This memorandum consists of 19 pages.
SECTION A (COMPULSORY)

QUESTION 1

1.1 MULTIPLE-CHOICE QUESTIONS

1.1.1 B income ✓✓
1.1.2 B extrapolation ✓✓
1.1.3 A central ✓✓
1.1.4 A portfolio ✓✓
1.1.5 C recession ✓✓
1.1.6 C progressive ✓✓
1.1.7 B deficit ✓✓
1.1.8 A interdependent ✓✓

1.2 MATCHING ITEMS

1.2.1 H financial grants to support the production of export goods ✓
1.2.2 A probable number of years a person will live after birth ✓
1.2.3 F a statement of a country’s transactions with the rest of the world ✓
1.2.4 E movement of people from rural areas to cities and towns ✓
1.2.5 B offers opportunities for borrowing and saving ✓
1.2.6 D the peak of a business cycle ✓
1.2.7 G producers and consumers can buy and sell goods and services anywhere in the world ✓
1.2.8 C government estimates of income and expenditure for a three year period ✓

1.3 ONE WORD ITEMS

1.3.1 Devaluation ✓
1.3.2 Merit goods/Public goods ✓
1.3.3 Circular flow model ✓
1.3.4 Personal income tax ✓
1.3.5 Reconstruction and Development Programme (RDP) ✓
1.3.6 South African Reserve Bank ✓

TOTAL SECTION A: 30
SECTION B

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

QUESTION 2 MACROECONOMICS

2.1 Answer the questions.

2.1.1 Give TWO examples of non-durable goods.

- Food ✓
- Fuel ✓

Any other relevant answer.  

(2 x 1)  (2)

2.1.2 Why is the exchange market important to tourists?

Tourists need to exchange their own currency in order to buy goods and services in other countries. ✓ ✓

Accept any relevant response.  

(1 x 2)  (2)

2.2 Study the diagram and answer the questions that follow.

2.2.1 Provide the diagram with an appropriate heading.

- Two sector economy/model ✓
- Circular flow model ✓
- Economic equilibrium ✓  

(1)

2.2.2 Give/Name any other injection besides investment.

- Exports ✓
- Government expenditure ✓  

(Any 1 x 1)  (1)

2.2.3 Identify A and B in the diagram.

- A = Households/consumers ✓
- B = Business sector/producers/firms ✓  

(2 x 1)  (2)

2.2.4 How will national income be influenced by the above leakages and injections?

National income will increase ✓ because (investments) J exceeds (savings) L ✓  

(2)

2.2.5 Calculate the change in national income caused by the investment above. Show all calculations.

\[ M = \frac{1}{1 - mpc} = \frac{1}{1 - 0.75} = 4 \]  

Effect: R120m x 4 = R480m ✓ ✓  

(4)
2.3 Study the table and answer the questions that follow.

2.3.1 Describe the trend in the balance on the current account from 2010 to 2012.

Increasing deficit in the balance on the current account ✓ ✓ (1 x 2) (2)

2.3.2 Describe the term *trade balance*.

It is the difference between goods exported and goods imported. ✓ ✓ (1 x 2) (2)

2.3.3 Why is gold exports listed as a separate item on the current account?

Due to the historic importance of gold as a strategic export product of South Africa. (1 x 2) (2)

2.3.4 How can the government use our currency to improve the trade balance of 2012?

The government can devalue the rand ✓ ✓ This will make our goods cheaper to foreign countries which will promote exports ✓ ✓ Accept any other relevant response. (2 x 2) (4)

2.4 Discuss *specialisation* and *economies of scale* as arguments in favour of free trade.

Specialisation:

- The effect of increasing living standards result in the trading of more goods and services ✓ ✓
- Allows industries that have a comparative advantage with a lower opportunity cost ✓ ✓
- It increases economic efficiency and prevent wasting resources ✓ ✓
- Each country that is best suited for specific goods and services will engage in producing more of those goods or services ✓ ✓ (2 x 2) (4)

Economies of scale:

- Allows industries to maximise economies of scale and this will lead to cost reduction ✓ ✓ and enhance competitiveness in world markets ✓ ✓
- Global economies benefit effective labour distribution and creation of economic efficiency ✓ ✓ World production and economic welfare increase and markets grow ✓ ✓
- Producers compete to find the best production methods that cut costs and improve the quality of goods ✓ ✓ that will stimulate innovation and creativity ✓ ✓ (2 x 2) (4)
(8)
2.5 Why is it necessary to protect developing countries against unfair overseas competition?

It will promote employment ✓✓

- Trade protection is a measure to control unemployment ✓✓
- Restricting foreign goods entering the country, domestic businesses not only produce more and employ more people, but new businesses will be able to enter the market, thus creating more jobs ✓✓ (2 x 2)

It prevents dumping ✓✓

- With dumping products are sold at prices so low that they undercut both the cost of production in the country of origin and the domestic prices ✓✓
- This makes it very difficult for local producers to compete ✓✓
- Eventually it will force weak industries out of the market ✓✓ (2 x 2)

It gives temporary protection to infant industries ✓✓

- New businesses have very high costs and low revenue when they start up ✓✓
- They will need protection against well established competition from abroad ✓✓
- Once the business has been through the infant stage and is competitive, the need for protection reduces ✓✓ (2 x 2)

Self-sufficiency and strategic industries ✓✓

- Some industries, such as iron and steel, agriculture and energy amongst others are often regarded as strategic industries ✓✓
- Developing countries may feel that they need to develop these industries in order to become self-sufficient ✓✓ (2 x 2)

Accept any other relevant answer (Any 2 x 4) (8) [40]
QUESTION 3  ECONOMIC PURSUITS

3.1   Answer the following questions.

3.1.1  Give TWO social indicators.

- Education ✓
- Housing ✓

Accept any other relevant indicators.  \(\text{\(\text{(Any 2 x 1)}\)}\)  (2)

3.1.2  Why does the Monetary Policy Committee of the South African Reserve Bank meet every two months?

To consider inflationary conditions and adjust the repo rate to ensure price stability ✓ ✓

Accept any other relevant response.  \(\text{\(\text{(1 x 2)}\)}\)  (2)

3.2   Study the extract and answer the questions that follow.

3.2.1  What is the state’s role in the implementation of the NDP?

The government role is to set up the framework for the private sector to function ✓ ✓  \(\text{\(\text{(1 x 2)}\)}\)  (2)

3.2.2  Discuss TWO positive elements of the NDP.

- **Infrastructure expansion** with investment in five key physical and social infrastructure areas ✓ ✓ (namely in the energy, transport communication water and housing)
- **The agricultural value** chain by addressing the high costs of fertilizers ✓ ✓ and do the inputs and the promotion of processing and export marketing ✓ ✓
- **Mining value-chain** by increasing mineral extraction ✓ ✓ improving infrastructure, skills development and supporting the beneficiation on the final manufacture of consumer and capital goods ✓ ✓
- **Green economy** by expanding construction and production of technologies ✓ ✓ for solar energy, wind energy and bio fuels ✓ ✓
- **Manufacturing sector** through innovation ✓ ✓ strong skills development, reduced input costs and increased research and development investment ✓ ✓
- **Tourism** and certain high-level services ✓ ✓  \(\text{\(\text{(Any 2 x 2)}\)}\)  (4)
3.2.3 Does the government provide quality education? Motivate your response.

**Yes ✓**
- New schools being built ✓ ✓
- Textbooks / study material / website ✓ ✓
- Feeding scheme for children ✓ ✓

**OR**

**No ✓**
- Insufficient classrooms ✓ ✓
- Non-delivery of textbooks to some schools ✓ ✓
- Poorly skilled teachers ✓ ✓

(Any other correct response)  

(2 x 2)  (4)

3.3 Study the cartoon and answer the questions that follow.

3.3.1 Name any benefit of Black Economic Empowerment to the economy of South Africa.

- Transformation of the South African economy ✓ ✓
- Increase in the number of black people to own and to control the economy ✓ ✓
- Stimulation of income among previously disadvantaged communities ✓ ✓
- Improvement in the standard of living ✓ ✓
- Promotion of social equity ✓ ✓

(Any other correct answer)  

(1 x 2)  (2)

3.3.2 Define the concept Broad-Based Black Economic Empowerment

BBBEE is a much broader policy than BBE, it includes the development of small businesses, the development of skills, ownership of businesses and preferential procurement ✓ ✓

Accept any other relevant definition.  

(2)

3.3.3 What is the message depicted in the cartoon?

- Does the business spend money on empowerment projects ✓ ✓
- Do other members of the disadvantaged communities benefit ✓ ✓
- Does the business take care of its activities on society ✓ ✓
- Does the business take care of the environment and the marketplace ✓ ✓

Accept any other correct message.  

(1 x 2)  (2)
3.3.4 In your opinion, has the BEE policy benefited the Black people of South Africa?

<table>
<thead>
<tr>
<th>Yes ✓</th>
<th>No ✓</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Empowerment of indigenous people ✓ ✓</strong></td>
<td>Benefits only a small part (few individuals) of the community due to nepotism and corruption ✓ ✓</td>
</tr>
<tr>
<td>Gender equality, more opportunities for representation on all levels of management ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Economic empowerment – spread of financial wealth ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Sharp increase in economic power through shareholding capacity of big business ✓ ✓</td>
<td>Most black South Africans did not benefit at all – unemployed – lack of access to capital ✓ ✓</td>
</tr>
<tr>
<td>Standard of living ✓ ✓</td>
<td>Many black South Africans do not enjoy a higher standard of living – the gap between rich and poor has increased ✓ ✓ The Gini coefficient has worsened</td>
</tr>
<tr>
<td>Those who got empowered are enjoying a much higher standard of living ✓ ✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Any other relevant opinion. (Any 2 x 2) (4)</td>
</tr>
</tbody>
</table>

3.4 Differentiate between industrial development zones and special economic zones.

**Industrial Development Zones:**
- This is a purpose built industrial estate, physically enclosed and linked to an international port or airport with duty free incentives ✓ ✓
- It was designed to encourage international competitiveness in SA’s manufacturing sector ✓ ✓
- IDZ’s fall outside domestic customs zones and therefore able to import items free of customs and trade restrictions, add value, and then exports their goods ✓ ✓
- They are designed to attract new investment in export-driven industries. Thus encouraging exports, economic growth and employment ✓ ✓
- IDZs are the responsibility of provincial and local government ✓ ✓
- Businesses develop around the IDZs (banking, personnel, insurance, auditing, IT, communication, accommodation, catering, shopping, transport) ✓ ✓
- IDZs strengthen and stimulate economies in their immediate environments ✓ ✓
- Each IDZ offers direct links to an international port or airport, world-class infrastructure, a zero rate VAT on supplies from South African sources, government incentive schemes, reduced taxation for some products, access to latest information ✓ ✓ (2 x 2) (4)
Special Economic Zones:
- These are where there are broader ranges of industrial parks and economic infrastructure provided for effective clustering of value-adding and employment – enhancing manufacturers ✓ ✓
- Designed to increase the growth of the economy ✓ ✓
- Boast exports ✓ ✓
- And create employment ✓ ✓
- Investment is based on public-private partnerships with the state providing the infrastructure ✓ ✓
- And private enterprises setting up businesses ✓ ✓
- Incentives are offered to firms so that they can have a competitive advantage ✓ ✓
- (Lower prices for their industrial exports over other world producers)
- Growth in an SEZ is based on export-oriented manufacturing ✓ ✓

Any other relevant argument (2 x 2) (8)

3.5 Discuss how the Small and Medium Enterprise Development Programme (SMEDP) and Foreign Investment Grants (FIG) help to improve industrial development in South Africa.

Small and medium Enterprise Development Programme (SMEDP)
- This is a government initiative to assist the SMME’s in the economy to begin operating or to expand. ✓ ✓
- Grants are given to SMME’s with total assets under R100 million. ✓ ✓
- A variety of industries are eligible for these grants, ranging from manufacturing and tourism to agriculture. ✓ ✓
- Grants are given for a maximum of three years. ✓ ✓ (Any 2 x 2) (4)

Foreign investment grant (FIG)
- This takes the form of cash grants that is allocated to foreign companies that wish to invest in new manufacturing businesses. ✓ ✓
- The grant covers 15% to maximum of R3 million to the costs of moving equipment and machinery into South Africa. ✓ ✓

The goal of this incentive is to increase foreign investment and technologies in the country. ✓ ✓ (Any 2 x 2) (4) (8) [40]
QUESTION 4 MACROECONOMICS AND ECONOMIC PURSUITS

4.1 Answer the following questions.

4.1.1 Give any TWO methods to calculate national account aggregates.

- Income ✓
- Production / Value Added ✓
- Expenditure ✓

(2 x 1) (2)

4.1.2 Why is the Gross National Product of South Africa generally lower than that of the GDP?

Foreigner’s contribution to our economy is more than our contribution to their economies ✓ ✓

(1 x 2) (2)

4.2 Study the cartoon and answer the questions that follow.

4.2.1 What message is depicted in the cartoon above?

Mr. Pravin Gordhan is trying to find a balance in the distribution of the state’s income and the needs in the critical areas of the economy. ✓ ✓

Accept any other relevant message.

(2)

4.2.2 Give ONE example of a tax incentive.

- Duty-free incentives ✓ ✓
- Tax-free cash grants ✓ ✓

(1 x 2) (2)

4.2.3 Explain the meaning of personal income tax relief.

It refers to measures taken by government to reduce the tax burden on the tax payers. ✓ E.g. revision of tax rates ✓

(2 x 1) (2)

4.2.4 Which part of the population will benefit the most from personal income tax relief? Motivate your answer.

The lower income part of the population. ✓ ✓

Motivation:
To improve the standard of living of the poor the minister announced a relief in the scales specially applied to the low income levels. ✓ ✓

Accept any relevant answer

(2 x 2) (4)
4.3 Study the graph and answer the questions that follow.

4.3.1 Which province made the highest contribution to the South African economy in 2012?
Western Cape ✓ ✓ (1 x 2) (2)

4.3.2 Define the concept regional industrial development.
Regional industrial development refers to policies which are aimed at increasing the economic livelihood of specific areas or regions ✓ ✓ Any other correct definition (1 x 2) (2)

4.3.3 What is the average GDP growth rate for South Africa?
± 2.2% ✓ ✓ (1 x 2) (2)

4.3.4 What do you think should the government do to promote industrial development in under-performing provinces?
• Build the necessary infrastructure ✓ ✓
• e.g. transport facilities, electricity, water ✓ ✓
• Develop incentives for potential investors ✓ ✓
• e.g. reduced taxes ✓ ✓
Any other correct answer (Any 2 x 2) (4)

4.4 Discuss the monetary policy instruments used in stabilising the economy.

Interest rate changes ✓ ✓
• It is used to influence credit creation by making credit more expensive or cheaper ✓ ✓
• Stabilisation of the exchange rate by encouraging capital inflows or outflows in order to take care of deficit ✓ ✓ or
• Surplus on the current account of the balance of payments ✓ ✓

Open market transactions ✓ ✓
• SARB selling securities to restrict bank credit ✓ ✓
• Banks have less money to lend and cannot extent as much credit as Before ✓ ✓
• To encourage credit the SARB buys securities in the open market and money then flows back into the system ✓ ✓
• Bank uses money to create credit ✓ ✓
Moral suasion
- SARB consults with the banks and persuade them to act in a manner desirable to the prevailing economic conditions
- Sells paper such as bills and bonds

Cash reserve requirement
- This is the minimum percentage of total deposits that banks have to keep as cash and that may be used for lending or investing
- A change in the cash reserve requirement makes more or less money available in the banking system

Exchange control policy
- A measure taken to prevent capital assets from being transferred to other countries
- A policy usually developed by developing countries where the central bank fears that large amounts of foreign currency will be removed from a country
- These have been reduced in South Africa recently

Any other relevant argument.

4.5 Assess how an increase in import prices and an increase in export prices (terms of trade) will affect the South African economy.

An change in the terms of trade can have the following effects:

An increase in export prices will result in:
- The numerical value of the terms of trade index improves
- Increased economic welfare because more revenue is earned with the same expenditure
- However, over the long term the higher export prices may result in a decrease in sales volumes, depending on the price elasticity of demand
- A welfare loss may result

An increase in import prices will result in:
- The terms of trade worsening / numerical value of terms of trade index worsen
- Welfare lost because more resources were used to produce more units of exports to finance the higher cost of imports

Any other relevant fact

TOTAL SECTION B: 80
SECTION C

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

<table>
<thead>
<tr>
<th>STRUCTURE OF THE ESSAY:</th>
<th>MARK ALLOCATION:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Max. 2</td>
</tr>
<tr>
<td>Body:</td>
<td></td>
</tr>
<tr>
<td>Main part:</td>
<td>Max. 26</td>
</tr>
<tr>
<td>Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Explain/Assess/Debate</td>
<td></td>
</tr>
<tr>
<td>Additional part:</td>
<td>Max. 10</td>
</tr>
<tr>
<td>Give own opinion/Critically discuss/Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Calculate/Deduce/Compare/Explain/Distinguish/Interpret/Briefly debate</td>
<td></td>
</tr>
<tr>
<td>Conclusion</td>
<td>Max. 2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
</tr>
</tbody>
</table>

QUESTION 5 MACROECONOMICS

Governments’ primary aim with business cycle policies is to achieve the best possible growth rates.

- Discuss the demand-and-supply-side-policies used by government to smooth out business cycles
- Use a well labelled graph to explain the effects of demand-and-supply-side-policies on prices.

INTRODUCTION

The new economic paradigm in terms of the smoothing of business cycles discourages monetary policy makers from using monetary and fiscal policies to fine-tune the economy but rather encourages achieving stability through sound, long term decisions relating to demand and supply in the economy/Smoothing means to smooth out the painful part of economic down-fall that is part of the market economy

Any other relevant definition/description of smoothing/new economic paradigm

BODY: MAIN PART

The new economic paradigm is embedded in the demand and supply side policies.

Demand-side policies
- It focuses on aggregate demand in the economy.
- When households, firms and the government spend more, demand in the economy increases.
- This makes the economy grow but can lead to inflation.
Inflation: ✓
- Aggregate demand increases more quickly than aggregate supply and this causes price increases. ✓ ✓
- If the supply does not react to the increase in demand, prices will increase. ✓ ✓
- This will lead to inflation (a sustained and considerable increase in the general price level)

Unemployment: ✓
- Demand-side policies are effective in stimulating economic growth. ✓ ✓
- Economic growth can lead to an increase in the demand for labour. ✓ ✓
- As a result more people will be employed and unemployment will increase. ✓ ✓
- As unemployment decreases inflation is likely to increase. ✓ ✓
- This relationship between unemployment and inflation is illustrated in the Phillips curve. ✓ ✓

Supply-side policies

Reduction of cost ✓
- Infrastructural services
  Reasonable charge and efficient of Transport, communication, water services and energy supply. ✓ ✓
- Administration costs
  These costs include inspection, reports on applications of various laws, regulations and by-laws, tax returns and returns providing statistical information. ✓ ✓ It adds to costs. ✓ ✓ In SA businesses carry a heavy burden. ✓ ✓
- Cash incentives
  It includes subsidies for businesses to locate in neglected areas where unemployment is high and compensation to exporters for certain costs they incur in development of export markets. ✓ ✓

Improving the efficiency of inputs ✓
- Tax rates
  Low tax rates can serve as an incentive to workers.
  It will improve the productivity and output. ✓ ✓
- Capital consumption
  Replacing capital goods regularly creates opportunities for businesses to keep up with technological development and better outputs. ✓ ✓
- Human resource development
  To improve the quality of manpower by improving health care, education and training. ✓ ✓
- Free advisory service
  These promote opportunities to export. ✓ ✓
Improving the efficiency of markets

- **Deregulation**
  Remove laws, regulations and by-laws and other forms of government controls makes the markets free.

- **Competition**
  Encourages the establishment of new businesses.

- **Leveling the playing field**
  Private businesses cannot compete with public enterprises.

Answers must be in full sentences and well described with examples to be able to obtain 2 marks per fact.
If facts are listed the candidate will only get a maximum of 13 marks. (Max 26)

**BODY: ADDITIONAL PART**

Explanation:

The above graph shows:

- Aggregate demand (AD) and aggregate supply (AS) are in equilibrium at point C.
- If aggregate demand is stimulated so that it moves to AD$_1$ and aggregate supply responds promptly and relocates at AS$_1$, a larger real output becomes available without any price increases.
- Supply is often sticky and fixed in the short term.
- Therefore, if aggregate demand increases to AD$_1$ and aggregate supply does not respond, intersection is at point F. Real production increases but so do prices, in other words with more inflation.
- The aggregate demand curve locates at any position to the left of AS$_1$ inflation prevails.
- The solution is to create conditions that ensure that supply is more flexible.
- If the cost of increasing production is completely flexible, a great real output can be supplied at any given price level. (Max 6)
CONCLUSION
It is clear from the discussion above that it is critically important to manage the aggregate supply and demand to ensure stability in the economy. 

Accept any relevant conclusion.  

(Max 2) [40]
QUESTION 6 ECONOMIC PURSUITS

Economic indicators are used to determine the performance of the economy.

- Analyse in detail the following economic indicators:
  - Inflation rate
  - Employment
  
- In your opinion, why is it important for the government to consider assessing the performance of the economy from time to time? 

INTRODUCTION

Economic indicators are statistical data that shows the behaviour of one or other economic variable, usually overtime. (Accept any other relevant introduction) (Max. 2)

BODY: MAIN PART

1. Inflation rate

- This is the general increase in the price level of goods and services in the economy over a certain period in time. E.g. one year.
- This is therefore an indicator of the health of the economy and it is monitored in two ways that is at the production wholesale level producer price level (PPI) and at the retail or consumer level consumer price index (CPI).

Producer Price Index (PPI)

- Used to measure the price of goods that are produced domestically when they leave the factory yard and goods that are imported when they enter the country (at a port) and both of these are before consumers become involved.
- PPI consists of three baskets that are domestically manufactured outputs, e.g. changes in the PPI can be made monthly or quarterly or yearly.
- While changes in the imported products and exported commodities are given separately in the same report.
- PPI includes capital and intermediate goods but not services.
- It is based on a completely different type of a basket of items in the CPI.
- It measures the cost of production rather than the cost of living.
- It is used to predict consumer goods inflation, (CPI).
- If prices increase at the production level, they are likely to increase to a similar extent at the consumer level at a later stage.

Consumer Price Index (CPI)

- Shows price increases of a representative (weighted) basket of goods and services that consumers buy.
- It is abbreviated as CPI, this cover all the urban areas.
- It is an overall index and weights are obtained from expenditures of different income categories of households.
- It is the most comprehensive indicator measuring consumer inflation in the country.
- It shows changes in the general purchasing power of the rand and it is used for inflation targeting. (Max.16)

2. Employment

- In addition to economic growth, the employment of people of working age (15-64 years) is a major economic objective.
- We need to know more than this; we need to know who the people are that need to be employed. The numbers are determined, not only by age, but also by people's willingness to work.

The economically active population (EAP)

- The EAP is also known as the labour force.
- It consists of people between the age of 15 and 64 who are willing to work for income in cash or in kind and includes:
  - Workers in the formal sector
  - Workers in the informal sector
  - Employers
  - Self-employed persons
  - Unemployed persons
- The 2011 estimate of the South African population was 50.5 million people.
- The EAP numbered 17.5 million. (34.6% of the population).

Employment rate

- The number of employed persons expressed as a percentage of the EAP gives the employment rate.
- The employment rate can also be converted into an index.
- The SA employment rate was 74.9% in 2011.
- This is low, compared to rates in developed and even some developing countries such as Argentina and Pakistan.
- In SA the growth in the economy is not accompanied by the similar growth in employment numbers.

Employment indicators are used for:

- To calculate trends in employment in different sectors or industries. This indicates structural changes in the economy.
- To calculate productivity.
- To show the success of the economy in utilising its full potential.

Unemployment rate

- Statistics SA (SSA) obtains its labour data each year from Quarterly Labour Surveys (QLFS).
- It uses the standard definition of the International labour Office (ILO) to calculate unemployment.
- The strict definition of unemployment is used to calculate the unemployment rate.
- The unemployment are those people within the economically active population who:
Did not work during the seven days prior to the interview ✓ ✓
- Want to work and are available to start work within a week of the interview ✓ ✓
- Have taken active steps to look for work or to start some form of self-employment in four weeks prior to the interview. ✓ ✓
- In SA the official unemployment rate was 25.2% in 2012.
- In developed countries, change in the unemployment rate triggers responses from governments to fine-tune the economy. ✓ ✓
- Increases require more funds for unemployment insurance (UIF) drawings. ✓ ✓
- In developing countries, unemployment is the most important cause of poverty. ✓ ✓
Accept current statistical data. (Max. 16)

BODY: ADDITIONAL PART

- To give a policy direction in the country ✓ ✓
- To develop mechanism to caution the most affected sectors of the economy promptly e.g. during the 2008-2009 recession some companies required a bail out from the government ✓ ✓
- Develop some economic stabilisers to defuse the huge impact that may result from the unexpected economic downturn ✓ ✓
- Open some other alternative markets for their goods and services ✓ ✓
- To do research and advice the business community before the actual moment hits ✓ ✓
- It can be used to stimulate thinking and growth in a number of sectors in the Economy ✓ ✓
Accept any other relevant consideration. (Max. 10)

CONCLUSION

Countries cannot survive and grow their economies if they do not pay attention to economic indicators for their planning processes. ✓ ✓
Accept any other relevant consideration. (Max. 2) [40]

TOTAL SECTION C: 40
GRAND TOTAL: 150