

Grade 7 EMS Worksheet

Assessment Task: Productivity and the economy

The impact of productivity on the economy (Individual activity)

Read the case study below and answer the questions that follow.

Municipal workers countrywide are unhappy with the wage increases the South African Local Government Association (SALGA) is proposing. Negotiations have reached a stalemate. They decide that more action is necessary, but none of them is willing to sacrifice a day's wages. They decide to go on a go-slow. In municipal offices countrywide people are working at a slow pace and customers are very unhappy. They stand in line for many hours to take their tests for their driver's licenses and to renew their vehicle licenses. At home their refuse is not removed promptly.

- a) How does this go-slow affect the productivity in the municipal offices? [1 mark]
- b) What effect does the reduction in productivity have on the average household? [2marks]
- c) How are businesses affected by the go-slow? [2 marks]
- d) How is Government in general affected by a go-slow? [2 marks]
- e) What effect would the loss in productivity caused by a municipal go-slow eventually have on the economy and economic growth in the country? [3 marks]

[Total: 10 marks]

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Suggested Solutions

Question number	Possible marks	Solution
1	10	<p>a) Productivity suffers because everybody is working slower than usual. Their input in terms of labour and time is reduced. [1 mark]</p> <p>b) The average household is affected by the go-slow because their refuse is not removed, and it takes long to do things such as renewing vehicle licenses or applying for a driver's license. [2 marks]</p> <p>c) Businesses that depend on municipal services, for example for information or documentation, will be affected negatively. The municipal go-slow will slow down production in these businesses. [2 marks]</p> <p>d) A go-slow in the public sector costs Government money. It increases input costs per unit of goods and services produced and reduces Government's output of goods and services. This has a knock-on effect on business profits, which means businesses pay less tax to Government. Government's reputation also suffers as a result of severe industrial action. The public loses confidence in Government's ability to govern. This can affect the vote at election time. [2 marks]</p> <p>e) When productivity is lost in this manner, fewer goods and services are produced and the profitability of businesses suffers. The decrease in the supply of goods and services means less money flows into the economy. This reduces economic growth. [3 marks]</p>