GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

JUNE 2022

GRADE 10

MARKING GUIDELINES

ECONOMICS (PAPER 1)

13 pages

EXEMPLAR

SECTION A (COMPULSORY)

QUESTION 1

1.1 MULTIPLE-CHOICE QUESTIONS

1.1.1 C normative ✓✓

1.1.2 B production. ✓✓

1.1.3 A transfer payments. ✓✓

1.1.4 A PAYE.✓✓

1.1.5 B coincidental✓✓

(5 x 2) (10)

1.2 MATCHING ITEMS

1.2.1 G Is determined by the demand and supply of labour ✓

1.2.2 A The portion of money that is not spent on goods and services ✓

1.2.3 F The factors of production are traded on these markets ✓

1.2.4 B The potential benefits an individual missed out on when choosing one alternative over another ✓

1.2.5 C Does not command a price in the market ✓

1.2.6 D Believes that markets are inherently unstable, and fluctuations are part of the way a market economy operates ✓ (6 x 1) (6)

1.3 GIVE THE TERM

1.3.1 resources/factors of production ✓

1.3.2 leakages ✓

1.3.3 scarcity ✓

1.3.4 trough ✓ (4 x 1) (4)

TOTAL SECTION A: 20

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SECTION B

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

QUESTION 2: MACROECONOMICS

2.1 Answer the following questions.

2.1.1 **Name TWO primary sector industries.**

Farming ✓, logging ✓, hunting ✓, fishing ✓, forestry ✓ and mining ✓
(Accept any other correct relevant response.) (2 x 1) (2)

2.1.2 **Why might GDP growth not necessarily lead to a higher standard of living for all citizens?**

The GDP in a country does not tell how evenly spread the income earned during production is. ✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

2.2 **DATA RESPONSE**

2.2.1 **Give ONE example of an economic model.**

The Classical Model, the Production Possibility Frontier Model, the Circular Flow Model, et cetera. ✓
(Accept any other correct relevant response.) (1 x 1) (1)

2.2.2 **What method is used by economists to remain as objective as possible?**

The scientific method ✓ (1)

2.2.3 **Briefly describe the term *positive statement*.**

Positive statement is an objective explanation that can be tested to be true or false.✓✓
(Accept any other correct relevant response.) (2)

2.2.4 **How do economic models assist economists?**

An economic model is used to explain or predict how a set of circumstances will behave if a variable changes. ✓✓
(Accept any other correct relevant response.) (2)

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2.2.5 **Why is Economics an important subject?**

- Economists provide information that aids the making of informed decisions within companies and governments. ✓✓
- Economic issues influence our daily lives. This includes issues such as tax and inflation, interest rates and wealth, inequality and emerging markets, and energy and the environment. ✓✓
- A broad subject, Economics provides answers to a range of health, social and political issues that impact households and wider communities. ✓✓
- Firms of all sizes and industries have to rely on Economics, whether it is for product research and development, pricing strategies or how to advertise. ✓✓

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

2.3 **DATA RESPONSE**

2.3.1 **Identify the industry that recorded the highest growth rate.**

Transportation and communication ✓ (1)

2.3.2 **What global event contributed to the negative growth rates in construction?**

COVID-19 ✓
(Accept any other correct relevant response.) (1)

2.3.3 **Briefly describe the term *Gross Domestic Product* (*GDP*).**

The market value of all the final goods and services that people produce within the borders of a country. ✓✓
(Accept any other correct relevant response.) (2)

2.3.4 **How does the local economy benefit from the foreign sector?**

Money enters the local economy when goods and services are exported to foreign countries. ✓✓
(Accept any other correct relevant response.) (2)

2.3.5 **Why is the *GNP* of a country not the same as its *GDP*?**

- GNP measures production by the nationals of a country anywhere in the world. ✓✓
- GDP measures production within a geographical area without looking at nationality. ✓✓

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

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2.4 **Briefly explain the different approaches to Economics.**

- Economists study the world around them and gather the facts and observations about how people behave when they produce, exchange, and consume goods and services. ✓✓
- Economists use what they observe to create theories and principles. ✓✓
- They:
    - Make deductions by drawing up theories and testing them against the facts to see whether a certain theory fits the facts ✓✓
    - Induce theory by processing facts to create a theory ✓✓
    - Use a combination of deduction and induction ✓✓
- Economics studies how people behave regarding money. ✓✓
- The so-called 'laws' in economics are, in fact, more like general statements than laws. ✓✓
- Economists divide the study of Economics into two major areas: Microeconomics and Macroeconomics ✓✓
- Microeconomics is the study of individual consumers, households, companies, and other organisations and some of their decisions and reactions. ✓✓
- Microeconomics looks, for example, at the individual's demand for a certain product at a certain price, or how individuals decide what and when to buy. ✓
- Macroeconomics focuses on the economic behaviour of a community. ✓✓
- Examples of Macroeconomics will be the study of inflation or a country's economic growth. ✓
- Macro-economics look at the "bigger picture" – the overall economic behaviour and performance of the economy of a country or the world. ✓✓

(Accept any other correct relevant response.)
(A maximum of 2 marks may be allocated for mere listing of facts/examples.)

(4 x 2) (8)

2.5 **How do injections contribute to economic growth?**

- Injections occur when new money is added to the economy. ✓✓
- This increases the quantity of money in circulation. ✓✓
- A bigger supply of money makes expenditure on investment(I), government spending(G) and consumer spending(C) possible. ✓✓
- Economic growth is calculated by the percentage increase in GDP. GDP(E) is calculated by adding G+C+I+(X-M). ✓✓
- More injections would thus lead to a bigger GDP and economic growth. ✓✓

(Accept any other correct relevant response.)
(A maximum of 2 marks may be allocated for mere listing of facts/examples.)

(Max. 8) (8)

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QUESTION 3: MACROECONOMICS

3.1 Answer the following questions.

3.1.1 **Name TWO types of scarcity.**

- Absolute ✓
- Relative ✓ (2 x 1) (2)

3.1.2 **How does the level of business activities change during a depression?**

Closing of businesses ✓✓
Very low production levels ✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

3.2 **DATA RESPONSE**

3.2.1 **Name the harmful labour practice as illustrated in the pictures.**

Child labour ✓ (1)

3.2.2 **At what age may one legally start working?**

16 years ✓

3.2.3 **Briefly describe the term *human rights*.**

Human rights are the basic rights and freedoms that belong to every person in the world, from birth until death. ✓✓
(Accept any other correct relevant response.) (2)

3.2.4 **What effect does poverty have on human rights?**

- People's standard of living deteriorates because of economic issues like poverty which may lead to crime. ✓✓
- Economically vulnerable people are being excluded from economic participation. ✓✓

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

3.2.5 **How can government help to protect human rights?**

By enforcing the law through courts. ✓✓
Through education and awareness campaigns. ✓✓
(Accept any other correct relevant response.) (2 x 2) (4)

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3.3 **DATA RESPONSE**

3.3.1 **Name the type of pollution depicted above.**

Land pollution ✓ (1)

3.3.2 **What type of plastic carrier bags may no longer be used by retailers?**

Thin plastic bags **or** plastic bags lower than 30 microns. ✓ (1)

3.3.3 **Briefly describe the term *pollution.***

Pollution refers to introduction of contaminants (poisons) that damage the natural environment. ✓✓
(Accept any other correct relevant response.) (2)

3.3.4 **How does the use of plastic harm the environment?**

Plastic bags litter the environment/It takes many years to decompose and releases toxic substances into the soil, water, and air. ✓✓
(Accept any other correct relevant response.) (2)

3.3.5 **How can government intervene to help save the environment?**

- Grant property rights to the citizens so that they can take care of the land. ✓✓
- Charge for the use of the environment e.g. force people to pay levies for waste produced. ✓✓
- Charge environmental taxes on those who produce goods that generate external environmental costs. ✓✓
- Provide environmental subsidies to those who introduce new technology that saves the earth. ✓✓

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

3.4 **Briefly explain the difference between *economic goods* and *free goods*.**

Free goods	Economic goods
They have no exchange value although most have utility. ✓✓	They have an exchange value as consumers are prepared to pay for them. ✓✓
Most of them are gifts of nature meaning that they are naturally available. ✓✓	They are a produced by households and businesses from scarce resources. ✓✓
e.g., water ✓	e.g., a chair ✓

(Accept any other correct relevant response.)
(Allocate a maximum of 4 marks for the mere listing of facts/examples.) (2 x 4) (8)

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3.5 **Why is unemployment higher during a recession?**

- During a recession the demand for goods and services are low. ✓✓
- Due to lower production levels and revenue, companies can no longer afford to employ all their workers. ✓✓
- Since companies can no longer afford all their employees, they will have to reduce their workforce. ✓✓
- This increases the number of unemployed people and the unemployment rate in the country. ✓✓

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

(2 x 2) (8)
[40]

TOTAL SECTION B: 40

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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
I**ntroduction:** 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**

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QUESTION 4: MACROECONOMICS

- **Discuss, in detail, the interrelationship between the four participants in the circular flow. (26 marks)**
- **Evaluate the effect of the COVID-19 pandemic on the GDP aggregates. (10 marks)**

Introduction

Circular flow shows the flow of goods, services, factors of production, income and expenditure, and the relationship between the participants in the economy**.** ✓
(Accept any other correct relevant introduction.) **(Max. 2)**

Body
MAIN PART

Households

- Households are the major consumers of economic goods and services. ✓✓
- They use their income to buy goods and services from businesses. ✓✓
- Households are the primary economic participants because they are the owners of the four factors of production. ✓✓
- Households sell factors of production in the factor market to businesses. ✓✓
- Households receive a remuneration from the businesses in the form of wages, rent, interest and profit. ✓✓

Business Sector

- Businesses purchase the factors of production from households in the factor market. ✓✓
- Businesses use the factors of production to produce goods and services.
- Businesses sell goods and services to households, government and the foreign sector. ✓✓
- Businesses receive an income from households, government and the foreign sector. ✓✓

Government

- The state provides the households and businesses with public goods and services. ✓✓
- E.g., roads, harbours, electricity, social grants, hospitals, schools, etc. ✓
- Government finances its spending by taxing households and businesses. ✓✓
- The state receives taxes from households, e.g., income tax. ✓✓
- The state receives taxes from the business sector, e.g., company tax. ✓✓
- The state spends money in the economy on goods and services from businesses and salaries and wages for households. ✓✓

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Foreign Sector

- Imported goods and services flow from the foreign sector and are paid for by the individual households, businesses and the public sector. ✓✓
- These imports can be seen as expenditure by individual households, businesses and the public sector. ✓✓
- There is also a flow of exported goods and services to the foreign sector from businesses. ✓✓
- These exports will result in income for individual households, businesses and the public sector. ✓✓

(Accept any other correct relevant response.) **(Max. 26)**

ADDITIONAL PART

- GDP is the total value of final goods and services produced within the geographic boundaries of a country during a specified period. ✓✓
- The COVID-19 pandemic has caused direct impacts on national income due to premature death, workplace absenteeism, and reduction in productivity. ✓✓
- COVID-19 has created a negative supply shock, with manufacturing production activity slowing due to global supply chain disruptions and closure of factories. ✓✓
- Consumption spending decreased as households changed their spending behaviour due to decreased income and due to the fear and panic that accompanies the epidemic. ✓✓
- Service industries such as tourism, restaurants, hospitality, hotel, and transportation, suffered significant losses due to reduction in travel both locally and internationally. ✓✓
- Company closures caused huge unemployment in the country. ✓✓
- International travel restrictions hindered global economic growth as migrant workers made an important contribution to the labour markets. ✓✓
- A decline in aggregate demand of goods and services reduced local production and company profits. ✓✓
- GDP declined drastically because of the COVID-19 pandemic.

(Accept any other correct relevant answer.) **(Max. 10)**

Conclusion

The COVID-19 pandemic is likely to continue disrupting economic activities and negatively impacting the manufacturing and service industries in developing countries. ✓✓

(Accept any other correct relevant conclusion.) **(Max. 2)**

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QUESTION 5: MACROECONOMICS

- **Discuss, in detail, the different phases in a business cycle. (26 marks)**
- **How can the central government influence business activity? (10 marks)**

Introduction

- Business cycles refer to continuous periods of expansion and contraction of economic activity. ✓✓ **(Max. 2)**

(Any other relevant introduction.)

Body
MAIN PART

Prosperity phase

- The prosperity phase is characterised by increased economic activities within a country. ✓✓
- Economic output, employment and wages tend to rise during this phase of the business cycle. ✓✓
- People's standard of living tends to improve. ✓✓
- Consumption increases since consumers have more disposable income. ✓✓
- Business tends to be more profitable because there is an increase in demand. This attracts more entrepreneurs to enter the market, and output increases. ✓✓
- Businesses increase their investment during this phase. ✓✓
- New businesses buy, build, or rent new buildings. Businesses may also add new branches in other areas. ✓✓
- New and existing businesses buy more machines and equipment to produce larger quantities of goods and services. ✓✓
- During the prosperity phase, there is an increase in inventories (stock) to satisfy increased demand. ✓✓
- The increase in demand for goods creates an increase in the demand for labour. More workers are employed. Unemployed people may get jobs. ✓✓
- The prosperity phase ends when the cycle reaches its peak. ✓✓

Recession

- During a recession economic growth decreases. This is also called negative economic growth. ✓✓
- Businesses become pessimistic and reduce output. ✓✓
- The employment rate decreases as some workers are laid off. This results in a reduction in income. ✓✓
- Consumption: People have less money in their pockets. As a result, they consume less. Therefore, aggregate demand decreases .✓✓
- Real GDP: The quantity of goods and services produced decreases because of the fall in demand. With the decrease in ouput, real GDP and economic growth decreases/declines. ✓✓

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- Businesses tend to reduce their investments. Less money is spent buying capital goods. ✓✓
- A recession ends with a trough. ✓✓

Depression

- When a recession continues for a long time, it is known as a depression. ✓✓
- A depression is a severe form of recession. ✓✓
- During a depression there is large-scale unemployment and a severe shortage of goods and services. ✓✓
- Depressions are rare because governments take steps to prevent recessions from developing into depressions. ✓✓

Recovery

- During a recovery, the economy starts to grow again. ✓✓
- A recovery usually starts slowly and speeds up over time. ✓✓
- There is a gradual increase in demand and in output that will eventually lead to more prosperity. ✓✓

ADDITIONAL PART

How can the central government influence business activity?

- The fiscal policy of the government may act as a stimulus that can be used to spur economic activity. ✓✓
- This is accomplished by the government through spending, decreasing tax revenue, or a combination of the two. This is known as expansive fiscal policy. ✓✓
- On the other hand, fiscal policy may also act as a disincentive that can lead to a contraction of economic activity. ✓✓
- An increase in the level of taxation tends to slow economic activity by decreasing individuals' disposable income. ✓✓
- This will likely cause consumers to decrease their spending on goods and services and may lead to lower production levels and decrease in economic activity. ✓✓

(Accept any other correct relevant response.) **(Max. 26)**

CONCLUSION

- Business cycles are long-term trends and can last from 3 to 5 years or even 10 years and may be affected by government policy. ✓✓

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

TOTAL SECTION C: 40

TOTAL: 100

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