



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

NOVEMBER 2017

**ECONOMICS P2
MARKING GUIDELINE**

MARKS: 150

This marking guideline consists of 15 pages.

SECTION A (COMPULSORY)**QUESTION 1****1.1 MULTIPLE-CHOICE QUESTIONS**

- 1.1.1 C ✓✓ global
 1.1.2 A ✓✓ There is one supplier or a few large suppliers
 1.1.3 A ✓✓ Improved technology
 1.1.4 B ✓✓ a poor education system
 1.1.5 B ✓✓ negotiate improved wages and working conditions for their members
 1.1.6 A ✓✓ a decrease in quantity demanded for labour.
 1.1.7 C ✓✓ Customs duties
 1.1.8 C ✓✓ SASA (8 x 2) (16)

1.2 MATCHING ITEMS

- 1.2.1 H ✓ a tool used to determine which part of the population is economically active
 1.2.2 F ✓ different combinations of goods and services we can buy from a given income
 1.2.3 E ✓ all other things remain constant
 1.2.4 B ✓ formal activities that improve individuals' ability to reach their full potential
 1.2.5 I ✓ arbitrate disputes that remain unresolved after conciliation
 1.2.6 G ✓ provides a basis for transformation of the South African economy
 1.2.7 D ✓ when the government subsidizes people who are in social distress through transfer payments
 1.2.8 C ✓ provides unemployment figures according to both narrow and broad definitions of unemployment (8 x 1) (8)

1.3 GIVE THE TERM

- 1.3.1 Indifference curve ✓
 1.3.2 Marginal utility ✓
 1.3.3 Merit goods ✓
 1.3.4 Under-employment ✓
 1.3.5 Collective bargaining ✓
 1.3.6 Skills Development Act ✓ (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B**QUESTION 2: MICROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following short questions.

2.1.1 **Name TWO functions of a market.**

- Brings buyers and sellers together ✓
 - Allocates resources ✓
 - Allows prices and quantities to be negotiated ✓
- (Any relevant answers)

(Any 2 x 1) (2)

2.1.2 **What are perfect markets?**

- A perfect market is a market in which a single supplier cannot manipulate the price ✓✓
- (Any relevant answer)

(1 x 2) (2)

2.2 **DATA RESPONSE**2.2.1 **How many tons of wheat and tons of steel will be produced at point B?**

- 75 tons of wheat ✓
- 75 tons of steel ✓

(2 x 1) (2)

2.2.2 **For what purpose is the production possibility curve used?**

- PPC is a graph that shows how much of two different products can be produced ✓ using the same amount of inputs ✓
- (Any relevant answer)

(2)

2.2.3 **Explain the term *scarcity*.**

- Scarcity exists due to limited resources ✓ with which to satisfy unlimited needs and wants ✓
- (Any relevant answer)

(1 x 2) (2)

2.2.4 **Why is production at point G regarded as inefficient?**

Point G is regarded as inefficient because ...

- resources are used inefficiently ✓✓
 - there is a wastage of resources ✓✓
- (Any relevant answer)

(2 x 2) (4)

2.3 DATA RESPONSE

2.3.1 Identify the equilibrium price and quantity.

- Equilibrium price – R6 ✓
- Equilibrium quantity – 60 units ✓ (2)

2.3.2 State the Law of Supply.

- As the price of a good or service increases, the quantity supplied will increase ✓ and as the price decreases quantity supplied will decrease ✓ (2)

2.3.3 Explain *cost of production* as a factor that can cause a change in quantity supplied.

- If the cost of production increases, it will result in a decrease in supply of a good or service ✓
- If the cost of production decreases, it will result in an increase in supply of a good or service ✓ (2 x 1) (2)

2.3.4 Calculate the excess supply. Show all your workings.

- $100 \checkmark - 20 \checkmark$
 $= 80 \text{ units } \checkmark \checkmark$ (4)

2.4 Distinguish between *national* and *international* markets.

- **National markets** – buyers are spread over a large geographical area or country ✓✓ e.g. JSE ✓
- In national markets, suppliers are found throughout the country and offer the same service to customers ✓✓
- **International markets** – buyers are spread throughout the world ✓✓ eg Airbnb ✓ which is a community marketplace for people to list and book accommodation all around the world
- In international markets, suppliers are found throughout the world and offer the same service to customers ✓✓
(Any relevant answers) (2 x 4) (8)

2.5 What are the characteristics of indifference curves?

- Consumers prefer higher indifference curves to lower indifference curves because the level of satisfaction is higher ✓✓
- Indifference curves have a negative slope, because an increased use of one good results in a decrease of the other good ✓✓
- Indifference curves never cross on the map because the entire curve of a higher level of satisfaction will be beyond all points of a lower curve ✓✓
- Indifference curves are convex as the slope represents the rate at which consumers are willing to give up one good for another ✓✓
(Any relevant answers) (4 x 2) (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following short questions.

3.1.1 Name any **TWO** approaches to solve unemployment.

- Growth of production ✓
 - Unemployment insurance ✓
 - Public works programmes ✓
- (Any 2 x 1) (2)

3.1.2 What is meant by an **economically active population**?

- People between 15 – 64 years ✓ who are willing, available and able to work ✓
- (1 x 2) (2)

3.2 **DATA RESPONSE**

3.2.1 Identify **TWO** negative effects of sugar consumption from the extract above.

- Obesity ✓
 - Diabetes ✓
- (2 x 1) (2)

3.2.2 Which labour union represents workers in the extract above?

- Cosatu ✓✓ (2)

3.2.3 According to the extract, what is the purpose of the sugar tax?

- Sugar tax is intended to reduce the consumption of sugary drinks ✓✓ (2)

3.2.4 How will the sugar tax affect the economy?

Positive

- Increase in government revenue ✓✓
- Decrease burden on the national health department ✓✓
- Decrease in sugar-related illnesses ✓✓

Negative

- Loss of jobs ✓✓
 - Increase in prices of sugar-related goods ✓✓
- (Answer can be negative/positive or both) (Any 2 x 2) (4)

3.3 DATA RESPONSE

3.3.1 What does the abbreviation *seda* stand for?

- Small Enterprise Development Agency ✓ (1)

3.3.2 Which government department is *seda* a part of?

- DTI/ Department of Trade and Industry ✓ (1)

3.3.3 Name any other TWO institutions that promote entrepreneurship in South Africa.

- Khula Enterprise Finance ✓
 - Business Partners ✓
 - Industrial Development Corporation ✓
- (Any relevant answer) (Any 2 x 1) (2)

3.3.4 What is the role of *seda*?

- Seda provides business development and support services for small enterprises through its national network ✓✓
 - Seda also implements programmes targeted at business development in areas prioritised by the government. ✓✓
- (Any relevant answer) (1 x 2) (2)

3.3.5 How can entrepreneurship be encouraged through formal education?

Entrepreneurship can be encouraged through:

- a higher level of education in entrepreneurial studies ✓✓
 - making entrepreneurship and management part of the school curriculum ✓✓
 - running training programmes that focus on small business in FET's ✓✓
- (Any relevant answer) (2 x 2) (4)

3.4 Distinguish between *substitute* and *complementary* goods.

Substitute	Complementary
<ul style="list-style-type: none"> • Can be used in place of another good to satisfy a need or a want ✓✓ 	<ul style="list-style-type: none"> • Goods that are often used together to satisfy a need or want ✓✓
<ul style="list-style-type: none"> • When the price of one good increases, the demand for the substitute rises ✓✓ 	<ul style="list-style-type: none"> • If the price of one good increases, the demand for both goods will decrease ✓✓
<ul style="list-style-type: none"> • Eg. beef and mutton ✓ 	<ul style="list-style-type: none"> • Eg. coffee and milk ✓

(Any relevant answer)

(Any 2 x 4) (8)

3.5 What are the labour rights in South Africa?

- Everyone has the right to fair labour practices ✓✓
- Every worker has the right to form, join and participate in all activities of a trade union ✓✓
- Every employer has the right to form, join and participate in all activities of an employers' organization ✓✓
- Trade unions and employers' organisations can engage in collective bargaining ✓✓

(Any 4 x 2)

(8)

[40]

QUESTION 4: MICROECONOMICS & CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

4.1. Answer the following short questions.

4.1.1 Name TWO types of efficiency.

- Pareto efficiency ✓
 - Technical efficiency ✓
 - Productive efficiency ✓
 - Allocative efficiency ✓
- (Any relevant answer)

(2 x 1) (2)

4.1.2 What is *opportunity cost*?

- The value of any alternative that you must give up when you make a choice ✓✓
- (Any relevant answer)

(1 x 2) (2)

4.2. DATA RESPONSE

4.2.1 Identify TWO reasons, from the extract, that led to a go-slow in the taxi industry.

- access to finance ✓
- a lack of subsidies for the taxi industry ✓
- a lack of operating permits ✓

(Any 2 x 1) (2)

4.2.2 Which sector does the taxi industry belong?

- Service industry/ Tertiary sector ✓✓

(2)

4.2.3 What is a strike, as referred to in the extract above?

- A strike is a concerted refusal by employees to perform work. ✓✓
 - A strike is work stoppage by employees. ✓✓
- (Any relevant answer)

(Any 1 x 2) (2)

4.2.4 **How will the taxi strike affect the economy?**

- There will be a decrease in revenue to government. ✓✓
- Decrease in production as workers will be stranded and not have a means of transport. ✓✓

(Any relevant answer)

(Any 2 x 2) (4)

4.3 **DATA RESPONSE**

4.3.1 **Which country has the lowest income inequality?**

- India ✓

(1)

4.3.2 **Name any ONE of the BRICS countries.**

- Brazil, ✓ Russia, ✓ India, ✓ China, ✓ South Africa ✓

(Any 1 x 1) (1)

4.3.3 **Explain the term *Gini Coefficient*.**

- *Gini coefficient* is a statistical measure used to determine how income is distributed between the rich and the poor ✓✓

(2)

4.3.4 **What does a Gini coefficient of 0,63 in South Africa indicate?**

- A *Gini coefficient* of 0,63 indicates an unequal income distribution ✓✓

(Any relevant answer)

(1 x 2) (2)

4.3.5 **What do you think the government should do to reduce income inequality?**

Implement policies and strategies for the redistribution of income ✓✓

Implement minimum wages for domestic and farm workers ✓✓

Provide social security programmes ✓✓

Improving South Africa's human capital so that they can contribute to economic activity ✓✓

Improve the quality of education especially in poorer areas ✓✓

(Any relevant answer)

(2 x 2) (4)

4.4 **Discuss indirect tax and subsidies as methods of public sector intervention.**

- **Indirect tax** is a form of tax that the government levies on certain goods and services ✓✓
- It is an indirect tax because only the people who buy taxable goods and services pay indirect tax ✓✓
- Indirect tax affects the consumer more than the producer ✓✓
- Eg. VAT, excise duty and customs duty ✓
- **Subsidies** are a form of financial assistance by government to influence the production and consumption of goods and services ✓✓

- Subsidies can be divided into consumer subsidies which is a payment to the consumer of a particular good or service and a producer subsidy which is a payment to the producer with the aim of decreasing the price of a product ✓✓
- Eg. a subsidy to help farmers increase food production ✓
(Any relevant answer) (2 x 4) (8)

4.5 **Explain why, in your opinion, certain groups of people are economically marginalised in South Africa.**

- Limited access to education, low-skills levels and investment in training ✓✓
- Widespread poverty among low-wage earners and the unemployed ✓✓
- Extreme levels of inequality, mainly on the basis of race and gender ✓✓
- Inadequate protection (legislation) for some low-wage earners such as farm workers and domestic workers ✓✓
(Any relevant answer) (4 x 2) (8)

**TOTAL SECTION B: [40]
80**

SECTION C

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

STRUCTURE OF THE ESSAY	MARK ALLOCATION
<p>Body Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Explain/Assess/Debate</p> <p>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</p>	<p>Max. 26</p> <p>Max. 10</p>
<p>Conclusion Any relevant higher order conclusion that should include:</p> <ul style="list-style-type: none"> • 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 so required • Recommendations 	<p>Max. 2</p>
TOTAL:	40

QUESTION 5: MICROECONOMICS**40 MARKS – 40 MINUTES**

Market failure occurs when the market fails to supply a good or service, or supplies too much or too little. This is the main reason why governments intervene in markets.

- Discuss in detail, with the aid of graphs, the following methods of government intervention:
 - Maximum prices
 - Minimum prices(26)
 - What are the arguments in favour of minimum wages? (10)
- [40]**

INTRODUCTION

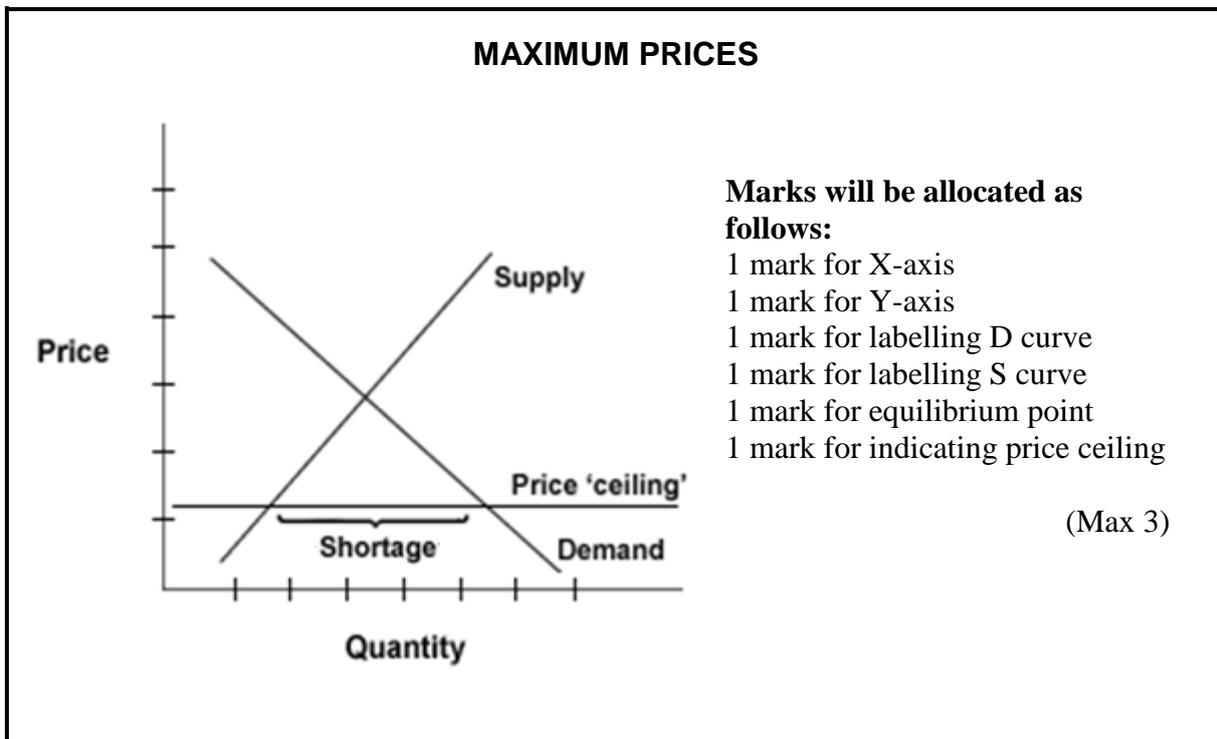
Government intervenes in the market by using price controls to stabilise the economy ✓✓

The public sector or government includes all aspects of local, regional and national government ✓✓

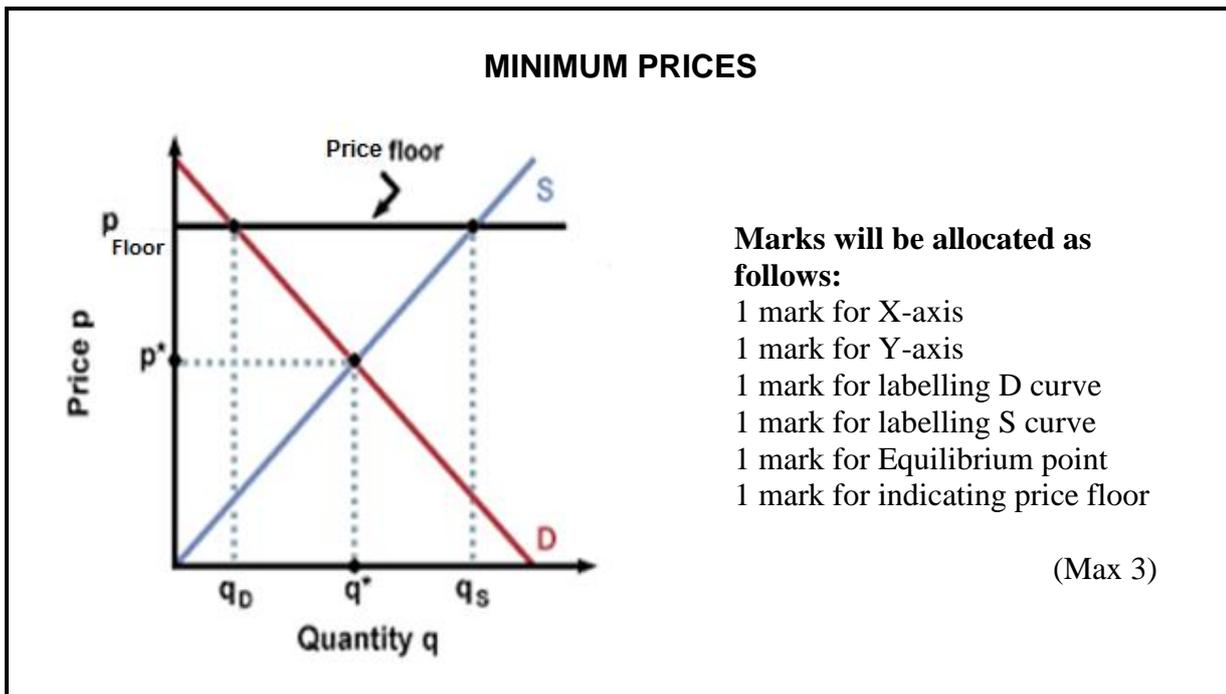
(Accept any other suitable introduction) (Max 2)

BODY

MAIN PART



- Governments impose price ceilings ✓ to protect consumers against price increases ✓
 - In the graph above equilibrium ✓ is achieved where demand intersects the supply curve ✓
 - The equilibrium price is at P ✓ and quantity at Q ✓
 - Suppose the government imposes a price ceiling at a price below equilibrium price ✓
 - The price is prevented by law ✓ from rising to the market price/equilibrium price ✓
 - At the maximum price/price ceiling we do not have equilibrium ✓ as the quantity demanded exceeds the quantity supplied ✓
 - The government, however, has prevented the prices from rising ✓ and a persistent excess demand ✓ exists in the market
 - The government will intervene ✓ in the market to control the price of a good or service by setting maximum prices or price ceilings ✓
 - The maximum price of a good or service is set below the market price to enable poor consumers ✓ to afford a good or service ✓
 - With price ceilings prices are prevented ✓ from rising above a certain level ✓
- (Sub-max 10)



- Governments impose price floors ✓ to prevent prices from falling below a certain level ✓
- In the graph above equilibrium ✓ is achieved where demand intersects the supply curve ✓
- The equilibrium price is at p^* ✓ and quantity at q^* ✓
- Suppose the government imposes a price floor at a price above equilibrium price ✓
- The price is prevented by law ✓ from falling to the market price/equilibrium price ✓
- At the minimum price/price floor we do not have equilibrium ✓ as the quantity supplied exceeds the quantity demanded ✓
- The government, however, has prevented the prices from falling ✓ and a persistent excess supply ✓ exists in the market
- The government will intervene ✓ in the market to control the price of a good or service by setting minimum prices or price floors ✓
- With price floors prices are prevented ✓ from falling below a certain level ✓

(Sub-max 10)

(Accept any relevant fact)

(Max 26)

ADDITIONAL PART**What are the arguments in favour of minimum wages?**

- Governments use price floors to protect the suppliers of those goods or services ✓✓
- The forces of supply and demand in a free market determine wages and there is no guarantee that workers will earn enough to cover their basic costs of living ✓✓

- The government intervenes in the labour market by setting minimum wages to ensure that all workers earn decent wages that cover their basic costs of living ✓✓
- The government does this to prevent employers exploiting workers by paying them unacceptably low wages ✓✓
- Through minimum wage legislation the government sets a minimum wage that is above the equilibrium wage ✓✓
- At this minimum wage the business employs fewer workers because the wage is higher ✓✓
- The quantity of people willing to work at the higher wage increases ✓✓
- An excess supply of labour exists in the labour market ✓✓

(Max 10)

CONCLUSION

Government intervention is necessary in a market to ensure economic growth and development in the country ✓✓

Governments intervene to help poor households and also to control prices in order to protect consumers and producers from unfair pricing ✓✓

(Accept any other relevant conclusion)

(Max 2)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

The creation of employment is one of the macro-economic objectives of government.

- Discuss, in detail, the different types of unemployment. (26)
 - What are the strategies that have been implemented by the South African government to redress the issue of unemployment? (10)
- [40]**

INTRODUCTION

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

BODY**MAIN PART****Types of unemployment****1. Frictional unemployment ✓**

- This type of employment refers to people who are 'between jobs' ✓ for
- example people who are changing jobs ✓
- Frictional unemployment refers to short-term unemployment ✓
- This type of employment can occur under conditions of full employment ✓

2. Structural unemployment ✓

- This is the most serious type of unemployment as it can occur at any time, ✓ even when there is high economic growth ✓
- This type of unemployment is as the result of structural ✓ changes in the economy such as advances in technology ✓
- Certain types of work ✓ may become redundant due to changes in the economy ✓
- These changes may create new job opportunities ✓ and if workers cannot adapt ✓ to these changes they may become unemployed

3. Cyclical unemployment ✓

- This type of employment is related to the business cycle ✓ and occurs as a result of a lack of demand for labour during the down-swing ✓ of the business cycle
- During a recession there is a decline in economic activity and the demand in households for goods and services decreases ✓ and this results in a decrease in demand for labour ✓
- It is also referred to as demand-deficient unemployment ✓

4. Seasonal unemployment ✓

- This type of unemployment is common in certain sectors ✓ of the economy, such as agriculture and services such as tourism, ✓ as they have seasonal needs for labour ✓
- Only a small percentage ✓ of people are affected by this type of unemployment ✓
- Eg. many agricultural workers are only needed in spring and autumn for planting and harvesting ✓✓
- As a result farm workers will be redundant ✓ during the other seasons ✓
(Accept any relevant fact) (Max 26)

ADDITIONAL PART**What are the strategies that have been implemented by the South African government to redress the issue of unemployment?**

- Laws regarding jobs in South Africa have undergone transformation since 1994 ✓✓
- Laws that inhibited people's freedom and hindered participation in the economy were abandoned ✓✓
- The Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act and the Skills Development Act are the most significant laws/legislation that have been introduced ✓✓
- These laws have had a great impact on jobs in South Africa ✓✓
- Entrepreneurship programmes, grants, skills development and training programmes have been implemented to motivate people to become self-employed ✓✓
- The National Youth Agency was launched in 2009 and it aims to help people between the ages of 16 and 25 who want to continue their education by providing them with part-time jobs ✓✓
(Accept any relevant fact) (Max 10)

CONCLUSION

South Africa's poverty is mainly caused by unemployment and the country will need a sophisticated solution to reduce unemployment levels ✓✓

(Accept any other relevant conclusion)

(Max 2) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150