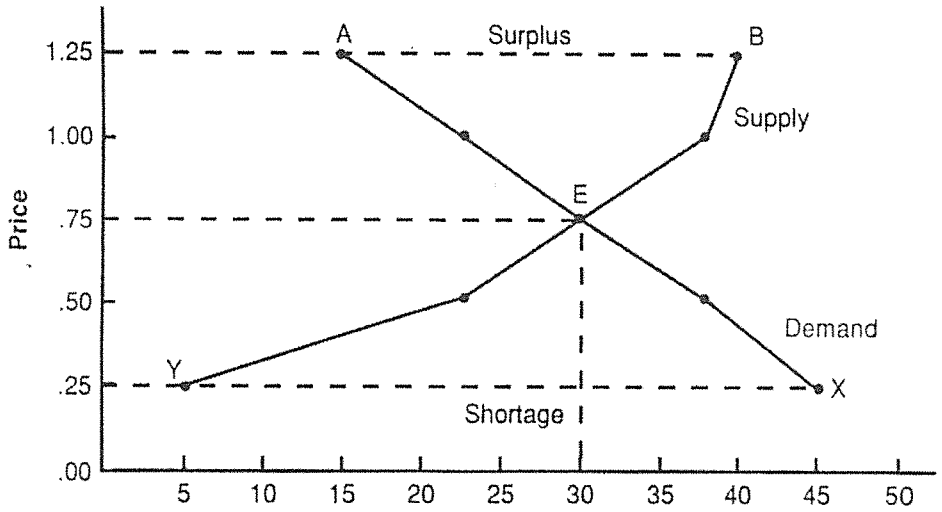
2.5 Unemployment of resources = all resources are not utilised in the economy. (2)

2.6 2.6.1 E
2.6.2 A
2.6.3 B
2.6.4 C
2.6.5 D
(5 × 2) (10)

2.7 2.7.1 A (2)
2.7.2 D (2)

2.8 C (1)

2.9 2.9.1



Quantities supplied and demanded in thousands per month (5)

2.9.2 Point E (2)

2.9.3 Above point E (1)

2.9.4 Below point E (1)

2.10 C (2)

2.11
- Unemployment
- Strikes
- Lack of skills
- Migration

(Any 2 × 2) (4)

2.12
- The changing role of women in society
- Reduced discrimination against women
- The increase in divorce rates

(3 × 2) (6)
[50]

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QUESTION 3

3.1 D (2)

3.2 3.2.1 Private households: as owners of the primary factors of production (labour, natural resources, capital and entrepreneurial ability), make these factors available to the business sector in exchange for remuneration (wages, rent, interest and profits).

3.2.2 The national product of a country includes the value (or market price) of all the finished goods produced by the permanent residents of that country within a given period (such as a year).

3.3.3 National expenditure shows how the nation spends its national income on the national product.

(3 × 2) (6)

3.3
- Natural resources, eg. land
- Capital, eg. money
- Labour, eg. workers
- Entrepreneurship, eg. owner (4 × 2) (8)

3.4 False (2)

3.5 3.5.1 Working hours
The number of working hours which a worker would normally be willing to work increases as wages increase, but only to a point. When there is a further increase in remuneration, people prefer more free time (to spend their increased income).

3.5.2 Migration
Migration has a specific effect on the labour supply. South Africa needs immigrants who, as highly skilled workers, can help to create more job opportunities. Owing to the political uncertainty, violence and low economic growth rate, the country loses large numbers of emigrants every year. Immigrants increase the labour supply, while emigrants cause it to decrease.

3.5.3 Level of skill
The level of skills among workers is a supply problem which should receive ongoing attention. In South Africa, in respect of the labour supply, there is a shortage of highly skilled workers (especially in technical fields) and an oversupply of unskilled workers. Education, training, re-training, in-service training and apprentice-ships should be directed to improving the level of skills of the work force.

(3 × 2) (6)

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3.6 Money wages = the amount of money paid to an employee for his services rendered.
Real wages = the quality of goods and services that the employee can buy with his money wages. (2 × 2) (4)

3.7

3.7.1	C
3.7.2	F
3.7.3	G
3.7.4	I
3.7.5	J
3.7.6	B
3.7.7	H
3.7.8	A
3.7.9	D
3.7.10	E

(10 × 2) (20)

3.8 True (2)
[50]

QUESTION 4

4.1 4.1.1 GDP = the market value of all finished goods produced during a certain period within the boundaries of a country. (2)

4.1.2 2,2% (1)

4.1.3 Production method
The first method is to add the values of all goods and services produced in the economy (i.e. the quantities multiplied by their market prices or production costs). Only the value added (i.e. the addition to the value of the output) is counted in each transaction.

Income method
In the production of goods and services income is earned in the form of salaries and wages (remuneration for work done), rent, interest and profits. In order to calculate the GDP according to this method, it is necessary to add up all incomes deriving from the production process.

Expenditure method
The third method looks at how the goods and services produced are bought and consumed, i.e. how income is spent on goods and services. If we accept that all goods and services produced are bought and consumed, the sum total of all goods sold will be equal to the total expenditure of the economy. Only counting the value of those transactions where commodities reach their final destination. This method of accounting is also known as the expenditure approach.

(3 × 2) (6)

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4.2
- Time wage
- Piece wage
- Incentive wage (3 × 2) (6)

4.3 Mildred Oliphant (1)

4.4 4.4.1 Definition = money is anything that is generally accepted as payment for goods and services or which is accepted in settlement of debt. It is a generally accepted medium of barter or payment that also serves as accounting unit. (4)

4.4.2
- Call deposits
- Coins
- Paper currency
- Current accounts (4 × 2) (8)

4.4.3
- Market participants
- Foreign transactions
- Government transactions (3 × 2) (6)

4.5 D (2)

4.6 International trade is when trade takes place across the borders of a country. (4)

4.7
4.7.1 C
4.7.2 E
4.7.3 D
4.7.4 A
4.7.5 B
(5 × 2) (10)
[50]

QUESTION 5

5.1 True (2)

5.2 Balance of trade (2)

5.3 5.3.1 Goods imports

5.3.2 Current account balance

5.3.3 Invisible items

5.3.4 Net long-term capital movements + net short-term capital movements

5.3.5 Current account balance
(5 × 2) (10)

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5.4 A (2)

5.5 B (2)

5.6 5.6.1 True
5.6.2 True
5.6.3 True
(3 × 2) (6)

5.7 D (2)

5.8 Direct taxation = The tax pressure is on the individual who pays it, with no possibility of shifting the taxes. The tax is laid upon the person who pays it.

Indirect taxation = This form of taxation is paid indirectly. With indirect taxation the pressure is on one person but the burden rests on another person (the consumer). (2 × 2) (4)

5.9 5.9.1 The budget is a document which contains particulars of the plan for allocating state revenue and expenditure. It is a summary of the revenue and expenditure. (3)

5.9.2
- Taxes
- Loans
- Donations
- Administrative income
- Commercial income
- State property

(Any 2 × 1) (2)

5.10 B (2)

5.11 E (2)

5.12 C (2)

5.13 A (2)

5.14 B (2)

5.15
- Death of the breadwinner
- Ill health
- Retirement
- Lack of skill
- Desparate circumstances

(5 × 1) (5)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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