GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

JUNE 2023

GRADE 11

MARKING GUIDELINES

ECONOMICS (PAPER 1)

EXEMPLAR

19 pages

SECTION A (COMPULSORY)

QUESTION 1 **30 MARKS – 20 MINUTES**

1.1 **MULTIPLE-CHOICE QUESTIONS**

1.1.1 D – Fresh water ✓✓

1.1.2 B – ownership of labour does not belong to the firm ✓✓

1.1.3 A – Final goods and services ✓✓

1.1.4 C – buyers and sellers of resources meet to trade ✓✓

1.1.5 A – Education ✓✓

1.1.6 C – income and wealth ✓✓

1.1.7 D – coal ✓✓

1.1.8 B – the rail networks ✓✓ (16)

1.2 **MATCH COLUMNS**

1.2.1 B – the resources that are scarce and that people are willing to pay for ✓

1.2.2 C – capital must be higher than the cost incurred to make capital goods available ✓

1.2.3 E – state owned business, like Eskom ✓

1.2.4 A – takes place when there is an increase in the country's capital stock ✓

1.2.5 F – explains the theory of communism ✓

1.2.6 H – a set of methods used for solving the questions of what to produce, for whom and with what ✓

1.2.7 G – collection of raw materials that can return to nature what is taken from it, such as farming or forestry ✓

1.2.8 D – industries that process natural resources into a form that is suitable for human use ✓ (8)

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1.3 **GIVE ONE TERM**

1.3.1 Remuneration ✓

1.3.2 Real GDP ✓

1.3.3 Feudalism ✓

1.3.4 Nationalisation ✓

1.3.5 Primary sector ✓

1.3.6 The independent Communications Authority of South Africa ✓ (6)

TOTAL SECTION A: 30

EXEMPLAR

SECTION B

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

QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 **Name any TWO main government policies for socio-economic services.**

- Monetary policy ✓
- Fiscal policy ✓ (2 x 1) (2)

2.1.2 **Why is a child support grant excluded from the consumption expenditure by the government?**

- It is because a child support grant is not part of the buying of goods and services by the government. ✓✓
- A child support grant is a transfer of income from one group to another group without any productive service being rendered. ✓✓

(Accept any other correct relevant response.) (1 x 2) (2)

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

2.2.1 **Identify any ONE example of a fixed capital good.**

- Equipment ✓
- Machinery ✓
- Building ✓
- Vehicle ✓ (1)

2.2.2 **Name the reward an owner of capital receives for making capital available.**

- Interest ✓ (1)

2.2.3 **Briefly describe the term *capital widening.***

- Capital widening is the situation where the stock of capital is increased to accommodate an increasing labour force. ✓✓

(Accept any other correct relevant response.) (2)

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2.2.4 **Explain the importance of capital goods for industries.**

- Capital goods increase production capacity in industries. ✓✓
- The durability of capital goods reduces cost of factors of production over a period. ✓✓

(Accept any other correct relevant response.) (2)

2.2.5 **How does the risk of investment influence the interest rate on capital?**

- The higher the risk associated with the investment, the higher the interest rate on capital. ✓✓
- The lower the risk associated with the investment, the lower the interest rate on capital. ✓✓
- If a person regards the risk of lending funds to a firm as very high, the person will only lend the funds to the firm if the interest rate compensates for the risk. ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)

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

2.3.1 **Which method of gross domestic product is displayed in the table above?**

- Expenditure method/Gross domestic expenditure (GDE) ✓ (1)

2.3.2 **List any month in the first quarter of 2022.**

- January/February/March ✓ (1)

2.3.3 **Briefly describe the term *gross national product.***

- Gross national product is the total of all consumer goods and services produced by the permanent inhabitants of a country in each period of time. ✓✓

(Accept any other correct relevant response.) (2)

2.3.4 **How does government cause a leakage in the circular flow?**

- Taxation charged by the government reduces monetary flow. ✓✓
- By participating in the imports of goods and services a government reduces the flow of income in the circular flow. ✓✓

(Accept any other correct relevant response.) (2)

EXEMPLAR

2.3.5 **Calculate the value of "A" above. Show ALL calculations.**

4 619 806 ✓ – (3 057 771 + 907 315) ✓ = 654 720 ✓✓
(Allocate a maximum 2 marks for correct answer without calculations.)
(2 x 2) (4)

2.4 **Discuss the *population growth rate* and *the labour force participation rate* as factors that determine the quantity of labour available in a country.**

Population growth rate

- If the birth rate exceeds the death rate, the size of the population increases. ✓✓
- Population increase results in labour force increase. ✓✓
- Higher levels of population and economic production induce a higher labour force. (2 x 2)
Max. 4

Labour force participation rate

- Not all people of working age are part of the economically active population. ✓✓
- Some choose not to work, and some are not able to work. ✓✓

(Accept any other correct relevant response.) (2 x 2)
Max. 4 (8)

2.5 **Analyse why GDP should be calculated according to international methods.**

- Investors who want to invest in a country use GDP to analyse the debt to GDP ratio of the country. ✓✓
- All three methods (the expenditure approach, the income approach and the value added approach) determine the total value of output. This value can then be compared to the previous year to determine economic growth. ✓✓
- It is used for financial decision making, economic policy formulation and to assess the effectiveness and the relative economic impact of their actions. ✓✓
- The three methods of GDP need to balance to ensure the correct reflection of economic growth in a country. ✓✓
- The income of all the factors of production, taxes and subsides constitutes the income method. ✓✓
- Total expenditure is determined by adding consumer, investment, government spending and exports and deducting imports. ✓✓
- Production is determined by adding the primary, secondary and tertiary sectors and taking taxes and subsidies into account. ✓✓

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- Government planning and extrapolations for budgets and infrastructure ✓
- International comparisons ✓
- To determine the extent of growth ✓
- To determine change in standard of living ✓
- To lend legitimacy to figures and statistics. ✓

(Accept any other correct relevant response.)
(Max of 2 marks for mere listing of examples) (8)
[40]

QUESTION 3: MACROECONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 **Name any TWO characteristics of a market economy.**

- Freedom of choice/Economic freedom ✓
- The absence of a central plan/Limited government involvement ✓
- The profit motive ✓
- Competition ✓
- Consumer sovereignty ✓

(Accept any other correct relevant response.) (2 x 1) (2)

3.1.2 **Why is the mining industry in South Africa important?**

- The mining industry is important because it employs thousands of workers.
- The mining industry is important because it contributes substantially to the GDP of the country. ✓✓

(Accept any other correct relevant response.) (1 x 2) (2)

3.2 Study the pie chart below and answer the questions that follow.

3.2.1 **Identify the channel with the least viewership in the chart above.**

M-Net ✓ (1)

3.2.2 **Name any state-owned TV channel in South Africa.**

- SABC1 or SABC2 or SABC3 ✓ (1)

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3.2.3 **Briefly describe the term *government.***

- Government is a group of people with different levels of authority to govern state, provincial or local government. ✓✓

(Accept any other correct relevant response.) (2)

3.2.4 **Explain the reason why advertisers might be happier with the existence of both DSTV and SABC in South Africa.**

- Advertisers will be able to reach a wider audience through MultiChoice and the SABC. ✓✓
- Advertisers can advertise their products at cheaper rates on these platforms. ✓✓

(Accept any other correct relevant response.) (2)

3.2.5 **How does a centrally planned economy benefit poor consumers in the market for goods and services?**

- Poor consumers can access essential goods and services for free. ✓✓
- Poor consumers can benefit from the maximum prices set by the state. ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)

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

3.3.1 **Identify any ONE reason for a drop in the primary sector in the second quarter of 2022.**

- The lower production of animal products ✓
- The sharp increase in input costs ✓ (1)

3.3.2 **Which economic sector is not mentioned in the extract above.**

- The tertiary sector (1)

3.3.3 **Briefly describe the term *economic exclusion.***

- An economic exclusion is the process in which groups are prevented from participating fully and equally in economic activities of a country or area. ✓✓

(Accept any other correct relevant response.) (2)

EXEMPLAR

3.3.4 **Explain how the information in the extract above is useful to the South African Reserve Bank.**

- To make informed decisions regarding interest rates. ✓✓
- To keep track of the various sectors of the economy regarding economic growth. ✓✓

(Accept any other correct relevant response.) (2)

3.3.5 **How does the outbreak of diseases increase production costs in the economy?**

- Workers will be absent from work due to sickness, and production levels will decrease, which will impact profit margins. ✓✓
- Increasing costs due to training of new workers ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)

3.4 **Discuss the *shortage of consumer goods and services* and *the lack of consumer choice* as disadvantages of a centrally planned economy.**

Disadvantages of a shortage of consumer goods and services

- Planners may misjudge the preferences of consumers which may lead to the development of black markets. ✓✓
- Consumers' needs are varied and compete for resources in the budget of the planners. (2 x 2)

Disadvantages of a lack of consumer choice

- Lack of competition between producers if there is no motive for the profit. ✓✓
- Poor quality of goods for consumers as the government runs everything and is slow in accepting/approving new ideas in the market. ✓

(Accept any other correct relevant response.) (2 x 2)
(4 x 2) (8)

EXEMPLAR

3.5 **How does the production of non-durable goods impact the economy positively?**

- Non-durable goods have an important place in households and thus in the economy. A significant portion of Gross Domestic Product (GDP) comprises such products. These goods contribute to personal consumption, exports, and government purchases. ✓✓
- Non-durable goods are present in a stable quantity in every economy, as they include goods that are essential for consumers to purchase. Non-durable goods, such as food and beverages, are purchased by consumers in every situation. ✓✓
- Consumer behaviour is generally very consistent with non-durable goods. This implies that non-durable goods are not subject to the business cycle, unlike durable goods that are affected by the cycle of economic expansion and contraction. ✓✓
- Subsequently, changes in the purchase of non-durable goods are usually influenced by a change in population and demographics rather than an economic phenomenon. ✓✓
- Durable goods are considered a reliable economic indicator because demand tends to rise during economic growth and fall during a recession. ✓✓

(Accept any other correct relevant response.) (8)

[40]

QUESTION 4: MACROECONOMICS 40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 **Name any TWO flows within the four-sector model of the economy.**

- Real flow ✓
- Money flow ✓ (2 x 1) (2)

4.1.2 **How does reduced tariffs increase exports in the secondary sector?**

- It will increase the processing of final goods and services and will result in higher employment. ✓✓

(Accept any other correct relevant response.) (1 x 2) (2)

EXEMPLAR

4.2 Study the diagram below and answer the questions that follow.

4.2.1 **Give the economic concept illustrated in the diagram above.**

- Two sector model ✓
- Closed economy ✓
- Income and spending circular flow ✓ (1)

4.2.2 **Name any ONE participant missing in the diagram above.**

- The state/government ✓
- The foreign sector ✓ (1)

4.2.3 **Briefly describe the term *autonomous expenditure*.**

- Expenditure that is independent of the level of income ✓✓ (2)

4.2.4 **Explain the role of the factor market in the circular flow.**

- An increase in demand for labour (factor market) leads to an increased demand for products. If firms employ more workers and pay higher wages, then this leads to an increase in household income. ✓✓

(Accept any other correct relevant response.) (2)

4.2.5 **How do injections impact the South African economy positively?**

- Government expenditure increases the flow of money into the circular flow. ✓✓
- Investments increase the production of goods and services in the circular flow. ✓✓
- Exports brings foreign income into the circular flow. ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)

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

4.3.1 **Identify the economic system in the cartoon above.**

- Free market economy/Capitalism ✓ (1)

4.3.2 **What problem is illustrated in the cartoon above?**

- Housing shortages ✓
- Bitter relations between landlords and tenants ✓
- Rising rents ✓

(Accept any other correct relevant response.) (1)

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4.3.3 **Briefly describe the term *economic system.***

- A set of methods used for solving the questions of what to produce, for whom and with what. ✓✓

(Accept any other correct relevant response.) (2)

4.3.4 **Explain freedom of action as an advantage of a free market economy.**

- In a market economy people are free to start any business in any place, live where they like and own property. ✓✓

(Accept any other correct relevant response.) (2)

4.3.5 **How do NGOs impact government's failure to deliver social services in South Africa?**

- It decreases government's responsibility to provide basic services to its citizens. ✓✓
- It aids certain communities where government seemed to have failed. ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)

4.4 **Briefly discuss gross national income (GNI) as a main aggregate.**

- GNI is the income approach that works out how much the people and business of a country i.e. South Africa, ✓✓ earn, irrespective of whether the people are staying abroad or are in the country. ✓✓
- The calculation of GNI helps to determine the country's GDP ✓✓
- To obtain GNI from GDP the following should be done:

Subtract the following from GDP:

- Profits, interest, and other income from domestic investment that accrue to residents of other countries ✓✓
- Wages and salaries for foreign workers who participate in domestic production ✓✓

EXEMPLAR

Add the following to GDP:

- Profits, interest, and other income from investments abroad that accrue to permanent residents (such as profits earned by a South African company that constructs bridges in Zimbabwe). ✓✓
- Wages and salaries earned by permanent residents outside South Africa (such as income earned by South Africans who work in other countries such as England and United States of America). ✓✓

- GNI=GDP + Primary income receipts -primary income payments ✓
- When South Africa pays to other countries more than what it receives from other countries the following formula should be used:
  GNI=GDP-Net primary income payments ✓✓
- Net primary income payments is equal to primary income payments less primary income receipts ✓✓

(Accept any other correct relevant response.) (4 x 2) (8)

4.5 **Evaluate the successes and failures of a mixed economic system in South Africa.**

Successes of a mixed economic system in South Africa

- Many privately owned businesses in various industries are thriving despite government regulations and policies ✓✓
- People are free to use their initiatives to manufacture and sell products that satisfy consumers. ✓✓
- There is a government department that supports Small, Micro and Medium Enterprises, thereby enabling more participation of entrepreneurs who needs government support. ✓✓
- Under the protection of central planning by the government, the poor are protected and supported. ✓✓

Failures of a mixed economic system in South Africa

- Taxes the major source of income for the government and some capitalists are involved in tax evasion ✓✓
- Overpopulation in urban areas where there is a concentration of economic activity which puts a strain on the municipality's budget. ✓✓
- Corruption has drastically increased in South Africa which has impacted service delivery in the country. ✓✓

(Accept any other correct relevant response.) (8)

[40]

TOTAL SECTION B: 80

EXEMPLAR

SECTION C

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

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. • A good starting point would be to define the main concept related to the question topic. • Do not include any part of the question in your introduction. • Do not repeat any part of the introduction in the body. • Avoid mentioning in the introduction what you are going to discuss in the body.	Max. 2
Body **Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Assess/Debate **A maximum of 8 marks may be allocated for headings/examples** **Additional part:** Critically discuss/Evaluate/Critically evaluate/Debate/Deduce/Compare/Distinguish/Interpret/How?/Suggest **A maximum of 2 marks may be allocated for mere listing of facts.**	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value judgement on the facts discussed • Additional support information to strengthen the discussion/ analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max. 2
TOTAL	**40**

EXEMPLAR

QUESTION 5: MACROECONOMICS **40 MARKS – 40 MINUTES**

- **Discuss, in detail, the characteristics of entrepreneurship.** **(26 marks)**
- **Analyse the impact of loadshedding on entrepreneurship.** **(10 marks)**

[40]

INTRODUCTION

- An entrepreneur is someone who creates something new, which has value by devoting time and effort to the new idea/business/product. ✓✓ (Max.2)

(Accept any other correct relevant introduction.)

BODY:

MAIN PART

Start-up, management, and control of a new business/Starting a new business venture ✓

- They take risks and make daily decisions to ensure the successful running of the business. ✓✓
- Entrepreneurs start businesses to make money, and in the process, they create jobs, influence growth in the economy and raise the standard of living. ✓✓
- Entrepreneurs do enough research to ensure that their ideas are successful.
- In so doing, they will try to make the biggest possible profit. ✓✓

Buy and sell goods and services ✓

- Entrepreneurs buy at certain prices and sell at marked-up prices. ✓✓
- In the market economy, entrepreneurs exploit opportunities that arise in markets whenever there is excess supply or excess demand, for a product. ✓✓
- Actions of entrepreneurs are important to establish equilibrium in markets or to make consumers happy. ✓✓
- Entrepreneurs may also choose to buy existing businesses. ✓✓

Bring together factors of production ✓

- Entrepreneurs ensure that production is taking place by bringing together the factors

EXEMPLAR

of production. ✓✓

- Entrepreneurs ensure that the production of goods and services takes place in the most efficient way. ✓✓

EXEMPLAR

Opportunity seeking ✓

- Entrepreneurs are constantly seeking new opportunities and are seldom satisfied with the status quo. ✓✓
- The obsession with opportunity means they become familiar with their industries, customers and competition. ✓✓

Creativity and/or innovation ✓

- Entrepreneurship is all about developing new ideas, products or services. ✓✓
- Entrepreneurs create products or services that are correct, appropriate, useful, and valuable. ✓✓
- Entrepreneurs seek to do things differently from the way others are doing at present, such as improving a product. ✓✓ (Max. 26)

(Accept any other correct relevant response.)
(Allocate a maximum of 8 marks for headings/examples.)

ADDITIONAL PART

Analyse the impact of loadshedding on entrepreneurship.

- The risks of business initiatives or ideas taken by entrepreneurs have increased as the likelihood of businesses failing is high. ✓✓
- Entrepreneurs' decisions regarding the choice of products, place and time are limited by the increased occurrence of loadshedding. ✓✓
- Combining other factors of production such as capital, labour and natural resources will likely come at higher costs because of loadshedding. ✓✓
- The profit of entrepreneurs will be affected negatively as production processes and techniques are limited by the instability of electricity. ✓✓
- Profits of entrepreneurs will be negatively affected by a lack of skills regarding alternatives to electricity in the business. ✓✓ (Max. 10)

(Accept any other correct relevant response.)

CONCLUSION

EXEMPLAR

South Africa has a huge potential in entrepreneurial ability. Government and schools must encourage and enhance entrepreneurial skills for economic growth and development. ✓✓ (Max. 2)
(Accept any other relevant correct higher-order conclusion.)

(40)

EXEMPLAR

QUESTION 6: MACROECONOMICS **40 MARKS – 40 MINUTES**

- **Discuss, in detail, the economic importance of infrastructure in South Africa. (26 marks)**
- **How can economic services influence a country's income and wealth? (10 marks)**

[40]

EXEMPLAR

INTRODUCTION

The infrastructure of a country ensures that the factors of production, as well as consumer goods and services, will be available at the right place and the right time. ✓✓ (Max. 2)
(Accept any other correct relevant introduction.)

MAIN PART

Communication ✓

- The function of communication is to make sure that the right information reaches the right person at the right time. ✓✓
- Communication is essential for success in the business world. ✓✓
- Communication must be fast and efficient so that businesses can compete internationally. ✓✓
- Printed media and electronic media are used by business to find and distribute correct information. ✓✓

Communication is important for the following reasons:

- Cellphone and wireless technology enable South Africa's entrepreneurs and consumers to participate in economic activities remotely. ✓✓
- The communication sector makes a significant contribution to the GDP of South Africa. ✓✓
- The communication sector is a source of labour in South Africa. ✓✓

Transport ✓

- The transport sector in South Africa's growing economy is the driving force for all economic activity. ✓✓
- South Africa needs to invest in, and constantly upgrade roads, rail, harbours and airports. ✓✓
- Transport enables individuals to get to work, and businesses to move goods and services. ✓✓

EXEMPLAR

Transport is important for the following reasons:

- Transport brings consumers and manufacturers together. ✓✓
- Encourages international links such as exports which makes significant contribution to the GDP of South Africa. ✓✓
- Enables tourists to enter the country and encourages travel within the country. ✓✓
- The ports near special economic zones encourage business hubs and growth of production. ✓✓

Energy ✓

- South Africans' energy needs are met by the provision of electricity which is generated from coal powered stations. ✓✓
- Eskom is tasked with a duty of providing electricity to households and businesses. ✓✓
- Hydroelectric power plants also provide South Africa's electricity.
- Koeberg nuclear power station near Cape Town contributes a significant amount of electricity in South Africa. ✓✓

Energy provision is important for the following reasons:

- Energy consumption is important for modern living such as industry and domestic consumption. ✓✓
- Loadshedding affects the functioning of businesses that are heavily reliant on electricity for survival. ✓✓
- Renewable energy sources have been identified by the South African government as environmentally friendly means of producing electricity. ✓✓ (Max. 26)

(Accept any other correct relevant response.)

(Allocate a maximum of 3 marks for headings/examples.)

EXEMPLAR

ADDITIONAL PART

How can economic services influence a country's income and wealth?

- Specialisation, because when places are better connected, they can either specialise in what they produce best, or diversify and innovate, both of which allow the benefits of concentration to be spatially spread out. ✓✓
- Convergence, because spatial concentration of people and firms can be harnessed to improve living conditions everywhere, enabling the improvement of living standards across the country. ✓✓
- Investing in temporary solutions such as backup generators and waste disposal takes away capital that could be used for innovation or social security payments.✓✓
- By keeping up with infrastructure maintenance, businesses can invest greater into the future rather than cleaning up the past ✓✓
- Infrastructure maintenance lowers costs for factory owners and renters which attracts international trade competition. ✓✓
- Low levels of education should be improved through SETAs programmes and expand public works programmes which will address the gap between the poor and rich. ✓✓ (Max. 10)

(Accept any other correct relevant response.)

CONCLUSION

Improving the quality of public expenditure will make room for investment in infrastructure and basic services for the population. ✓✓

(Accept any other correct relevant higher-order conclusion.)

(40)

TOTAL SECTION C: 40

TOTAL: 150

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