



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATION – 2008

ECONOMICS

STANDARD GRADE

MAY/JUNE 2008

MEMORANDUM

MARKS: 300

This memorandum consists of 16 pages.

SECTION A**QUESTION 1**

1.1 MULTIPLE-CHOICE

- 1.1.1 B Underestimate✓✓✓
- 1.1.2 C Technological advancement✓✓✓
- 1.1.3 B Pollution and overpopulation✓✓✓
- 1.1.4 D Per capita national income✓✓✓
- 1.1.5 D Increase in the quantity of butter demanded✓✓✓
- 1.1.6 B Decrease in the quantity supplied ✓✓✓
- 1.1.7 A Consumer market✓✓✓
- 1.1.8 D Price✓✓✓
- 1.1.9 D Door-to-door hawkers✓✓✓
- 1.1.10 A Attract infrastructure to rural areas✓✓✓
- 1.1.11 D Development✓✓✓
- 1.1.12 B Dependency on agriculture✓✓✓
- 1.1.13 C Spices✓✓✓
- 1.1.14 A Payment of interest on foreign loans✓✓✓
- 1.1.15 C Price of exports will fall✓✓✓
- 1.1.16 B Subsidies✓✓✓
- 1.1.17 B Fiscal✓✓✓
- 1.1.18 D Some services are under valued✓✓✓
by private sector✓✓✓
- 1.1.19 D Supplementary✓✓✓
- 1.1.20 C Regressive✓✓✓

20 x 3 [60]

1.2 TRUE OR FALSE

- 1.2.1 True✓✓
- 1.2.2 False✓✓
- 1.2.3 True✓✓
- 1.2.4 True✓✓
- 1.2.5 False✓✓
- 1.2.6 True✓✓
- 1.2.7 True✓✓
- 1.2.8 True ✓✓
- 1.2.9 True✓✓
- 1.2.10 False✓✓

10 x 2 [20]

1.3 Choose from list

- 1.3.1 Double counting✓✓
- 1.3.2 Cost of production✓✓
- 1.3.3 ASGISA✓✓
- 1.3.4 Devaluation✓✓
- 1.3.5 Responsibility✓✓
- 1.3.6 Mechanisation✓✓
- 1.3.7 Unemployment✓✓
- 1.3.8 Inflation✓✓
- 1.3.9 Wages✓✓
- 1.3.10 Wind✓✓

10 x 2 [20]

TOTAL SECTION A: 100

SECTION B**QUESTION 2: NATIONAL INCOME**

2.1 Choose the correct word from those in brackets. Write only the answer next to the question number (2.1.1-2.1.2)

2.1.1 Value added ✓✓ (2)

2.1.2 Increase ✓✓ (2)

2.1.3 *The production of goods and services in an economy originates in three economic sectors. Name these three sectors.*

(i) Primary sector ✓✓

(ii) Secondary sector ✓✓

(iii) Tertiary sector ✓✓

3 x 2 = (6)

[10]

2.2 DATA RESPONSE

2.2.1 Business cycle. ✓✓

1 x 2 = (2)

2.2.2 Prosperity ✓✓✓

2.2.3 Recession ✓✓✓

2.2.4 Depression ✓✓✓

2.2.5 Recovery ✓✓✓

4 x 3 = (12)

[14]

2.3 Discuss expenditure by households in a closed economy

2.3.1 Expenditure by households

Households spend on the following items

(a) Durable consumer goods ✓✓: housing and vehicles ✓✓

(b) Semi durable goods ✓✓: Curtains and bedding ✓✓

(c) Non-durable goods ✓✓: food and fuel ✓✓

(d) Services ✓✓: Transport and electricity ✓✓

MAX 4x4 [16]

/40/

QUESTION 3: PRICE FORMATION

3.1 Choose the correct word from those in brackets. Write only the answer next to the question number (3.1.1-3.1.2)

3.1.1 Utility ✓✓ (2)

3.1.2 Variable ✓✓ (2)

3.1.3 Lists the THREE components of demand.

(a) The desire/need to possess article ✓✓

(b) The ability to pay the price ✓✓

(c) The willingness to pay the price ✓✓ 3 x 2 (6)

3.2 DATA RESPONSE

3.2.1 15 kg ✓✓✓

3.2.2 R50 ✓✓✓

3.2.3 15 Kg ✓✓✓

3.2.4 Profit motive / Law of supply ✓✓✓ 4 x 3 (12)

3.2.5 The price at which the quantity demanded equals the quantity supplied ✓✓ (2)
[14]

3.3 Name and discuss any FOUR conditions of a perfect market in practice.

a. There should be a large number of sellers and buyers ✓✓

(i) It would then not be possible for any one buyer to choose one seller to influence price, through his/her actions ✓✓

(ii) Only a lower price should induce a buyer to choose one seller over another ✓✓

Max 4

b. Free access to and from markets ✓✓

(i) Buyers can enter or leave without any restrictions ✓✓

(ii) Sellers can enter and leave without any interference to the market ✓✓

Max 4

c. Products being marketed should be homogeneous ✓✓

(i) products should be identical so that buyers do not turn to substitutes.

(ii) Products must be standardized and easy to grade ✓✓

(iii) Identical products then compete solely on the basis of price ✓✓

Max 4

d. An efficient transport and communication system✓✓

- (i) Buyers and sellers must be able to communicate easily with each other in the shortest possible time✓✓
- (ii) Publication of prices is essential to keep buyers and sellers aware of market conditions✓✓
- (iii) Rapid and good transport system must be present to convey goods speedily from one place to another✓✓
- (iv) In this way any change to demand and supply will influence the entire market✓✓✓

Max 4

e. No preferential treatment or discrimination✓✓

- (i) Buyers and sellers base their action solely on price✓✓)
- (ii) No preference is shown for buying from or selling to any particular person ✓✓
- (iii) Identical products will therefore fetch the same price in all markets✓✓

Max 4

f. Free Competition✓✓

- (i) Buyers must be free to buy wherever they want from any firm and in any quantity. ✓✓
- (ii) Sellers must be free to sell what, how much and where they wish✓✓
- (iii) There should be no state interference and no price control✓✓
- (iv) Buyers should not collude to obtain lower price nor combine to enforce higher prices✓✓
- (v) Buyers and sellers should have free access to the market and no forceful measures should be applied✓✓

Max 4

g. All participants must have perfect knowledge of market conditions✓✓

- (i) All buyers and sellers must be fully aware of what is happening in any part of the market✓✓
- (ii) Development of technology has enhanced the scope of marketing. ✓✓

Max 4

(Any 4 X 4) =16
/40/

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QUESTION 4: ECONOMIC DEVELOPMENT, REGIONAL DEVELOPMENT AND URBANISATION

4.1 Choose the correct word from those in brackets. Write only the answer next to the question number (4.1.1-4.1.2)

4.1.1 Longer ✓✓

4.1.2 Urban ✓✓

2 x2 (4)

4.1.3 List any THREE objectives of regional development.

(a) To identify viable regions for human development. ✓✓

(b) To promote optimal human development within the region ✓✓

(c) To ensure continues economic development. ✓✓

(d) To encourage the creation of job opportunities. ✓✓

(e) To ensure the involvement of local communities. ✓✓

(f) To follow an approach in which thinking and planning will be done together with those involved. ✓✓

(g) To take into account thoroughly and rationally the multinational and multicultural character of every region ✓✓

(ANY 3 X 2) (6)

[10]

4.2 DATA RESPONSE

4.2.1 Motor manufacturing ✓✓✓

(3)

4.2.2 Job creation / economic development / economic growth/increase in GDP ✓✓✓

3 x 3 (9)

4.2.3 Industrial Development Zone ✓✓

(2)

[14]

4.3 Name and discuss any FOUR advantages of urbanisation.

4.3.1 Economic growth ✓✓

(i) Urbanization is a necessary condition for economic development ✓✓.

(ii) Benefits of the convergence of people and extensive industry promote growth.

4.3.2 Cities meet many needs of modern people ✓✓

(i) Many things associated with quality of life such as recreational facilities, water and electricity are available in cities. ✓✓

4.3.3 Lower cost ✓✓

(i) Lower costs are achieved through mass production. ✓✓

4.3.4 Higher personal income ✓✓

(i) Urban dwellers earn higher income comparatively. ✓✓

4.3.5 Drop in birth rates ✓✓

(i) A higher level of education and job creations lower the birth rates. ✓✓

(ii) This results in more people being economically active. ✓✓

Accept any other relevant facts

Naming = 2marks

Discussion = 2 marks

Max. [16]

/40/

QUESTION 5: INTERNATIONAL ECONOMICS

5.1 Choose the correct word from those in brackets.

Write only the answer next to the question number (5.1.1-5.1.2)

5.1.1 Deducted✓✓

(2)

5.1.2 Domestic✓✓

(2)

5.1.3 List any THREE causes of international trade

(a) Capital✓✓

(b) Natural resources✓✓

(c) Mass production✓✓

(d) Climate✓✓

(e) Effective wants ✓✓

(f) Income✓✓

(g) International migration✓✓

(h) Cost differences✓✓

(i) Transport and communication✓✓

(j) Characteristics of labour and the quality of the entrepreneur. ✓✓

(k) Established industries✓✓

(Any 3 x 2) = 6

[10]

5.2 DATA RESPONSE

5.2.1 October and November✓✓✓

5.2.2 December and January✓✓✓

5.2.3 Euro✓✓✓

5.2.4 R7120✓✓✓

4x3 (12)

5.2.5 Exchange rate✓✓

[14]

5.3 Explain import duties as one of the strategies for protection.

Import duties

(i) It is the most common form of protection to levy duties✓✓

(ii) It is done by imposing tariffs in different forms✓✓

1. Ad valorem tariffs✓✓

(i) In this case the duty amounts to a certain percentage of the value of the imported article✓✓ For example, if the tariff is 5 percent, and the price of the commodity R100, is the amount to be played R5. ✓✓

2. Specific tariffs ✓✓

- (i) Levied as a certain amount per unit, mass or size ✓✓ e.g.
R10 per unit per unit, kilogram, litre, etc. ✓✓

3 Composite tariffs ✓✓

- (i) The tariff on a specific type of product applies consisting of
an ad valorem part plus a specific part ✓✓ e.g. 5% of the value plus
R 2.50 per unit imported ✓✓

4 Surcharges ✓✓

- (i) Taxes paid over and above taxes already payable on particular products the import of
which is being discouraged ✓✓ e.g. South African sugar imports from the USA and
Canada have been made more expensive by levying tariffs to protect local sugar
producers. ✓✓

5 Reasons for levying import duties: ✓✓

- (i) Increase the state's revenue ✓✓
(ii) Protect local industries and agricultural sector from foreign competition ✓✓

Max [16]

/40/

QUESTION 6: THE STATE

6.1 Choose the correct word from those in brackets.
Write only the answer next to the question number (6.1.1-6.1.2)

6.1.1 State ✓✓

6.1.2 SARB ✓✓

2X2 (4)

6.1.3 List any THREE reasons as to why the government privatises state assets.

- (a) To finance essential social services without increasing the tax burden. ✓✓
 (b) To reduce the state's share in the economy. ✓✓
 (c) To lighten the tax burden by increasing the tax base ✓✓
 (d) To minimize the use of national resources. ✓✓
 (Accept any other relevant facts)

(Any 3x2) (6)
[10]

6.2 DATA RESPONSE

6.2.1 $245.8 + 5.6 + 8.9 + 171.7 + 23.6 + 10.5 = R455,6$ Billions ✓✓✓

6.2.2 Loans/ donations/ admin income/ state property/ commercial income/
privatization ✓✓✓ Any 1x3

6.2.3 Taxes on international trade and transactions ✓✓✓

6.2.4 Taxes on property ✓✓

[14]

6.3 Name and discuss any four objectives of the state's economic policy.

6.3.1 Price stability ✓✓

- (a) Prices rise when the demand exceeds the supply of goods and prices decreases when the supply exceeds the demand. ✓✓
 (b) It is, however, abnormal for prices to increase year after year but when this happens, we say that inflation exists and this is a continuous Increase of price over an extended period. ✓✓
 (c) Continued inflation is disadvantageous to a country and therefore it is necessary for the government to take action. ✓✓

6.3.2 Full employment ✓✓

- (a) Full employment means that all persons who would like to work, who are fit to work and who are seeking work should be able to find work. ✓✓
 (b) Full employment is possible only if production is stimulated and increased. ✓✓

- (c) Measures to stimulate production are required e.g. promotion of labour Intensive enterprises, subsidies, tax concessions and increased consumption. ✓✓

6.3.3 Economic growth ✓✓

- (a) Economic growth means an increase in total production or an increase in the GDP. ✓✓
(b) Tax relief will stimulate consumption and production ✓✓

6.3.4 Balance of payment equilibrium ✓✓

- (a) It refers to a position where a favourable ratio exists between the various economic variables (import, export, capital flows.) ✓✓

6.3.5 Economic equity ✓✓

- (a) The market mechanism often creates an unequal distribution of income. ✓✓
(b) A more equal distribution of income can be achieved through a progressive tax and free services to poor. ✓✓

Any 4 x 4

[16]

/40/

QUESTION 7

7.1 Choose the correct word from those in brackets. Write only the answer next to the question number (7.1.1-7.1.2)

7.1.1 Stamp ✓✓

7.1.2 Increase ✓✓

2 X 2 (4)

7.1.3 List any THREE Spatial Development Initiatives (corridors) in South Africa.

(a) Maputo corridor ✓✓

(b) Wild coast Development Programme ✓✓

(c) Lubombo initiative ✓✓

(d) West Coast Investment Initiative ✓✓

(e) Platinum SDI ✓✓

(g) Coast-to-coast corridor ✓✓

Any 3x2 (6)
[10]

7.2 DATA RESPONSE

7.2.1 Picture A –Urbanisation / local migration ✓✓✓

Picture B- International migration/ Immigration/ Emigration ✓✓✓ (6)

7.2.2

(a) Economic development in cities ✓✓✓

(b) Establishment of factories near cities ✓✓✓

(c) Modern farming methods ✓✓✓

(d) Better prospects in cities ✓✓✓

(e) Labour intensive tertiary and manufacturing sectors ✓✓✓

(f) Rapid development of mining industries ✓✓✓

(g) The great demand for labour in cities ✓✓✓

(h) Availability of facilities in cities ✓✓✓

Any 2 x 3 (6)

7.2.3 SDI's ✓✓/ decentralization of industries ✓✓ rural development ✓✓

Any 1 x (2)

[14]

(Accept any other relevant fact.)

7.3 Explain advantages and disadvantages of direct taxation.

7.3.1 Advantages ✓✓

(a) The cost of collection is relatively low ✓✓

(b) The taxpayer knows exactly how much he/she has to pay ✓✓

(c) The money due to the state can be estimated ✓✓

(d) People who earn their income in one country and spend it else where are also taxed ✓✓

(e) Taxes can be levied according to the progressive system of taxation ✓✓

(f) Direct taxation is elastic, because small increases in direct tax produce a great deal of extra income for the state. ✓✓

4 x 2 (8)

7.3.2 Disadvantages

- (a) Tax evasion occurs quite frequently. Many people don't pay tax at all or they provide false information ✓✓
- (b) Tax payers have to complete tax returns that are so complicated that they even need the aid of accountants or tax advisors for illiterate taxpayers. ✓✓
- (c) Each time a tax payer pays taxes, an assessment must be done and this causes a great deal of administrative work ✓✓
- (d) It is very difficult to devise a system of taxation that is fair and just to every tax payer ✓✓
- (e) The taxpayer feels the burden of taxation and usually complains about it. ✓✓

Any 4 x 2 (8)

2 x 8 (16)

/40/**QUESTION 8****8.1 LABOUR RELATIONS**

- 8.1.1 Choose the correct word from those in brackets.
Write only the answer next to the question number (a)

(a) Training ✓✓ (2)

(b) List any TWO factors that influence the supply of labour.

- (i) Total population ✓✓
- (ii) Population growth rate ✓✓
- (iii) Labour force participation rate ✓✓
- (iv) Working hours ✓✓
- (v) Migration ✓✓
- (vi) Level of skills ✓✓

ANY 2 X 2 (4)

8.1.2 DATA RESPONSE

- (a) Congress Of South African Trade Union. ✓✓✓
- (b) Protect the interest of the workers. ✓✓✓ (6)

8.1.3 Discuss the functions of Industrial court / Labour court.

- (a) The industrial court/ labour court performs all the functions of a civil court within labour laws' context as follows ✓✓:
 - (i) The interpretations of provisions of laws and regulations, industrial agreements and others. ✓✓
 - (ii) The hearing of cases of irregular and undesirable labour practice. ✓✓

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(b) The investigation and hearing of cases of:

- (i) Unjustified changes in conditions of service. ✓✓
- (ii) Unfair dismissals. ✓✓
- (iii) Underpayment of wages. ✓✓
- (iv) Wrongful treatment and other grievances. ✓✓
- (e) The settling of disputes of a non-judicial nature. ✓✓
- (f) The settlement of labour disputes of a judicial nature including the issuing of orders or instructions. ✓✓
- (g) Promoting sound relations between employers and employees. ✓✓
- (h) Helping to establish fair employment practices. ✓✓

Any 4 x 2

(8)
/20/**AND/OR****8.2 PRODUCTIVITY AND UNEMPLOYMENT**

8.2.1 Choose the correct word from those in brackets. Write only the answer next to the question number (a)

(a) Structural ✓✓

(2)

(b) List any TWO disadvantages of productivity

- (i) Can reduce number of job opportunities ✓✓
- (ii) In South Africa productivity is negatively affected by labour factors such as shortage of skilled labour. ✓✓
- (iii) In South Africa political uncertainty in social conflict contributes to low productivity. ✓✓
- (iv) Actions of trade unions can reduce productivity. ✓✓
- (v) A lack of management skills and productivity awareness contributes to poor productivity ✓✓
- (vi) During the course of the business cycle the accurate indication of productivity is problematic. ✓✓
- (vii) The quality of output is not always considered when productivity is measured. ✓✓

Any 2x2

(4)

8.2.2 DATA RESPONSE

(a)

- (i) Give workers more responsibilities and to improve morale. ✓✓✓
- (ii) Avoid repetitive work ✓✓✓.
- (iii) Salaries/wages should be reasonable/living wage ✓✓✓

Any 1x3 (3)

Accept other reasonable solutions

(b) Lose R19 bn per year ✓✓✓/ poor productivity ✓✓✓

1 x 3

(3)

8.2.3 Discuss the consequences of unemployment.

- (a) A person's pride and dignity is adversely affected as his/her standard of living declines. ✓✓
- (b) An increase in the crime rate. ✓✓

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- (c) Expensive skills and potential ability are lost.
instability in society. ✓✓
- (d) The country cannot realise its full potential in production of utilities. ✓✓
- (e) Serious social problems such as suicides and murders increase. ✓✓
- (f) In South Africa, unemployment harm the process of transition and threatens
the democracy. ✓✓
- (g) A negative perception that the market cannot solve the problem of
unemployment arises. ✓✓

Any 4x2 (8)

/20/

AND/OR

8.3 INFLATION

8.3.1 Choose the correct word from those in brackets. Write only the answer next to the question number (a)

- (a) Raise ✓✓ (2)

(b) List any TWO factors which cause demand-pull inflation.

- (i) Demand exceeding supply ✓✓
- (ii) General public not saving ✓✓
- (iii) Extravagant spending ✓✓
- (iv) Increase in money supply ✓✓
- (v) Easily available credit ✓✓
- (vi) Increase in exports without a rise in domestic production. ✓✓
- (vii) Systematic decline in productivity. ✓✓
- (viii) Strikes and stay-aways/Go-slows. ✓✓

Any 2x2 (4)

8.3.2 DATA RESPONSE

- (a) Producer Price Index ✓✓✓
- (b) Escalating food prices at agricultural and manufacturing levels ✓✓✓
2 x 3 [6]

8.3.3 Name and discuss any TWO consequences of inflation.

- (a) Increase in direct taxation ✓✓
- (b) Taxpayer's salaries are adjusted from time, to time placing them in
higher tax brackets ✓✓
- (c) Increase in indirect taxation ✓✓
- (d) As the price of goods and services increases indirect taxation
(VAT) receipts become higher ✓✓
- (e) Increase in social- welfare spending ✓✓
- (f) During inflationary periods the state has an obligation to also increase
welfare payments such as grants and pensions ✓✓
- (f) Labour dispute ✓✓
- (g) The employers are expected to increase employees wages to be in
line with inflation ✓✓

Any 4 x 2 [8]

/20/

AND/OR**8.4 STRATEGIC RESOURCES**

8.4.1 Choose the correct word from those in brackets. Write only the answer next to the question number (a)

(a) Koeberg✓✓ (2)

(b) List any TWO non-agricultural economic uses of water in S.A

- (i) Mining development✓✓
- (ii) Industrial development✓✓
- (iii) Flood control✓✓
- (iv) Provision of public services✓✓
- (v) Establishment of recreational facilities✓✓
- (vi) Decentralization of industries✓✓

Any 2 x 2 (4)

8.4.2 DATA RESPONSE

(a)

- (i) Use gas turbine stations✓✓✓
- (ii) Use pump storage peaking stations✓✓✓
- (iii) have 15% reserve margin✓✓✓

Any 1 x 3 (3)

(b)

- (i) Decrease in production✓✓✓
 - (ii) Decrease in GDP✓✓✓
 - (iii) Negative effect on Investments✓✓✓
- Accept other reasonable explanation.

Any 1 x 3 (3)

8.4.3 Briefly discuss the importance of water supply and conservation with regard to the primary sector of the South African economy.

1. Agriculture and irrigation ✓✓

- (a) The largest single user of water in South Africa✓✓
 - (b) Increase the food production, production of stock feed and live stock ✓✓
 - (c) Providing employment for a growing population through irrigation farming✓✓
- 2 x 2 (4)

2. Mining✓✓

- (a) South Africa is rich in minerals✓✓
- (b) Without water mining could not adequately fulfill its role as a contributor to the economic growth. ✓✓
- (b) Earning of foreign exchange from mineral exports✓✓

Any 2x2 (4)
(8)
[20]
/40/

TOTAL SECTION B: 200

GRAND TOTAL: 300