GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

GAUTENG DEPARTMENT OF EDUCATION

PROVINCIAL EXAMINATION

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GRADE 10

ECONOMICS
PAPER 1

MARKING GUIDELINES

13 pages

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SECTION A [COMPULSORY]

QUESTION 1

1.1. MULTIPLE CHOICE

1.1.1 A-Limited resources✓✓

1.1.2 C- Scarcity✓✓

1.1.3 D- Households✓✓

1.1.4 B- Recession✓✓

1.1.5 C-Self-sufficiency✓✓

1.1.6 A- Khoisan✓✓

1.1.7 B- E-electronic✓✓

1.1.8 D-Census✓✓ (8 x 2) (16)

1.2. MATCH COLUMN

1.2.1 F✓ A statement based on facts which can be proven

1.2.2 A✓ Where goods and services are purchased or sold

1.2.3 D✓ Equal opportunities for all people in the workplace

1.2.4 C✓ Raw materials or natural resources are extracted cultivated and harvested.

1.2.5 I✓ An increase in the real GDP

1.2.6 E✓ The period of very high economic activity just before the economy slows down

1.2.7 G✓ A process of exchanging goods and services for each other in the absence of money

1.2.8 H✓ This is the economically active population that consists of people between the age of 15 and 64 who are actively seeking jobs. (8 x 1) (8)

1.3. ONE WORD

1.3.1 Labour✓

1.3.2 Absolute scarcity ✓

1.3.3 Macro ✓

1.3.4 Migration✓

1.3.5 Trough✓

1.3.6 Secondary ✓ (6 x 1) (6)

SECTION B

Answer only TWO questions from this section

QUESTION 2: MACROECONOMICS

2.1.1 **Name any TWO human rights.**

- Education✓
- Access to basic standard of living.✓
- Fair labour practices✓
- Access to health services.✓ (any 2 x 1) (2)

2.1.2 **Why does the government collect taxes from businesses and households?**

- Taxation is the government's revenue / income✓✓
- Government will be able to provide households and business with public goods and services.✓✓ (any 1 x 2) (2)

2.2 **DATA RESPONSE**

2.2.1 **Which factor of production is depicted by the cartoon above?**

- Labour✓ (1)

2.2.2 **What remuneration will be received by the factor of production shown above?**

- Wages / Salaries✓ (1)

2.2.3 **Briefly explain the term production.**

- Is the process by which the entrepreneur combines factors of production and changes them into a useful product✓✓ (2)

2.2.4 **Explain the importance of entrepreneurs in the economy.**

- It contributes to GDP (increases production of goods and services) ✓✓
- It creates job opportunities✓✓
- Increases government revenue✓✓ (2)

2.2.5 **How does economic growth lead to economic development?**

- An increase in gross domestic product means more goods and services available to the population✓✓
- More people will be employed therefore this will increase the standard of living✓✓ (accept any relevant correct response) (2 x 2) (4)

2.3 **DATA RESPONSE**

2.3.1 **What type of economy is represented by the above diagram?**

- Closed economy.✓ (1)

2.3.2 **Which participant in the economy will use intermediate goods?**

- Business / Firm.✓ (1)

2.3.3 **Briefly describe the term circular flow.**

- It shows the flow of goods and services, money, income, production and expenditure in the economy.✓✓ (2)

2.3.4 **Why is it important that the government encourage people to buy domestic products?**

- To promote domestic producers.✓✓
- For the economy to grow (production increase).✓✓
- For the creation of jobs.✓✓ (2)

2.3.5 **Briefly describe the role of the households in the above diagram.**

- Provide government and businesses with factors of production.✓✓
- Examples: Natural resources, capital and labour✓
- Households earn an income by providing factors of production.✓✓
- They spend their income in business.✓✓
- Households pay tax to the government.✓✓ (4)

2.4 **Distinguish between macroeconomics and microeconomics?**

Macroeconomics

- Is the study of the economy as a whole.✓✓
- Focuses on the economic behaviour of a society.✓✓
- Example macroeconomics would be the study of inflation, unemployment, or a country's economic performance.✓✓ Any (2 x 2) (4)

Microeconomics

- Is the study of individual consumer, household, firms and other organisation.✓✓
- Focuses on the supply and demand decisions of individuals.✓✓
- Considers the individual's demand for a certain product at a certain price, or how individuals decide what to buy and when to buy it.✓✓

Any (2 x 2) (4)

NB: Learner responses in table format must also be marked.

2.5 **Evaluate the effects of the business cycle on the economy**

1. Changes in aggregate supply and demand✓
    - In a recovery period people will demand more.✓✓
    - This may lead to shortages of goods and services to meet the demand, then business will have to produce more to meet the demand for goods and services.✓✓
    - In a recession there will be a decrease in demand for goods and services due to the high unemployment rate, then businesses need to reduce their production.✓✓

2. Changes in economic growth✓
    - In a downswing, there will be less economic growth, businesses will produce less.✓✓
    - In an upswing there will be economic growth, businesses will have to produce more to meet the growing demand for goods and services.✓✓

3. Changes in employment✓
    - In a downswing phase, businesses will produce less which results in people losing their jobs, unemployment increases.✓✓
    - In an upswing phase of business cycle, businesses will produce more goods and services and employ more people, employment increases.✓✓

4. Changes in prices.✓
    - In a downturn of the economy, prices are usually quite high and may increase.✓✓
    - People may not afford the goods and services anymore and will buy fewer goods and services✓✓

5. Changes in the exchange rate✓
    - In a downswing there is a decrease in demand for a country's goods and services and a decrease in exports.✓✓
    - In an upswing there is an increased demand for a country's currency. More people are buying the country goods and services. This leads to the purchasing power gaining value.✓✓
      (8)

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QUESTION 3: ECONOMIC PURSUITS

3.1 **Answer the following questions.**

3.1.1 **Name any TWO banking institutions in South Africa.**

- FNB (First National Bank).✓
- ABSA Bank.✓
- Capitec Bank.✓
- Standard bank.✓
- Nedbank.✓ (2 x 1) (2)

3.1.2 **How can an increased income lead to development of industries?**

- An increase in income leads to an expansion of economic activities because of better salaries and wages for workers in the factories.✓✓
- Increases both the demand and supply of goods and services which leads to an increase in GDP resulting in economic growth✓✓ (1 X 2) (2)

3.2 **DATA RESPONSE**

3.2.1 **What negative effect can migration have on the economy?**

- Crime rate increase.✓
- High unemployment leading to poverty.✓
- High dependency on government.✓ (1)
  (Any relevant negative effect)

3.2.2 **Why do people migrate to urban areas?**

- People are searching for better economic opportunities.✓
- Looking for better standard of living.✓
- Searching for employment.✓ (1)

3.2.3 **Briefly describe the concept *urban migration.***

- It is a movement of people from rural to urban areas.✓✓ (2)

3.2.4 **How will the net migration influence the South African Economy?**

- Workers who are unemployed will tend to move elsewhere to find work.✓✓
- South Africa will face a shortage of skilled workers as they will be immigrating to other countries.✓✓ (2)

3.2.5 **In your opinion why is it important for the government to know the population growth rate in the country?**

- In order for the government to conduct planning on resources that citizens will require in future.✓✓
- To allocate resources efficiently.✓✓
- Resources like infrastructure, education and health projects.✓✓ (4)
  (Any relevant response)

3.3 **DATA RESPONSE**

3.3.1 **Which stage of economic development is depicted in the above information?**

- The self-sufficient stage.✓ (1)

3.3.2 **Name ONE activity that was practised by these groups of people.**

- Hunter gatherers.✓
- Hunting.✓
- Gathering.✓ (any 1 x 1) (1)

3.3.3 **Briefly describe the concept *Nomadic lifestyle.***

- A way of life where people move with herds to other pastures as resources become depleted.✓✓ (2)

3.3.4 **What makes traditional societies self-sufficient?**

- They produce enough for consumption and not for market.✓✓ (2)

3.3.5 **How were skills transferred during the traditional stage?**

- Skills were acquired on the job.✓✓
- Experienced people taught their skills to the younger generation.✓✓
- E.g Stone work, Metal work, Animal Husbandry etc.✓ (4)

3.4 **List and explain any TWO factors that hampered economic development in South Africa during the agriculture and mining stages.**

- Lack of infrastructure.✓ Inadequacy of roads and railways held back development.✓✓
- Lack of capital.✓South Africa was a poor country with an economy based on agriculture, which had been exploited by the policies of Colonialism.✓✓
- Lack of skilled labour.✓General shortage of trained people with technical skills to work in the factories and mines.✓✓
- Shortage of mine workers.✓ The areas in the vicinity of mines did not have sufficient numbers of people who wanted to work in the mines. Wages were extremely low. ✓✓ (2 x 4) (8)

3.5 **Evaluate the impact of HIV/AIDS on the South African economy.**

- HIV/AIDS has a negative impact on the size and composition of the South African labour population, economic growth and development.✓✓
- The rate of absenteeism due to medical checkups will increase and decrease production capacity of the country.✓✓
- Economy will produce less (no economic growth).✓✓
- The shortage of skilled workers is getting larger.✓✓
- The burden on the government will increase (provision of more social services due to unemployment. (8)

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QUESTION 4 MACRO ECONOMICS AND ECONOMIC PURSUITS

4.1 **Answer the following questions.**

4.1.1 **Name TWO types of scarcity.**

- Absolute scarcity.✓
- Relative scarcity.✓ (2 x 1) (2)

4.1.2 **Why is consumption of goods and services important in the economy?**

- It leads to economic growth – production of goods and services / production creates job opportunities- economic development.✓✓ (1 x 2) (2)

4.2 **DATA RESPONSE**

4.2.1 **Which method is used to calculate the GDP in the table above?**

- Production method. ✓ (1)

4.2.2 **Identify the sector that contributed least to the GDP above.**

- Primary sector.✓ (1)

4.2.3 **Briefly describe the concept *Gross Domestic Product.***

- The total value of all final goods and services that are produced within the boundaries of the country at a given period of time.✓✓ (2)

4.2.4 **How can the South African government use tax to stimulate the economy?**

- Government would reduce tax.✓✓
- Consumers would have more money to spend. ✓✓
- Demand for goods and services would increase. ✓✓
- More goods and services would be produced. ✓✓ (2)

4.2.5 **Calculate the GDP at market price at Point A. (Show all the calculations)**

Gross value added @ basic prices.	1 639 485
+Taxes on products.	312 863✓
- Subsidies on products.	19 106✓
=Gross domestic products @ market prices.	1 933 242✓✓ (4)

4.3 DATA RESPONSE

4.3.1 What is an example of an African indigenous farming method mentioned above?

- Mixed cropping system.✓ (1)

4.3.2 Identify the ancient method used in Chad to address drought problems

- Rain-fed irrigation system (1)

4.3.3 Briefly describe the concept *Indigenous Knowledge Systems.*

- Knowledge that is unique to a given culture or society.✓✓
- Knowledge from the environment gathered by indigenous people through experience and trial or error. ✓✓ (2)

4.3.4 Why is indigenous knowledge important in our lives?

- It provides a foundation for beliefs and traditional practices.✓
- Provides the basis for the problem-solving strategies for the local communities, especially the poor.✓ (2)

4.3.5 Explain why farming is important as an economic activity.

- It provides goods and services for the consumer.✓✓
- It may lead to increase in production of goods and services / lead to economic growth.✓✓
- It creates job opportunities which lead to economic development✓✓ (4**)**

4.4 Differentiate between free and economic goods.

Free goods	Economic goods
○ They are plentiful ✓✓ ○ Have utility ✓✓ ○ Have no exchange value ✓✓ ○ Examples: sea water, sunshine, air, rain water, etc.✓	○ Are scarce ✓✓ ○ Have utility and value✓✓ ○ Have a limited supply✓✓ ○ Have value in exchange (command price) ✓✓ ○ Example diamonds, furniture, any other goods produced.✓

(2 x 4) (8)

4.5 Discuss the impact of strikes on the economy?

- Many people will lose their jobs/ retrenchment.✓✓
- Profit losses which will lead to low production affect the economic growth.✓✓
- Decline/ decrease in GDP and GNI.✓✓
- It may results in the increase in inflation.✓✓
- Investors will lose confidence in South African economy and will withdraw their investment or stop investing.✓✓
- Public image will be negatively affected.✓✓ (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer ONE of the two questions from this section in your answer book.

QUESTION 5: MACROECONOMICS

Every country experiences cyclical patterns in its economy:

- With the aid of diagram discuss in detail the phases of business. (26)
- Explain the endogenous reason (Keynesian theory) for business cycles. (10)

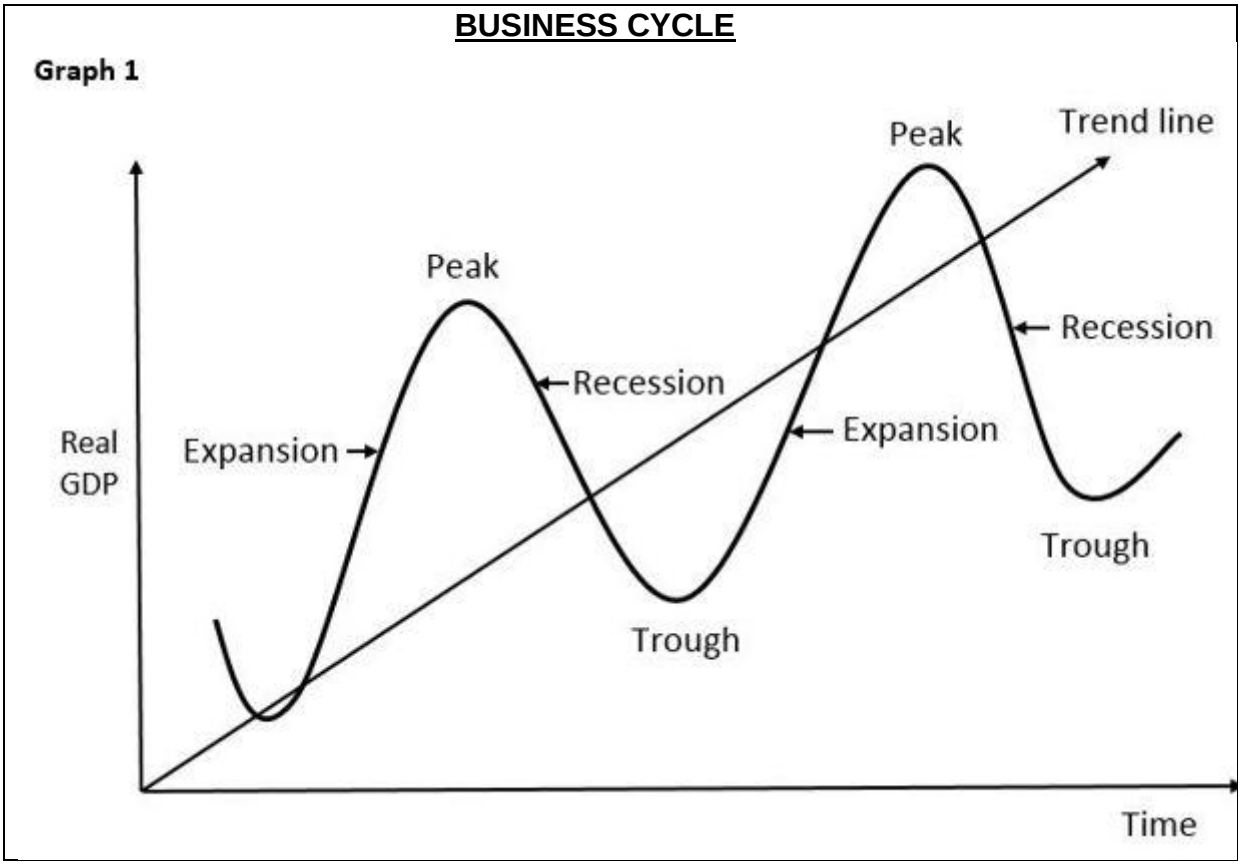
INTRODUCTION

- Business cycles are defined as consecutive periods of increasing and decreasing economic activities.✓✓
- Continuous change in the level of economic activities that has a repetitive pattern of expansion and contraction in production, income and consumption over a number of years.✓✓

(Accept any other relevant introduction / definition.) (Max. 2)

BODY: MAIN PART

BUSINESS CYCLE



- Heading= 1 mark
- Trend line= 1 mark
- Peak= 1 mark
- Trough= 1 mark
- Labeling of axis= 2 marks

TOTAL MARK: (6)

1. Prosperity phase ✓

- There is an increase in real GDP.✓✓
- Firms make high profits and this attracts other business to enter the market.✓✓
- As more businesses open, more factors of production are employed.✓✓
- The increase in income causes an increase in aggregate demand which in turn forces producers to increase output.✓✓
- Increased output causes an increase in investment spending as producers expand their businesses and buy more inventories✓✓.
  (Accept any other relevant answers)

2. Recession phase✓

- This phase follows immediately after the peak.✓✓
- It is a phase where economic activities start to slow down.✓✓
- It is called economic downturn.✓✓
- It occurs when there is a continuous decrease in economic activity for a period of six consecutive months or two quarters.✓✓
- Jobs are lost / employment levels drop.✓✓
- Aggregate demand falls.✓✓
- The value of money depreciates.✓✓
- Inflation increases.✓✓
- Interest rates increase, discouraging the demand for credit.✓✓
  (Accept any other relevant answers)

3. Depression phase✓

- During this phase many businesses close down resulting in low output.✓✓
- Aggregate demand decreases due to many people having little or no income.✓✓
- When economic activities are at its lowest, a trough is reached.✓✓
- Business sentiment is depressed.✓✓
- Low demand for credit.✓✓
- Share prices start to increase.✓✓

(Accept any other relevant answers)

4. Recovery phase✓

- This phase follows immediately after the trough.✓✓
- It shows that the economy is growing after the contraction.✓✓
- The recovery is slow but it accelerates until it enters the prosperity phase.✓✓
- Production increases and more jobs are created.✓✓
- Business sentiment rises and there is increased spending by firms.✓✓
- Exports increase and the value of money appreciates.✓✓
  (NB: Accept explanation of peak, trough, expansion, contraction)
  A minimum of 20 marks is allocated to different stages of the business cycle and 6 marks awarded for diagram. (Max 26)

ADDITIONAL PART

Explain the endogenous reasons (Keynesian theory) for business cycles

- The Keynesian view is that markets are inherently unstable. ✓✓
- The level of economic activities constantly and erratically overshoots and undershoots the economy potential. ✓✓
- The price mechanism fails to coordinate demand and supply of goods and services. ✓✓
- Prices are simply not flexible enough to be adjusted downwards. ✓✓
- These mismatches cause business cycles. ✓✓
- The government should intervene to smooth peaks and troughs as they occur.✓✓

(10)

Conclusion

- Business cycles can be used to determine economic activities✓✓
- Business cycles can be used by economists and everybody in understanding the state of the economy✓✓

(Any other relevant conclusion) (Max 2)

[40]

QUESTION 6: ECONOMIC PURSUIT

Discuss Phase 4: Manufacturing and services stage (1994 to date) in the history of the South African economic growth development under the following sub- headings:

MAIN PART: Characteristics (8)
Factors that contributed to economic development (9)
Economic consequences (9)
ADDITIONAL PART: Briefly discuss the factors that hampered the economic development of manufacturing and services. (10)

Introduction

Since 1994 globalisation has benefitted South Africa because of the greater access to international markets.✓✓ (Any relevant answer max 2 marks)

Main Part

Characteristics

- Manufacturing occurred as a result of World War I and many items that were imported before the war were produced locally after the war ended.✓✓
- Manufacturing became more sophisticated and exports moved away from traditional raw materials with export promotion after 1990.✓✓
- Government initiatives have aimed to share growth and spread industrialisation around the country (decentralisation).✓✓
- Exchange rates were unstable, with a strong rand hampering exports and a weak rand making imports expensive.✓✓

(Max 8 marks)

Factors that contributed to economic development

- Democratic government,✓Since 1994 there has been increased confidence in South African markets and investment into the country has led to increased output.✓✓
- The depreciating rand, ✓ Imports by wealthier South Africans weakened the rand and this promoted our exports.✓✓

- Labour productivity,✓Better management techniques, increased investment in labour-saving equipment and skills development have improved labour productivity.✓✓
- Capital inflows,✓Confidence in our economy and stable low inflation as well as stability during the global financial crisis, have increased investment into South Africa.✓✓ (Max 9 marks)

Economic consequences

- Outsourcing✓ - South Africa has become a leading outsourcing hub, e.g call centres.✓✓
- Services✓- as a result of the growth of international trade, production and sales are growing with an increase in quantities of service inputs for things like transportation, logistics, insurance, banking, exhibitions, communication and marketing.✓✓
- Tourism✓- it is making a significant contribution to job creation.✓✓

(Max 9 marks)
Max 26 marks

ADDITIONAL PART

Briefly discuss the factors that hampered economic development of manufacturing and services.

- Lack of skilled labour✓- low standards of education and adult literacy hamper skills development.✓✓
- Lack of investment capital✓- South Africa is a low savings nation and exchange controls have been relaxed leading to outflows.✓✓
- Power shortages✓- Eskom has experienced difficulty with its capacity, affecting manufacturing output.✓✓
- Crime and corruption✓- political uncertainty and state corruption reduce investor confidence. ✓✓ (Max 10 marks)

Conclusion

A sign of developing nations is the increased investment in the tertiary sector. South Africa economy focused on these sectors to improve their GDP (Economic growth).✓✓
(*Accept any relevant conclusion max 2 marks)* (Max 2 marks)

TOTAL SECTION C: 40
GRAND TOTAL: 150

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