ECONOMICS
MARKING MEMORANDUM

GRADE 10

2006

This memorandum consists of 26 pages.
### QUESTION 1

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SECTION A

QUESTION 2

2.1 Answer the following questions appropriately

Fill in the missing word(s):

2.1.1 resources/income/revenue/salaries/wages ✓✓
2.1.2 public enterprises ✓✓
2.1.3 collective ✓✓
2.1.4 upswing / expansion ✓✓

4 x 2 (8)

2.1.5 List any THREE economic objectives of the government.

- Full employment ✓✓
- Economic Growth ✓✓
- Price stability ✓✓
- Balance of Payments stability ✓✓
- Fair/Equitable redistribution of income and wealth ✓✓

Any 3 x 2 (6)

2.2 Data response

2.2.1 A – Consumers/Households ✓✓
B – Services of production factors ✓✓
C – Producers/Business sector/Firms ✓✓
D – Goods and services ✓✓
E – Market for goods and services ✓✓

5 x 2 (10)

2.2.2 Circular flow ✓✓

(2)

2.2.3 S – Savings ✓✓
T – Taxation ✓✓
M – Import expenditure ✓✓
L – Leakages ✓✓

4 x 2 (8)

[20]
2.3 Explain consumer expenditure on goods and services.

- **Definition:** Income received from the delivery of Factors of production in the business sector is now spent on goods and services produced in the business sector. ✓√

Consumption is the final segment in the economic process. Consumers distribute their expenditures over four kinds of consumer goods, and services. viz.:

- **Durable consumer goods:** ✓√
  These include goods such as furniture and household appliances, personal transport equipment (motorcars, bicycles, etc.) They produce a steady stream of satisfaction and their value diminishes relatively slowly through age and use. ✓√

- **Semi-Durable consumer goods:** ✓√
  These include goods like clothing, footwear, textiles, furnishings (Carpets and curtains), glassware, motorcar tyres and entertainment goods. It last for some time, but not as long as durable goods. They must be replaced fairly regularly. ✓√

- **Non-Durable goods:** ✓√
  These are goods such as food and groceries, beverages, fuel and electric power, cleaning materials, medical, pharmaceutical and petroleum products. They are consumed or destroyed in the process of being used, which means that they are used only once. ✓√

- **Services:** ✓√
  These are goods such as rent, household services (including domestic services), medical services, transport and communication, recreational, entertainment and educational services. ✓√

Max [16] /50/
QUESTION 3

3.1 Answer the following questions appropriately

Fill in the missing word(s):

3.1.1 utility ✓✓
3.1.2 production possibility curve ✓✓
3.1.3 negative ✓✓
3.1.4 subsidy ✓✓

3.1.5 List any THREE factors that determine the demand for goods

- Income ✓✓
- Prices of substitutes ✓✓
- Taste of the consumers ✓✓
- Number of people/Population ✓✓

4 x 2 (8)

3.2 Data response

3.2.1 Production Possibilities for Gas lamps and Torches ✓

[14]
3.2.2 All resources are utilised for production of torches. ✓ ✓ (2)
3.3.3 9 gas lamps ✓ ✓ (2)
3.3.4 6 gas lamps ✓ ✓ (2)
3.3.5 Any point plotted below the curve ✓ ✓ (2)
3.3.6 Curve will move to the right ✓ ✓
All possibility points will increase ✓ ✓
Due to added resources of power for machines ✓ ✓
Therefore produce more gas lamps and torches ✓ ✓

Any 2 x 2 (4)

<table>
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<th>Shows no understanding of effect of generator on curve</th>
<th>Identifies that the curve will move to the right and / or increase No explanations and discussion provided.</th>
<th>Shows understanding that the curve will move to the right and / or increase Provides only one reason / with little explanation.</th>
<th>Shows excellent understanding that the curve will move to the right and / or increase Relevant reasons and explanations. Great insight and understanding.</th>
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3.3 Explain any FOUR conditions that have to be fulfilled for a good to be able to sell in the world market.

- **There must be a wide demand for the good. ✓ ✓**
  Basic necessities (e.g. wheat, vegetable oils, wool, and cotton) ✓ ✓

- **It must be transportable. ✓ ✓**
  Land and buildings are impossible to transport. The internationalisation of professions such as teaching, medicine and electronics make labour more mobile. ✓ ✓

- **The cost of transport must be small in relation to the value of the goods. ✓ ✓**
  For example diamonds. Bricks do not qualify. ✓ ✓

- **The goods must be durable. ✓ ✓**
  Goods that perish quickly such as milk, bread and fish require more specialised logistical arrangements and may demand high prices. ✓ ✓

- **Entry into countries must not be restricted. ✓ ✓**
  Government can use import measures to keep unwanted goods and services out of the country. ✓ ✓

[16]
QUESTION 4

4.1 Answer the following questions appropriately

Fill in the missing word(s):

4.1.1 dualistic ✓ ✓
4.1.2 migration ✓ ✓
4.1.3 poverty ✓ ✓
4.1.4 globalisation ✓ ✓

4.1.5 List any THREE effects of Colonialism

(a) Traditional borders between nations and groups of indigenous people were disregarded and new ones were imposed. ✓ ✓
(b) The social and economic way of life of the local inhabitants were ignored and even deliberately broken down. ✓ ✓
(c) Indigenous people were denied the opportunities of becoming part of the mainstream political and economic process. ✓ ✓
(d) Colonies were for the material advantage of the colonising countries. They could exploit human and natural resources. ✓ ✓

Any 3 x 2 (6)

4.2 Data response

4.2.1 Activities in this sector comprise the extraction of natural resources from nature, ✓ ✓ for example, Agriculture, Forestry, Fisheries, Mining, Quarrying. ✓ ✓

2 X 2 (4)

4.2.2 Primary sector contribution declined ✓ ✓ from 48.8 % in 1912 to 23.1% in 1980 ✓ ✓ to 10.9 % in 2005. ✓ ✓

3 X 2 (6)

4.2.3 The lack of foreign capital / sanctions / disinvestments campaigns ✓ ✓

Political uncertainty ✓ ✓
High inflation rate ✓ ✓
High interest rates ✓ ✓
Lack of confidence in the SA economy ✓ ✓

Any 2x 2 (4)

4.2.4 SASOL; ESKOM and Mittal Steel (ex-ISCOR) ✓ ✓

Any 1x 2 (2)

4.2.5 Tertiary Sector. ✓ ✓ South Africa’s changing economic structure is currently characterised by the growing role of the services sector in the economy ✓ ✓

(4)

[20]
4.3 Explain the factors contributing towards economic development in South Africa, post 1994

- **Democratic government ✓✓**

  The change in the political order in South Africa with the election of the first democratic government in 1994 should be given the most credit for development. ✓✓
  Sanctions were removed and disinvestments were turned around. Exporting of goods and services could proceed. Many foreign tourists choose South Africa as holiday destination. ✓✓

- **Depreciation of the rand ✓✓**

  This was considered a positive factor because goods and services produced by the SA business sector became cheaper abroad. ✓✓
  The balance of payments account showed deficits only in two of the eight years between 1994 and 2002. ✓✓

- **Labour productivity ✓✓**

  The index increased from 94.9 in 1994 to 140.6 in 2003. The mean increase was 4.32 per year, which was exceptional. ✓✓

- **Communication and Transport ✓✓**

  The South African economy has a very advanced communication system. It makes use of cellular telephones and internet communication and information. ✓✓
  Developed national and international transport systems have enhanced mobility and the rendering of services. ✓✓
QUESTION 5

5.1 Answer the following questions appropriately

Fill in the missing word(s):

5.1.1 lower ✓✓
5.1.2 interests ✓✓
5.1.3 the money supply (M1/M2/M3) ✓✓
5.1.4 decreases/diminishes ✓✓

5.1.5 List any THREE forms of South African welfare grants

(a) Old age pensions ✓✓
(b) Childcare allowances ✓
(c) Unemployment insurance ✓✓
(d) Disability grants ✓✓

4 x 2 (8)

Any 3 x 2 (6)

5.2 Data response

5.2.1 Growth rate as predicted by the IMF – 4.5 %. ✓✓ The Reserve Bank’s prediction for 2006 is 5.4%, which indicate a substantial economic growth. ✓✓

The inflation target according to the CPI (X) is between 3 and 6%. ✓✓ It seems that the inflation rate will stays within these margins. ✓✓

Any 2 X 2 (4)

5.2.2 The eradication of poverty. ✓✓
NEPAD aims to stop poor economic policies, inefficient governance and public corruption. ✓✓

Try to put Africa on a new course with good governance, democracy and sound economic policy ✓✓

3 X 2 (6)

5.2.3 The inability of people ✓✓ to attain a minimum standard of living ✓✓2 X 2 (4)

5.2.4 First world countries exploit Africa for their benefit ✓✓
without benefits for Africa ✓✓

G8-Country’s continue doing business/trade without taking Africa into account ✓✓

3 X 2 (6)

[20]
5.3 Identify and discuss the factors determining the demand for labour in South Africa

Demand for labour is determined by:

- **Performance of the economy** ✓✓
  If the economy grows, more goods and services, produced by labour, will be sold and more labour will be employed. ✓✓
  If the economy is in a recession, fewer goods and services will be sold and less labour will be employed. ✓✓

- **Productivity of labour** ✓✓
  If productivity of labourers is higher, more labour will be employed ✓✓
  Individual employers will continue to hire labour as long as the marginal cost of labour (their wages) is lower than the value of each additional worker’s contribution to the total revenue. ✓✓

- **Improvements in technology** ✓✓
  Technological advances raise the marginal product of labour, which in turn increases the demand for labour or for capital. ✓✓

- **The supply of other factors** ✓✓
  The quantity available of one factor may affect the use of other factors. If capital for investment, or land for establishment, or entrepreneurship is not available, workers will not find employment. ✓✓

Any 4 x 2 (8)

[16]

/50/
QUESTION 6

6.1 Answer the following questions appropriately

Fill in the missing word(s):

6.1.1 distribution ✓ ✓
6.1.2 peak ✓ ✓
6.1.3 capital ✓ ✓
6.1.4 international economics ✓ ✓

6.1.5 Name any THREE kinds of subsidies

- Production ✓ ✓
- Export ✓ ✓
- Employment ✓ ✓
- Income ✓ ✓
- Produce ✓ ✓

[4 x 2 (8)]

6.2 Data response

6.2.1 Consumers are continuing to spend money on beauty products while cutting back their spending on food. ✓ ✓
This is irrational because one would expect consumers to meet their basic need for food before meeting their want for social approval. ✓ ✓

2 X 2 (4)

6.2.2 Producers of beauty products ✓ ✓
and service providers in the cosmetics industry. ✓ ✓

2 X 2 (4)

6.2.3 The influx of people from Central and North Africa ✓ ✓
and the widespread awareness of appearance. ✓ ✓

2 X 2 (4)

6.2.4 Business partners ✓ ✓
Khula Enterprises ✓ ✓
Ntsika Enterprises. ✓ ✓

2 X 2 (4)

6.2.5 The slowdown in the retail sector did not affect spending on cosmetics ✓ ✓

(2)

6.2.6 Tertiary sector ✓ ✓

(2)

[20]
6.3 Discuss government production subsidies with the aid of an appropriate graph, highlighting the effects of such a subsidy on the production and supply of maize

- Government subsidise the producers to encourage them to increase the production of a particular good by partially compensating them for their production costs (or losses).

- The market prices of such goods are lower as a result of the subsidy and therefore it in effect means that the consumers are subsidised.

- Taxpayers pay part of the cost of production of subsidised goods, which absorb a large part of the disposable income of poor people.

- Subsidies paid directly to producers, or costs paid on behalf of producers, have the effect of lowering the cost of production.

- The government may decide to subsidise the price of maize so that poor consumers can afford to purchase more maize, and therefore they will pay producers a certain sum of money for each kg. of maize they produce.

The following graph depicts the effects of a subsidy on the production of maize:

- Labelling of axes
- Labelling of curves
- Effect of subsidies on price and quantities
- Max: 6
• The cost of lowering production causes the supply curve to shift to the right, from SS to S_1 S_1. ✓✓

• This results in a decrease in market price from P to P_1 and an increase in supply from Q to Q_1. ✓✓

• The amount of the subsidy is PabP_1. ✓✓

• Consumers have benefited by a fall in price and producers have benefited by the amount of the subsidy. ✓✓

• Whilst subsidies encourage increased output of the subsidised product(s), they distort domestic resource allocation and can adversely affect international trade. ✓✓ 3 X 2 (6)

[16]

//50//
SECTION C

QUESTION 7

“The South African Chamber of Business warned that the power cuts were having serious effects on business activity, estimating that the nationwide power cuts cost businesses millions of rand in losses.”
(Source: Mail and Guardian, 26 March 2006 - adapted)

The estimated millions of rand loss by South African businesses from the Power outages could have a significant effect on the Business Cycle if the problem continues.

Discuss the above statement with reference to the phases of a business cycle, mentioning the impact of the cycle, on the economically vulnerable in a brief written report for presentation to local business forum.

INTRODUCTION

- Economic development of a country is depending on the availability of power. ✓✓
- If there is any shortage of the power or the power cut will affect the economy as a whole in different ways in the production, consumption and distribution ✓✓
- Business cycle can be defined as the consecutive period of increasing and decreasing of economic activities. ✓✓ Max (3)

(Accept any relevant introduction)

BODY

Business cycle
Index of economic activities ✓

[Diagram of business cycle with labeled points A to G, time axis, and index of economic activities]

Labeling of axes 2
Labeling of curve 2
Max: 4
Phases of business cycles

- **AB – The prosperity phase ✓✓**
  - Optimism encourages entrepreneurs to borrow money and buy new machinery and equipment. ✓✓
  - More people are employed and production increases. ✓✓
  - Prices, wages, interest rates and profits increase. ✓✓
  - Factories work overtime and skilled labour becomes extremely scarce. ✓✓
  - The boom starts. ✓✓
  - Everything seems to go to the extreme ✓✓
  - Interest rates, salaries and wages increase to even higher levels, and together with a much greater demand for raw materials, costs of businesses increase almost beyond control. ✓✓
  - Inflation accelerates beyond previous high levels. ✓✓
  - Some businesses start to realize that the prosperity phase cannot last forever. ✓✓
  - But there are no disturbances yet. ✓✓

- **BC – The recession phase ✓✓**
  - Businesses start to provide for bad times by producing less and trying to repay the larger part of loans. ✓✓
  - They selectively lay off workers. ✓✓
  - Spending by households and profits of businesses start to decrease. ✓✓
  - Inflation is high and the central bank reduces the quantity of money and credit in the economy, and increases interest rates. ✓✓
  - In other words, the central bank applies a stricter monetary policy. ✓✓

- **CD – The depression phase ✓✓**
  - This phase is characterised by general pessimism (expecting the worst) by households and businesses. ✓✓
  - The spending of all sectors in the economy decreases drastically and consists mainly of expenditure. ✓✓
  - Businesses show poor profits, many makes losses and some get bankrupt. ✓✓
  - Households that cannot pay their debts. ✓✓
  - Have their furniture, motorcars and even their houses repossessed. ✓✓
  - Many people lose their jobs and household incomes are very low. ✓✓
  - Many people find work in the informal sector. ✓✓
  - Inflation decreases and interest rates fall. ✓✓
At a certain stage businesses, starts to realise that conditions are going to improve at some time or other and they take the first actions that will eventually lead to recovery.

**DE – The recovery phase**

- Businesses realise that conditions are going to improve and start to service their machinery and improve their equipment.
- They increase their production slightly to provide stock for a possible increase in demand.
- They make better use of their labour and even employ new workers.
- There is an increase in the income because of a rise in consumer expenditure.
- Because interest rates are low, household’s bond repayment are lower and so households can spend more on other goods and services in the economy.
- Loans are available, but households and businesses are still not keen to borrow money.
- As soon as sales improve, businesses profits increase. Entrepreneurs become more optimistic.
- Disturbances that existed are gradually phased out so that the economy is in relatively equilibrium, during the prosperity phase again.

**The impact of the power outages on the business cycle**

- This will have a serious effect on businesses in the following ways.
- The losses of fresh produce especially in the case of hotels/restaurants and supermarkets.
- The loss of shopping hours because of loss of lighting and inoperable computer-operated equipment within shops.
- The loss of income – the chamber of commerce has indicate losses of R Millions.
- Many businesses were unable to deliver any services e.g. refrigerating and baking.
- Because of bad lightning criminal activities rise, e.g. burglary.
- Changes in the levels of employment might occur.
- On the long run this should have an effect on growth and exchange rate.
- All these factors will reflect on the attitude of business people and consumers.
- They are negative and can lead to further losses.
- Spending by households and business people decrease.
- These are typical evidence of a recession.
• The impact on the economically vulnerable ✓✓

- People who are particularly vulnerable are the handicapped children and women. ✓✓
- When economic activities decline these are the first groups to be affected and they have no or very little power to protect themselves. ✓✓
- Children are vulnerable because their mothers may be vulnerable. ✓✓
- Rural people are often vulnerable because they are isolated and may be out of step with the rest of the economy. ✓✓
- Pensioners and other older people are often excluded and powerless. Inflation and declining interest have a particularly adverse effect on this group of people. ✓✓
- Many women are handicapped and poor persons are unemployed or irregularly employed. ✓✓

CONCLUSION

• Without the power supply it is difficult to achieve the desired economic growth and development in a country because the power cut will put the country in stand still. So let us all try to save energy for the better future of South Africa. ✓✓

(Accept any relevant conclusion)

Use the following assessment grid in conjunction with the above to assess the learner’s memorandum:

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<tr>
<td>Is the memorandum neatly presented and legible with very few spelling and grammatical errors?</td>
<td>2</td>
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<tr>
<td>Is the essence of the memorandum, viz. effects of business cycles, clear and easy to follow?</td>
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<tr>
<td>Has the learner presented the findings logically to reach a conclusion?</td>
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<td>Has the learner made correct use of Economics terminology?</td>
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QUESTION 8

Discuss the functions of markets in detail, highlighting the establishment of prices and quantities with the aid of an appropriately labelled graph.

Introduction

- Markets are defined as all those buyers and sellers influence the price of a particular good and service. ✓✓✓
- Some markets have particular place and others do not have. ✓✓✓

(Accept any relevant introduction) Max (3)

Functions of markets

- **Markets bring supply and demand together ✓✓**
  - Markets are the interaction of consumers and producers to negotiate prices and exchange goods and services. Because markets create contact between consumers and producers, it is in markets that supply and demand comes together. ✓✓
  - Markets are regulated by the invisible hand, that ensures fixing of prices for the efficient allocation of resources ✓✓
  - Through the interaction of demand and supply prices are determined, markets therefore serve a **price formation function ✓✓** Max 3 X 2 (6)

- **Markets lead to an efficient allocation of resources ✓✓**
  - Market prices direct the economic decisions of both consumers and the producers. Producers will consider the relative prices of goods and services before they decide what, how and for whom to produce. Producers make their decisions so as to maximise their profits. ✓✓
  - Consumers, on the other hand, will consider the relative prices of good and services before they decide how to spend their money. Consumers make these decisions so as to maximise their total utility. ✓✓
  - Profit maximization and utility maximization lead to an efficient allocation of resources. ✓✓ Max (6)

- **Markets are self-regulatory ✓✓**
  - Markets do not require any direct intervention or control from outside forces. ✓✓
  - Markets are said to be guided by an invisible hand, which ensure that prices are set in such a way that resources are allocated efficiently. ✓✓
  - In the absence of markets some regulating body would have to decide what goods would be produced, in what quantities and for what price. ✓✓
  - Within markets these decisions are made automatically – **self-regulatory ✓✓** Max (6)
The establishment of prices ✓✓

- Under complete market conditions, prices are forming by the interaction between supply and demand. ✓✓
- **Demand** is the quantity of a good and service that consumers are willing and able to purchase over a given period. ✓✓
- **Supply** is the quantity of a good or service that producers are willing and able to supply in a given period. ✓✓  

Market equilibrium is where the quantity demand is equal to the quantity supply ✓✓

**Price ✓**

---

**Marks allocated for:**
- Axes correctly labelled 2
- Curves correctly labelled 2
- Equilibrium price 1
- Equilibrium quantity 1
- Equilibrium point 1
- Max: 6

---

- Changes in demand and supply affect prices ✓✓
- The price level at which demand and supply curves intersect is known as the equilibrium price ✓✓
- The quantity supplied is equal to quantity demanded – no forces act to change the price in absence of any government intervention in market, price of good will always settle at point where quantity demanded equals quantity supplied ✓✓
- At any price higher than this there will be forces acting on the price to reduce it. Equilibrium price is known as the market price. Market surplus (OP1) is said to be when there is an over supply of a good or service in the market – all goods produced not sold – insufficient consumer demand for goods – stocks accumulate until producers lower selling price to clear excess stock ✓✓
- Market shortage is said to exist when quantity demanded exceeds quantity supplied – not enough of the good or service – producers increase the price ✓✓

Max 4 x 2 (8)
CONCLUSION

- For a market to exist there must be at least one potential buyer and a seller.

- The sellers must have goods to sell and buyers must have money to buy goods.

- In modern economies, markets play a very important role.

(Accept any relevant conclusion)       Max (2)

Interpretation of Topic

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<td>Candidate has shown some understanding of topic but has missed important aspects of topic</td>
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<tr>
<td>2</td>
<td>Candidate has interpreted topic correctly but has not linked facts to topic</td>
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<tr>
<td>3</td>
<td>Candidate has interpreted Answer topic correctly and has linked facts to topic</td>
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Structure of Answer

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<tr>
<td>2</td>
<td>Answer lacks an introduction or conclusion although presentation of facts is logical</td>
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<tr>
<td>3</td>
<td>Answer is well structured with introduction, body and conclusion. Presentation of facts is however, illogical and no clear point is made.</td>
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<tr>
<td>4</td>
<td>Answer is well structured with introduction, body and conclusion. Presentation of facts is sometimes illogical but a clear point is made.</td>
</tr>
<tr>
<td>5</td>
<td>Answer is well structured with clear introduction(3), body and conclusion(2). Facts are presented in logical way and clear point is made.</td>
</tr>
</tbody>
</table>

Language Usage

<table>
<thead>
<tr>
<th>Marks</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>0</td>
<td>Language usage is very weak with completely inappropriate use of vocabulary and punctuation.</td>
</tr>
<tr>
<td>1</td>
<td>Language usage is fair with some inappropriate use of vocabulary and punctuation.</td>
</tr>
<tr>
<td>2</td>
<td>Language usage is good. Answer is easy to read and well punctuated</td>
</tr>
</tbody>
</table>

(10)
QUESTION 9

‘The severity of the economic impact of HIV/AIDS is directly related to the fact that most of the infected persons are in the peak productive and reproductive age groups. Aids kill those whom society relies on to grow the crops, work in the mines and factories, run schools and hospitals, and govern the nations and countries’ – Nelson Mandela

Analyse the South African labour force, highlighting the impact of HIV/AIDS.

Labour force analyses

- **Definition**
  Those people who take part in the country’s production and exchange activities. Max (2)

- **The following people are excluded ✓✓**
  Children and old people
  People who cannot work (disabled)
  People who prefer not to work Max (4)

- **Age composition ✓✓**
  Economical active people (EAP)
  Is that proportion of the population that can work
  It consists of people between the age of 15 an 65 years.
  In comparison with 1970 the 15-65 age group increases in 2002,
  indicating a decrease in the birth and dead rate
  The percentage of older people 66years and older in each population group has increased. Max (6)

- **Labour force numbers ✓✓**
  The economically active people (EAP) is approximately one third of the total population.
  The total population in SA was estimated at 44.5million in 2002.
  The EAP was 16.1 million
  The labour force tends to grow at a rate that is more or less similar to the population growth rate. Max (4)

- **Unemployment ✓✓**
  Stats SA publishes TWO kinds of unemployment:
  The one rate includes unemployment people not actively looking for work
  = Unemployment in terms of the **expanded definition** is 40.9% of the labour population.
  The other rate includes only unemployed people actively looking for work
  = Unemployment rate according to the **strict definition** 29.4% of the labour force.
If it is assumed that poverty is caused by unemployment, the distribution of poverty would be similar. Max (6)

- **Employment**
  According to statistics some 11.4 million persons in South Africa were employed or self-employed. Of this number about 43% worked in the informal sector. Max (4)

- **Labour force absorption rate (LFAR)**
  The proportion of the EAP that finds employment in the formal sector of the economy is known as the labour force absorption rate. Example: In 2002 the employment rate in the formal sector was 6.5 million and the EAP was 16.1 million. That means that the LFAR was 40.3%. The formal sector of the economy has, therefore, eroded its capacity to employ all of the labour force to a large extent. For this reason self-employment has become more important. To become self-employed people need skills and capital. Max (4)

- **Sector Education and Training Authorities (SETAs)**
  Because of the need for skills training, the government established the National Skills Authority (NSA). The NSA then established 25 SETAs one for each economic sector. Every SETA is responsible for learnership. Max (4)

- **The impact of HIV/AIDS on the labour force**
  However, the HIV/AIDS pandemic may affect the labour population relatively more than the growth of the population at large. The pandemic affects primarily working age adults. Over the next decade, as much as 40% of the labour force in some enterprises and government departments could die of Aids. This will lead to the further shortage of labour force in the country and have a serious effect in the economic growth of the economy. Max (6)

Use the following rubric in conjunction with the above to assess the learner’s response

<table>
<thead>
<tr>
<th>INTERPRETATION OF TOPIC</th>
<th>MARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidate shows no understanding of topic and has shown no link between facts and topic</td>
<td>0</td>
</tr>
<tr>
<td>Candidate has shown some understanding of topic but has missed important aspects of topic</td>
<td>1</td>
</tr>
<tr>
<td>Candidate has interpreted topic correctly but has not linked facts to topic</td>
<td>2</td>
</tr>
<tr>
<td>Candidate has interpreted Answer topic correctly and has linked facts to topic.</td>
<td>3</td>
</tr>
<tr>
<td>STRUCTURE OF ANSWER</td>
<td>MARKS</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Answer is poorly structured and illogical</td>
<td>0</td>
</tr>
<tr>
<td>Answer lacks introduction and conclusion although presentation of facts is logical</td>
<td>1</td>
</tr>
<tr>
<td>Answer lacks an introduction or conclusion although presentation of facts is logical</td>
<td>2</td>
</tr>
<tr>
<td>Answer is well structured with introduction, body and conclusion. Presentation of facts is however, illogical and no clear point is made.</td>
<td>3</td>
</tr>
<tr>
<td>Answer is well structured with introduction, body and conclusion. Presentation of facts is sometimes illogical but a clear point is made.</td>
<td>4</td>
</tr>
<tr>
<td>Answer is well structured with clear introduction, body and conclusion. Facts are presented in logical way and clear point is made.</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LANGUAGE USAGE</th>
<th>MARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Language usage is very weak with completely inappropriate use of vocabulary and punctuation.</td>
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</tr>
<tr>
<td>Language usage is fair with some inappropriate use of vocabulary and punctuation.</td>
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</tr>
<tr>
<td>Language usage is good. Answer is easy to read and well punctuated</td>
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</tr>
</tbody>
</table>

(10)

/50/
QUESTION 10

Write a memorandum to the Minister of Labour in South Africa and suggest steps that can be taken to solve the problem of unemployment in South Africa.

Address to Minister of Labour

In realising how major the problem of unemployment in South Africa is, the following measures could be considered in a plan to solve the problem of unemployment:

- Economic growth for creation of more job opportunities ✓ ✓
- Every effort must be made to create more job opportunities in all sectors of the economy in the process of economic growth ✓ ✓
- There should be less reliance on expensive imported technology that is capital intensive ✓ ✓
- We must develop technology that suits the requirements of the country ✓ ✓
- Inward industrialisation offers many possibilities for creating job opportunities ✓ ✓
- Inward industrialisation is directly related to demand for housing ✓ ✓
- Education and training are the most important ways of relieving unemployment problem. Unemployment could be solved in long term by extensive application of judicious population policy ✓ ✓
- While unemployment insurance offers relief for certain unemployed groups in SA, consideration should be given to extending it ✓ ✓
- Wage subsidies are used in some countries to create job opportunities and combat unemployment ✓ ✓
- The informal sector provides work for a large part of the population ✓ ✓ Max (20)

Specific approaches to solve unemployment are:

- Demand-side-policies ✓ ✓
  - Expanding economic activity ✓ ✓
  - Economic growth ✓ ✓
  - Through increasing aggregate demand ✓ ✓

- Private Sector ✓ ✓
  - Growth of production raising aggregate demand for goods and services ✓ ✓
  - And increasing labour intensity of production ✓ ✓

- Public Sector ✓ ✓
  - Public works programmes have contributed to the process of reconstruction and development in SA ✓ ✓
  - Unemployment insurance provides temporary income for persons with previous work experience who have lost their jobs ✓ ✓
  - Monetary policy - Lower interest rates - Credit will be cheaper - higher expenditure
  - Fiscal policy - Budgeting for a deficit to put more money into the economy
- Taxation – to stimulate the economy

Supply-side-policies - to increase aggregate supply ✓ ✓

- Reducing costs
  - That would mean that a greater output could be supplied

- Improving the efficiency of inputs
  - Improve the quality of labour
  - Encourage technological improvements
  - Reducing tax rates
  - Incentive payments

- Improving the efficiency of markets
  - Deregulation
  - Arrangements that will increase fair competition.
  - Tighten up competition laws
  - Privatising state enterprises

Use the following assessment grid in conjunction with the above to assess the learner’s memorandum:

<table>
<thead>
<tr>
<th>Categories</th>
<th>Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the learner’s memorandum well structured as per the generally accepted required format (introduction)?</td>
<td>2</td>
</tr>
<tr>
<td>Is the memorandum neatly presented and legible with very few spelling and grammatical errors?</td>
<td>2</td>
</tr>
<tr>
<td>Is the essence of the memorandum, viz. suggestions to solve unemployment, clear and easy to follow?</td>
<td>2</td>
</tr>
<tr>
<td>Has the learner presented the findings logically to reach a conclusion?</td>
<td>2</td>
</tr>
<tr>
<td>Has the learner made correct use of Economics terminology?</td>
<td>2</td>
</tr>
</tbody>
</table>

(10)

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TOTAL: 300