higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

ECONOMICS N5

29 NOVEMBER 2016

This marking guideline consists of 10 pages.

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SECTION A (COMPULSORY)

QUESTION 1

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

(25 × 2) **[50]**

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1 The concept macroeconomics encompasses the study of how the community solves economic problems - look at the economy as a whole. (2)

2.2
- Economic growth.
- Comparison of standard of living.
- Relative importance of the different sectors of the national economy.

(3 × 2) (6)

2.3
- National production refers to those economic activities in which only the permanent residents of a country are involved.
- Domestic production refers to all the economic activities which occur within the boundaries of a country. (2 × 2) (4)

2.4
2.4.1 True
2.4.2 True
2.4.3 False
2.4.4 False
2.4.5 True

(5 × 2) (10)

2.5
2.5.1 Transfer payments
2.5.2 Double counting
2.5.3 Real national income
2.5.4 Economic growth
2.5.5 Human capital

(5 × 1) (5)

2.6
2.6.1 R288 485
2.6.2 R241 478
2.6.3 R212 188

(3 × 2) (6)

2.7
2.7.1 200
2.7.2 520
2.7.3 960
2.7.4 200
2.7.5 260
2.7.6 320

(6 × 2) (12)

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2.8
- Affirmative action is an antidiscrimination measure that is reinforced by legislation and judicial intervention.
- Affirmative action concentrates solely on the employment, development and promotion of the disadvantaged group.
- It redresses imbalances.
- Prescribes corrective action to be adopted by the employer to redress the inequalities. (5)

[50]

QUESTION 3

3.1
- The quality of labour depends on the following:
- School education is important for economic growth.
- Post-school education at universities and technikons is necessary to develop the skills necessary for modern economic development.
- In-service training and retraining must be undertaken continually to suit changing circumstances.
- Vocational guidance must receive much more attention to ensure the maximum utilisation of school leavers.
- Entrepreneurs must be available to create new job opportunities, as well as goods and services.
- More management personnel are needed to direct the creation of welfare.
- Labour must be more effectively utilised at all levels. (Any 3 × 2) (6)

3.2 Natural resources comprise all the raw materials which are made available to people by nature, for instance land, water, areas for fishing, etc. (3)

3.3
3.3.1 Established industries in highly developed countries. Capital may be limited.

3.3.2 Labour talents and technological development differ between countries.

3.3.3 Effective wants.

3.3.4 Labour talents and technological development differ between countries.

3.3.5 Climatic conditions differ.

3.3.6 Natural resources are not distributed evenly.

3.3.7 Mass production coupled with lower unit costs.

3.3.8 The development of modern communications and transport.

(8 × 1) (8)

3.4
- Economic growth
- Job creation
- Appropriate technology
- Inward industrialisation
- Housing
- Education and training
- Population policy
- Unemployment insurance
- Wage subsidies
- Informal sector
- Job creation programmes (Any 6 × 1) (6)

3.5 3.5.1 Employee is rewarded according to time that he have worked or time spent to execute a quantity of work, e.g. monthly, weekly and daily wage.

3.5.2 Employee is rewarded according to a predetermined quantity of work that must be done, irrespective of the time taken to complete it. If the employee works fast, he can earn a higher wage.

3.5.3 Standard wage = wage is paid under precondition that if the employee finishes more than a certain quantity of work within the determined work time, he will receive a bonus for extra work done.
Standard time = if the employee finishes his work in a shorter time than the standard or determined time, he will receive a bonus for the time saved.
Commission = the employee receives a basic salary plus commission on concluded transactions.
(3 × 2) (6)

3.6 3.6.1 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)

3.6.2
- General acceptability
- Durability
- Portability
- Homogeneity and divisability
- Recognizability
- Stable value
- Relative scarcity (Any 5 × 1) (5)

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3.7 3.7.1 Cost-push
3.7.2 Demand-pull
3.7.3 Demand-pull
3.7.4 Cost-push
3.7.5 Cost-push

(5 × 2) (10)

3.8 Money flow. (2)
[50]

QUESTION 4

4.1 Unemployment

- Unemployment can be defined as a condition in which people who are qualified to pursue an occupation, are willing and able to work, but are unable to obtain work at the current wage rate. Unemployment is the most serious economic problem facing South African society. It has serious economic, social, political and ethical implications, thus having a depressing effect on the entire economy.
- Possible solution: e.g. Government subsidise companies to employ people.

Strikes

- A strike can be defined as the refusal by employees to continue working or obstruction of the normal progress of work, with the intention of returning to work at a later date. In SA strikes lead to public losses. In certain industries continuous operation is vital to production in other industries, and work stoppage can cripple production in other industries. In the service industry strikes cause extensive losses, because output lost today is lost forever.
- Possible solution: e.g. Government needs to empower companies to grow

Lack of skills/training

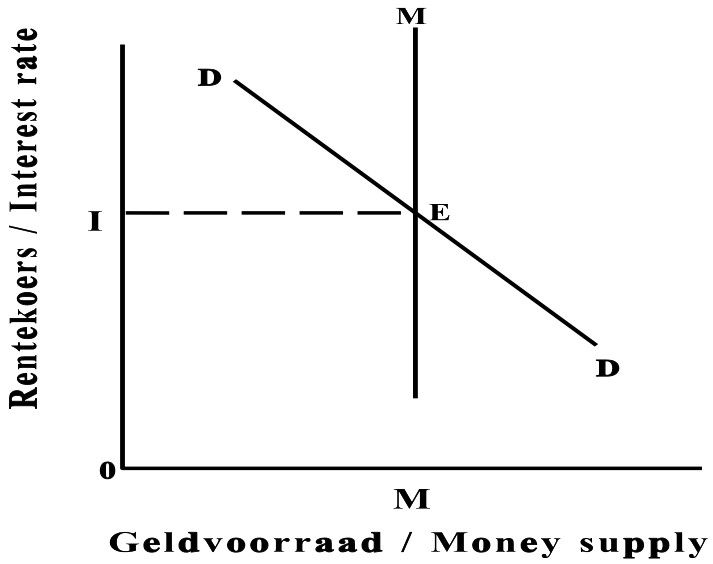
- In South Africa, in respect of the labour supply, there is a shortage of highly skilled workers (especially in technical fields) and an oversupply of unskilled workers. Education, training, re-training, in-service training and apprenticeships should be directed to improving the level of skills of the work force.
- Possible solution: e.g. Keep skilled people in South Africa.

Migration

- Migration has a specific effect on the labour supply. 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. (2 × 4) (8)

4.2

Ewewig in die geldmark
Equilibrium on the money market.



Such a supply curve (MM), together with the demand curve (DD), determines at which rate of interest equilibrium will be reached in the money market. Equilibrium on the money market is established at the point of intersection (E) of demand and supply. If the supply of money increases (a shift to the right of the supply curve) the equilibrium interest rate will decrease. Such an extension could, for instance, be brought about if the Reserve Bank were to lower the minimum reserve ratio of banks. On the other hand, any action that reduces the excess reserve position of banks would lead to a drop in the supply of money (a shift to the left of the supply curve) and a consequent increase in the rate of interest. (12)

4.3 Goods flow (2)

4.4 4.4.1 Price control is regarded as a direct method of combating inflation because the prices of certain goods are fixed and will only be allowed to rise on certain conditions. It must be kept in mind that if prices of goods are controlled, the price of labour should likewise be controlled. It is impossible to control the one without the other. Labour also has a price.

4.4.2 Stricter conditions for consumer credit can restrict excessive demand. If the periods of credit are shortened it means that the consumer will have to discharge the commitment sooner, and will be required to withdraw more from his income flow periodically. By raising the deposit the consumer will have to save first to accumulate the higher amount of money required for the deposit.

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4.4.3 The encouragement of personal saving is still regarded as a sound means of combating demand inflation. The imbalance between demand and supply caused by inflation is corrected, because greater savings means that the supply (through investment) can expa
(3 × 2) (6)

4.5 4.5.1 Reflation is the opposite of deflation. Reflation means stimulating the economy to renewed expansion of economic activities.

4.5.2 Stagflation refers to a condition in which high rates of unemployment and of inflation occur at the same time.

4.5.3 Creeping inflation is characterised by a moderate inflation rate over a relatively long period advancing at a reasonably even speed.
(3 × 2) (6)

4.6
- Natural resources
- Climate
- Characteristics of labour
- Capital
- Needs of people are heterogeneous
- Income
- Established industries
- International migration
- Development of infrastructure
- Cost differences (Any 5 × 1) (5)

4.7
- Import duties
- Export subsidies
- Import quotas
- Import restrictions
- Import deposits (5)

4.8 4.8.1 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. (4)

4.8.2 April – March (2)
[50]

QUESTION 5

5.1
5.1.1 1 530 + 9 120 - 1 810 = 8840 (5)
5.1.2 8 840 + 770 - 160 = 9 450 (4)
5.1.3 9 450 - 90 - 130 + 140 = 9 370 (5)
5.1.4 140 - 90 - 130 - 90 = -170 (2)
5.1.5 9 450 - 170 = 9 280 (1)

5.2
- The regulation of the economy and to ensure economic stability, e.g. monetary control.
- The stimulation of economic development to ensure total wealth, in which every individual can share according to his own contribution, e.g. assistance to future entrepreneurs.
- Maintenance of economic order.
- The provision and maintenance of an economic infrastructure for the support of the private sector, e.g. public transport services, provision of water and electricity.
- Support private industrial development. (5 × 2) (10)

5.3
5.3.1 Taxation is a compulsory contribution, levied by the state or a local government on its citizens for the purpose of financing services of general public interest. (4)

5.3.2
(a) Tax shifting when a tax is levied on one person, who shifts it on to the shoulders of someone else, the tax is shifted.
(b) Tax evasion represents a contravention of the laws of the land. The tax-payer who does not give an accurate report of his income and expenses.
(c) Tax avoidance is the term used to describe the legitimate methods the taxpayer uses to reduce a tax load.
(3 × 2) (6)

5.4

GROWTH	DEVELOPMENT
• Economic growth concerns the increase in the real gross domestic product per capita, as measured by the average increase in the quantity of goods and services per capita (head) of the population over time. • Economic growth concentrates on things (goods and services).	• Economic development is, as indicated, the process whereby the standard of living of the majority of the people in a country improves over time. • Economic development focuses on people (their standard of living, self-respect and freedom of choice).

(2 × 2) (4)

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5.5
- Privatisation deals with the role of the State as a participant in the economy.
- Deregulation is the process through which the measures taken by the State to regulate transactions between private parties are brought in line with objectives. (2 × 2) (4)

5.6 Advantages:
- Team building.
- Diversity training for supervisors.
- Holding managers accountable for increasing diversity in the managerial ranks.
- Incentive schemes for workers to complete their education
- Help in career planning and advancement.
- Committee dedicated to managing equality issues.
- Employee surveys to establish needs.
- Interracial group discussions and social interaction activities. (Any 3 × 1) (3)

Disadvantages:
- Putting less qualified people into positions will damage our economy.
- It perpetuates racial discrimination and exacerbates tensions. (2)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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