



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

NOVEMBER 2018

**ECONOMICS P2
MARKING GUIDELINE**

MARKS: 150

This marking guideline consists of 14 pages.

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

1.1.1 D ✓✓ KFC, Nandos, Hungry Lion

1.1.2 A ✓✓ micro

1.1.3 B ✓✓ 14% to 15%

1.1.4 C ✓✓ Employment subsidy

1.1.5 B ✓✓ Employment Equity Act

1.1.6 C ✓✓ cyclical

1.1.7 A ✓✓ Cosatu

1.1.8 B ✓✓ NGP (8 x 2) (16)

1.2 MATCHING ITEMS

1.2.1 F ✓ When producers produce fewer goods than are desired at a higher price, or more goods at a lower price

1.2.2 E ✓ Government initiatives to provide short-term employment

1.2.3 H ✓ Occurs when a rule in the workplace is broken

1.2.4 G ✓ Formal meetings between labour unions and employer organisations

1.2.5 A ✓ Customers are spread throughout the world

1.2.6 B ✓ An independent agency of the department of trade and industry

1.2.7 D ✓ Consists of government at national, provincial and local level

1.2.8 C ✓ People between the ages of 15 and 65 who are willing and able to work (8 x 1) (8)

1.3 ONE WORD ITEMS

1.3.1 Total utility ✓

1.3.2 Minimum wage ✓

1.3.3 Marginal rate of substitution ✓

1.3.4 Statistics South Africa ✓

1.3.5 Arbitration ✓

1.3.6 Adult Basic Education and Training ✓ (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B**QUESTION 2: MICROECONOMICS****40 MARKS – 30 MINUTES****2.1 2.1.1 Give any TWO examples of geographical markets.**

- Local markets ✓
- Regional markets ✓
- National markets ✓

(Any correct relevant answers)

(Any 2 x 1)

(2)

2.1.2 Why is Eskom regarded as a monopoly in South Africa?

- Eskom is a near monopoly as it produces nearly all the electricity in South Africa ✓✓

(Any correct relevant answers)

(1 x 2)

(2)

2.2 DATA RESPONSE**2.2.1 What is shown by the table above?**

- Production possibilities of a farmer producing apples and pears ✓
- The maximum combinations of apples and pears that the farmer can produce in a year ✓

(Any correct relevant answer)

(1 x 1)

(1)

2.2.2 How many apples will be produced if the farmer uses all his resources for the production of apples?

- 100 apples ✓

(1)

2.2.3 Name any TWO of the resources referred to in the extract.

- Labour ✓
- Land ✓
- Capital ✓
- Entrepreneurship ✓

(2 x 1)

(2)

2.2.4. What is meant by *efficient use of resources*?

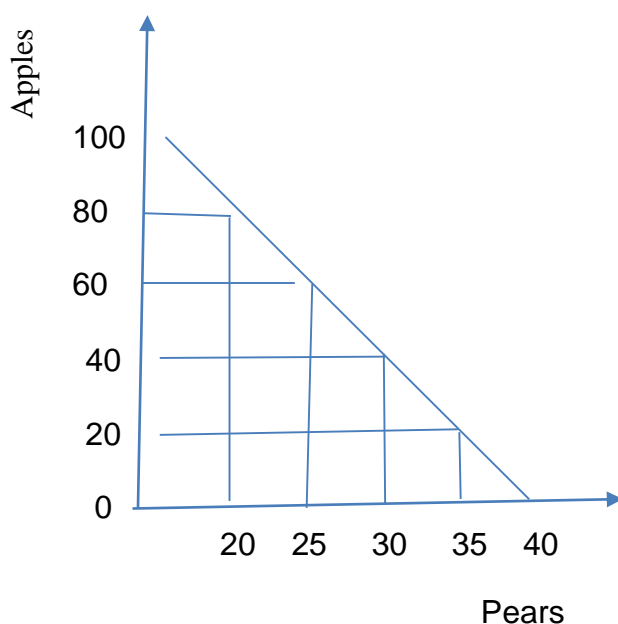
- It means that all of the economy's resources are being used effectively ✓ and that there is no wastage ✓ of resources

(Any correct relevant answer)

(1 x 2)

(2)

2.2.5 Use the information from the table to construct a PPC curve



Mark allocation
 1 mark for labelling X-axis
 1 mark for labelling Y-axis
 1 mark for correct combinations
 1 mark for the PPC curve
 (max. 4 marks)

(4)

2.3 DATA RESPONSE

2.3.1 Identify the maximum price from the graph?

- Maximum price – P1 ✓

(1)

2.3.2 What quantity will be demanded when the maximum price is set?

- Quantity demanded – Q2 ✓

(1)

2.3.3 Give TWO examples of products on which the government sets maximum prices?

- petrol ✓
- paraffin ✓
- diesel oil ✓

(Any correct relevant answers)

(2 x 1)

(2)

2.3.4 What is a maximum price?

A maximum price is the highest price at which producers can sell a product ✓✓

(2)

2.3.5 How will setting a maximum price affect the economy?

- Maximum prices are usually set on basic products ✓ such as food, housing and transport to enable people to have access ✓ to basic goods and services
 - This is to ensure that its citizens can achieve a certain minimum ✓ standard of living ✓
 - At the maximum price the quantity supplied decreases ✓ and quantity demanded for goods increases ✓
 - This causes a market shortage ✓ of goods in the economy ✓
- (Any correct relevant answers)

(4)

2.4 Explain the factors that will determine the existence of a market.

- A market will exist if there is at least one buyer and one seller ✓✓
- The buyer has the means to purchase the product ✓✓
- The seller has the required product to offer ✓✓
- The buyer and seller agree on price and quantity ✓✓

(Any correct relevant answers)

(4 x 2) (8)

2.5 Why does the government intervene in the running of the economy?

- To improve the level of welfare ✓✓
- To supply essential services ✓✓
- To create fair competition ✓✓
- To manage strategic industries ✓✓

(Any correct relevant answers)

(4 x 2) (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 30 MINUTES

3.1 3.1.1 Name any TWO issues covered in the Basic Conditions of Employment Act.

- Working hours ✓
- Leave and sick leave ✓

(Any correct relevant answers)

(2 x 1) (2)

3.1.2 What is meant by *economic redress*?

- It is an attempt to correct inequalities in an economy ✓✓

(Any correct relevant answer)

(1 x 2) (2)

3.2 DATA RESPONSE

3.2.1 Identify the source of the article.

- Land/land redistribution ✓

(1)

3.2.2 How is the government planning to address the land issue, according to the article?

Government is planning a project to supply open tracts of land in and around cities and supply them to people with title deeds and permission to build their own houses ✓

(1)

3.2.3 Differentiate between *land restitution* and *land redistribution*.

Land restitution is when land that was forcibly removed from its owners, is restored or compensation of equal value is provided to the owners ✓✓

Land redistribution provides previously disadvantaged South Africans with access to land for residential and productive use ✓✓

(Any correct relevant answer)

(2 x 2) (4)

3.2.4 What will the impact of land restitution be on the economy?

Positive

- Increase land ownership for previously disadvantaged ✓
- Decrease burden on the government to supply land ✓

Negative

- Loss of jobs ✓
- Increase in prices of goods and services ✓
- Increase in numbers of people emigrating to other countries ✓

Response can be negative/positive or both. (Any 2 x 2) (4)

3.3 DATA RESPONSE

3.3.1 According to the article, which group of people are denied their right to education?

- Marginalised groups ✓ (1)

3.3.2 Identify ONE key human right, mentioned in the extract.

- Non-discrimination ✓
- Equality ✓ (1)

3.3.3 What are *economically marginalised* groups?

- Economically marginalised groups are those who find it difficult or impossible to participate in economic decisions and activities ✓✓
(Any correct relevant answer) (2)

3.3.4 Name TWO groups of people considered to be marginalised.

- Migrants, refugees and internally displaced persons ✓
- Minorities and indigenous people ✓
(Any correct relevant answer) (Any 2 x 1) (2)

3.3.5 How can the government reduce the vulnerability of economically marginalised groups, using supply-side policies?

- Government can implement these policies in the form of education and training initiatives ✓✓
- Government can provide bursary opportunities to previously disadvantaged groups to study further ✓✓
(Any correct relevant answer) (Any 2 x 2) (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 ✓✓

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 ✓✓

(Any correct relevant answer)

(Any 2 x 4)

(8)

3.5 What is the role of Nedlac in ensuring the democratisation of economic procedures?

- It provides an opportunity for the representatives from government, business, labour and the public to come together ✓ to help to form government policies about labour, the economy and social affairs ✓
- Strive to promote goals of economic growth, ✓ participation, decision-making and social equity ✓
- Seek to reach consensus ✓ and conclude agreements pertaining to economic policy ✓
- Consider all proposed labour legislation ✓ relating to labour matters ✓
- Consider all significant changes to social and economic policies ✓ implemented or introduced in Parliament ✓

(Any correct relevant answer)

(Any 4 x 2)

(8)

[40]

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

4.1 4.1.1 Name TWO characteristics of utility.

- Utility varies from person to person ✓
- Utility does not mean usefulness ✓
- Utility changes from time to time ✓

(Any correct relevant answer)

(Any 2 x 1)

(2)

4.1.2 Why do consumers have to make choices between alternative products?

- Scarcity of resources forces people to make choices between alternative products ✓✓

(Any correct relevant answer)

(1 x 2)

(2)

4.2 DATA RESPONSE

4.2.1 What is shown by the graph above?

- Consumers' maximum consumption point ✓

(1)

4.2.2 Which combination of the two goods should the consumer choose in order to maximise satisfaction?

- Combination C /Food – 40 units
- Clothing – 20 units ✓

(1)

4.2.3 Differentiate between an indifference curve and a budget line.

- **Indifference curve** – shows all the combinations of two goods ✓ that will provide the consumer with equal levels of satisfaction/utility. ✓
 - **Budget line** – indicates all the combinations of the two goods that a consumer can afford ✓ to purchase with the amount of income at their disposal. ✓
- (2 x 2) (4)

4.2.4 How can indifference curves and a budget line be used to determine a consumer's maximum satisfaction point?

- The budget line must be superimposed on the indifference map ✓✓
 - The point where the budget line lies at a tangent to the indifference curve represents the consumer's maximum satisfaction point ✓✓
 - The indifference curve shows combinations of the two goods that will give the consumer equal satisfaction where the budget line shows the combinations that the consumer can afford. ✓✓
 - Where the budget line intersects the indifference curve is the combination of two goods that the consumer can afford. ✓✓
- (Any correct relevant answer) (2 x 2) (4)

4.3 DATA RESPONSE**4.3.1 What was the unemployment rate for the second quarter of 2018?**

- 27,2% ✓
- (1)

4.3.2 Which province had the highest increase in its unemployment rate according to the extract?

- Free State ✓
- (1)

4.3.3 Name TWO groups of people who do not qualify as unemployed.

- Old people (pensioners) ✓
 - Students ✓
 - Sick people ✓
- (Any correct relevant answer) (2 x 1) (2)

4.3.4 How are unemployment figures obtained?

- Census ✓✓
 - Registrations at Department of Labour ✓✓
 - Sample survey by Statistics South Africa ✓✓
- (Any correct relevant answer) (1 x 2) (2)

4.3.5 What do you think is the cause of unemployment?

- Changes in technology can lead to an increase in unemployment ✓✓
 - People moving from one job to another and being unemployed during this period ✓✓
 - Recessions or downswings in a business cycle ✓✓
- (Any correct relevant answer) (2 x 2) (4)

4.4 Discuss *productive inefficiency* and *allocative inefficiency* as effects of market failure.

- **Productive inefficiency** – firms are not maximising output (quantity produced) from given factors of production ✓✓
- This is a problem as inefficient production leads to a lower quantity produced that could have been used to satisfy more needs and wants ✓✓
- Prices in the market are higher and productivity is lower than it might have been ✓✓
- **Allocative inefficiency** – resources are misallocated and the economy is producing goods and services that are not wanted or not valued by consumers ✓✓
- The right goods and services are not being allocated to the right people or places ✓✓
- This is a problem because resources might be put to a better use making products that are valued more highly ✓✓

(Any correct relevant answer)

(2 x 4)

(8)

4.5 How was the Reconstruction and Development Programme (RDP) implemented from 1994 to improve economic performance in South Africa

- RDP was implemented to alleviate poverty and reconstruct the economy ✓✓
- Poverty alleviation focused on meeting basic needs such as housing, piped water, sanitation and electricity ✓✓
- Expenditure on these activities would kick-start the economy ✓✓
- Reconstruction of the economy would start with greater involvement of the government, mandatory affirmative action, and support for SMMEs ✓✓

(Any correct relevant answer)

(4 x 2)

(8)

[40]

TOTAL SECTION B: 80

Your answer will be assessed as follows:

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

Market forces are economic factors that affect the availability of goods and the demand for them.

- Discuss the factors that influence demand and quantity. (26)
- Distinguish between the characteristics of a Perfect market and a Monopoly. (10)

INTRODUCTION

In a competitive market, the price of a product is determined by the interaction between the demand and supply of that product. ✓✓

(Accept any other suitable introduction)

Max. (2)

BODY**MAIN PART:****Factors that influence demand and quantity**

- **The price of the product** ✓
Consumers are willing and able to buy more of a product at lower prices and less at higher prices, ceteris paribus ✓✓
E.g. consumers will buy more of a product when it is on sale ✓
- **The price of complements** ✓
If the price of one complementary product increases consumers will demand less of this product and use less of the other complementary good ✓✓
E.g. if the price of coffee increases consumers will demand less milk ✓
- **The price of substitutes** ✓
If the price of a product increases, consumers will demand less of that product and more of the substitute product ✓✓
E.g. if the price of houses increases consumers will prefer to rent more ✓
- **The income of the consumer** ✓
The higher the income of the consumer, the more money there is to spend on goods and services ✓✓
E.g. if consumer incomes increase there will be an increase in consumer spending on luxury goods ✓
- **The tastes and preferences of consumers** ✓
If a consumer prefers A to B, she will tend to buy more of A than B, ceteris paribus ✓✓
E.g. if a consumer prefers boats to aeroplanes then they will purchase boats more than aeroplanes ✓
- **The size of the household** ✓
The larger the household, the greater the demand will be ✓✓
- **Expected changes in prices** ✓
If consumers expect a price to change in the future this will influence the demand for the product ✓✓
E.g. when consumers expect a fuel hike they will purchase more fuel before the hike in prices ✓

(Accept any relevant fact)

Max (26)

ADDITIONAL PART

Distinguish between the characteristics of a Perfect market and a Monopoly.

- **Number of producers** ✓
In a Monopoly there is a single large supplier of a product ✓✓
In a Perfect market there are many producers of goods and services ✓✓
- **Nature of the product** ✓
A monopoly has a unique product ✓✓
Perfect markets have identical products ✓✓
- **Barriers to entry** ✓
Monopolies have natural and artificial barriers to entry which block any competitors from entering the market ✓✓
Perfect markets exist with no barriers to entry. Entry and exit is free ✓✓ Max. (10)

CONCLUSION

Market equilibrium exists when the quantity demanded, and the quantity supplied of a product, is equal. ✓✓

(Accept any other relevant conclusion) Max. (2)
[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

The Labour Relations Act aims to enforce the fundamental rights granted under Section 23 of the Constitution.

- Discuss Labour Relations, Labour Rights and the dispute resolution process/mechanisms. (26)
- With the aid of graph, explain how demand in the labour market is derived from demand in the product market. (10)
[40]

INTRODUCTION

Labour is the aggregate of all human, physical and mental effort used in the creation of goods and services ✓✓

(Accept any other suitable introduction.) Max. (2)

BODY

MAIN PART:

Labour relations

- Labour relations refers to all the aspects involved with labour including the interaction between the various parties involved as well as regulations and laws that govern labour ✓✓
- The three participants in labour relations are:
Employees (workers) and their representatives ✓✓
Employers (business owners) and employer organisations ✓✓
The state ✓✓

Labour rights

- All employees have labour rights
- The right to a clean and healthy working conditions ✓✓
- The right to reasonable working hours ✓✓
- The right to reasonable payment ✓✓
- The right to fair treatment ✓✓
- The right to holiday and sick leave ✓✓

Dispute resolution process/mechanisms

- Collective bargaining is a process of negotiations between an employer the representative of a group of employees which is aimed at reaching an agreement about work-related disagreements ✓✓
- Workplace forums are formal meetings between the labour union representative and the representative of the employers. ✓✓
- Labour unions, employers organisations, bargaining councils and the commission for conciliation, mediation and arbitration are participants in the collective bargaining process ✓✓
- The Labour Court handles labour disputes such as those arising from unfair dismissal ✓✓
- The Labour Appeal Court handles appeals of the Labour Court ✓✓

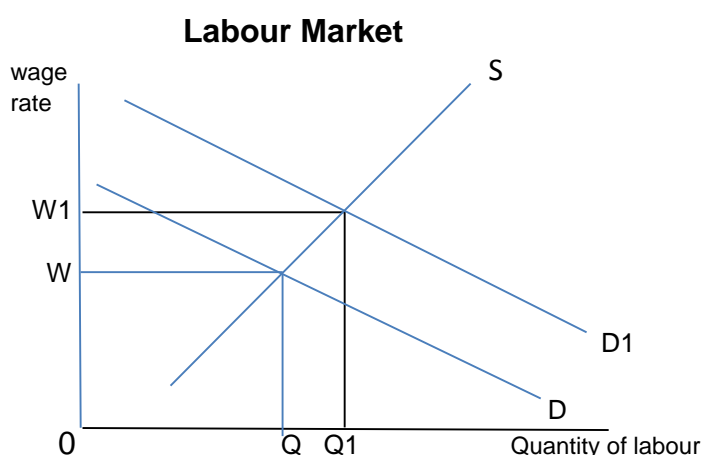
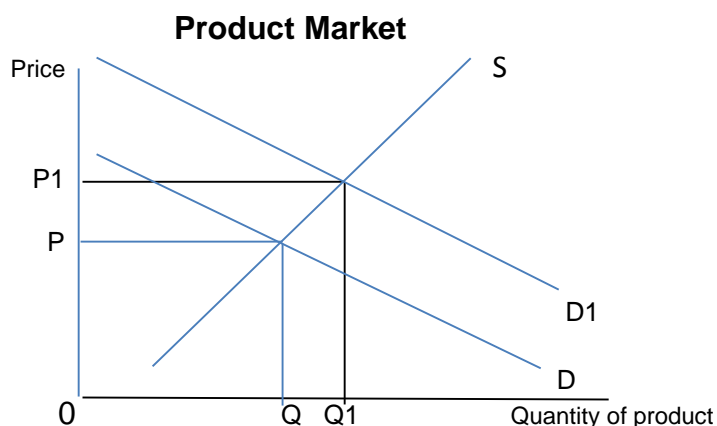
(Accept any relevant fact)

Max. (26)

ADDITIONAL PART

With the aid of a graph, explain how demand in the labour market is derived from demand in the product market.

- The demand for labour is a derived demand because the demand for labour depends on the wage rate business offers to workers which in turn depends on the demand for products by consumers ✓✓



For graphs marks will be allocated as follows:

- 1 mark for X-axis
 - 1 mark for Y-axis
 - 1 mark for correct D
 - 1 mark for correct D_1
 - 1 mark for increase in quantity Demanded
- (max 4 marks)

- The graphs depicts that when demand increases in the product market then demand will also increase in the labour market. ✓✓
- Business chooses to increase production and will therefore spend more money on labour ✓✓

(Accept any relevant fact)

(max. 6 marks) (10)

CONCLUSION

Creating good relations between employers and employees is very important for successful production in a country, which is why the LRA has established methods for dealing with disputes between workers and their employers. ✓✓

(Accept any other relevant conclusion)

Max. (2)
[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150