higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

ECONOMICS N5

28 NOVEMBER 2019

This marking guideline consists of 9 pages.

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QUESTION 1

1.1	1.1.1	C		
	1.1.2	C		
	1.1.3	C		
	1.1.4	D		
	1.1.5	B		
	1.1.6	D		
	1.1.7	B		
	1.1.8	A		
	1.1.9	A		
	1.1.10	C		
			(10 × 2)	(20)
1.2	1.2.1	True		
	1.2.2	False		
	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	E		
	1.3.2	A		
	1.3.3	B		
	1.3.4	C		
	1.3.5	D		
			(5 × 2)	(10)
				[50]

TOTAL SECTION A: 50

QUESTION 2

2.1 2.1.1 A state or condition in which a person or community lacks the financial resources and essentials to enjoy a minimum standard of life and well-being that is considered acceptable in society. (3)

2.1.2
- Death of a breadwinner✓
  No income will be provided to the family if a breadwinner dies.✓✓
- Health✓
  Health may cause one to lose one's job and, therefore, there will be no income.✓✓
- Retirement✓
  Old age causes low income and, consequently, the basic needs may not be met.✓✓
- Lack of skills✓
  Modern jobs require more skill and self-discipline than was the case years ago. Attempts to improve skills are required for employment purposes.✓✓
- Slum environment✓
  This results in a poverty cycle.✓✓

(Any relevant 4 × 3) (12)

2.2 2.2.1 Budget deficit occurs when the state's income (receipts) are lower than the state's payments. (3)

2.2.2 Budget is a plan detailling how the income of the state will be distributed among communities. It is used to show how money received will be distributed within the departments. (3)

2.2.3
- Income taxes
- Licensing
- Economic development, i.e. toll roads.

(Any 2 × 1) (2)

2.3 2.3.1 4 960 billion✓ + 1 520✓ – 5 640 billion✓
= -R840 billion✓ (4)

2.3.2 840 + 900 – 420✓✓
= R1 320 billion✓✓ (4)

2.3.3 1 320 – 180 + 195✓✓✓
= R1 205 billion✓✓ (5)

2.3.4 R1 320 - R1 205✓✓
= R115 billion✓✓ (4)

2.4
- Reducing inequality/poverty. In a capitalist economy, we may see a growth in inequality and poverty. This can be due to inherited wealth and opportunity. It can also be due to monopoly power. The government may feel the need to ensure everyone has an equal opportunity, e.g. providing education, so even those from poor families have the opportunity to obtain qualifications. It may also involve redistributing income from high-income earners to low-income earners, e.g. progressive taxes, such as a higher rate of income tax and providing means-tested benefits, such as income support/housing benefit and state pensions.
- The role of a social welfare state is to ensure minimum standards for a good life to all its citizens through providing education, pension, medical care, housing and protection against loss of employment or business.
- A social welfare state creates an enabling environment to ensure that its citizens have equal opportunities for a good life.
- An economic welfare state emphasises the economic welfare of the individual and is based on democratic values and free enterprise, with minimum government intervention in the activities of the individual.
- The aim of an economic welfare state is to create an environment in which an individual is free to develop his/her personal economic welfare and this will enable the individual to look after his/her personal welfare.
- The government regulates the relationships between individuals through an independent judicial system based on common law principles. (5 × 2) (10)

[50]

QUESTION 3

3.1 3.1.1 December (2)

3.1.2 R338 000 × 0,02 = R6 760✓✓
R338 000 + R6 760 = R394 760✓✓ (4)

3.1.3 December is a very busy month and the demand for goods and services is very high. People borrow money to spend. The inflation rate increases to discourage people from buying.
(Any other relevant response) (3)

3.1.4
- Salary and wage earners✓
  The workers are worse off if they fail to maintain their actual wages and salaries on the same level as before the general increase. Increase in prices benefits SARS as salaries are adjusted from time to time.✓✓
- Debtors and creditors✓
  Debtors benefit as they repay their debts with money that has depreciated as the buying power of money has decreased.✓✓
- Investors✓
  If the inflation rate is higher than the effective interest earned on the investment, it means a loss to the investor, which means savings disappear completely.✓✓
- The entrepreneur✓
  Entrepreneurs benefit from this as they can pass price increases on to the consumer.✓✓ (12)

3.2
3.2.1 Divisibility
3.2.2 Portability
3.2.3 Relative supply
3.2.4 Durability
3.2.5 Acceptability

(5 × 2) (10)

3.3
- Natural resources✓
  Natural resources, i.e. gold in South Africa, are exported to other countries, which increases national income.✓
- Labour✓
  Skilled labourers produce goods and services of a good quality, which increases national income.✓
- Capital✓
  Capital in the form of goods can create more goods to be sold, which increases national income. Capital in the form of money means a country can make investments.✓
- Entrepreneur✓
  There is a shortage of entrepreneurs in South Africa. If they are increased, it will assist in increasing national income.✓ (4 × 2) (8)

3.4
- Refers to the total value of all goods and services produced by the permanent citizens within a period of one year.
- Refers to the total value of all goods and services produced within the borders of a country within a period of one year. (2 × 2) (4)

3.5
- It is an integrated socio-economic policy framework.
- Democratic government must play a leading role in building an economy which offers opportunities to produce.
- ALL job creation programmes should particularly cater for women and youth.
- Generate programmes to address unemployment. (Any 3 × 2) (6)

3.6 True (1)
[50]

QUESTION 4

4.1 4.1.1 January 2016 (2)

4.1.2 26,6 – 24,5 = 2,1
2,1/24,5 × 100
= 8,57% (3)

4.1.3 Unemployment refers to a situation whereby a person is qualified and looking for a job, but cannot find it/is not willing to take it at the current wage rate. (3)

4.1.4
- Seasonal unemployment
- Technological unemployment
- Cyclical unemployment
- Structural unemployment
- Frictional unemployment (Any 3 × 2) (6)

4.2
- The extent to which employees are trained. A higher wage is paid for skilled than for unskilled labour.
- The duration and costs involved in training. The costs of a doctor's training course are more than that of a teacher.
- Aptitude for a certain job also plays an important role.
- Wages vary according to the responsibility of the employee. The more the responsibility, the higher the pay.
- Wages are also influenced by the regularity or irregularity of the availability of the job.
- The laws on demand and supply of labour also influence wages.

(Any 4 × 2) (8)

4.3
- To ensure efficient utilisation of the means of production.
- To ensure that the production process functions in an orderly manner.
- The entrepreneur makes a real effort to promote the socio-economic aims of the state.
- Legislation describes the framework within which enterprises must operate. (Any 3 × 2) (6)

4.4
- Natural resources
- Climate
- Characteristics of labour
- Capita
- Heterogeneous needs of the people
- Income
- Established industries
- International migration
- Development of infrastructure
- Differences in costs (Any 2 × 2) (4)

4.5
4.5.1 300
4.5.2 300
4.5.3 750
4.5.4 375
4.5.5 1 350
4.5.6 900
(6 × 2) (12)

4.6
- Time wage is the remuneration an employee earns after working for a certain number of hours/certain period of time.
- Piece wage is the remuneration received by an employee after completing a certain task. (2 × 2) (4)

4.7 Transfer payment (2)
[50]

QUESTION 5

5.1
- To negotiate wages and working conditions
- To regulate relations between workers (its members) and the employer
- To take collective action to enforce the terms of collective bargaining
- To raise new demands on behalf of its members

(Any other relevant 4 × 4) (8)

5.2
- Banking institutions
- Insurance companies
- Building societies
- Industrial Development Corporation of South Africa
- Investec Bank Limited
- Post offices (Any 5 × 2) (10)

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5.3
- Full employment✓
  To reduce unemployment and underemployment, the state should spend sufficiently on social and economic overheads. These expenditures will help to create more employment opportunities and increase the productive efficiency of the economy. ✓✓
- Price stability✓
  In a developing country like South Africa, economic instability is manifested in the form of inflation. Monetary measures are then applied to lower the inflation and stabilise the prices.✓✓
- Accelerate the rate of economic growth✓
  Fiscal measures, such as taxation and public borrowing, and deficit financing, should be used properly so that production and consumption and distribution may not be affected adversely.✓✓
- Equitable distribution of income and wealth✓
  To reduce inequalities and distributive justice, government should invest in those productive channels that incur benefit to low income groups and are helpful in raising their productivity and technology.✓✓

(Any 3 × 3) (9)

5.4 5.4.1
- 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 of the population.
- Development is the process whereby the standard of living of the majority of the people in a country improves.

5.4.2
- Floating exchange rate is a regime whereby the currency price is set by the forex market based on supply and demand compared with other currencies.
- Fixed exchange rate is a type of regime where a currency's value is fixed against either the value of another single currency or a basket of other currencies.

5.4.3
- Privatisation is the transfer of a business, industry or service from public to private ownership and control.
- Nationalisation is when a government chooses to take an industry into state ownership in order to safeguard the supply of a good or service.

5.4.4
- Money wage is the amount of money earned and does not take changes in price levels into account.
- Real wage is the wage adjusted for inflation or wage in terms of the amount of goods and services that can be bought.

(4 × 4) (16)

5.5 Migration has a specific effect on the labour supply. Due to political uncertainty, violence and a low economic growth rate, a country loses large numbers of people migrating to other countries. Emigrants decrease the labour supply. (3)

5.6 Firms demand labourers at low wages, leading to a lower supply of labour, i.e. shortage of labour, until the wage rate is increased. At higher wages there will be more supply (surplus of labour) while employers demand less labour. This game in wage happens until what is demanded by firms is equal to what the labourers are willing to take – equilibrium. (4)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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