This memorandum consists of 13 pages.
SECTION A (COMPULSORY)

QUESTION 1

1.1 MULTIPLE-CHOICE QUESTIONS

1.1.1 C ✓ ✓
1.1.2 B ✓ ✓
1.1.3 A ✓ ✓
1.1.4 B ✓ ✓
1.1.5 C ✓ ✓
1.1.6 B ✓ ✓
1.1.7 B ✓ ✓
1.1.8 C ✓ ✓

(8 x 2) (16)

1.2 MATCHING ITEMS

1.2.1 C ✓
1.2.2 I ✓
1.2.3 A ✓
1.2.4 D ✓
1.2.5 G ✓
1.2.6 A ✓
1.2.7 B ✓
1.2.8 F ✓

(8 x 1) (8)

1.3 WORDS IN BRACKETS

1.3.1 expansion ✓
1.3.2 intermediate ✓
1.3.3 inflation ✓
1.3.4 labour force ✓
1.3.5 Industrial ✓
1.3.6 Reserve/SARB ✓

(6 x 1) (6)

TOTAL SECTION A: 30
SECTION B

Answer any TWO of the three questions from this section in the ANSWER BOOK.

QUESTION 2

2.1 **FOUR factors of production**

- labour ✓
- capital ✓
- entrepreneurship ✓
- natural resources ✓

(4 x 1) (4)

2.2 2.2.1 Consumption ✓✓

2.2.2 Tea-cup ✓/saucer ✓/teapot ✓/table ✓/chair ✓

(Any 1 x 1) (1)

2.2.3 Household expenditure ✓

2.2.4

- Immediate consumption – goods consumed at the same time. ✓✓ E.g. a sandwich. ✓
- Deferred consumption – goods that can be consumed at a later stage/date/time ✓✓ e.g. a bag of sugar. ✓

(Any other relevant answer) (2 x 3) (6)

2.3 2.3.1 The difference between the selling price and cost price. ✓✓

(Any other relevant answer) (2)

2.3.2 Prices had to be reduced due to excess stock. ✓✓
Poor trading conditions resulted in a lower demand for their goods. ✓✓

(2 x 2) (4)

2.3.3

- People will rather spend money on clothing and food than on jewellery during difficult trading conditions ✓✓
- Mr Price is specialises in clothing and not jewellery. ✓✓
- Durable goods are not as regularly replaced as semi-durable goods. ✓✓
- Cost of jewellery is much higher than the cost of clothing. ✓✓

(Any other relevant answer) (Any 2 x 2) (4)
2.4 Characteristics by which markets can be classified

- **The number of suppliers ✓✓**
  Some markets have a single supplier ✓ e.g. Eskom ✓ in the electricity market, while in others there may be a large number of suppliers ✓ e.g. clothing stores ✓

- **Nature of products ✓✓**
  Some markets have goods which are identical/ homogenous ✓, while other markets have differentiated products ✓. Mass produced goods use brand names ✓ to make them unique and different ✓

- **Barriers to entry ✓✓**
  In some markets people are free to enter ✓ e.g. a flea markets ✓ while in some entry is restricted ✓ e.g. cellphone companies ✓ - a licence is required ✓

- **Availability of information ✓✓**
  Some markets have complete information about market conditions ✓ e.g. JSE ✓ While other markets may have incomplete information ✓ e.g. the food market ✓

2.5 Difference between economic goods and free goods

<table>
<thead>
<tr>
<th>ECONOMIC GOODS</th>
<th>FREE GOODS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scarce ✓✓</td>
<td>Plentiful ✓✓</td>
</tr>
<tr>
<td>Have utility and value ✓✓</td>
<td>They have utility and no exchange value ✓✓</td>
</tr>
<tr>
<td>Part of people's wealth ✓✓</td>
<td>Does not determine wealth ✓✓</td>
</tr>
<tr>
<td>Belong to somebody ✓✓</td>
<td>They do not belong to anyone ✓✓</td>
</tr>
<tr>
<td>e.g. property/money/groceries ✓✓</td>
<td>e.g. air/sea/wind ✓✓</td>
</tr>
<tr>
<td>Commands a price ✓✓</td>
<td>Does not command a price ✓✓</td>
</tr>
</tbody>
</table>

(Any 2 x 2) (Any 2 x 2)

(8) [40]
QUESTION 3

3.1 **FOUR examples of commodity money**

- gold ✓
- copper ✓
- scarce metals ✓
- barley ✓
- wine ✓
- beads ✓

(Any 4 x 1) (4)

3.2 3.2.1 Concerned with the manufacturing sector ✓✓/transformation sector of the economy. ✓✓/Second stage of the production process. ✓✓ (2)

3.2.2 A – 23,1 ✓✓ (2)

3.2.3 **Primary sector** declined from being the highest to the lowest contributor to the GDP (48,8% to 11,8%) ✓✓

**Secondary sector** was initially low then stabilised to about 24% ✓✓

**Tertiary sector** steady increase in contribution to the GDP./ It is the highest contributor to the GDP. ✓✓ (6)

3.3 3.3.1 **Census** ✓✓ (2)

3.3.2 Net migration ✓

Birth rate ✓ (Fertility rate)

Death rate ✓ (Mortality rate) (1)

3.3.3 Growth in the population from 2010–2040 ✓✓ ✓✓ OR A steady increase in the population growth and then a steady decrease. ✓✓ ✓✓

(Any other relevant answer) (3)

3.3.4 2030 ✓✓ (2)

3.3.5 Approximately 53,3 million ✓✓ (2)
3.4 **Globalisation**

- Refers to the increase in trade between countries, making the world a global village.
- It integrates both economies and societies.
- The reduction in trade barriers, e.g. has increased globalisation.
- The improvement of international transport and communication, especially the internet, has further increased trade between countries.
- The introduction of trading alliances/trading blocs, e.g. EU has further expanded trade.

(Any 4 x 2) \[8\]

3.5 **Impact of colonialism on the economic development of South Africa**

- **Positive influences**
  - Building of infrastructure.
  - Education and economic development through trade.

- **Negative influences**
  - Introduction of new diseases affected the health of indigenous people.
  - Denying of political and economic rights of indigenous people.
  - Discriminatory laws.
  - The land was exploited to the advantage of the mother country.
  - Local people were deprived of property rights.
  - Disregard and disrespect of local traditions.

(Any 4 x 2) \[8\]

[40]
QUESTION 4

4.1 FOUR economic consequences of the mining and industrial stage

- development of a market economy ✓
- urbanisation ✓
- Improved transport ✓
- improved communication
- other services, e.g. financial services ✓

(Any 4 x 1) (4)

4.2 4.2.1 A - business sector ✓  
B - expenditure ✓
C - goods and services ✓

(3)

4.2.2
- Savings ✓
- Taxes ✓
- Imports ✓

(Any 1 x 1) (1)

4.2.3 Through imports and exports ✓✓

(2)

4.2.4 Households pay tax ✓ (money flow) to government ✓ while the government supplies collective goods ✓ and services (real flow) to the households ✓

(4 x 1) (4)

4.3 4.3.1 A market is any place where the buyers and sellers come together to determine price. ✓✓

(Any other relevant definition) (2)

4.3.2 Bartering ✓✓

(2)

4.3.3
- Products to exchange may not always be available at the same time. ✓✓
- A double coincidence of wants is required ✓✓
- It may be difficult to determine the value of a product for exchange purposes. ✓✓
- Goods could not always be divided into smaller units. ✓✓

(Any 3 x 2) (6)
4.4 Impact of HIV/AIDS on the South African labour force

- Loss of income as workers become sick ✓ ✓
- Affects labour productivity ✓ ✓
- It eventually results in a decrease in the labour force ✓ ✓
- It burdens the remaining workers within the household. ✓ ✓
- Financial dependency on the government increases. ✓ ✓ e.g. grants ✓ ✓
- Decreases consumer spending ✓ ✓
- Increased strain on healthcare system. ✓ ✓ (e.g. increase in ARV's) ✓ ✓
- Decreases Gross Domestic Product (GDP) ✓ ✓

(Any 4 x 2) (8)

4.5 Absolute and relative scarcity

- **Absolute scarcity** exists when it is not possible to increase the supply of a good, ✓ ✓ because resources are finite. It usually applies to goods and services that are essential to human survival, ✓ ✓ e.g. food and water ✓ ✓

- **Relative scarcity** is when you choose resources to do one thing instead of another, ✓ ✓ e.g. if we decide to use resources for the production of cake instead of milk, milk will then be relatively scarce ✓ ✓ (2 x 4) (8)

[40]

TOTAL SECTION B: 80
SECTION C

Answer any ONE question from the two questions from this section in the ANSWER BOOK.

<table>
<thead>
<tr>
<th>STRUCTURE OF ESSAY:</th>
<th>MARK ALLOCATION:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Max. 3</td>
</tr>
<tr>
<td><strong>Body:</strong></td>
<td></td>
</tr>
<tr>
<td>• Main part: Discuss/Distinguish/Differentiate/Explain/Analyse/Evaluate/Assess</td>
<td>Max. 24</td>
</tr>
<tr>
<td>• Additional part: Use/Draw/Sketch a graph/diagram .../Deduce .../Outline/Briefly explain/Expand on .../Your own opinion</td>
<td>Max. 6</td>
</tr>
<tr>
<td>Conclusion</td>
<td>Max. 2</td>
</tr>
<tr>
<td>Interpretation/Rubric</td>
<td>Max. 5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>40</td>
</tr>
</tbody>
</table>

QUESTION 5

Discuss the phases and reasons of business cycles.

Draw a well-labelled typical business cycle to support your discussion.

INTRODUCTION

Business cycles refer to continuous periods of expansion✓ and contraction✓ of economic activity. ✓ (Max. 3)

1. Period of Recession ✓
   - During a recession, jobs are lost and there is a feeling of pessimism ✓ ✓
   - Employment levels drop, and there is a decrease in economic activity, and the economy slows down ✓ ✓

2. Period of Depression ✓
   - During a depression money is in short supply leading to a further decline in spending ✓ ✓
   - There is a negative impact on investment spending ✓ ✓
   - When economic activity is at its lowest, a trough is reached at point D ✓ ✓
   - There is competition for jobs and the cost of production decreases ✓ ✓
   - This encourages foreign trade and leads to a recovery. ✓ ✓

3. Period of Recovery ✓
   - During a recovery, production increases and more jobs are created ✓ ✓
   - Business confidence rises and there is increased spending by firms ✓ ✓
   - There is increased economic activity and the country enters into a period of prosperity ✓ ✓
4. Period of Expansion ✓

- During a period of expansion there is a great degree of optimism ✓ ✓
  Employment levels rise, salaries and wages rise and spending increases ✓ ✓
- A peak is reached. ✓ ✓
- A larger amount of money is in circulation and this leads to an inflationary situation ✓ ✓

Reasons for Business Cycles

Exogenous factors

- Factors that originate from outside the economic system ✓ ✓ and act as trigger mechanisms for contractions and expansion ✓ ✓ e.g.
- Weather (natural disasters) conditions ✓ ✓, changes in weather conditions affect agricultural production and this has a major influence on the economy. ✓ ✓
- Political shocks ✓ ✓ and technology shocks ✓ ✓ cause changes in productivity that cause business cycles.
- Structural changes ✓ ✓ cause economic resources to become unneeded in one sector and moves to another sector. ✓ ✓
- Money supply ✓ ✓ refers to government either increasing or decreasing the money supply ✓ ✓ which alters equilibrium in the markets. ✓ ✓

Endogenous factors

- They are factors that are part of the economic system. ✓ ✓
- The expansion phase also contains mechanisms that eventually cause a contraction of economic activity. ✓ ✓
- As the level of economic activity increase total spending in the economy increases as well. ✓ ✓
- This causes an increase in imports which negatively affects the balance of payments ✓ ✓ and leads to a depreciation of the exchange rate. ✓ ✓
- Increase in interest rates due to increased borrowing ✓ ✓ (negative effect on the economy).
- Positive perceptions of the economy will lead to an increase in spending and vice versa. ✓ ✓

(Max. 24)
BUSINESS CYCLE

CONCLUSION

Business cycle are *long term trends* and can last from 3 to 5 years or even 10 years ✔✔
(Any other relevant conclusion)  
(Max. 2)

Use the following rubric to assess the above discussion:

<table>
<thead>
<tr>
<th>MARKS</th>
<th>INTERPRETATION OF TOPIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Learner has shown limited understanding of topic and has given an inadequate response.</td>
</tr>
<tr>
<td>2</td>
<td>Learner has interpreted topic correctly but has not given the desired response.</td>
</tr>
<tr>
<td>3</td>
<td>Learner has interpreted topic correctly and has given some elements of the desired response.</td>
</tr>
<tr>
<td>4</td>
<td>Learner has interpreted topic correctly and has linked some relevant substantive facts to the topic.</td>
</tr>
<tr>
<td>5</td>
<td>Learner has interpreted topic correctly and has linked the relevant substantive facts to the topics.</td>
</tr>
</tbody>
</table>

Marks allocation for graph:
- Labelling of axes = 2 marks
- Trend line = 1 mark
- Shape of cycle = 1 mark
- AB – prosperity = 1 mark
- BC - recession = 1 mark
- CD - depression = 1 mark
- DE - recovery = 1 mark
- B - peak = 1 mark
- D - trough = 1 mark

(Max. 6)
QUESTION 6

Discuss the history of banking in South Africa highlighting early development, private banks and imperial banks.

In addition, explain how technology has reduced the traditional activities of commercial banks.

Introduction

The evolution of money made it necessary for institutions to be established to handle financial transactions.✓ ✓ ✓
Any other relevant definition. (Max. 3)

Body

Early Development

- The goldsmiths were the first financial institutions they kept the gold for safe-keeping.✓ ✓
- The first bank was the Lombaard that was established in 1793 and it was owned and controlled by the government.✓ ✓
- Its purpose was to provide money in the time of serious shortage.✓ ✓
- This bank received money from the DEIC ✓ ✓
- They only lent to those who could provide sufficient security. ✓ ✓ e.g. land ✓ ✓/gold ✓ ✓
- This bank opened district branches to provide for the demand in savings and loans in rural areas.✓ ✓
- It was closed in 1942. ✓ ✓

Private Banks

- The first private bank was established in 1836 in Cape Town.✓ ✓
- More banks were established in the Cape Colony, Natal and Orange Free State.✓ ✓
- They were private district banks that were owned and managed by the local people.✓ ✓
- The main function of the banks was to receive savings, issue bank notes and provide credit to the clients.✓ ✓
- By 1861 there were already 27 private banks.✓ ✓
- Most of these banks failed because credit was far too easily extended ✓ ✓/money was lent to family and friends who could not repay.✓ ✓
- There was no limit on the issuing of notes ✓ ✓
- They were not compelled to issue bank statements. ✓ ✓
Imperial banks

- They were imperial banks because they had head offices internationally.
- Most private banks were taken over by imperial banks because of the capitalistic nature of the South African economy.
- Many branches were opened in South Africa.
- The London Bank of South Africa opened in 1861.
- The Standard Bank of British South Africa opened in 1862.
- These banks were branches of successful foreign banks.
- They had large amounts of capital and their operations were conducted properly.
- By 1892 nearly all private banks were taken over by imperial banks.
- In 1927 only 4 different banks were left: Standard Bank, Barclay’s Bank, Nederlands Bank (Nedcor) and the Stellenbosch District Bank. (Max. 24)

How has technology reduced the traditional activities of commercial banks?

- With technology electronic banking (e-banking) has made it convenient to conduct banking transactions.
- It started with the use of ATMs and now includes telephone banking, direct account payments, Electronic Funds Transfer, cellphone banking, and online banking.
- E-banking allows bank clients to conduct business via the internet.
- The bank is no longer the most important building you visit first.
- Electronic banking has removed the necessity of banking personnel who facilitates transactions.
- Banking can now be done 24 hours a day. (Internet) (Max. 6)

CONCLUSION

Today banks are consolidating especially to gain international capital power. e.g. takeover of ABSA by Barclays. (Max. 2)

Use the following rubric to assess the above discussion:

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</thead>
<tbody>
<tr>
<td>1</td>
<td>Learner has shown limited understanding of topic and has given an inadequate response. (1–10)</td>
</tr>
<tr>
<td>2</td>
<td>Learner has interpreted topic correctly but has not given the desired response. (11–19)</td>
</tr>
<tr>
<td>3</td>
<td>Learner has interpreted topic correctly and has given some elements of the desired response. (20–25)</td>
</tr>
<tr>
<td>4</td>
<td>Learner has interpreted topic correctly and has linked some relevant substantive facts to the topic. (26–30)</td>
</tr>
<tr>
<td>5</td>
<td>Learner has interpreted topic correctly and has linked the relevant substantive facts to the topics. (31–35)</td>
</tr>
</tbody>
</table>

TOTAL SECTION C: 40
GRAND TOTAL 150