GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

NOVEMBER 2023

GRADE 10

MARKING GUIDELINES

ECONOMICS (PAPER 2)

17 pages

EXEMPLAR

SECTION A: COMPULSORY

QUESTION 1

1.1 **MULTIPLE-CHOICE QUESTIONS**

1.1.1 A – global ✓✓

1.1.2 C – homogeneous products. ✓✓

1.1.3 A – Improved technology ✓✓

1.1.4 B – charging indirect taxes ✓✓

1.1.5 D – skilled ✓✓

1.1.6 C – Majorification ✓✓

1.1.7 B – Labour union ✓✓

1.1.8 D – Department of Agriculture, Forestry and Fisheries ✓✓ (8 x 2) (16)

1.2 **MATCHING ITEMS**

1.2.1 B ✓

1.2.2 H ✓

1.2.3 E ✓

1.2.4 A ✓

1.2.5 G ✓

1.2.6 D ✓

1.2.7 F ✓

1.2.8 I ✓ (8 x 1) (8

1.3 **GIVE THE TERM**

1.3.1 Substitute product/substitutes ✓

1.3.2 Monopoly ✓

1.3.3 Minimum wage ✓

1.3.4 Retrenchment ✓

1.3.5 Labour intensive production ✓

1.3.6 Skills Programme ✓ (6 x 1) (6)

TOTAAL SECTION A: 30

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SECTION B

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

QUESTION 2: MICROECONOMICS

2.1 Answer the following questions.

2.1.1 **List any TWO levels of government.**

- Central government ✓
- Provincial government ✓
- Local government ✓ (2 x 1) (2)

2.1.2 **What is an opportunity cost?**

- An opportunity cost is the sacrificed alternative, the thing that is given up. ✓✓ (1 x 2) (2)

2.2 **DATA RESPONSE**

2.2.1 **Identify the imperfect market depicted in the image above.**

- Oligopoly ✓ (1)

2.2.2 **Name ONE other competitor in the cellular service provider industry that does not appear in the image above.**

- Cell C ✓
- Telkom ✓

(Accept any other correct response.) (1)

2.2.3 **Briefly describe the term *monopoly.***

- This is a market structure where there is a single producer. ✓✓ (2)

2.2.4 **What advantage is there for consumers if more service providers join the South African cellular market?**

- Lower prices ✓✓
- Increased economic growth ✓✓
- Higher employment ✓✓
- More choices for consumers ✓✓

(Accept any other correct response.) (2)

EXEMPLAR

2.2.5 **What would be required for this market structure to be a classified perfect market?**

- There are many buyers and sellers. ✓✓
- Price takers - no supplier can influence price. ✓✓
- The products are homogeneous. ✓✓
- The entry to the market is unrestricted, easy to enter and leave the market. ✓✓ (4)

2.3 **DATA RESPONSE**

2.3.1 **Identify the point where optimal production takes place.**

- Point C/D ✓ (1)

2.3.2 **Name the point where we will not be able to produce due to a shortage of resources.**

- Point F ✓ (1)

2.3.3 **Briefly describe the term *production possibility curve*.**

- The production possibility curve indicates the combination of two products that can be produced with the available resources. ✓✓

(Accept any other relevant answer.) (2)

2.3.4 **Describe production at point B.**

- At point B, all resources are used to produce milk therefore no butter is produced. ✓✓

(Accept any other relevant answer.) (2)

2.3.5 **Calculate the opportunity cost if production moves from point C to point D. Show ALL calculations.**

Point C: 300 units butter and 200 units milk
Point D: 170 units butter and 250 units milk

300 units milk – 170 units milk ✓✓
= 30 units milk ✓✓ (4)

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2.4 **Distinguish clearly between *price ceilings* and *price floors*.**

Price ceilings (maximum prices)

- This is the highest price at which producers can sell a product. ✓✓
- Prices may not rise above the ceiling, that is above a certain maximum price. The ceiling forces the price down. ✓✓
- If the state feels that in some markets the prices are pushed up too high by producers, the government can intervene by offering subsidies to the businesses to reduce the price. ✓✓
- Examples are: rent control, medical products, bread, maize and electricity. ✓

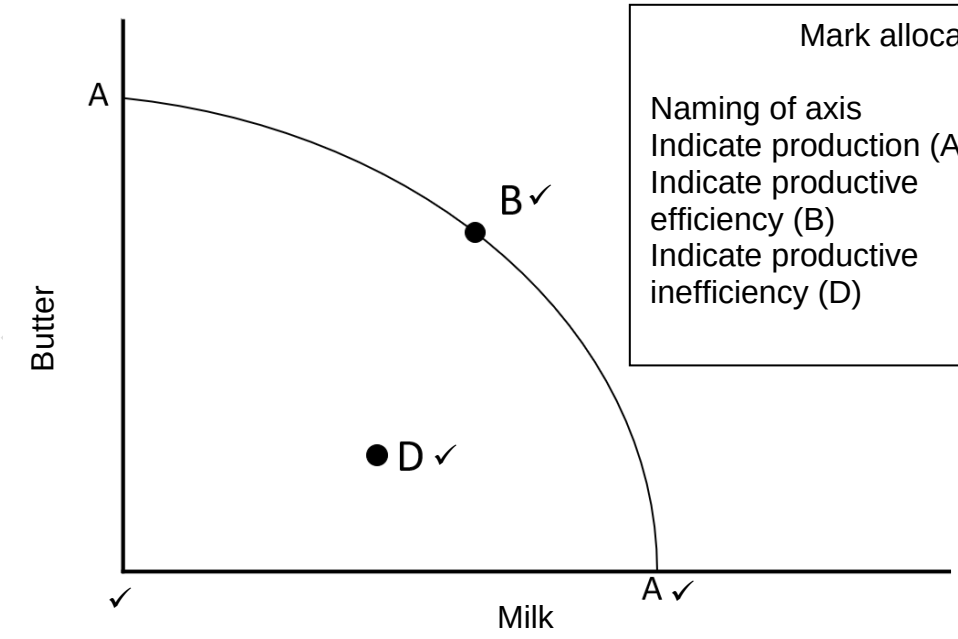
(Accept other relevant and correct responses) (Max. 4 marks)

Price floors (minimum prices)

- They protect producers from low prices and poor profits. ✓✓
- The state may feel that in some markets the prices are too low and they need to aid the suppliers. ✓✓
- In this case, the state can intervene in markets by setting a minimum price. Many producers, such as farmers, face stiff competition from other suppliers. ✓✓
- Although government is happy for consumers to pay affordable prices, it is important for producers to make a profit to stay in business otherwise unemployment will increase. ✓✓

(Accept other relevant and correct responses) (Max. 4 marks) (8)

2.5 **Analyse productive inefficiency with reference to a production possibility curve.**



Mark allocation	
Naming of axis	1 mark
Indicate production (AA)	1 mark
Indicate productive efficiency (B)	1 mark
Indicate productive inefficiency (D)	1 mark
	Max. 4 marks

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Productive inefficiency

- The production possibility curve above shows a combination of goods that can be produced using all the available resources. ✓✓
- Any point on the curve shows a combination of goods where resources will be used efficiently. ✓✓
- Therefore, any point on the curve indicates productive efficiency✓✓
- Any point within the curve shows combinations of goods where resources are used inefficiently (D). ✓✓
- Any point outside the curve shows combinations of goods which we cannot produce because of a shortage of a resources. ✓✓

(Max. 4 marks) (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

3.1 Answer the following questions.

3.1.1 **Name any TWO SETAs created by the National Skills Authority.**

- BANKSETA ✓
- CHISETA ✓
- ETDPSETA ✓
- ESETA ✓
- HWSETA ✓
- INSETA ✓
- SERVICESETA ✓ (2 x 1) (2)

3.1.2 **How do SMMEs contribute to the creation of jobs?**

- Empowers previously disadvantaged people so that they can start and sustain a business. ✓✓
- The government stimulates growth in this sector because people who own this type of enterprise are most likely to employ people with low skills levels and train them as their businesses grow. ✓✓

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

3.2 **DATA RESPONSE**

3.2.1 **Who are most likely to be employed through the Expanded Works Programme?**

- Unemployed/Unskilled/semi-skilled workers ✓ (1)

3.2.2 **Mention the economic policy implemented in 1994 with the aim of addressing the imbalances of the past.**

- Reconstruction and Development Programme (RDP) ✓ (1)

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3.2.3 **Briefly describe the concept *economic growth*.**

- Economic growth is the increase in the capacity of the economy to produce more goods and services. ✓✓ (2)

3.2.4 **How can human resources be used as an approach to alleviate poverty?**

- People should be developed in terms of skills, education and business opportunities. ✓✓
- This will enable them to become employed and break out of poverty levels. ✓✓

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

3.2.5 **How can a long-term unemployment rate affect the economy?**

- If people are unemployed, it implies that output that could have been produced, is lost. ✓✓
- The government does not benefit from income taxes and other potential taxes such as VAT, if production does not take place. ✓✓
- The country is not using all its resources and not producing at the maximum output. ✓✓
- Such a country produces inside its production possibility curve. ✓✓
- The governments' real costs are higher because of unemployment insurance payments, health and other social costs, such as fighting crime. ✓✓

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

3.3 **DATA RESPONSE**

3.3.1 **Identify ONE economic problem from the picture above.**

- Lack of jobs ✓
- Poverty ✓ (1)

3.3.2 **Name the programme introduced to solve the problem identified in QUESTION 3.3.1.**

- The introduction of BEE to empower black people ✓ (1)

3.3.3 **Briefly describe the concept *Black Economic Empowerment*.**

- Black Economic Empowerment is an integration programme launched by the South African government to reconcile South Africans and redress the inequalities of apartheid. ✓✓ (2)

3.3.4 **Why was the BEE programme introduced in South Africa?**

- It is aimed at redressing the imbalances of the past by seeking to substantially and equitably transfer and confer the ownership, management and control of South Africa's financial and economic resources to the majority of its citizens. ✓✓ (2)

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3.3.5 **Describe the effect of the Black Economic Empowerment Act on women in the South African economy.**

- BEE gave many black women in South Africa a chance to fully participate in the mainstream of the economy. ✓✓
- Today women are a driving force behind economic development since they are owners and managers of many black-led businesses. ✓✓
- Women, today, are found in many spheres of the economy ranging from management to ownership of businesses. ✓✓
- To some extent the gap between the men and women has been reduced. ✓✓ (4)

3.4 **Discuss public works programmes and unemployment insurance as methods to combat unemployment.**

Public works programmes

- The Expanded Public Works Programme is an initiative started by the government to create work for the unemployed and raise living standards. ✓✓
- It usually involves things like building roads, building low cost housing, cleaning up communities and building dams. ✓✓
- The idea is that people without jobs will be employed to improve the infrastructure in rural and municipal areas. ✓✓

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

Unemployment Insurance

- UIF offers limited short-term financial assistance to workers when they become unemployed. ✓✓
- Every worker and employer in the formal sector has to contribute to the UIF. ✓✓
- Workers who lose their jobs can claim a portion of their wages from the fund for six months. ✓✓
- A special UIF was instituted under COVID-19, to ensure that the unemployed was supported during the lock-down. ✓✓

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

3.5 **How has the government solved the issue of land distribution in South Africa?**

Land Restitution Program ✓

- The purpose of the programme is to assess the validity of claims, restore land or pay financial compensation to the claimants. ✓✓
- Compensate all the people who were dispossessed of their land as a result of racially discriminatory laws and practices. ✓✓

Land Redistribution Program ✓

- The program aimed at providing previously disadvantaged South Africans with access to agricultural land. ✓✓
- The aim of government was to redistribute 30% of SA's agricultural land by 2005 to black farmers. ✓✓
- The emphasis has since shifted from faster redistribution of land to giving more support for land beneficiaries. ✓✓

(Any 2 x 4/Maximum of 2 marks for mere listing and examples.) (8)

[40]

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QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

4.1 Answer the following questions.

4.1.1 **Name TWO kinds of inefficiencies related to market failures.**

- Productive inefficiency ✓
- Allocative inefficiency ✓ (2 x 1) (2)

4.1.2 **What is the aim of RDP?**

- The broader aim of this socio-economic policy was to establish a more equal society through reconstruction and development as well as strengthening democracy for all South Africans. ✓✓ (1 x 2) (2)

4.2 **DATA RESPONSE**

4.2.1 **Identify the tax paid on salaries.**

- Income tax ✓ (1)

4.2.2 **List any other tax collected by SARS.**

- Company Tax ✓
- Vat ✓
- Sin tax ✓ (1)

4.2.3 **Briefly describe *disposable income*.**

- Available income after the deduction of income tax. ✓✓

(Accept any other relevant answer.) (2)

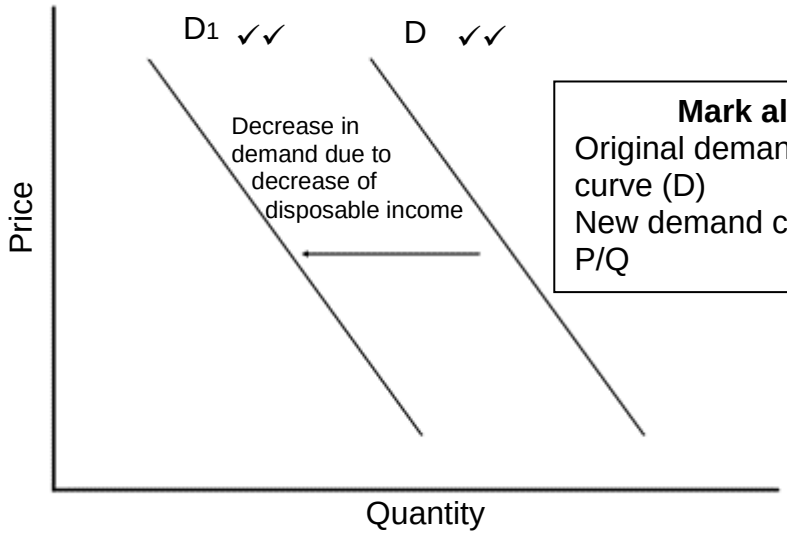
4.2.4 **Why does the South African government impose taxes?**

- The South African government impose taxes to cover their expenses in delivering services to the citizens of South Africa ✓✓

(Accept any other relevant response) (2)

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4.2.5 **Using a graph, illustrate how a raise in income tax will affect the demand for goods.**



Mark allocation

Original demand curve (D)	2 marks
New demand curve (D1) P/Q	2 marks

(4)

4.3 **DATA RESPONSE**

4.3.1 **Identify ONE requirement from the cartoon item above for the man to apply for the job advertised.**

- Skills ✓ (1)

4.3.2 **Which institution provides statistical information for unemployment in South Africa?**

- Statistics South Africa/StatsSA/Department of Labour ✓ (1)

4.3.3 **Briefly explain the term *unemployment*.**

- This is where members of the labour force are without work, are available or suitable for work and are seeking work, but are unable to find employment. ✓✓ (2)

4.3.4 **Why should the government be concerned with the high unemployment rate in our country?**

- The more people are unemployed, the more people that will depend on the government for financial assistance. ✓✓
- The high rate of unemployment leads to a low economic growth rate. ✓✓

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

4.3.5 **How can the government intervene to ensure participation of the marginalised groups in the economy of the country?**

- Economically marginalised groups should be targeted for education and training as this can improve their quality of life. ✓✓
- The government should focus on building better facilities such as schools, hospitals and police stations in those communities that need them desperately. ✓✓

EXEMPLAR

- Government should monitor and examine information about these groups and how the changes are affecting them. ✓✓
- Provide skills training for young women and men on entrepreneurship and small business development. ✓✓
- Empowering young women for long-term livelihood security. ✓✓
- Ensuring that BBBEE is closely monitored to ensure that it benefits the previously disadvantaged groups. ✓✓

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

4.4 **Discuss the causes of poverty in the country.**

- The inability of poor households to invest in property ownership. ✓✓
- Limited/Poor education leading to fewer opportunities. ✓✓
- Limited access to credit, in some cases – creating more poverty via inherited poverty. ✓✓
- The systematic exclusion of ethnic minorities, ethnic castes, tribes, women and people with disabilities from participating in fair economic enterprise and access to institutions/markets. ✓✓
- War, crime and violence are some primary causes of poverty in many African countries including South Africa (since 2000), where political violence and organised crime historically thrived, the poverty level was twice that in countries with lower reported war, crime and violence figures. ✓✓
- Unemployment – Slim opportunities were amongst the main causes of poverty. ✓✓ (8)

4.5 **Why does the government need to intervene in the economy?**

- To correct inefficiencies in the economy such as monopolies, distribution of wealth etc. ✓✓
- The market is not able to provide goods and services for the people e.g. health services and infrastructure/or to supply essential services which are undersupplied by the market such as health, education etc. ✓✓
- To prevent unequal opportunities in the marketplace/To create fair competition by investigating collusion, excessive prices, merging of large business undertakings etc. ✓✓
- To guard against market prices that may be detrimental to the economy's health. ✓✓
- To improve the level of welfare by financing a system of grants payable to the poorest members of the society. ✓✓
- To manage strategic industries in the country such as power generation, water supplies and transport infrastructure. ✓✓
- To correct market failures which result in insufficient supply of essential goods and services. ✓✓
- To promote fair treatment of workers and prevent exploitation, so it sets minimum wages and maximum working hours. ✓✓

(Accept other relevant and correct responses.) (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
Introduction The introduction is a lower-order response. • A good starting point would be to determine 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 saying 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/Explain/Assess/Debate **Additional part:** Give own opinion/Critically discuss/Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Calculate/Deduce/Compare/Explain/Distinguish/Interpret/ Briefly debate/How?/Suggest/Use the information and argue/Debate/Evaluate	Max. 26 Max. 10
Conclusion Any relevant higher order conclusion that should include: • A brief summary of what has been discussed/analysed without repeating facts already mentioned in the body • An opinion or valued 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**

QUESTION 5: MICROECONOMICS

- **Discuss, in detail, price formation under the following headings.**

  - **Equilibrium point, price, and quantity**
  - **The effects on markets when there is both a decrease in demand and supply. (26 marks)**

- **How does an increase in the price of the petrol affect producers and consumers? (10 marks) [40]**

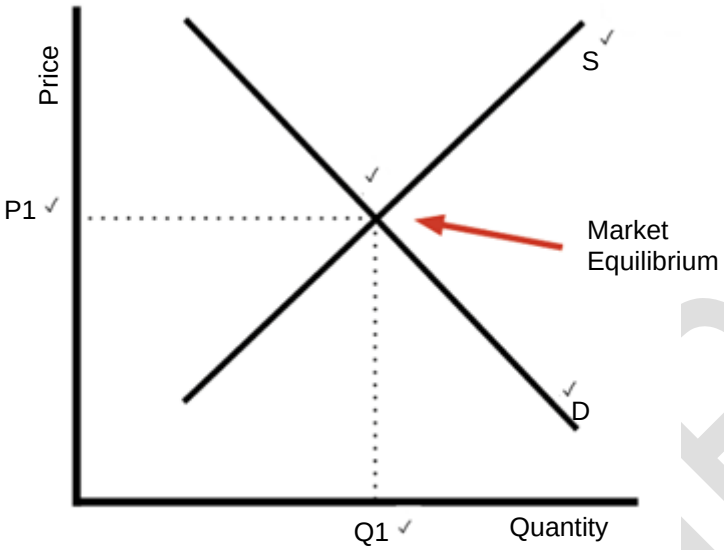
EXEMPLAR

INTRODUCTION

The concept of demand and supply are important to economists as they help them to understand how prices are determined in the market. Therefore, the best place for a market to operate is where the quantity demanded by the households is equal to the quantity supplied by the firms. ✓✓
(Accept any other relevant introduction) (Max. 2 marks)

BODY: MAIN PART

Equilibrium point, price and quantity:



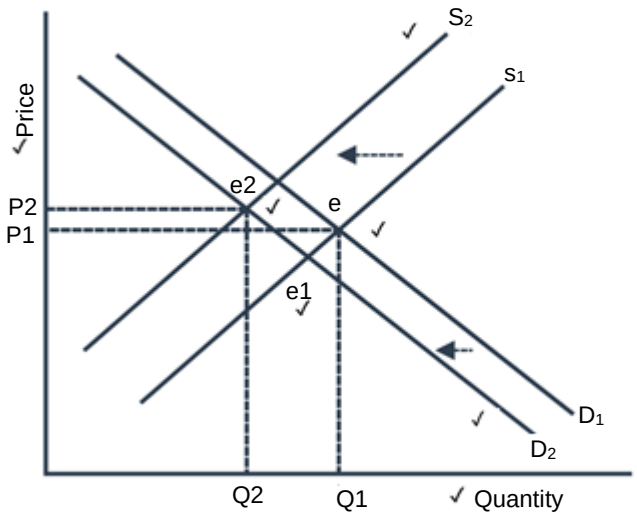
Mark allocation for graph
Equilibrium Price = 1 mark
Equilibrium Quantity = 1 mark
Market equilibrium = 1 mark
Supply curve = 1 mark
Demand curve = 1 mark
Max: 4

- Equilibrium point is where the demand curve equals the supply curve and is labelled as 'market equilibrium' on the graph above. ✓✓
- Equilibrium price (P1 market price) is the price at which demand and supply are the same. ✓✓
- Equilibrium quantity (Q1) is the quantity of goods that are produced and sold at a particular price (P1) in order to completely satisfy the household demand and where there will be no left-over goods or services. ✓✓
- That is the same point as equilibrium point where quantity supplied is equal to quantity demanded and there are no forces acting to change the price. ✓✓

Graph = 4 marks
Explanation = 8 marks
(Max. 12 marks)

The effects on markets when there is both a decrease in demand and supply.

EXEMPLAR



Mark allocation for graph
Labelling of the x-axis = 1
Labelling of the y-axis = 1
New supply curve S1 = 1
New demand curve D1 = 1
Original equilibrium point e = 1
New equilibrium point e1 = 1
New equilibrium point e2 = 1
Max 4

- Equilibrium point (e) is where the original demand curve (D) equals the original supply curve (S) and is labelled as 'point e' on the graph above. ✓✓
- Market price will be at 'P1' and quantity offered on the market will be at 'Q1'. ✓✓
- When the demand of a product decreases then the original demand curve (D) will shift inward and to the left labelled as D1. ✓✓
- Equilibrium point will now shift from point 'e' to point 'e1' and the price of the product will decrease. ✓✓
- Market price and quantity will decrease to the equilibrium at e1. ✓✓
- Due to demand decreasing supply should now also decrease, thus the supply curve will move inwards to the left into position S1. ✓✓
- The new equilibrium point (e2) will now be where D1 and S1 intersects at point 'e2', thus at a lower market price. ✓✓
- The market price will now again settle on P1 from P2. Quantity will decrease from Q1 to Q2. ✓✓

Graph = 4 marks
Explanation = 10 marks
(Max. 14 marks)
(26 marks)

ADDITIONAL PART

How does an increase in the price of the petrol affect producers and consumers?

- Increases the cost of transporting goods and services ✓✓
- Producers transfer the costs to consumers by increasing the price. ✓✓
- Supply tends to decrease because of a decrease in demand. ✓✓
- Consumers tend to demand less because of an increase in price. ✓✓
- Less demand of goods may lead to a decline in economic activities and economic growth. ✓✓

(Accept any other relevant answer.) (Max. 10 marks)

EXEMPLAR

CONCLUSION

Price formation is a dynamic occurrence with any change in either supply or demand affecting the market price of goods and services.
It is important to ensure that all the resources are used efficiently in order for the economy to function at optimal capacity and growth can take place. ✓✓
(Accept any other relevant higher order response.) (Max. 2 marks)

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES

- **Discuss unemployment in detail under the following headings:**

  - **Causes of unemployment**
  - **Effects of unemployment** **(26 marks)**

- **How can the government solve unemployment through monetary and fiscal policy?** **(10 marks)** **[40]**

INTRODUCTION

Unemployment is a situation in which members of the labour force are without work, are available or suitable for work and are seeking work, but are unable to find employment. ✓✓
(Accept any other relevant answer.) (Max. 2 marks)

BODY: MAIN PART

Causes of unemployment:

Frictional unemployment ✓
- While some businesses and industries expand, others get smaller. ✓✓
- This means that people often move from one job to another. ✓✓
- They will go to different job interviews. ✓✓
- While people are looking for new jobs, they are said to be frictionally unemployed. ✓✓

Seasonal unemployment ✓
- Some businesses and industries have very busy periods, during which they need lots of workers, and very slow periods during which they need fewer or no workers. ✓✓
- The farming and tourism industries are examples of seasonal unemployment. ✓✓
- The workers are unemployed during the slow period and re-employed during the busy season. ✓✓

Cyclical unemployment ✓
- Cyclical unemployment varies according to the business cycle. ✓✓
- When the demand for goods and services drops some people may lose their jobs. ✓✓
- When economic activity increases, and the demand increases, people are re-employed. ✓✓

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Structural and technical unemployment ✓

- Structural unemployment happens when there are big changes in the economy of the country. ✓✓
- Structural unemployment can happen as a result of a number of factors:
  - Production methods and techniques change: Workers may not have the skill to use new technology or may not be needed to operate new technology. For example, ATM's that replaced bank tellers. ✓✓
  - Foreign competition increases: Products coming in from overseas mean that South African businesses might not be able to compete with the cheaper prices and may have to layoff workers. ✓✓
  - Important industries change: For example, a low demand for gold causes mines to close and people lose their jobs. ✓✓
- Structural unemployment is a serious problem. ✓✓
- Workers have to be retrained or moved from one area to another where they can find work that needs their skills and qualifications. ✓✓

(Max. 14 marks)

Effects of unemployment

- Unemployment has a negative impact on the unemployed individual as well as on business, government and society as a whole. ✓✓
- Economists make a distinction between economic costs and social costs from unemployment. ✓✓

Economic costs of unemployment: ✓

- Lost production and output of goods and services: Unemployment causes a waste of scarce economic resources and reduces the long run growth potential of the economy. ✓✓
- An economy with high unemployment is producing within its production possibility curve. ✓✓
- If unemployment can be reduced, total national output can increase. ✓✓
- Business pressures: If more people were employed more would be able to buy goods and services. ✓✓
- High levels of unemployment causes businesses to lose income. ✓✓
- Fiscal costs to the government: An increase in unemployment results in higher benefit payments and lower tax revenues. ✓✓
- The rise in government spending along with the fall in tax revenues may result in a higher budget deficit. ✓✓
- Loss of investment in human capital: Unemployment wastes some of the scarce resources used in training workers. ✓✓
- Workers who are unemployed for long periods become deskilled as their skills become increasingly dated. ✓✓
- This reduces their chances of gaining employment in future. ✓✓

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Social costs of unemployment ✓

- Unemployment also affects society and individuals.
- Social and family pressures: Studies have shown that increased unemployment leads to increased pressures on societies and communities. ✓✓
- Crime usually increases. ✓✓
- Domestic violence and the break-up of families also increases. ✓✓
- Increase in poverty and income inequality: Areas of high unemployment will see a decline in real income and spending which leads to relative poverty and income inequality. ✓✓
- Community demographics: As younger workers are more geographically mobile than older employees, there is a risk that areas with above average unemployment will suffer from an ageing workforce. ✓✓
- Community fears and pressure: High unemployment can encourage xenophobia and protectionism. ✓✓

(Accept any other relevant answer.) (Max. 12 marks)
(26 marks)

ADDITIONAL PART

Monetary policy:

- Government can reduce interest rates which makes credit cheaper. ✓✓
- Thus consumers and producers can borrow more and spend more. ✓✓
- Interest costs on previous borrowing e.g. home loans and hire-purchases fall when interest rates are reduced, they will have more money available to spend. ✓✓
- Aggregate demand increases, leading to an increase in demand for labour/ workers. ✓✓
- An increase in demand and production will result in an increase in employment rate. ✓✓

Fiscal policy:

- The government can budget for a deficit, and decrease taxation which will leave consumers and businesses with more money to spend. ✓✓
- As a result, aggregate demand, production and employment will increase. ✓✓

(Accept any other relevant higher-order response.) (Max. 10 marks)

CONCLUSION:

Apart from the monetary and fiscal policies to solve unemployment, the government can use the supply-side approach which aims at reducing the costs of doing business and improve efficiency of inputs of the market. ✓✓
(Accept any other relevant higher-order response.) (Max. 2 marks)

TOTAL SECTION C: 40

TOTAL: 150

EXEMPLAR