

PROVINCIAL EXAMINATION
NOVEMBER 2021
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)

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

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)

- 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)

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
<ul style="list-style-type: none"> • 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." ✓ 	<ul style="list-style-type: none"> • 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]

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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)

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)

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]

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)

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)

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

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.)

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.)

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)

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**Age and composition**

- 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.)

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)

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