



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATION – 2008

ECONOMICS

STANDARD GRADE

MAY/JUNE 2008

MARKS: 300

TIME: 3 hours

This question paper consists of 20 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions/information carefully before answering the questions.

1. Answer only SIX questions.
2. This question paper consists of TWO sections, namely SECTION A and SECTION B.

SECTION A: QUESTION 1 is COMPULSORY and must be answered by ALL the candidates in the ANSWER BOOK.

SECTION B: Answer any FIVE other questions from this section in the ANSWER BOOK.
3. If you answer more than the required number of questions, only the required number of questions will be marked in the order in which they appear in the answer book. ALL work you do NOT want to be marked must be clearly crossed out.
4. Use only black or blue ink. Answers in pencil will NOT be marked.
5. Read the questions carefully and start the answer to EACH question on a NEW page.
6. Leave 2 to 3 lines between subsections of questions.
7. Number the answers correctly according to the numbering system used in this question paper.
8. Answer the questions in full sentences and ensure that the format and content of your answers comply with the cognitive levels of questions.
9. Non-programmable calculators may be used.
10. Write neatly and legibly.

SECTION A**QUESTION 1 (COMPULSORY)**

1.1 MULTIPLE-CHOICE QUESTIONS

Four possible options are provided as answers to the following questions. Write only the letter (A – D) next to the question number (1.1.1 – 1.1.20) in the ANSWER BOOK, for example 1.1.21 D.

NATIONAL INCOME

- 1.1.1 The services of voluntary workers such as home-based caregivers, lead to ... national income.
- A overestimation
 - B underestimation
 - C revaluation
 - D overvaluation (3)
- 1.1.2 Sustained economic growth is best realised through ...
- A an increase in the population growth rate.
 - B decreasing foreign investment.
 - C technological advancement.
 - D decreasing the labour force. (3)
- 1.1.3 One of the shortcomings of national income figures is ...
- A nominal and real national income.
 - B pollution and overpopulation.
 - C production in tertiary industries.
 - D production in secondary industries. (3)
- 1.1.4 The instrument used to measure the prosperity levels of countries is known as the ...
- A gross domestic product.
 - B gross national product.
 - C net national income.
 - D per capita national income. (3)

PRICE FORMATION

- 1.1.5 A drop in the price of butter will result in a/an ...
- A decrease in the quantity of butter demanded.
 - B increase in the demand for margarine.
 - C no change in the demand for butter.
 - D increase in the quantity of butter demanded. (3)
- 1.1.6 A shift of the supply curve to the left indicates a/an ...
- A increase in the quantity supplied.
 - B decrease in the quantity supplied.
 - C increase in the quantity demanded.
 - D decrease in the quantity demanded. (3)
- 1.1.7 The market for finished products is known as the ... market.
- A consumer
 - B factor
 - C producer
 - D capital (3)
- 1.1.8 The value of goods or services is measured in terms of the ...
- A cost of production.
 - B utilitarian value.
 - C ability to satisfy wants.
 - D price. (3)

ECONOMIC AND REGIONAL DEVELOPMENT AND URBANISATION

- 1.1.9 An example of an informal trader is a/an ...
- A non-governmental organisation.
 - B mail-order representative.
 - C insurance agent.
 - D door-to-door hawker. (3)
- 1.1.10 An objective of South Africa's SDIs is to ...
- A attract infrastructure to rural areas.
 - B attract investments to urban areas.
 - C accelerate the depopulation of rural areas.
 - D assist the centralisation of cities. (3)

- 1.1.11 An improvement in the general standard of living of people is known as economic ...
- A reform.
 - B recession.
 - C counter production.
 - D development.
- (3)

- 1.1.12 Developing economies are characterised by ...
- A high levels of productivity.
 - B dependency on agriculture.
 - C mechanisation and automation.
 - D sufficient housing.
- (3)

INTERNATIONAL ECONOMICS

- 1.1.13 Due to unsuitable climatic conditions, South Africa is compelled to import ...
- A sugar.
 - B maize.
 - C spices.
 - D citrus fruit.
- (3)

- 1.1.14 The demand for foreign exchange is determined by ...
- A payment of interest on foreign loans.
 - B exporting goods.
 - C raising loans in foreign capital.
 - D inflow of foreign capital.
- (3)

- 1.1.15 Should the value of the rand weaken against other currencies, then the ...
- A price of exports will rise.
 - B price of imports will fall.
 - C price of exports will fall.
 - D local standard of living will improve.
- (3)

- 1.1.16 Cash allowances that are paid to exporters to encourage them to increase their export of goods and services are known as ...
- A incentives.
 - B subsidies.
 - C loans.
 - D donations.
- (3)

THE STATE

- 1.1.17 The policy of adjusting tax structures to regulate cash flow, used by the state, is referred to as its ... policy.
- A public
 - B fiscal
 - C monetary
 - D economic
- (3)
- 1.1.18 The state acts as an entrepreneur because ...
- A competition is harmful in the private sector.
 - B of the profit motive.
 - C it has the power to impose prices.
 - D some services are undervalued by the private sector.
- (3)
- 1.1.19 The ... budget makes provision for unforeseen circumstances.
- A additional
 - B surplus
 - C partial
 - D supplementary
- (3)
- 1.1.20 In the ... system of taxation, the lower-income earner pays a higher rate than the higher-income earner.
- A progressive
 - B proportional
 - C regressive
 - D comparative
- (3)

- 1.2 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question number (1.2.1 – 1.2.10) in the ANSWER BOOK.
- 1.2.1 The economic cycle begins in the consumption sector. (2)
- 1.2.2 Through the use of highly qualified statisticians, South Africa's national income figures are absolutely accurate. (2)
- 1.2.3 The functional development of markets depends on the nature of business conducted. (2)
- 1.2.4 Free goods are not subject to human control. (2)
- 1.2.5 The Reconstruction and Development Programme will assist with provisioning of housing for all citizens of South Africa. (2)
- 1.2.6 Urbanisation is the movement of people from rural areas to urban areas. (2)
- 1.2.7 Import quotas are applied through the issuing of permits. (2)
- 1.2.8 The balance of payments is a systematic record of all transactions of one country with the rest of the world. (2)
- 1.2.9 Sanitation and refuse removal are classified as community services. (2)
- 1.2.10 As the keeper of South Africa's treasury, the Minister of Finance is not liable for tax. (2)

- 1.3 Choose the word(s) from the list below that best match(es) the descriptions below. Write only the word(s) next to the question number (1.3.1 – 1.3.10) in the ANSWER BOOK.

GEAR; devaluation; responsibility; ASGISA; wind; profit; cost of production; mechanisation; inflation; unemployment; double counting; employment; wages; interest; execution; revaluation

- | | | |
|--------|--|-----|
| 1.3.1 | The inclusion of the value of intermediate goods in the determination of national income | (2) |
| 1.3.2 | The total sacrifice the producer makes to produce a good | (2) |
| 1.3.3 | South Africa's new economic growth strategy headed by the country's deputy president, Phumzile Mlambo Ngcuka | (2) |
| 1.3.4 | Reduction in the value of a country's currency due to government intervention | (2) |
| 1.3.5 | The last stage of the financial procedure of the national (main) budget | (2) |
| 1.3.6 | Machines do the work that was previously done by people | (2) |
| 1.3.7 | Workers want to work but cannot find jobs | (2) |
| 1.3.8 | A general increase in the price level | (2) |
| 1.3.9 | The price of labour on the labour market | (2) |
| 1.3.10 | A renewable energy source in South Africa | (2) |

TOTAL SECTION A: 100

SECTION B

Answer any FIVE questions from this section in the ANSWER BOOK.

QUESTION 2: NATIONAL INCOME

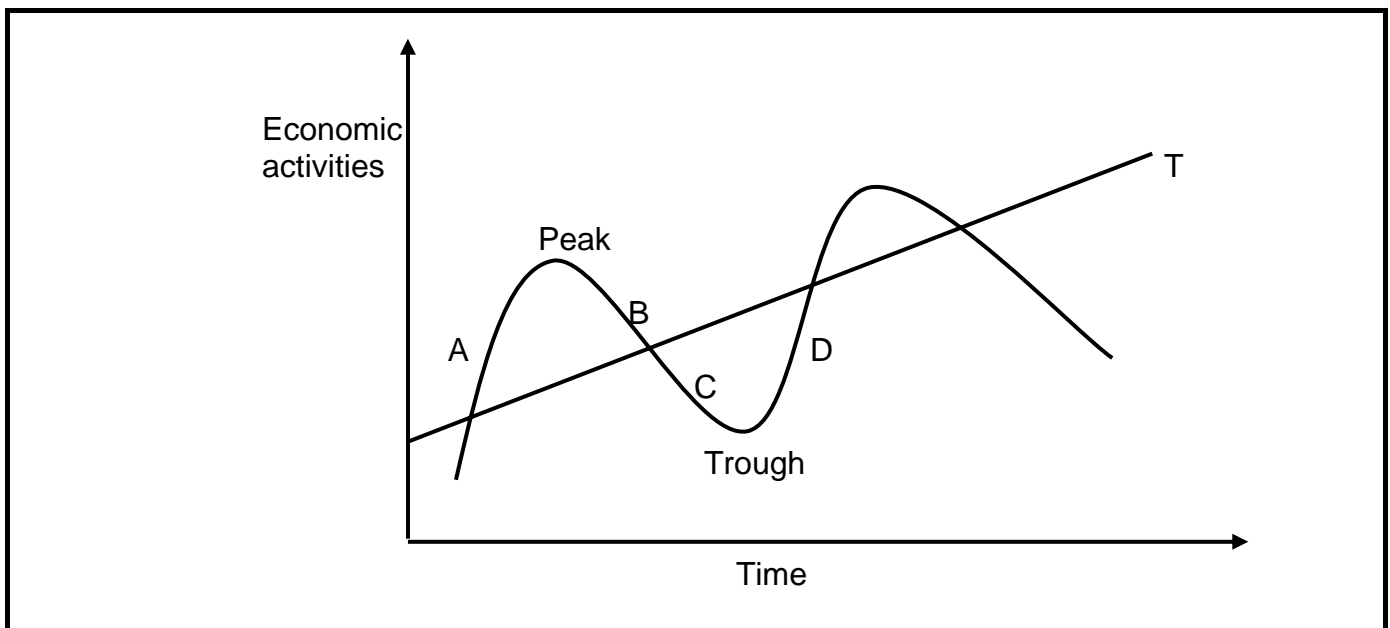
2.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (2.1.1 – 2.1.3) in the ANSWER BOOK.

2.1.1 The production method used in determining national income is also known as the (factor-income/value-added) approach. (2)

2.1.2 If the GDP of a country increases more rapidly than the population growth, the average prosperity level will (decrease/increase). (2)

2.1.3 The production of goods and services in an economy originates in three economic sectors. Name these THREE sectors. (6)

2.2 Study the graph below and answer the questions that follow.



2.2.1 Name the phenomenon that is depicted in the above graph. (2)

2.2.2 What is represented by A? (3)

2.2.3 What is represented by B? (3)

2.2.4 What is represented by C? (3)

2.2.5 What is represented by D? (3)

2.3 Discuss expenditure by households in a closed economy.

(16)
[40]

QUESTION 3: PRICE FORMATION

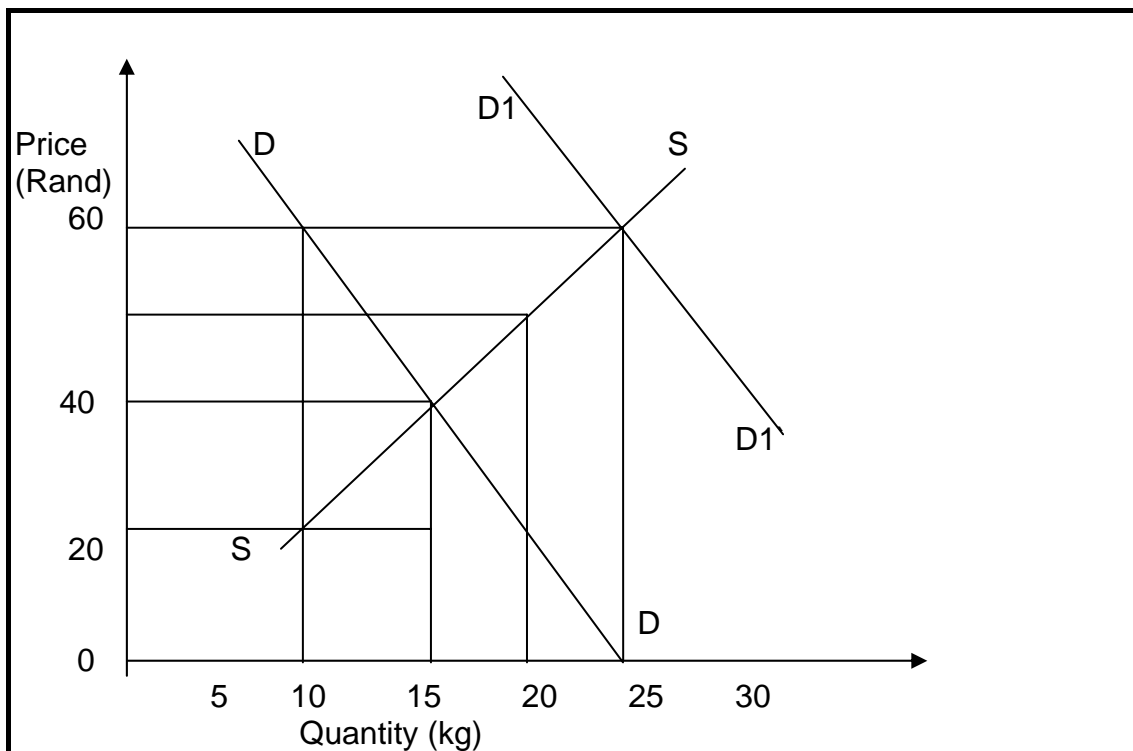
3.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (3.1.1 – 3.1.2) in the ANSWER BOOK.

3.1.1 The amount of satisfaction which is derived from the consumption of a good is known as (utility/value). (2)

3.1.2 If prices increase in the short term, producers employ additional (fixed/variable) factors. (2)

3.1.3 Name the THREE components of demand. (6)

3.2 Study the graph below that illustrates the supply and demand for washing powder and answer the questions that follow.



- 3.2.1 What is the original equilibrium quantity? (3)
- 3.2.2 How much will the housewife pay for 20 kg of washing powder? (3)
- 3.2.3 Calculate the excess supply of washing powder at a price of R60, given the original demand. (3)
- 3.2.4 Why do producers supply more at higher prices? (3)
- 3.2.5 Define the term *equilibrium price*. (2)
- 3.3 Name and discuss any FOUR conditions for a perfect market in practice. (16)
[40]

QUESTION 4: ECONOMIC AND REGIONAL DEVELOPMENT AND URBANISATION

- 4.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (4.1.1 – 4.1.2) in the ANSWER BOOK.
- 4.1.1 Working hours are (shorter/longer) in the informal sector. (2)
- 4.1.2 Squatting is more common in the (rural/urban) areas. (2)
- 4.1.3 State any THREE objectives of regional development. (6)
- 4.2 Study the extract below and answer the questions that follow.

TRADE ZONE LURES NEW INVESTORS

The East London IDZ strengthened the province's status as the hub of motor manufacturing in the country when it welcomed seven investors to its new automotive supplier park.

IDZ's success is crucial to the development of the Eastern Cape economy that relies heavily on tourism, agriculture and the automotive sector.

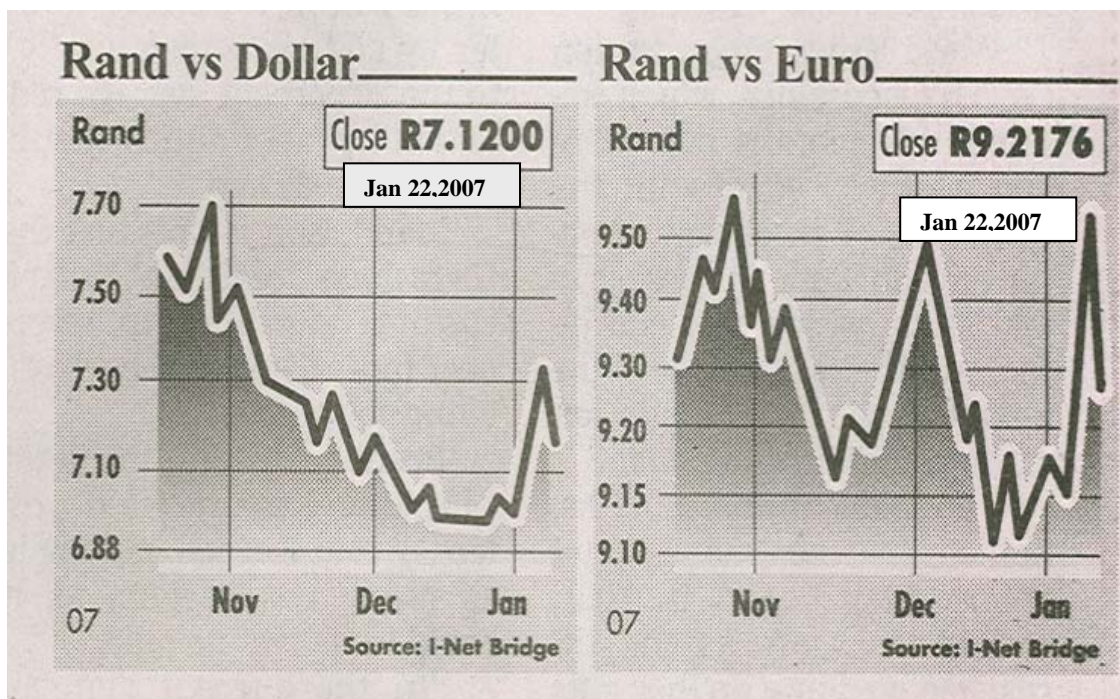
In countries like Japan more than 70% of the GDP is generated by SMEs. By focusing on SMEs, the IDZ has the potential to contribute substantially to job creation.

[Source: *City Press*, 10 December 2006]

- 4.2.1 What is the major economic activity in East London? (3)
- 4.2.2 State any THREE advantages of this new investment in this province. Refer to QUESTION 4.2.1. (9)
- 4.2.3 What does the abbreviation *IDZ* stand for? (2)
- 4.3 Name and discuss any FOUR advantages of urbanisation. (16)
[40]

QUESTION 5: INTERNATIONAL ECONOMICS

- 5.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (5.1.1 – 5.1.2) in the ANSWER BOOK.
- 5.1.1 Merchandise imports are (added/deducted) in the current account of the balance of payments. (2)
- 5.1.2 Import substitution promotes (domestic/foreign) businesses. (2)
- 5.1.3 Give any THREE reasons for international trade. (6)
- 5.2 Study the graphs below and answer the questions that follow.



- 5.2.1 Between which months was the rand the weakest against the dollar? (3)
- 5.2.2 Between which months was the rand the strongest against the euro? (3)
- 5.2.3 Which of the two currencies was more expensive to purchase in terms of the rand on 22 January 2007? (3)
- 5.2.4 If an American tourist had \$1 000 on 22 January 2007, how many rands could she/he have bought with it? (3)
- 5.2.5 What is the economic term used to describe the phrase 'rand vs. dollar'? (2)
- 5.3 Explain *import duties* as a protection strategy. (16)
- [40]**

QUESTION 6: THE STATE

- 6.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (6.1.1 – 6.1.2) in the ANSWER BOOK.
- 6.1.1 Public debt occurs when money has been borrowed by the (individual/state). (2)
- 6.1.2 The Central Bank of South Africa is known as the (SARB/SARS). (2)
- 6.1.3 Give any THREE reasons why the government privatises state assets. (6)

6.2 Study the table below and answer the questions that follow.

National government revenue in 2006/07 fiscal year		
Revenue source	April – Sept 2006 R billions	Actual percentage change
Taxes on income, profits and capital gains	245,8	19,7
Payroll taxes	5,6	11,7
Taxes on property	8,9	-3,8
Domestic taxes on goods and services	171,7	18,1
Taxes on international trade and transactions	23,6	35,9
Other revenue	10,5	0,5
Less: SACU payments	19,7	46,5
Total revenue	446,4	17,6

[Source: South African Reserve Bank, Quarterly Bulletin, December 2006]

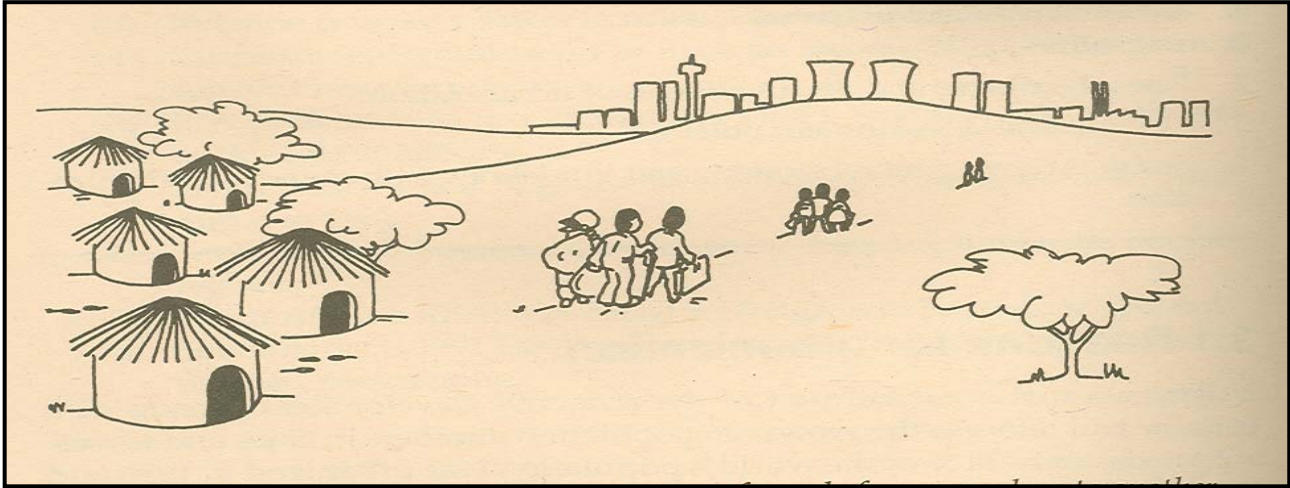
- 6.2.1 Calculate the total amount of taxation recovered by the state. (6)
- 6.2.2 Give ONE example of an item that would be included under 'other revenue'. (3)
- 6.2.3 Which revenue source exceeded the expected contribution by the highest margin? (3)
- 6.2.4 Which revenue source did not reach the expected level? (2)
- 6.3 Name and discuss any FOUR objectives of the state's economic policy. (16)
- [40]**

QUESTION 7: ECONOMIC AND REGIONAL DEVELOPMENT, URBANISATION AND THE STATE

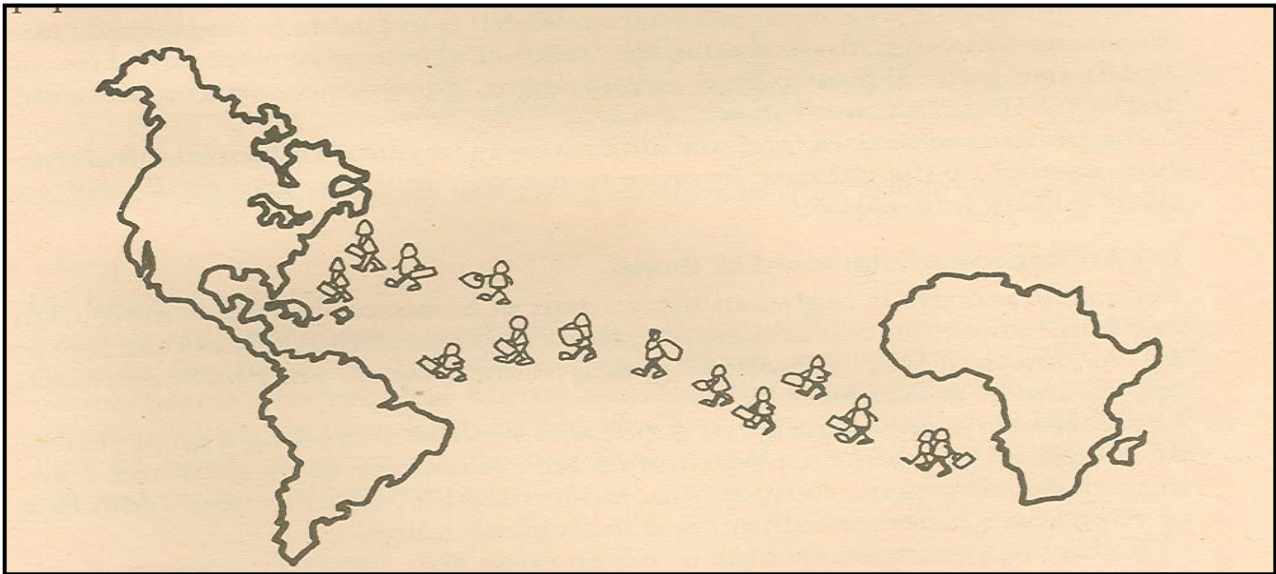
- 7.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (7.1.1 – 7.1.2) in the ANSWER BOOK.
- 7.1.1 An example of taxation that can be shifted is (estate/stamp) duties. (2)
- 7.1.2 An effect of HIV/Aids on the South African society is a/an (increase/decrease) in child-headed families. (2)
- 7.1.3 State any THREE Spatial Development Initiatives (corridors) in South Africa. (6)

7.2 Study the pictures below and answer the questions that follow.

Picture A



Picture B



7.2.1 Identify the phenomena depicted in pictures A and B. (6)

7.2.2 Give any TWO reasons for urbanisation. (6)

7.2.3 Provide a solution to the phenomenon in picture A. (2)

7.3 Explain the advantages and disadvantages of direct taxation. (16)
[40]

QUESTION 8: (CHOICE MODULES) IMPORTANT SOUTH AFRICAN ECONOMIC TOPICS

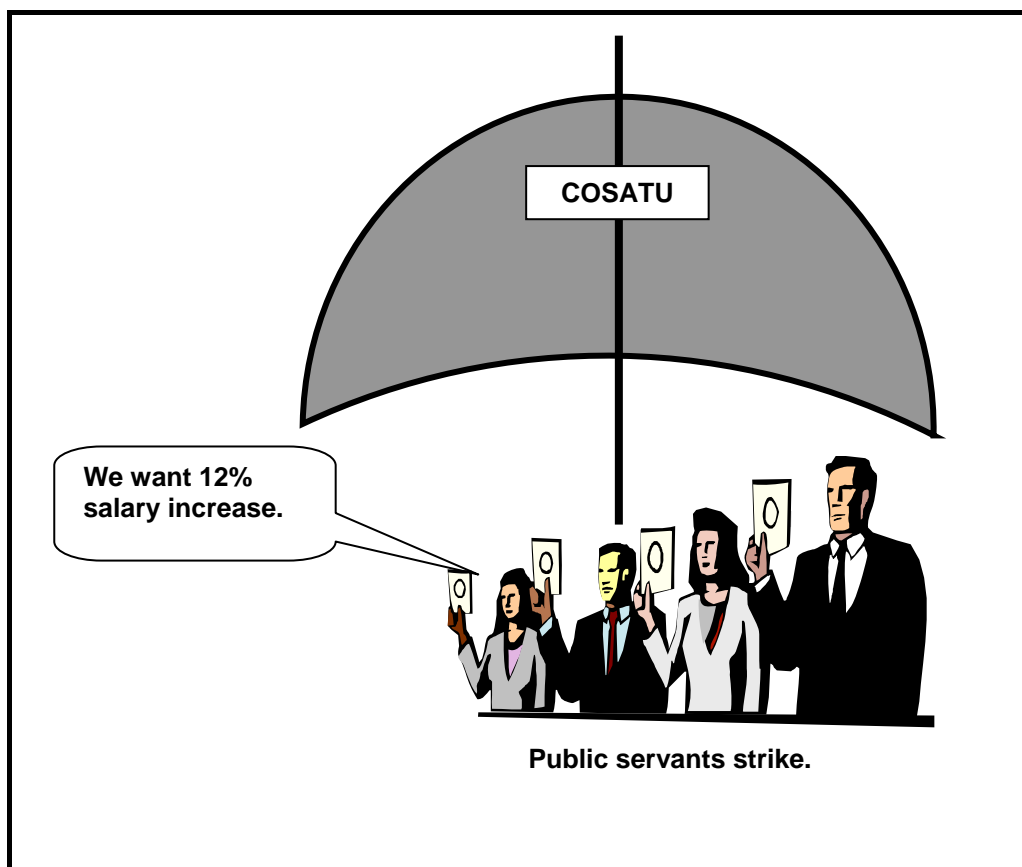
Choose any TWO of the following topics. Write clear headings to indicate the topics of your choice.

8.1 LABOUR RELATIONS

8.1.1 Choose the correct word from those given in brackets. Write only the word next to the letter (a) in the ANSWER BOOK.

- (a) The level of labour productivity can be improved through (employing more labour/training). (2)
- (b) State any TWO factors which influence the supply of labour. (4)

8.1.2 Study the cartoon below and answer the questions that follow.



- (a) What does the abbreviation *COSATU* stand for? (3)
- (b) What important function of trade unions is illustrated by the above cartoon? (3)
- 8.1.3 Discuss the functions of the industrial court/labour court. (8)
[20]

AND/OR**8.2 PRODUCTIVITY AND UNEMPLOYMENT**

- 8.2.1 Choose the correct word from those given in brackets. Write only the word next to the letter (a) in the ANSWER BOOK.
- (a) Unemployment caused by modernisation of economic processes is known as (frictional/structural) unemployment. (2)
- (b) State any TWO disadvantages of productivity. (4)
- 8.2.2 Study the extract below and answer the questions that follow.

'I CAN'T COME IN'

According to a survey by CAMS, absenteeism is the largest cause of lost time and poor productivity, making South Africa lose R19 bn per year. Major causes of workers staying away are low pay, less responsibility and repetitive work.

Most absenteeism occurs on a Monday or on a Friday which of course raises eyebrows. But during winter months unavoidable diseases like flu and respiratory illnesses increase the rate of absenteeism.

[Source: *Sowetan*, 27 Oct. 2006]

- (a) Provide ONE solution to the problem of absenteeism. (3)
- (b) Name ONE effect of lost time and productivity on the South African economy. (3)
- 8.2.3 Discuss the consequences of unemployment. (8)
[20]

AND/OR

8.3 INFLATION

8.3.1 Choose the correct word from those given in brackets. Write only the word next to the letter (a) in the ANSWER BOOK.

- (a) The monetary authorities can (raise/lower) the repo rate to control inflation. (2)
- (b) Name any TWO factors which cause demand-pull inflation. (4)

8.3.2 Study the extract below and answer the questions that follow.

PPI FORECAST TO HIT 10,2%

PPI probably accelerated to an annual 10,2% from 10% in November 2006 according to median estimates of economists.

While strong consumer spending stoked consumer inflation, escalating food prices at agricultural and manufacturing levels continue to push up wholesale prices.

[Source: *The Star Business Report*, 24 Jan. 2007]

- (a) What does the abbreviation *PPI* stands for? (3)
- (b) Name ONE cause of producer inflation mentioned above. (3)
- 8.3.3 Name and discuss any TWO consequences of inflation. (8)
[20]

AND/OR**8.4 STRATEGIC RESOURCES**

8.4.1 Choose the correct word from those given in brackets. Write only the word next to the letter (a) in the ANSWER BOOK.

- (a) South Africa's first nuclear power station is called (PetroSA/Koeberg). (2)
- (b) Name any TWO non-agricultural economic uses of water in South Africa. (4)

8.4.2 Study the extract below and answer the questions that follow.

ESKOM EYES HEAVY INDUSTRY TO CUT ELECTRICITY USE

Eskom has targeted heavy industry to cut electricity use after six of its power stations failed yesterday, causing country-wide power cuts.

To address this, Eskom began operating its turbine stations and pump storage peaking stations and ultimately had a 15% reserve margin.

[Source: *The Star Business Report*, 24 Jan. 2007]

- (a) Apart from cutting on industrial use, what other strategy is used by Eskom to ensure continuous power supply? (3)
- (b) Name ONE economic effect of power failures on the South African economy. (3)
- 8.4.3 Briefly discuss the importance of water supply and conservation with regard to the primary sector of the South African economy. (8)
[20]
- [40]**
- TOTAL SECTION B: 200**
- GRAND TOTAL: 300**