GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

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GRADE 10

MARKING GUIDELINES

ECONOMICS (PAPER 1)

1919 pages

SECTION A (COMPULSORY)

QUESTION 1

1.1 MULTIPLE-CHOICE QUESTIONS

1.1.1 C✓✓ What people should buy

1.1.2 A✓✓ the economic problem.

1.1.3 D ✓✓ injections.

1.1.4 B✓✓ disposable income.

1.1.5 C✓✓ trade.

1.1.6 D✓✓ mercantile law.

1.1.7 A✓✓ Employed people

1.1.8 B✓✓ natural growth rate. (8 x 2) (16)

1.2 MATCHING ITEMS

1.2.1 C✓ A systematic approach to uncover regular patterns

1.2.2 G✓ A diagram showing the flow of goods, services, natural resources, income and expenditure

1.2.3 E✓ A group of people that live together and make economic decisions

1.2.4 F✓ The increase of the earth's average surface temperature due to the effects of greenhouse gases

1.2.5 A✓ A cyclical pattern that reflects the natural growth rate of a population

1.2.6 I✓ The number of years a person can be expected to live for, based on the current demographics

1.2.7 D✓ A system of exchange where goods or services are directly exchanged for other goods or services

1.2.8 B✓ A modern medium of exchange (8 x 1) (8)

EXEMPLAR

1.3 **GIVE A TERM**

1.3.1 Factors of production✓

1.3.2 Money flow✓

1.3.3 Excise/Sin tax✓

1.3.4 Fiscal policy ✓

1.3.5 Urbanisation✓

1.3.6 Emigrants✓ (6 x 1) (6)

TOTAL SECTION A: 30

EXEMPLAR

SECTION B

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

QUESTION 2

2.1 Answer the following questions.Beantwoord die volgende vrae.

2.1.1 **Name TWO branches of Economics.**

- Microeconomics ✓
- Macroeconomics ✓
- Monetary economics ✓
- Public-sector economics ✓
- International economics ✓
- Development economics ✓
- Environmental economics ✓ (Any 2 x 1) (2)

2.1.2 **What difficulties are faced by Social Sciences?**

- Natural Sciences often test their theories or hypotheses in laboratories, which is not possible with Economics. ✓✓
- Human nature is not always predictable. ✓✓
- Economic policies are heavily debated and can be loaded with normative statements. ✓✓
- It is difficult to decide which facts to use. ✓✓

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

2.2 **Data Response Datarespons**

2.2.1 **What advice is given by the lady in the cartoon?**

She advises the employee to hire an Economist. ✓ (1)

2.2.2 **Name one career opportunity related to Economics.**

- Market Research analyst ✓
- Credit analyst ✓
- Financial analyst ✓
- Actuary ✓
- Economic consultant ✓
- Compensation and benefits manager ✓
- Accountant ✓

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

EXEMPLAR

2.2.3 **Briefly describe the term *Economics.***
A Social Science studies how individuals, businesses and other organisations choose to use resources to achieve the maximum satisfaction of their unlimited needs and want.s ✓✓ (2)

2.2.4 **Why is Economics considered to be a Social Science?**
Economics is a Social Science that examines people's behaviour and how they interact with the society. ✓✓
(Accept any other correct relevant response..) (2)

2.2.5 **How does Macroeconomics differ from Microeconomics?**
Macroeconomics
- Macroeconomics is the study of the total economic activity. ✓✓
- It includes regional, national and international study fields. ✓✓
- It focuses on the economy as a whole. ✓✓

Microeconomics
- Microeconomics is the study of the behaviour and decisions of individual participants in the economy. ✓✓
- It includes how prices are determined. ✓✓
- It focuses on individuals, households, firms and other organisations ✓✓

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

2.3 **Data Response**

2.3.1 **Which is the missing participant in the diagram of the economy?**
Foreign sector ✓ (1)

2.3.2 **What is the contribution made by households to the government called?**
Taxes (taxation) ✓ (1)

2.3.3 **Briefly describe the term *foreign trade.***
Foreign trade is the exchange of capital, goods and services across international borders or territories. ✓ (2)

2.3.4 **Why is South Africa regarded as an open economy?**
South Africa is regarded as an open economy because it interacts freely with other economies around the world.✓✓ (2 x 2) (2)

EXEMPLAR

2.3.5 **Why is it important that South Africans buy locally produced products?**
Buying South African stimulates an increase in demand for locally produced products and services. ✓✓
This translates into safeguarding existing employment opportunities, economic growth and the creation of more quality employment opportunities in our country. ✓✓
(Accept any other correct relevant response..) (4)

2.4 **Explain the difference between positive and normative statements. Verduidelik die verskil tussen positiewe en normatiewe stellings.**

Positive statements	Normative statements
• These statements describe facts without making any judgement whether the facts are good or bad. ✓✓ • Positive statements are concerned with what was in the past, what is today or what will be in the future. ✓✓ • You can test positive statements,✓✓ • Example of a positive statement: "The rand appreciated by 2% against the dollar." ✓	• These statements include value judgements or opinions by economists.✓✓ • These statements cannot be proven. ✓✓ • Normative statements deal with economic behaviour and they judge the behaviour whether it is good or bad. ✓✓ • You can debate a normative statement. ✓✓ • Example of a normative statement: "The South African inflation rate is too high." ✓

(Accept any other correct relevant response.) (4 x 2) (8)

2.5 **Why are financial institutions an important part of the economic circular flow model?**

- The financial institutions consist of banks, insurance companies and pension fund investors. ✓✓
- They serve as a link between the participants that have surplus funds and those that need funds. ✓✓
- Households and business enterprises do not always spend all their income. ✓✓
- Households and business enterprises deposit their unspent income called savings with financial institutions. ✓✓
- Business enterprises borrow from the financial institutions. ✓✓
- Business enterprises use the loaned funds to buy capital goods such as property, machinery and equipment.✓✓
- Expenditure on capital goods is called investment.

(Accept any other correct relevant response.) (8)
[40]

EXEMPLAR

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QUESTION 3

3.1 Answer the following questions.

3.1.1 **Name any TWO labour unions in South Africa.**
CONSAWU: Confederation of South African Workers 'Unions✓
COSATU: Congress of South African Trade Unions✓
FEDUSA: Federation of Unions of South Africa✓
FOSATU: Federation of South African Trade Unions✓
ITUC: International Trade Union Confederation✓
NACTU: Nasionale Raad van Vakbonde✓
NEHAWU: National Education, Health and Allied Workers 'Union✓
NUM: National Union of Mineworkers✓
UWUSA: United Workers' Union of South Africa✓
(Accept any other correct relevant response.)
(Any 2 x 1)) (2)

3.1.2 **Why is it important for the government to estimate the country's population growth rate?**
Population growth rate is an important indicator of the changing needs of a country's people, e.g. how great the burden will be on providing sufficient infrastructure, (e.g. schools, hospitals, housing, roads), resources (e.g. food, water, electricity) and jobs. ✓✓
(Accept any other correct relevant response..) (1 x 2) (2)

3.2 **Data Response**

3.2.1 **Name the cycle illustrated by the graph.**
The Demographic Cycle✓ (1)

3.2.2 **In what stage would the population be described as an "old population"?**
Stage 5✓ (1)

3.2.3 **Briefly describe the term *economically active population (EAP).***
Includes all the people between the ages of 15 and 64 who work in the formal sector, the informal sector or are self-employed.✓✓ (2)

EXEMPLAR

3.2.4 **Why do many developing nations experience high population growth rates?**
The total population increases because of the higher birth rate and decreasing death rate. ✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

3.2.5 **How can the government help reduce the national death rate?**
- Government should improve the nation's nutrition by stimulating food production and help with researching better farming methods.
- Government can improve the transport of food and storage infrastructure.✓✓
- Government should improve public health services (e.g. provide the smallpox vaccine). ✓✓
- Government could provide better medical services and raise health awareness.✓✓
- Government could educate people on how to avoid illnesses like AIDS and diabetes. ✓✓
- Government could educate people with regards to improved hygiene (e.g. boiling of drinking water) and sanitation. ✓✓

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

3.3 **Data Response**

3.3.1 **What type of trade is depicted in the cartoon above?**
Barter ✓ (1)

3.3.2 **Name a more efficient trade method than can be used?**
Money ✓ (1)

3.3.3 **Briefly describe the term *specialisation.***
Specialisation is a method of production whereby an entity focuses on the production of a limited scope of goods to gain a greater degree of efficiency. ✓✓
(Accept any other correct relevant response..) (2)

3.3.4 **Why is surplus production required for trade and markets to exist?**
Without surplus production households will consume all that they produce and nothing will be left over to trade with. ✓✓
(Accept any other correct relevant response..) (2)

EXEMPLAR

3.3.5 **How has specialisation led to the increase in international trade?**

- Specialisation leads to lower cost of production and greater production quantities. ✓✓
- Because of specialisation more goods are produced and prices are lower. ✓✓
- Countries also tend to specialise in goods they are best adapted to produce and import goods they are less efficient in producing.✓✓
- Worldwide, consumers benefit from the lower prices and the availability of greater quantities of goods.✓✓

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

3.4 **Explain the *evolution of financial institutions and the emergence of joint stock companies*.**

- Joint stock companies arose during the 16th and 17th centuries in the Netherlands.
- Large companies were no longer in individual ownership, but in the hands of shareholders.
- New formal and informal rules have made it easier to take risks.
- Limited liability companies have become the norm.
- Investors in companies such as the VOC have received paper certificates as proof of share ownership.
- These shares could be traded on stock markets such as the Amsterdam Stock Market.
- Shareholders have been granted limited liability for possible debts.

(Accept any other relevant response.) (2 x 4) (8)

3.5 **How does an increase in the size of the labour force benefit the economy?**

- An increase in the size of the labour force would lead to an increase in the production of goods and services .✓✓
- This implies a real GDP increase and economic growth takes place.✓✓
- Economic growth makes economic development and better living standards possible.✓✓
- A larger labour force results in an expansion of tax bases. ✓✓
- The larger labour force means households have more disposable/available income. ✓✓
- Increased consumer spending should benefit local businesses.✓✓
- An increase in the labour force brings a younger, newer generation of people with new ideas and inventions.✓✓

(Accept any other relevant response.) (8)

[40]

EXEMPLAR

QUESTION 4

4.1 Answer the following questions.

4.1.1 **Name any TWO types of consumer goods.**

- Non-durable goods✓
- Semi-durable goods✓
- Durable Goods✓
- Services✓ (Any 2 x 1) (2)

4.1.2 **What effect will a recession have on business activities?**
During a recession, income, production and investments will decline. ✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

4.2 **Data Response**

4.2.1 **Name one consequence of air pollution according to the extract.**
Endangers health damages the environment. ✓
(Accept any other correct relevant response.) (Any 1 x 1) (1)

4.2.2 **What kind of pollution is a growing cause of global warming?**
Pollution from plastic. ✓
(Accept any other correct relevant response.) (1)

4.2.3 **Briefly describe the term *deforestation.***
Cutting down of trees and forests to make space for development. ✓✓
(Accept any other correct relevant response.) (2)

4.2.4 **Why should government give environmental subsidies to businesses?**

- To encourage businesses to produce environmentally friendly products. ✓✓
- For the development of new techniques and technology to reduce pollution. ✓✓
- To promote recycling of waste products.✓✓

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

4.2.5 **How can economic development take place without harming the environment?**
This could take place by:

- Living within the limits of what the environment can provide. ✓✓
- Understanding the links between the economy, society and the environment. ✓✓
- Distribution of resources and opportunities evenly. ✓✓

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

EXEMPLAR

4.3 **Data Response Datarespons**

4.3.1 **Name the institution that publishes the above information.**
Statistics South Africa/Stats SA✓ (1)

4.3.2 **Which province had the highest population in 2019?**
Gauteng✓ (1)

4.3.3 **Briefly describe the term *migration.***
People who move across spatial boundaries (e.g. provinces, countries) to change their residence. ✓✓ (2)

4.3.4 **Why is urbanisation a problem for the government?**
Urbanisation leads to an increased demand for housing, municipal services and infrastructure.✓✓
(Accept any other correct relevant response.) (2)

4.3.5 **How can the government curb urbanisation?**
- By introducing agricultural parks in which rural communities are turned into industries through agricultural produce✓✓
- Government can create job opportunities in rural areas so that people in rural areas can start to earn a living, thereby making the rural areas as attractive as the urban areas. ✓✓

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

4.4 **Briefly discuss the evolution of labour unions.**
- During the Industrial Revolution, working conditions in factories were very poor. ✓✓
- This led to the formation of trade unions. ✓✓
- There were workers' organisations trying to improve wages and working conditions. ✓✓
- By the beginning of the twentieth century, the right of workers to organise and bargain collectively was recognised in most western countries. ✓✓
- Union membership increased rapidly. ✓✓
- Trade unions imposed restrictions on what employers could do to workers. ✓✓
- Some industries suffered as a result of strikes, but the unions brought about many improvements in working conditions. ✓✓
- Trade unions played an important role in South Africa because they served as a political forum for workers and contributed to the formation of a new government. ✓✓

(Accept any other relevant response.) (2 x 4) (8)

EXEMPLAR

4.5 **How successful was the government's actions in addressing the negative impact of COVID-19 on households and businesses?**

- Government used measures like spending, loans, and monetary instruments to lessen the impact of COVID-19 on households and businesses. ✓✓
- The South African government was reasonably successful in lessening the impact of COVID-19.
- The following measures were successfully implemented:
  - The creation of the COVID-19 Solidarity Fund after the state of national disaster was announced.
  - The South Africa Reserve Bank (SARB) reduced the repo rate to 3.5%.✓✓
  - The government extended funding to the health system.
  - The government provided a relief package of R1 135 billion to assist the taxi industry/taxi owners. ✓✓
  - Taxi operators were given payment holidays during the severe period of the COVID-19 pandemic. ✓✓
  - The government provided relief to employees and employers in South Africa through the COVID-19 TERS benefit. ✓✓
  - To avoid further economic stress and poverty, the government provided a relief benefit of R350 to SASSA. ✓✓

(Accept any other correct relevant response..) (4 x 2) (8)

[40]

TOTAL SECTION B: 40

EXEMPLAR

SECTION C

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

QUESTION 5

- **Discuss in detail the effects of economic fluctuations on the participants in the economy. (26)**
- **Evaluate the exogenous reasons (monetarist view) for business cycles. (10) [40]**

Introduction

A country's level of business activity has a big effect on its citizens. People are normally affected positively by upswings and negatively by downswings. ✓✓
(Accept any other relevant correct response.) **(Max. 2)**

Body

Changes in the aggregate demand and supply: ✓

- The aggregate demand and supply is the total number of goods and services demanded and supplied. ✓✓
- During an upswing, the aggregate demand and supply increased as a result of increased income and spending by households. ✓✓
- Firms increase their production in order to meet the increase in demand. ✓✓
- For example, consumers visit restaurants more during an upswing. ✓
- During a downswing, the aggregate demand and supply will decrease as result of decreased consumer spending and production by firms. ✓✓
- For example, consumers visit restaurants less during a downswing. ✓
- If a downward cycle continues, the economy may go into a depression. ✓✓

(Accept any other correct relevant response.)

Changes in economic growth: ✓

- Economic growth refers to the increase in the amount of goods and services produced by a country over a given period. ✓✓
- Economic development refers to an improvement in education, health care or income of the population. ✓✓
- Economic development implies an improvement of living standards. ✓✓
- An upswing leads to higher economic growth due to an increase in economic activity and productivity. ✓✓
- The increased production and exports raises the GNI. ✓✓
- A downswing will lead to a decrease in economic growth. ✓✓
- During a downswing firms will produce less goods and services. This results in a slowdown of the growth rate. ✓✓

(Accept any other correct relevant response.)

EXEMPLAR

Changes in price levels: ✓
- The price level changes when the demand and supply of goods and services decreases. ✓✓
- During an upswing, there is an increase in production, employment and household income. ✓✓
- Higher income and spending leads to an increase in the general price levels. ✓✓
- For example, the prices of staple foods such as bread and milk, will increase. ✓
- In a downswing, there is a decrease in production, employment and households' income. ✓✓
- The general price levels decrease because of lower consumer spending and income. ✓✓

(Accept any other correct relevant response.)

Changes in employment: ✓
- During an upswing, businesses need to produce more goods and service to keep up with demand. ✓✓
- This results in more employment. ✓✓
- Improvement in the economy will allow businesses to make better profits. ✓✓
- Businesses can afford to pay employees better wages and salaries. ✓✓
- During a downswing, businesses produce less goods and services. ✓✓
- Profits and income of businesses decrease. ✓✓
- Businesses cannot afford to pay workers and start to retrench workers. ✓✓
- Unemployment will increase. ✓✓

(Accept any other correct relevant response.)

Changes in the exchange rate: ✓
- In a downswing, there is a decrease in demand for local goods and services. ✓✓
- There is a decrease in exports. ✓✓
- This lowers the demand for the local currency.✓✓
- The decrease in exports reduces foreign reserves. ✓✓
- The rand will depreciate in value, weakening the currency. ✓✓
- During an upswing, there is an increase in foreign demand for local goods and services.
- This results in an increase in export of goods and services. ✓✓
- Increased demand for the local currency can be expected. ✓✓
- This will result in the rand appreciating against other currencies. ✓✓

(Accept any other correct relevant response.)

EXEMPLAR

The impact on the economically vulnerable

- The effects of ups and downs on the economically vulnerable are enormous. ✓✓
- Any downturn will rob these people of satisfying their basic needs for food, shelter and clothing. ✓✓
- A downturn in the economy will result in businesses downsizing their production and closing factories or branches. ✓✓
- This will lead to large-scale unemployment, starting with the less skilled workers. ✓✓
- The less affluent will not be able to satisfy their basic needs and desires. ✓✓

(Max. 26)

ADDITIONAL PART

- Exogenous reasons refer to changes in business cycles that originate externally. ✓✓
- They initiate outside the economy of a country. ✓✓
- The government has no direct control over exogenous factors. ✓✓
- Examples include political and military interference in the economy (such as wars), drought, famine, COVID-19, and other natural disasters. ✓✓
- Exogenous reasons cannot be predicted easily and it is difficult to avoid them. ✓✓
- They affect the production and the consumption within the economy. ✓✓
- Exogenous reasons can lead to an upswing or downswing in an economy. ✓✓

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

CONCLUSION

- Fluctuations in economic activities should be managed so that they affect the economy positively. ✓✓

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

EXEMPLAR

QUESTION 6

- Discuss the South African labour force in detail under the following sub-headings:
  - Age of the population (8)
  - Employment and unemployment (10)
  - Geographic distribution (8) (26 marks)
- What is the impact of HIV and AIDS on the South African economy? (10 marks) **[40]**

Introduction

South Africa has a productive and industrialised economy with many characteristics associated with a developing country.✓✓ **(Max. 2)**

MAIN PART
<u>Age and composition</u>

- The ages of people in the labour force range from 15 and 64 years old. The largest group employed are those between 25 and 34 years of age. ✓✓
- In the over 50 age group, the number of people employed decreases as there are not many employment opportunities for them. ✓✓
- South Africa is a developing country, hence has a high birth rate with a larger percentage of young people. ✓✓
- This could lead to serious problems for the labour market, because it will not be long before all these youth will be looking for jobs. ✓✓
- The South African population of working-age is expected to continue to grow, which will affect the size of the country's labour force. ✓✓
- An economically active population consists of the age-group between 15 and 64 years. ✓✓
- People not included in the labour force consist of discouraged work-seekers, students, homemakers, people with disabilities and those serving in the military. ✓✓
- The labour force participation rate is a measure of the proportion of a country's working-age population that engages actively in the labour market. ✓✓
  (Accept any other correct relevant response.)

EXEMPLAR

Employment and unemployment

- It is difficult to achieve full employment. ✓✓
- At any given time, there will be people moving between jobs. ✓✓
- South Africa has an increasingly high unemployment rate. ✓✓
- Unemployment is the highest among unskilled and semi-skilled workers. ✓✓
- Young people with limited education and skills make up most of the numbers of unemployed. ✓✓
- Agricultural provinces are the worst affected. ✓✓
- Youth unemployment continues to grow in the country. ✓✓
- This is the major driver of poverty. ✓✓
- Unemployment is the highest among youth between the ages of 15 to 34 years. ✓✓
- The economy has to generate more job opportunities to decrease the rate of unemployment. ✓✓
- The tertiary industry has the highest number of employed people. ✓✓
- The decline of the labour intensive primary sector, namely mining and agricultural, negatively affects employment numbers. ✓✓
- The tertiary and services sectors have increased due to training and skills development. ✓✓
- Due to the increase in population, the economy has been unable to create enough job opportunities. ✓✓
- Production methods have changed over the years, this is due to the technological changes and environmental issues. ✓✓
  (Accept any other correct relevant response.)

Geographical composition

- People are not evenly spread across the country. ✓✓
- Factors such as climate, water, fertile soil and economic opportunities influence people's decisions about where to live. ✓✓
- South Africa has nine provinces, each with its own distinctive economic features. ✓✓
- Economic activity depends on local resources, geographic location, climate and human skills. ✓✓
- The migration of people between the provinces is unavoidable, causing an uneven geographical distribution of the population. ✓✓
- Gauteng has the largest population. ✓✓
- KwaZulu-Natal has the second highest population. ✓✓
- South African population is concentrated mainly in the urban areas of Gauteng, Durban, Cape Town, Port Elizabeth, East London and Bloemfontein ✓✓

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

EXEMPLAR

ADDITIONAL PART

- HIV and AIDS has had a severe impact on the standard of living of many households. ✓✓
- They lose income and experience an increase in medical expenses. ✓✓
- They spend less on food and other essentials, and this impairs the health of other members of the households. ✓✓
- A large number of children and elderly people lose their economic support structure. ✓✓
- Business profitability is affected because of declining productivity and absenteeism. ✓✓
- Training new workers to replace workers means extra costs and loss of experience. ✓✓
- Some businesses will have additional costs of assisting workers with anti-retroviral drugs and other medications. ✓✓
- The economy is affected because HIV and AIDS causes the highest mortality among the 25- to 40- age groups. ✓✓
- It reduces the number of trained and productive workers. ✓✓
- The number of skilled workers is diminishing. ✓✓
- Medical aid and other costs associated with HIV and AIDS are becoming so high that it will eventually cripple the economy. ✓✓

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

Conclusion

The population of South Africa reached more than 58 million and is largely urbanised. All the main city areas are industrialised and offer job opportunities. ✓✓
(Accept any other correct relevant conclusion.) **(Max. 2)**

TOTAL SECTION C: 40

TOTAL 150

EXEMPLAR