GAUTENG PROVINCE
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REPUBLIC OF SOUTH AFRICA

GAUTENG DEPARTMENT OF EDUCATION

PROVINCIAL EXAMINATION

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GRADE 10

ECONOMICS

PAPER 1

MARKING GUIDELINE

13 pages

GAUTENG DEPARTMENT OF EDUCATION

PROVINCIAL EXAMINATION

ECONOMICS GRADE 10
(Paper 1)

SECTION A: COMPULSORY

QUESTION 1

1.1 MULTIPLE-CHOICE QUESTIONS

1.1.1 C✓✓ choices
1.1.2 B✓✓ normative
1.1.3 A✓✓ relative scarcity
1.1.4 B✓✓ factor market
1.1.5 C✓✓ microeconomics (5 x 2) (10)

1.2 MATCHING ITEMS

1.2.1 F✓ Where goods are exchanged for goods
1.2.2 E✓ The extraction and collection of raw materials
1.2.3 D✓ Change direction before the economy changes
1.2.4 G✓ Focuses on the decisions of specific groups of people such as consumers, producers, importers, exporters and government
1.2.5 B✓ The cost of the alternative that could have been chosen but was sacrificed for something else
1.2.6 A✓ All the goods and services with which we can satisfy human needs (6 x 1) (6)

1.3 IDENTIFY THE CONCEPT

1.3.1 Trend✓
1.3.2 Quarterly Bulletin✓
1.3.3 International Economics✓
1.3.4 Needs✓ (4 x 1) (4)

TOTAL SECTION A: 20

SECTION B

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

QUESTION 2: MACROECONOMICS

2.1 **Answer the following questions.**

2.1.1 **Name any TWO questions we need to answer in economics.**

- What✓
- How✓
- For whom✓ (2 x 1) (2)

2.1.2 **How will an increase in the number of private sector businesses influence the public sector?**

- More tax income means that the government can provide more and better services to all people.✓✓ (1 x 2) (2)

2.2 **Data Response**

2.2.1 **Identify the business cycle phase in the above extract.**

- Recession / Economic downturn / Contraction✓

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

2.2.2 **Which government department would best be able to assist the president with implementing the stimulus package to help get the economy growing again?**

- Finance Department✓ (1)

2.2.3 **Briefly describe the term business cycle.**

- These are indications of fluctuations in economic activities reflecting upswings for growth and downswings when there is negative growth. ✓✓

(Accept any other correct relevant response) (2)

2.2.4 **Why can we expect job losses during this economic phase?**

- Lower production levels result in a lower demand for labour. ✓

(Accept any other correct relevant response) (2)

2.2.5 **Advise the president on which fiscal policy measures he could use to stimulate the economy.**

- Government could reduce taxes so that businesses are left with more money after tax. This money could be used to buy more raw materials.✓✓
- Increase government spending so that more money is injected into the economy and is in circulation.✓✓

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

2.3 **Data response**

2.3.1 **Which type of good is represented by fresh air above?**

- Economic good ✓ (1)

2.3.2 **What specific environmental problem is depicted in the above cartoon?**

- Air pollution✓ (1)

2.3.3 **Why is the environment important for a successful business?**

- The environment provides raw materials for production, ✓✓ space for food production and buildings that are needed by businesses✓✓
  (Accept any other correct relevant response) (2)

2.3.4 **What can consumers and the business sector do to protect the environment?**

- They could reduce consumption so that their waste products also reduce✓✓
- They should use less fossil fuels and more green energy ✓✓
- Recycling waste materials will reduce waste products✓✓
  (Accept any other correct relevant response) (2)

2.3.5 **How can the government help to protect the environment?**

- Implement emission control measures where businesses are allowed to pollute but must not exceed a certain level of pollution✓✓
- Taxes may be charged on a company that pollutes, for example carbon tax ✓✓
  (Accept any other correct relevant response) (2 x 2) (4)

2.4 **Explain the difference between *direct production* and *indirect production*.**

Direct production	Indirect production
• The producer and the consumer are the same✓✓ • The producer of the goods is also the consumer of the goods✓✓	• The producer and the consumer are different✓✓ • This type of production happens in manufacturing industries✓✓

(Accept any other correct relevant response)
(Maximum of 4 marks for mere listing / examples) (2 x 4) (8)

2.5 **How do markets contribute to the performance of an economy?**

- A market is a place or point where buyers and sellers are brought together to buy and sell products at a specific price ✓✓
- A market may be for goods and services or for factors of production ✓✓
- Without a market consumers will not access goods and that means goods will not have buyers✓✓
- Factors of production need to be made available to producers and that takes place in a market✓✓
- The international market is important so that exports of goods takes place which will lead to our economy earning foreign currency✓✓

(Accept any other correct relevant response)
(A maximum of 2 marks can be allocated for mere listing of facts / examples) (8)
[40]

QUESTION 3: MACROECONOMICS

3.1 **Answer the following questions**

3.1.1 **Name any TWO labour related laws that help protect human rights.**

- The Labour Relations Act 1995✓
- The Basic Conditions of Employment Act (BCEA) ✓
- The Health and Safety Acts✓
- The Skills Development Act✓

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

3.1.2 **Why do economists make use of models when formulating theories?**

- **Economists use models** to study and portray situations and gain a better understanding of how things work, to observe patterns, and to predict the results of stimuli. ✓✓

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

3.2 Data Response

3.2.1 **Name ONE industry that forms part of the primary sector?**

- Agriculture✓
- Forestry✓
- Fishing ✓
- Mining✓
- Quarrying✓ (Any 1 x 1) (1)

3.2.2 **What method was used to measure the economic activity in the table?**

- Production method✓ (1)

3.2.3 **Briefly describe the term *Gross Domestic Product.***

- This is the total value of all final goods and services produced within the borders of a country over a period of time✓✓ (2)

3.2.4 **What could be the possible cause of the decline in primary sector in 2016?**

- Decreased agricultural production as result of droughts✓✓
- Decreased mining production as result of low foreign demand✓✓

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

3.2.5 **Calculate the percentage decline in the primary sector from 2015 to 2016.**

[(287 886 - 304 898) ✓ ÷ 304 898✓] x 100✓= -5,6% decline✓ (4)

3.3 **Data Response**

3.3.1 **Why would the cow in the cartoon suggest that we eat less meat?**

- Because of self-preservation, if we eat less meat fewer cows will be slaughtered. ✓
  (Accept any other correct relevant response) (1)

3.3.2 **What would the opportunity cost be of eating more crops?**

- Less meat, meat is forgone in exchange for more crops✓ (1)

3.3.3 **What could be the advantage to humans of eating less meat?**

- It is a healthier choice since more meat causes more weight and chances of heart disease✓✓
- Crops and vegetables are generally cheaper than meat so we will save more money✓✓
- Animal cruelty lessens as fewer animals are slaughtered✓✓
  (Accept any other correct relevant response) (Any 1 x 2) (2)

3.3.4 **What can government do to encourage people to eat less red meat?**

- Government can subsidise crop production to make crops and vegetables cheap and plentiful in the market ✓✓
- Government can tax meat to make meat expensive to buyers✓✓
  (Accept any other correct relevant response) (2)

3.3.5 **Explain the relationship between scarcity and choice of alternatives**

- We all have limited resources and must decide how we are to use them because we must satisfy our needs✓✓
- Because our resources are limited, we make choices in terms of which needs to satisfy and which ones not to satisfy✓✓
- We make a choice from the available alternatives✓✓
  (Accept any other correct relevant response) (2 x 2) (4)

3.4 **Briefly discuss and compare *specialization* and *division of labour* in production.**

- Division of labour occurs when the production process is split into many small tasks and workers are assigned specific tasks within a production process ✓✓
- Workers will require less training to be an efficient worker✓✓
- Therefore, this will lead to an increase in labour productivity ✓✓
- Specialisation also occurs when firms specialise in the production of one product instead of producing many different products✓✓
- This makes the business more efficient at producing that product✓✓
  (Accept any other correct relevant response)
  (A maximum of 4 marks can be allocated for mere listing of facts / examples)
  (2 x 4) (8)

3.5 **How successful has the South African government been in delivering basic services to the economically disadvantaged people to improve their standard of living?**

- The government has aimed at ensuring that every citizen has access to food and has thus introduced the school feeding scheme✓✓
- The government has introduced housing subsidies and issues RDP houses to the citizens✓✓
- Free medical facilities for those who cannot afford health even in remote parts of the country✓✓
- No-fee quintile education system has been introduced to ensure that every citizen has access to education✓✓
- All people have the right to running water and sanitation hence affordable, supply of running water✓✓
- All people have a basic human right to be free from poverty, ignorance and ownership by another hence the constitution with human rights laws✓✓
- However there is still a need to improve the quality and delivery of basic services as seen by the poor quality of RDP houses that have been built ✓✓
  (Accept any other correct relevant response)
  (A maximum of 4 marks can be allocated for mere listing of facts / examples)

(Any 4 x 2) (8)
[40]

TOTAL SECTION B: 40

SECTION C

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

QUESTION 4: MACROECONOMICS

- Discuss in detail the four participants in the economy and the interactions between these participants. (26)
- Critically evaluate the importance of the GDP aggregates. (10)

[40]

INTRODUCTION

- The circular flow diagram illustrates how the various participants in the economy interact with each other✓✓
  (Accept any other correct relevant introductions) (Max 2)

BODY: MAIN PART

Households / Consumers✓

- Households are the consumers of economic goods and services✓✓
- Households directly and indirectly own the factors of production (land, labour, capital and entrepreneurship)✓✓
- Households sell their factors of production to business enterprises in the factor market and in return they receive remuneration✓✓
- Households also have needs which are satisfied through the consumption of goods and services✓✓
- These goods and services are purchased from business enterprises in the goods market✓✓
- Industries manufacture the goods and services needed to satisfy the wants and needs of households✓✓

Business enterprises / producers✓

- Businesses, also known as firms or producers, manufacture goods and provide services✓✓
- Business enterprises purchase the factors of production from the households in the factor market✓✓
- They then use the factors of production to produce goods and services which are sold to the households in the goods market✓✓
- Businesses also pay direct and indirect taxes to the state✓✓

The public sector / Government / State✓

- The government participates in the economy by purchasing factors of production from households in the factor market and by purchasing goods and services from firms in the goods market✓✓
- The state also provides households and business enterprises with goods and services which are not produced by business enterprises✓✓
- These goods and services provided by the state are known as public goods and include items such as safety and defence, law and order, health care and education✓✓
- Government receives revenue from businesses and households in the form of taxes✓✓
- The government also receives some revenue from the state-owned property and state-owned enterprises✓✓

The foreign sector✓

- The foreign sector represents all the other countries of the world, foreign trade of households and firms takes place in the foreign market in the form of imports and exports ✓✓
  This is known as international trade✓✓
- Imports are goods and services produced in other countries and purchased by local firms and households✓✓
- Exports are goods and services that are produced locally and then sold to the foreign sector✓✓
  (Accept any other correct relevant response)
  (A maximum of 8 marks can be allocated for headings, subheadings and examples)

(Max 26)

ADDITIONAL PART

Critically evaluate the importance of GDP aggregates.

- A country's GDP is a measure of the level of economic activity. ✓✓ This is important to know because it shows the quantity of goods and services that is produced in the economy✓✓
- GDP figures give an indication of the material well-being of the people of a country✓✓
- GDP figures also provide information on the direction that the economy is heading ✓✓
- This helps policy-makers in formulating good economic policies ✓✓
- GDP indicates the relative importance of the different economic sectors ✓✓
- Therefore, national income statistics are closely watched by businesses and governments at all levels✓✓
  (Accept any other correct relevant response) (Max 10)

CONCLUSION

- Gross National Income figures are also important so that the productivity of factors of production of a country may be assessed✓✓
  (Accept any other correct relevant higher order response) (Max 2)

[40]

QUESTION 5: MACROECONOMICS

- Discuss in detail the effects of business cycles on the participants in the economy. (26)
- Critically evaluate the usefulness of business cycle indicators. (10)

[40]

INTRODUCTION

- Business cycles is economic activity over a period of time, measured in terms of real Gross Domestic Product ✓✓
  (Accept any other correct relevant introduction) (Max 2)

MAIN PART

The aggregate supply and aggregate demand✓

- In a recovery, there will be a greater demand for goods✓✓
- This can cause a shortage of goods in the economy✓✓
- Firms then start producing and supplying more products and services ✓✓
- In a recession, there is a reduced demand for goods and services✓✓
- Firms will then realise that they have too many products ✓✓
- They therefore decrease their production✓✓
- This could result in the economy moving into a recession✓✓

Economic growth✓

- Economic growth is the increase in the production of goods and services over a period of time✓✓
- Economic development is concerned with the improvement in education, healthcare and per capita income of the population✓✓
- Economic growth however is only concerned with the production of goods and services✓✓
- During a downturn in the business cycle, the economy slows down and fewer goods and services are produced✓✓
- The economic growth rate slows down and may even show negative growth✓✓
- During an upswing in the business cycle, more goods are produced✓✓
- Business will employ more labour to produce goods and services, resulting in an increase in household income ✓✓

Employment✓

- During a downturn, firms reduce their production levels and are generally less profitable✓ ✓
- Lower production levels reduce the amount of labour required✓✓
- Lower income and profits reduce the amount firms can afford to pay their workers✓✓
- Firms will have to start dismissing workers to keep profitability✓✓
- A downturn in the economy thus leads to an increase in unemployment✓✓
- During an upswing, firms need to produce more goods to meet an increase in demand✓✓
- Firms will have to hire more workers to help them increase production✓✓
- They can also afford to pay higher wages since the improvement in the economy makes them more profitable✓✓
- An upswing in the economy thus leads to a decrease in unemployment✓✓

Price levels / inflation rate✓

- Early in an economic downturn prices are usually on the increase ✓✓
- With households' budgets stretched consumers will buy less goods ✓✓
- The poor are hardest hit during an economic downturn because most of their income is spent to satisfy their basic needs ✓✓
- As the downturn continues, the prices of goods and services stop increasing and inflation decreases✓✓
- This is as result of businesses having to keep sales up to survive and then lower their profit margins✓✓
- When the economy starts to recover, prices will remain low✓✓
- When wages start to increase, prices will again start to increase and inflation as well✓✓

Exchange rates✓

- At the start of an economic downturn foreign demand for the country's goods and services is low✓✓
- With exports declining the demand for the country's currency also decreases✓✓
- The country's currency will weaken and depreciate✓✓
- At the start of an upswing in the economy, there is an increased foreign demand and exports increase✓✓
- The country's currency starts to strengthen and appreciate as result of the increased demand✓✓

The economically vulnerable✓

- Children are vulnerable because their mothers may be vulnerable, if mothers are unable to provide food and health care, children are helpless✓✓
- Rural people are often vulnerable because they are isolated and may be out of step with the rest of the economy✓✓
- Pensioners and other older people and poor persons are unemployed or irregularly employed✓✓
- Many people in these groups work in the informal sector where human rights stipulations often tend to be ignored✓✓
- Unemployment insurance, medical aid and pension fund contributions are unaffordable and therefore disregarded, resulting in reduced security for people in these groups✓✓
- They don't have knowledge of the public sector and other institutions that provide relief services✓✓
- Inflation reduces the purchasing power of their pension monies✓✓
- Often, they don't have courage to assert themselves✓✓
- (Accept any other correct relevant response)
  (A maximum of 8 marks can be allocated for headings, subheadings and examples)

(Max 26)

ADDITIONAL PART

Critically evaluate the usefulness of business cycle indicators.

- It is not possible to accurately determine how the economy is doing by simply guessing✓✓
- Our opinions on the state of the economy needs to be based on solid and testable statistics✓✓
- Official statistics on the economy only gets published one month after they happened✓✓
- There are various indicators that are published timeously that we can use to shows us how the economy is doing now and where it is headed✓✓
- The unemployment rate and production statistics of new car sales are some examples of business cycle indicators✓✓
- These indicators are extremely useful to determine the state of the economy and where the economy is heading✓✓
- (Accept any other correct relevant response)
  (A maximum of 4 marks can be allocated for mere listing of facts / examples) (Max 10)

CONCLUSION

- As business cycles increase aggregate demand, economic growth, inflation and exchange rates tend to increase. ✓✓ The economically vulnerable suffer the most during downturns. ✓✓ Business cycle indicators are useful for ascertaining the current state of the economy✓✓
  (Accept any other correct relevant higher order response) (Max 2)

[40]

TOTAL SECTION C: 40

TOTAL: 100