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# basic education

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Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

**ECONOMICS P1**

**2023**

**MARKING GUIDELINES**

**MARKS: 150**

**These marking guidelines consist of 22 pages.**

**SECTION A (COMPULSORY)****QUESTION 1****1.1 MULTIPLE-CHOICE QUESTIONS**

- 1.1.1 B - current prices ✓✓  
 1.1.2 D - composite ✓✓  
 1.1.3 C - parastatals ✓✓  
 1.1.4 A - comparative ✓✓  
 1.1.5 B - Economic union ✓✓  
 1.1.6 A - National Development Plan ✓✓  
 1.1.7 C - National Research and Development Strategy ✓✓  
 1.1.8 D - M1 ✓✓ (8 x 2) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 H - the proportion of additional income that households choose to spend on goods and services ✓  
 1.2.2 E - use of taxation and government expenditure to achieve macroeconomic objectives ✓  
 1.2.3 D - the redistribution of income within the economy ✓  
 1.2.4 A - the ratio between export and import prices measured by means of indexes ✓  
 1.2.5 B - the decrease in production costs due to high levels of production ✓  
 1.2.6 F - the worldwide integration of economies, with trade as an important element ✓  
 1.2.7 C - aims to significantly increase the number of previously disadvantaged people who own, manage and control the country's economy ✓  
 1.2.8 I - committed to maintaining international peace, security, social development and human rights ✓ (8 x 1) (8)

**1.3 GIVE THE TERM**

- 1.3.1 Extrapolation ✓  
 1.3.2 Medium Term Expenditure Framework ✓  
 1.3.3 Import substitution ✓  
 1.3.4 Import quota ✓  
 1.3.5 Land restitution ✓  
 1.3.6 Regional development ✓ (6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

Answer any TWO of the three questions in this section.

**QUESTION 2: MACROECONOMICS****40 MARKS – 30 MINUTES**

2.1 **Answer the following questions.**

2.1.1 **Name the TWO turning points of a business cycle.**

- Peak ✓
  - Trough ✓
- (2 x 1) (2)**

2.1.2 **Why would a decrease in South African exports lead to the depreciation of the rand?**

Supply of foreign currency will decrease which will increase the value of foreign currency resulting in the depreciation of the rand / Demand for local currency in export destination countries may decrease resulting in depreciation ✓✓

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

2.2 **DATA RESPONSE**

2.2.1 **Identify the tax rate at which the government maximises tax revenue.**

50% ✓ **(1)**

2.2.2 **Name any form of indirect tax paid by households to the government.**

- Value Added Tax / VAT ✓
  - Excise duty (Sin tax, Fuel levy, Carbon tax, Sugar tax) ✓
  - Import duty / Import tariff ✓
- (Accept any other correct relevant response) **(1)**

2.2.3 **Briefly describe the term *progressive tax*.**

Tax system whereby people in higher-income groups pay higher tax rates than those in lower-income groups. ✓✓

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

2.2.4 **Explain the effect of a regressive tax system on income distribution.**

Regressive tax system makes income to be more unequally distributed / The income inequality amongst the population will increase / The gap between low-income earners and high-income earners will increase as low-income earners pay higher tax rates than high-income earners ✓✓

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

**2.2.5 Why will tax revenue decrease if the government imposes very high tax rates?**

- Some businesses and individual may be forced to evade tax resulting in lower tax revenue for the government. ✓✓
- Some workers may be discouraged to enter the labour market which will reduce the tax base for the government. ✓✓
- Businesses may reduce production or withdraw their investments from the economy, which shrinks the tax base. ✓✓

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

**2.3 DATA RESPONSE**

**2.3.1 Identify a concept that relates to the changes in the consumer price index from the cartoon above.**

Cost of living ✓ (1)

**2.3.2 Name the explanation (approach) of business cycles illustrated in the above cartoon.**

Exogenous / Monetarist ✓ (1)

**2.3.3 Briefly describe the term *recession***

Decline or negative growth in real Gross Domestic Product for at least two consecutive quarters / The first stage of a downswing where economic activity starts to decrease. ✓✓

(Accept any other correct relevant response) (2)

**2.3.4 Explain the impact of the Ukraine/Russia war on local food prices.**

The Ukraine/Russia war resulted in a decreased supply and an increase in prices of agricultural inputs from Russia, which led to an increase in local food prices / Fuel prices increased resulting in higher cost of transport which increased local food prices ✓✓

(Accept any other correct relevant response) (2)

**2.3.5 How can the government use monetary policy to stimulate economic activity?**

- The government can use expansionary monetary policy to stimulate economic activity during the recession or depression phase. ✓✓
- Reduction in interest rates will make credit cheaper which will increase demand for goods and services ✓✓
- Money supply can be increased by granting more credit or decreasing cash reserve requirements or buying securities via open market transactions which will increase consumer spending as well as production ✓✓

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

2.4 **Briefly discuss the *free-floating* and the *fixed* exchange rate systems.**

**Free-floating**

- The value of a currency is solely determined by market forces, i.e. demand for rand and supply of rand. ✓✓
- The government does not intervene in the foreign exchange market to influence exchange rates. ✓✓
- The exchange rate fluctuates as market conditions change ✓✓
- Any differences in supply and demand are automatically corrected in the market. ✓✓
- South Africa uses a free-floating exchange rate system that allows the currency to adjust to global conditions ✓✓ (2 x 2) (4)

**Fixed**

- The government determines or pegs the exchange rate based on the value of another currency such as the US dollar. ✓✓
- The central bank buys and sells foreign exchange to maintain the exchange rate at the set level. ✓✓
- The government can devalue the exchange rate to a lower level in terms of other currencies or revalue it to a higher level. ✓✓ (2 x 2) (4)  
(Accept any other correct relevant response)  
**(Allocate a maximum of 4 marks for a mere listing of facts/examples)**

(8)

2.5 **How can the South African government improve the quality of public sector provisioning?**

The South African government can improve the quality of public sector provisioning by:

- awarding government contract for service delivery to companies with a positive track record ✓✓
- allocating adequate resources to different department to ensure service delivery without failure ✓✓
- eliminating unnecessary rules and procedures (bureaucracy) to ensure efficient service delivery ✓✓
- eliminating corruption among government officials by implementing whistle blowing channels such direct telephone lines to report corruption ✓✓
- employing government official based on qualifications, skills and experience to ensure high competence level in the public sector ✓✓
- offering incentives such as performance bonuses to civil servants to motivate them to perform their tasks successfully ✓✓
- improving or upgrading the aging infrastructure to ensure reliable service delivery ✓✓
- avoiding nepotism, favouritism, bribery and cadre deployment in recruitment procedures in the public sector ✓✓
- privatizing some government assets to improve efficiency in service delivery, ✓✓ e.g. If Eskom could be privatized electricity supply could improve ✓

- holding government officials accountable for their decisions and actions. ✓✓
- implementing strict measures to reduce mismanagement of taxpayers' money, ✓✓ e.g. Intensifying the implementation of the Public Financial Management Act (PFMA) ✓
- forming Private Public Partnerships to enable a faster, more efficient delivery of goods and services ✓✓
- encouraging a competitive work culture by hiring and retaining talented individuals through competitive compensation packages ✓✓
- developing a framework for the appointment and payment of members to the Board of state-owned companies ✓✓
- focusing on scarce resources for highest financial impact ✓✓
- setting clear costing and development mandates with financial implications clearly set out ✓✓

(Accept any other correct relevant response)

(4 x 2)

**(Allocate a maximum of 2 marks for a mere listing of facts/examples)**

(8)  
[40]

**QUESTION 3: ECONOMIC PURSUITS****40 MARKS – 30 MINUTES****3.1 Answer the following questions.****3.1.1 Name any TWO examples of wealth tax.**

- Capital gain tax ✓
- Transfer duty ✓
- Estate duty ✓
- Property tax ✓
- Donations tax ✓
- Dividend tax ✓

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

**3.1.2 Why is small business development important to the South African economy?**

Small businesses can help to create employment for those who are structurally unemployed / Small businesses may create sources of income for the households thereby reducing poverty in the country / Small businesses contribute to economic growth / Small businesses increase competition which increases economic efficiency ✓✓

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

**3.2 DATA RESPONSE****3.2.1 Identify a term in the extract above, which relates to the removal of import tariffs.**

Duty-free ✓ (1)

**3.2.2 Name ONE other trade protocol of which South Africa is part.**

- Southern African Custom Union (SACU) ✓
- Multilateral Monetary Area (MMA) ✓
- Southern Africa Development Community (SADC) ✓
- African Union (AU) ✓
- Japan-South Africa's Partnership Forum ✓
- Brazil, Russia, India, China and South Africa (BRICS) ✓
- European Union (EU) ✓
- Mercusor ✓
- African Continental Free Trade Area (ACFTA) ✓

(Accept any other correct relevant response) (1)

**3.2.3 Briefly describe the term *protectionism*.**

Government policy that discourages the importing of certain goods and services so that domestic industries are not exposed to unfair foreign competition ✓✓

(Accept any other correct relevant response) (2)

3.2.4 **Explain a disadvantage when applying the protectionism policy.**

- Other countries may retaliate by implementing protectionism measures as well ✓✓
- Industries may become too reliant on protection and lose the ability to compete efficiently when protection is removed ✓✓
- It is difficult to establish which industries that have the potential to be competitive and will need protection ✓✓
- Decisions about when to reduce or remove protection measures are difficult to make ✓✓
- Inefficient producers are protected at the expense of the consumers who buy the products ✓✓
- Protected industries may not mature and develop skills to compete on their own ✓✓
- Local consumers may be denied of better-quality products ✓✓  
(Accept any other correct relevant response)

(2)

3.2.5 **How can the African Growth and Opportunity Act (AGOA) negatively affect South Africa?**

- South African local businesses may face unfair competition from American products that are imported at lower prices. ✓✓
- Unemployment may increase as local businesses may be forced to shutdown ✓✓
- Local businesses may make less profits due to a decrease in demand for their products ✓✓
- South African businesses may be forced to reduce their prices to match competition from the US ✓✓
- South Africa's quality standards, especially on food products may be compromised ✓✓  
(Accept any other correct relevant response)

(2 x 2)

(4)

3.3 **DATA RESPONSE**

3.3.1 **In which year did South Africa record the highest human development index?**

2019 ✓

(1)

3.3.2 **Name ONE indicator used to measure human development.**

- Per capita income ✓
- Literacy rate ✓
- Life expectancy ✓

(1)

3.3.3 **Briefly describe the term *economic development***

The improvement in the standard of living of a country's population over a period of time ✓✓

(Accept any other correct relevant response)

(2)

3.3.4 **Why did South Africa experience a decline in social and economic development in 2020?**

- In 2020 many people lost their employment and other sources of income due to the lockdown restrictions to reduce spreading of Covid-19 ✓✓
- Life expectancy decreased because of the threat imposed by coronavirus on human lives ✓✓  
(Accept any other correct relevant response)

(2)

3.3.5 **How can the government improve the standard of living for the people?**

The government can improve the standard of living by:

- improving education and training for the people to gain skills and knowledge that will help them find employment and create employment (entrepreneurship) ✓✓
- attracting more investments for people to get jobs and receive some income ✓✓
- paying welfare grants to the poor and vulnerable to allow them to afford their basic needs ✓✓
- improving health care services, sanitation and water supply for the people to live a healthy lifestyle ✓✓  
(Accept any other correct relevant response)

(2 x 2)

(4)

3.4 **Briefly discuss *partnerships* and *good governance* as benchmark criteria for regional development.**

**Partnerships**

- Regional development is the responsibility of different stakeholders in the economy ✓✓
- Partnerships should be built between central government, local authorities, civil society, special interest groups, NGOs and the private sector ✓✓
- Partnerships should be formed in order to improve transparency and encourage more 'buy in' from all role players ✓✓
- Partnerships amongst all role players within the economy is encouraged by the South African government as it builds a more inclusive economy ✓✓ (Accept any other correct relevant response)  
(2 x 2) (4)

**Good governance**

- Regional development strategies should be managed effectively and free of corruption ✓✓
- Principles of accountability and transparency should be applied to ensure efficient financial management and control ✓✓
- Projects should be correctly programmed, monitored and evaluated ✓✓
- Good governance requires proper management of public funds in many provinces and municipalities ✓✓  
(Accept any other correct relevant response)

(2 x 2) (4)

**(Allocate a maximum of 4 marks for a mere listing of facts/examples)**

(8)

3.5 **Evaluate the impact of export promotion on local industries in South Africa.**

Export promotion may impact on local industries in the following ways:

**Positive impact**

- Bigger export markets allow local businesses to sell more products and generate more income ✓✓
  - South African industries may produce goods in large quantities and benefit from economies of scale ✓✓
  - The average cost of production may be minimised which allows local businesses to export their product at lower and competitive prices ✓✓
  - Incentives provided by the government, such as the concessions on transport costs may increase profits for exporters ✓✓
  - Export subsidies reduce production costs and increase the competitiveness of exporting businesses on international markets ✓✓
  - Local industries will become more innovative and produce better quality products to gain competitive advantage on international markets ✓✓
- (Accept any other correct relevant response)

**Negative impact**

- Producers who receive financial incentives from the government may lose their creativity and innovation in terms of productive efficiency ✓✓
  - Producer may have a false sense of security as subsidies distort the actual cost of production ✓✓
  - Businesses that do not receive the government's financial support may find it difficult to compete on export markets ✓✓
  - Export industries may lose the market when foreign countries retaliate by imposing tariffs and quotas on imported goods ✓✓
- (Accept any other correct relevant response) (4 x 2)

**(Allocate a maximum of 2 marks for a mere listing of facts/examples)**

(8)  
[40]

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**  
**40 MARKS – 30 MINUTES**4.1 **Answer the following questions.**4.1.1 **Name any TWO characteristics of public goods.**

- Non-excludable ✓
- Non-rivalry ✓
- Indivisible ✓
- Infinite/Endless consumption ✓
- Non-rejectable ✓

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

4.1.2 **How can South African workers benefit from import substitution?**

More South African workers will get employed to produce the goods that substitute foreign products / Workers will gain new knowledge and skills from producing products that were previously imported ✓✓

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

4.2 **DATA RESPONSE**4.2.1 **Identify the item that records an investment made in a specific asset, with a fixed future value such as gold**

Net financial derivatives ✓ (1)

4.2.2 **Name the item that caters for any omissions and errors in the balance of payments.**

Unrecorded transactions ✓ (1)

4.2.3 **Briefly describe the term *portfolio investment*.**

The purchasing of financial assets such as shares on the stock exchange ✓✓

(Accept any other correct relevant response) (2)

4.2.4 **Explain the purpose of Special Drawings Right (SDR) allowances in Reserve Assets.**

To finance the Balance of Payments disequilibria/deficit experienced by member countries ✓✓

(Accept any other correct relevant response) (2)

4.2.5 **Use the information in the table above to calculate the memo item (A). Show ALL calculations.**

Net direct investment	32 367	
Net portfolio investment	-4 688 ✓	
Net financial derivatives	-3 465 ✓	
Net other investments	9 594 ✓	
Memo item: Balance on Financial Account excluding reserve assets	<u>33 808</u> ✓	(4)

4.3 **DATA RESPONSE**

4.3.1 **Identify the Industrial Development Zone that manufactures vehicles.**

- Coega IDZ ✓
  - East London IDZ ✓
- (1)

4.3.2 **Name the key economic activity that Saldanha IDZ specialises in.**

Steel industries ✓ (1)

4.3.3 **Briefly describe the term *corridor***

A track of land that forms a passageway allowing access from one area to another and providing advantages for the mining, agriculture and manufacturing industries ✓✓  
(Accept any other correct relevant response) (2)

4.3.4 **Why is it necessary for the government to provide incentives to businesses?**

- To encourage businesses to produce more output of a specific product ✓✓
  - To attract more investments to a particular economic activity or product ✓✓
  - To attract businesses to neglected areas
  - Financial incentives are provided to motivate producers by reducing the cost of production ✓✓
  - To diversify trade ✓✓
- (Accept any other correct relevant response) (2)

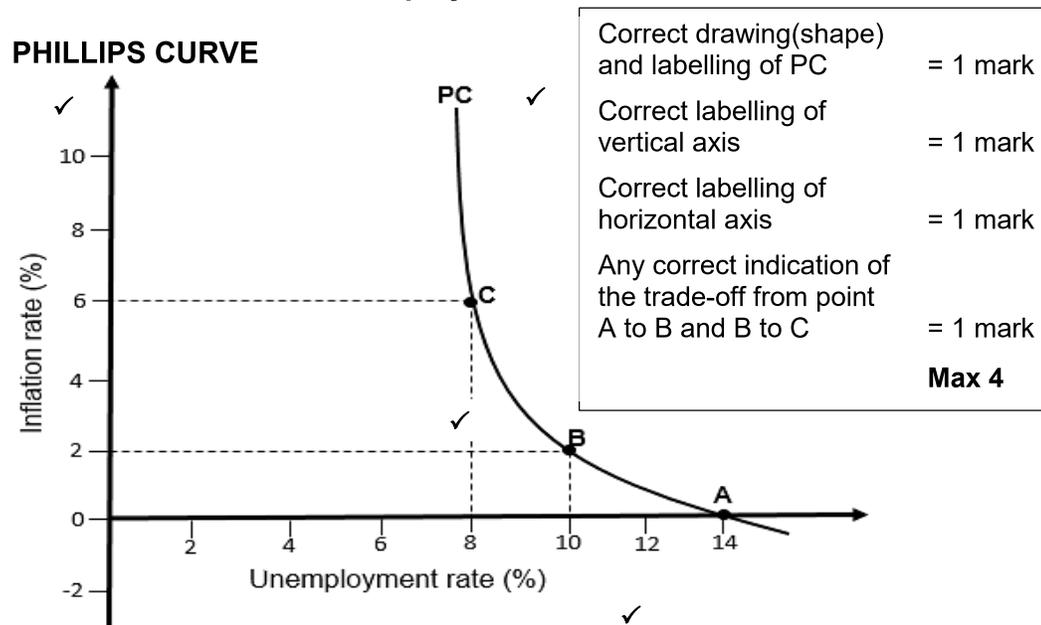
4.3.5 **How can South Africa benefit from the introduction of Special Economic Zones (SEZ)?**

South Africa can benefit from the introduction of SEZ in the following ways:

- Economic growth is stimulated by attracting more investments in key growth areas ✓✓
- Broader industrial areas that are not linked to airports or ports are created ✓✓
- Job opportunities created especially in manufacturing sector will promote further skills development ✓✓
- Production of a wide variety of goods and services will diversify the economy ✓✓

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

4.4 **With the aid of a well labelled Phillips curve, explain the relationship between inflation and unemployment**



- The curve illustrates that there is a trade-off or inverse relationship between unemployment and inflation ✓✓
- The negative relationship implies that the government can choose how much unemployment they wish to trade-off for inflation ✓✓
- Point A represents the natural unemployment rate of 14% where inflation rate is 0% ✓✓
- When the government implement demand-side policies to reduce unemployment from 14%, inflation will increase ✓✓
- Between point A and B, if unemployment rate decreases from 14% to 10%, inflation rate will increase from 0% to 2%. ✓✓
- Between point B and C, if unemployment rate decreases from 10% to 8%, inflation rate will increase from 2% to 6%. ✓✓

(Accept any other correct relevant response) **Max 4**  
**(Allocate a maximum of 4 marks for a mere listing of facts/examples)**

(8)

4.5 **Analyse the demand-side and supply-side factors that influence economic growth in South Africa.**

**Positive factors**

- Government subsidies in form of cash grants paid to the SMMEs help to improve the competitiveness of small businesses ✓✓
- Increase in government expenditure on infrastructure development especially in neglected areas will attract investments to different regions of the country ✓✓
- Foreign direct investments help to create new job opportunities and contribute to the real GDP ✓✓
- Increasing investments in skills development improves the skills of the South African workers and productivity which will increase production output ✓✓
- Demand for clean energy produced from solar and other sources results in the establishment of new companies which will create jobs ✓✓
- Reduction of corruption in state-owned enterprises will improve efficiency of infrastructural services thereby increasing production ✓✓  
(Accept any other correct relevant response)

**Negative factors**

- Poor health care services and education may result in lower labour productivity which will reduce production output ✓✓
- Inadequate infrastructures such as roads, railway lines and bridges make transportation more expensive and slows the overall efficiency of the country ✓✓
- Low investors' confidence towards the South African economy reduces the ability of the economy to attract foreign direct investments ✓✓
- Low levels of savings have reduced the availability of loanable funds resulting in less private investments ✓✓
- Political, industrial and social instability reduce investors' confidence leading to a net capital outflow ✓✓
- Electricity shortages lead to lower output as production is lost through the nation-wide power cuts ✓✓
- Rising prices of imported production inputs such as oil and agricultural input prices lead to higher production costs which may discourage some producers ✓✓
- High inflation rate, recorded above the upper-limit of the inflation target, resulted in low consumer spending, discouraging production of goods and services ✓✓

(Accept any other correct relevant response)

(4 x 2)

**(Allocate a maximum of 2 marks for a mere listing of facts/examples)**

(8)  
[40]

**TOTAL SECTION B:**

**80**

**SECTION C**

Answer any ONE of the two questions in this section.

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

- **Discuss in detail the markets within the four-sector circular flow model.** (26 marks)
- **How can the increases in injections impact on the South African economy?** (10 marks)

**INTRODUCTION**

The circular flow is a simplified economic model that illustrates the inter-relationship between the economic participants ✓✓ OR

A market is a mechanism that brings buyers and sellers together to exchange different types of products ✓✓

(Accept any other correct relevant introduction)

**(Max 2)****BODY: MAIN PART****FOUR TYPES OF MARKETS IN THE CIRCULAR FLOW****(a) Product/Goods market ✓**

- Product market is where goods and services are bought and sold ✓✓
- Firms, government and foreign sector supply goods and services and their movement is called real flow ✓✓
- Consumers, firms, government and foreign sector buy goods and services and their payments represent money flow ✓✓
- Goods are defined as any tangible items such as food, clothing and cars that satisfy some human needs ✓✓
- In capital goods market products such as buildings and machinery are exchanged ✓✓
- Consumer goods market involves the trading of durable consumer goods, semi-durable consumer goods and non-durable consumer goods ✓✓
- Services are defined as non-tangible actions and includes wholesale and retail, transport and financial markets ✓✓

**(b) Factor/Resources/Input market ✓**

- Factor market is where factors of production are exchanged, ✓✓ e.g. the labour market, property market and the financial markets ✓
- Households are the owners of factors of production and they sell them to firms to produce goods and services ✓✓
- The factors of production are labour, entrepreneurship, capital and land and they are exchanged for wages, profit, interest, and rent respectively ✓✓
- Factor services are real flows and they are accompanied by counter flows of income on the factor market ✓✓

**(c) Financial markets ✓**

- Financial markets render financial services to the other participants in the economy by gathering surplus funds and lending them to those who needs funding ✓✓
- Banks, insurance companies and pension funds form part of the financial market ✓✓
- Financial markets are not directly involved in production of goods and services, but act as a link between households and businesses with surplus income and other participants who require it ✓✓

**Money market ✓**

- The money market is the market for short-term and very short-term savings and loans ✓✓
- The South African Reserve Bank (SARB) is a key institution in the money market ✓✓
- The SARB administers the function of legislating and managing the money market ✓✓
- Money market includes inter-bank lending for a period as short as overnight ✓✓
- The securities traded include short term deposits, short term debentures and treasury bills ✓✓

**Capital market ✓**

- The capital market is the market for long-term savings and loans ✓✓
- The Johannesburg Securities Exchange (JSE) is a key institution in the capital market ✓✓
- The securities traded in this market are long term deposits, mortgage bonds and shares ✓✓

**(d) Foreign exchange market ✓**

- The foreign exchange market is a multi-national market where currencies of all the countries are traded, ✓✓ e.g. The South African rand can be exchanged for the US dollar ✓
- The foreign exchange market originates when one country imports goods from another country and domestic currency have to be exchanged in order to pay for such imports ✓✓
- Foreign exchange can be bought and sold at the banks and foreign exchange agencies ✓✓
- The South African rand is freely traded in the forex markets and its value is determined by the market forces of demand and supply ✓✓

(Accept any other correct relevant response)

**(Allocate a max of 8 marks for headings/subheadings/examples) (Max 26)**

**ADDITIONAL PART**

**Increases in injections may impact on the South African economy as follows:**

- Increase in investments will expand the tax base thereby increasing tax revenue for the government ✓✓
- The government's capacity to develop infrastructure such as energy and transport will increase ✓✓
- Establishment of new businesses and infrastructure development projects will create more employment ✓✓
- Consumer spending may increase as households receive more income leading to an increase in aggregate demand ✓✓
- Increase in government expenditure on welfare payments and social development improves the standard of living especially for the poor people ✓✓
- Increase in government spending in the form providing subsidies and incentives to businesses will encourage production of more goods and services ✓✓
- Increase in subsidies may reduce the cost of production which will reduce inflation in the economy ✓✓
- Increase in South African exports may result in the appreciation of the rand which will reduce the cost of importing production inputs such as oil ✓✓
- Increase in export production contribute to an increase in the real GDP of the country ✓✓
- Balance of payments problems may decrease as the trade balance increases due to an increase in exports ✓✓
- Through the multiplier process, the country's national income will increase by a bigger margin ✓✓

(Accept any other correct relevant response)

**(Max 10)**

**(Allocate a maximum of 2 marks for a mere listing of facts/ examples)**

**CONCLUSION**

Markets ensure availability of consumer goods and services to households and government while allowing businesses access to factors of production. ✓✓

(Accept any other relevant higher order conclusion.)

**(Max 2)**

**[40]**

**QUESTION 6: ECONOMIC PURSUITS****40 MARKS – 40 MINUTES**

- **Discuss in detail the various social indicators.** (26 marks)
- **How can urbanisation influence the standard of living for the South African population?** (10 marks)

**INTRODUCTION**

Social indicators are measures that economists use to evaluate the performance of a country in terms of the social well-being of its citizens ✓✓

(Accept any other correct relevant introduction)

**(Max 2)****MAIN PART****1. Demographics ✓**

- This deals with the characteristics of the population, such as size, race, age, gender, income geographic distribution, language, education, occupation and religion ✓✓
- These are definable issues related to human well-being over a period of time ✓✓
- The size of the population is important for infrastructure and social programmes

**(a) Population growth: ✓**

- Population growth is the increase in the number of people in a population or dispersed group ✓✓
- In South Africa population numbered 59,4 million in 2020, an increase of 1,23% from 2019 ✓✓
- Population growth is slowing down as the current population in 2022 is approximately 60 million, an increase of 0,84% from 2021 ✓✓
- Measuring population growth is important for delivering social services and for identifying the size of the tax base (the total number of people paying taxes) ✓✓
- Understanding population growth is important for predicting, managing, monitoring, and eradicating pest and disease outbreaks ✓✓
- Population growth usually has implications for indicators related to education, infrastructure and employment ✓✓
- Human settlements and the use of natural resources are also related to population growth ✓✓

**(b) Life expectancy ✓**

- The term 'life expectancy' refers to the number of years a person can expect to live ✓✓
- Life expectancy is based on an estimate of the average age that members of a particular population group will be when they die ✓✓
- In 2019, life expectancy for women in South Africa was about 67,68 years, while life expectancy for men was about 60,73 years on average ✓✓
- It is a measure that is often used to determine the overall health of a community ✓✓
- Changes in life expectancy are often used to describe trends in mortality ✓✓

- An increase in life expectancy may increase the productivity of available human resources, ✓✓ e.g., by improving health of workers ✓
- Life expectancy for a particular population group depends on factors such as their lifestyle, access to healthcare, diet and economic status ✓✓

## 2. Nutrition and Health ✓

- The standard of living of the population is related to the quality of nutrition and health ✓✓

### Nutrition

#### (a) Child malnutrition ✓

- Malnutrition is expressed in two ways – weight for age (under-weight) and height for age (dwarfism) ✓✓
- The proportion of underweight children is the most important indicator of malnutrition ✓✓
- In South Africa malnutrition is one of the leading causes of child deaths, and the number of affected children is increasing ✓✓
- The main causes of childhood malnutrition are household food insecurity, inadequate care and unhealthy household environment, and lack of health care services ✓✓

#### (b) Overweight children/Obesity ✓

- There is an association between obesity of children and other diseases ✓✓
- South Africa has a combined overweight and obesity prevalence of 13,5% in children aged 6–14 years, which is higher than the 10% global prevalence in school children ✓✓

### Health

#### (a) Infant mortality/Child mortality ✓

- Infant mortality refers to the number of children who die before the age of one year and it is one way of measuring the health of a population ✓✓
- The infant mortality rate is the number of infant deaths for every 1 000 live births ✓✓
- Infant mortality rate of South Africa decreased gradually from 93,59 deaths per thousand live births in 1971 to 25,11 deaths per thousand live births in 2020 ✓✓
- The main causes of infant mortality in South Africa are HIV and AIDS, pregnancy and childbirth complications, and malnutrition, which are all related to poverty ✓✓
- Reducing infant mortality requires increased health sector spending and improved health systems functioning ✓✓

#### (b) Under-five mortality ✓

- Under-five mortality is the number of children that will die before the age of 5 years ✓✓
- Under-five mortality rate of South Africa fell gradually from 143,8 deaths per thousand live births in 1971 to 32,6 deaths per thousand live births in 2020 ✓✓

#### (c) Health expenditure ✓

- Health expenditure measures the amount of money spent on health as a percentage of GDP ✓✓
- In 2019, health expenditure as a share of GDP for South Africa was 9,1% ✓✓

**(d) Access to safe drinking water** ✓

- Access to safe drinking water measures the percentage of a population that has reasonable access to safe drinking water ✓✓
- In South Africa the most improved water source was piped water inside the house with about 44% of households having such access ✓✓
- South Africa is expected to experience a water deficit of 17% by 2030, and climate change may worsen the situation ✓✓

**(e) Access to sanitation facilities** ✓

- Access to sanitation facilities measures the percentage of a population with at least adequate sanitation facilities that can prevent human, animal and insect contact ✓✓
- In South Africa about 80% of households use an improved sanitation facility ✓✓
- Approximately, 61% of households have flush toilets connected to the public sewer and about 12% of households have pit toilets with ventilation pipes ✓✓
- Poor sanitation causes economic losses associated with the direct costs of treating illnesses and lost income through reduced productivity ✓✓

**3. Education** ✓

- People's standard of living is directly related to their level of formal education ✓✓
- Five or six years of schooling is a critical threshold for the achievement of sustainable literacy and numeracy skills ✓✓

**(a) Public expenditure** ✓

- Public expenditure measures the percentage of the national budget that is directed towards education ✓✓
- In South Africa education receives the greatest share of government spending, with 21% of non-interest allocations set aside for basic and higher education ✓✓
- Government expenditure on education, as a percentage of GDP in South Africa was about 6,2 % in 2020 ✓✓

**(b) Secondary enrolment** ✓

- Secondary enrolment shows the percentage of an age group attending high school ✓✓
- Secondary school enrolment, in South Africa has been improving over the last decade ✓✓

**(c) Primary completion** ✓

- Primary completion refers to the percentage of an age group that has completed primary education ✓✓
- The percentage is an indicator of the efficiency of the education system ✓✓
- The primary school completion percentage for South Africa increased from 77,07% in 1991 to 92% in 2019 ✓✓

**(d) Youth literacy rate** ✓

- Youth literacy rate is the percentage of people ages 15-24 who can both read and write ✓✓
- Youth literacy rate of South Africa increased from 97,6% in 2007 to 99% in 2015, growing at an average annual rate of 0,24% ✓✓
- Literacy not only enriches an individual's life, but it creates opportunities for people to develop skills that will help them provide for themselves ✓✓
- Literacy improves the ability of individuals to access information ✓✓

**4. Services ✓**

- Services are vital to enhance people's lifestyle and level of economic and social development ✓✓

**(a) Electricity ✓**

- The percentage of households connected to the country's main electricity supply increased to 84,7% in 2018 ✓✓

**(b) Refuse removal ✓**

- Approximate 66,4% of households in South Africa had access to refuse removal by the local authorities once a week in 2018 ✓✓

**(c) Water supply ✓**

- In South Africa about 89% of households had access to clean water in 2018 ✓✓

**(d) Sanitation ✓**

- Just over 83% of households in South Africa had access to functioning basic sanitation in 2018 ✓✓
- e.g. flush toilets/pit toilets with ventilation pipes/and chemical toilets ✓

**5. Housing and urbanisation ✓**

- The standard of living of the population is directly related to the quality of their housing and services ✓✓

**Housing**

- In 2017, about 80% of South Africans were living in formal dwellings ✓✓
- A further 14% was living in informal housing, which are mostly squatter settlements on the periphery of cities and towns and in the gardens of formal houses ✓✓
- The remaining 6% was living in traditional homes in rural villages ✓✓
- Many South African citizens are poor and cannot afford property ✓✓
- The government supplies housing subsidies and the private sector provides housing loans ✓✓
- The government built 2,7 million low-cost houses over the past 15 years, but there is still an estimated backlog of 2 million more ✓✓
- Adequate housing can also facilitate labour mobility within the economy and help the economy adjust to adverse shocks ✓✓

**Urbanisation**

- Urbanisation occurs because people move from rural areas (countryside) to urban areas (towns and cities) ✓✓
- Urbanisation is the process of increasing the proportion of people living in towns and cities ✓✓
- South Africa is urbanising rapidly with 63% of households already living in urban areas ✓✓
- The statistics are expected rise to 71% by 2030 which will increase demand on basic infrastructure requirements ✓✓
- Urbanisation is measured/caused by natural growth of the urban population, rural-urban migration and the establishment of new towns ✓✓

(Accept any other correct relevant response)

**(Allocate a max of 8 marks for headings/subheadings/examples) (Max 26)**

**ADDITIONAL PART**

**Urbanisation can influence the standard of living for the South African population as follows:**

**Positive influence**

- More people will have access to employment in manufacturing industries which will increase income levels ✓✓
- Children will have access to better quality education because most schools in urban areas have better infrastructural facilities ✓✓
- Illnesses and diseases will decrease due to improved access to proper sanitation and clean water ✓✓
- South Africans will have access to a variety of goods and services thereby improving the quality of their lives ✓✓
- People may take advantage of the entrepreneurial opportunities available in towns to start small businesses, thereby creating sources of income ✓✓  
(Accept any other correct relevant response)

**Negative influence**

- Movement of people from rural to urban areas may cause overpopulation of cities and towns which may result in more criminal activities ✓✓
- Excess demand for services may result in poor services delivery by the government ✓✓
- Overpopulation may also result in the development of informal settlements that are associated with poor water supply and sanitation ✓✓
- Illnesses and diseases may increase in overpopulated towns ✓✓
- Informal settlements may result in illegal connections of electricity putting human lives in danger ✓✓
- Traffic congestion in cities and towns may increase road accidents resulting in loss of lives ✓✓

(Accept any other correct relevant response)

**(Max. 10)**

**(Allocate a maximum of 2 marks for a mere listing of facts/ examples)**

**CONCLUSION**

Social indicators are the best yardsticks in checking the development and progression of communities as a result of government initiatives to improve the lives of the society at large ✓✓

(Accept any other relevant higher order conclusion)

**(Max. 2)**

**[40]**

**TOTAL SECTION C: 40**

**GRAND TOTAL: 150**