



**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION
NOVEMBER 2018
GRADE 10**

**ECONOMICS
PAPER 2**

MARKING GUIDELINES

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GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION

ECONOMICS
(Paper 2)

SECTION A: (COMPLSORY)

QUESTION 1

1.1 MULTIPLE-CHOICE QUESTIONS

- 1.1.1 D✓✓ total
- 1.1.2 B✓✓ rational
- 1.1.3 A✓✓ invisible
- 1.1.4 D✓✓ control price
- 1.1.5 B✓✓ macro
- 1.1.6 C✓✓ Labour Relations
- 1.1.7 C✓✓ 1994
- 1.1.8 A✓✓ quantity (8 x 2) (16)

1.2 MATCHING ITEMS

- 1.2.1 D✓ Removal of unnecessary laws, ordinances and by-laws to make markets free to do business
- 1.2.2 F✓ Anyone who is willing to work has employment.
- 1.2.3 G✓ Established on a voluntary basis by the employers and unions
- 1.2.4 E✓ Also called producers' or intermediate goods
- 1.2.5 C✓ Also known as taxes on production and imports or taxes on expenditure
- 1.2.6 B✓ Goods or services that have social benefits greater than the direct benefits derived by individual consumers of the goods
- 1.2.7 A✓ Markets that do not require any direct intervention or control from outside forces
- 1.2.8 I✓ Facilitates global free trade (8 x 1) (8)

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1.3 GIVE ONE TERM

1.3.1 Subsidy✓

1.3.2 Demand✓

1.3.3 Pareto efficiency✓

1.3.4 Redress policies✓

1.3.5 Labour right✓

1.3.6 Monetary policy✓

(6 x 1) (6)

TOTAL SECTION A: 30

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SECTION B

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

QUESTION 2: MICROECONOMICS

2.1 Answer the following questions.

2.1.1 List TWO factors affecting supply.

- Change in industry size✓
- Change in production techniques✓
- The cost of production✓
- Competing goods✓
- Government policy✓
- Natural factors like floods and droughts✓
(Accept any other correct relevant response.) (2 x 1) (2)

2.1.2 What effect will an improvement in technology have on the position of the production possibility curve?

- The production possibility curve will move to the right / outwards.✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

2.2 DATA RESPONSE

2.2.1 Identify one market force displayed by the above graph.

- Demand✓ or Supply✓ (1)

2.2.2 What quantity will be sold in the above market?

- 30✓ (1)

2.2.3 Briefly describe the concept *equilibrium price*.

- This is the price at which demand and supply are the same, in other words, quantity demanded is equal to quantity supplied✓✓
(Accept any other correct relevant response.) (2)

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2.2.4 How does a perfect competitor decide on the price to sell their products?

- A perfect competitor is a price taker, they sell their products at the market price that is determined by market forces ✓✓
(Accept any other correct relevant response.) (2)

2.2.5 Distinguish between *change in quantity demanded* and *change in demand*.

- Change in price leads to a change in quantity demanded which results in a movement along the same demand curve ✓✓
- Changes in demand come as a result of change in non-price effects e.g. change in income which results in a shift of the demand curve ✓✓
(Accept any other correct relevant response.) (4)

2.3 DATA RESPONSE

2.3.1 Identify the marginal utility of the fourth apple.

- 30 ✓ (1)

2.3.2 When will the above consumer experience diminishing marginal utility?

- After consuming the 3rd apple ✓ (1)

2.3.3 Briefly describe the concept diminishing *marginal utility*.

- Diminishing marginal utility means that the utility of an article decreases with every additional increase in the units of that article consumed successfully one after another ✓✓
(Accept any other correct relevant response.) (2)

2.3.4 Why are consumers prepared to pay for a good or service?

- People are prepared to pay for a good or service because it gives them utility / satisfaction ✓✓
(Accept any other correct relevant response.) (2)

2.3.5 Calculate the values represented by A and B from the above table.

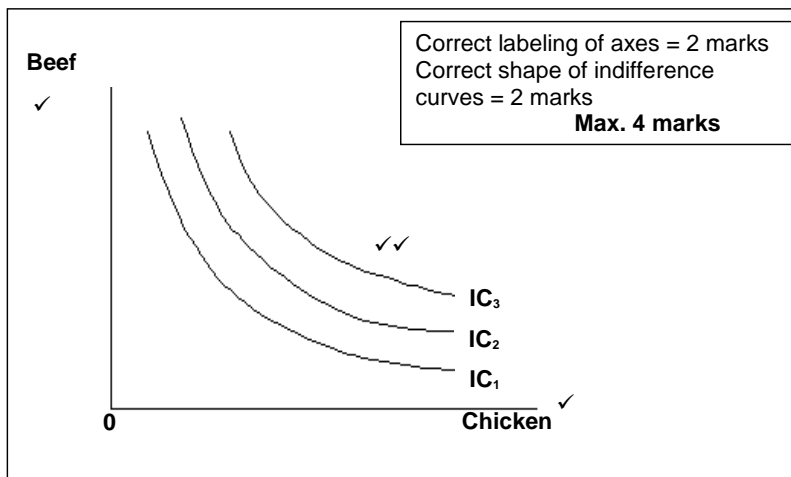
- A = 40 ✓✓
- B = 40 ✓✓ (4)

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2.4 Discuss any TWO characteristics of perfect markets.

- There are a large number of buyers and sellers so that nobody can influence the market price with their behaviour.✓✓
- Buyers and sellers have full knowledge and information about market conditions.✓✓
- There are no barriers to entry and exit, buyers and seller are free to leave or enter the market.✓✓
- All goods or services in the market are identical or homogenous.✓✓
- There is no government interference in the market in order to influence prices.✓✓
- There is no working together amongst sellers (no collusion).✓✓
(Accept any other correct relevant response.)
(Allocate a maximum of 4 marks for mere listing of facts / examples.) (4 x 2) (8)

2.5 With the aid of a graph discuss consumer's indifference map for beef and chicken.



- It comprises of a collection of indifference curves.✓✓
 - Each curve shows different combinations of two products that will provide a consumer with its particular type of satisfaction.✓✓
 - Each curve shows numerous combinations of two products that will provide the consumer with equal levels of satisfaction.✓✓
 - The greater the distance from the origin the higher the level of satisfaction.✓✓
 - Indifference curves in the map will never intersect and have a convex shape.✓✓
(Accept any other correct relevant response.) (4 x 2) (8)
- [40]**

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QUESTION 3: SOCIO-ECONOMIC ISSUES

3.1 Answer the following questions.

3.1.1 Name any TWO characteristics of South Africa’s unemployment condition.

- Gender✓
- Age✓
- Race✓
- Urban and rural✓
(Accept any other correct relevant response.) (2 x 1) (2)

3.1.2 How does mechanisation affect the demand for labour?

- Mechanisation can reduce the demand for labour drastically since machines do those tasks normally done by people.✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

3.2 DATA RESPONSE

3.2.1 Which population group has benefited the most from empowerment programmes up to 2015?

- Black Africans✓ (1)

3.2.2 Which institution publishes information related to the labour force in South Africa?

- Stats SA ✓ (1)

3.2.3 Mention any TWO ways in which people could be marginalised.

- Through limited access to education, low skills levels and investment training✓
- Wide spread poverty amongst low wage earners and the unemployed✓
- Extreme levels of inequality mainly on the basis of race, culture, gender and age✓
- Inadequate protection (legislation) for some low wage earners such as farm workers and domestic workers✓
- Geographical location (rural vs. urban opportunities)✓
(Accept any other correct relevant response.) (2 x 1) (2)

3.2.4 Briefly explain the term *economic marginalisation*.

- Barring / excluding other groups of people from participating in economic activities and decisions✓✓ (2)

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3.2.5 **Discuss any TWO options that could be implemented to reduce economic marginalisation.**

- By educating and training the affected people in order to improve their quality of life and help with economic growth in their communities✓✓
- The government should provide better social infrastructure✓✓
- Progress on empowerment of these groups should be monitored✓✓
- Provision of skills training for young women and men of entrepreneurship and small business development✓✓
- Poverty alleviation through community based job creation schemes in rural and urban areas✓✓
- Empowering young women for long term livelihood security✓✓
(Accept any other correct relevant response.) (2 x 2) (4)

3.3 **DATA RESPONSE**

3.3.1 **For what does the abbreviation EPWP stand?**

- Expanded Public Works Programme✓ (1)

3.3.2 **How many job opportunities were created by the end of the first five years?**

- 1.4 Million ✓ (1)

3.3.3 **Briefly describe the concept *labour-intensive industries*.**

- These are companies that mainly use a large amount of labour rather than real capital✓✓
(Accept any other correct relevant response.) (2)

3.3.4 **How does the public works programme help in reducing the rate of unemployment in the country?**

- Jobs are created in the construction sector and provision of basic infrastructure services for the unemployed citizens✓✓
(Accept any other correct relevant response.) (2)

3.3.5 **Do you think the EPWP has been successful? Motivate your answer.**

- Yes. Job creation has been a success as many schools and clinics have been built ✓✓
- Many South Africans previously employed under the EPWP have started their own income generating programmes using skills that they learnt at the EPWP✓✓
(Accept any other correct relevant response.) (4)

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3.4 Differentiate between *conciliation* and *mediation*.

Conciliation

- A voluntary process in both its initiation and continuation ✓✓
- The Act provides for conciliation between the employer and employee in respect of a dismissal ✓✓
- A conciliator will be appointed by the CCMA or one can be agreed to upon privately between the parties ✓✓

(Max 4)

Mediation

- Involves the services of an acceptable, impartial and neutral third party to assist parties in dealing with their dispute ✓✓
 - The mediator aims to reach an agreement between the two parties ✓✓
 - The mediator does not have authority and does not make a decision ✓✓
 - All the decision making powers with regard to the dispute remain with the parties ✓✓
- (Accept any other correct relevant response) (Max 4)
(Allocate a maximum of 4 marks for mere listing of facts / examples) (8)

3.5 Discuss majorification as one of the objectives of the Labour Relations Act.

- When a person reaches the age of 18 years old, they are considered a major ✓✓
 - This means that they are able to enter into contracts and conduct their own matters without needing consent from their parents or guardians ✓✓
 - Before a person reaches the age of 18 years, they may be employed if they have reached fifteen years old or they have reached their school-leaving age ✓✓
 - Children may not be employed in a position that is inappropriate for a person of that age ✓✓
 - Children may not work in a place where their well-being, education, physical or mental and their social or spiritual development is at risk ✓✓
- (Accept any other correct relevant response.) (Max 8) (8)
(Allocate a maximum of 2 marks for mere listing of facts / examples.) (Max 8) (8) [40]

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QUESTION 4: MICROECONOMICS AND SOCIO-ECONOMIC ISSUES

4.1 Answer the following questions.

4.1.1 Name any TWO internal factors that determine the position of the production possibility curve.

- Production techniques ✓
 - Technological advances ✓
 - Motivated employees ✓
- (Accept any other correct relevant response.) (Any 2 x 1) (2)

4.1.2 What will happen to the demand for cheese if producers invest more money in the advertisement of cheese?

- The demand for cheese will increase because advertisements aim at attracting consumers to buy more products ✓✓ motiveer om meer produkte te koop ✓✓ (1 x 2) (2)

4.2 DATA RESPONSE

4.2.1 Give the other name for budget line.

- Consumption possibility curve / expenditure line / budget constraint ✓ (1)

4.2.2 What happens to a consumer at point A on the graph?

- The consumer spends all his / her income on vegetable portions ✓ (1)

4.2.3 Briefly describe the term optimum consumption point.

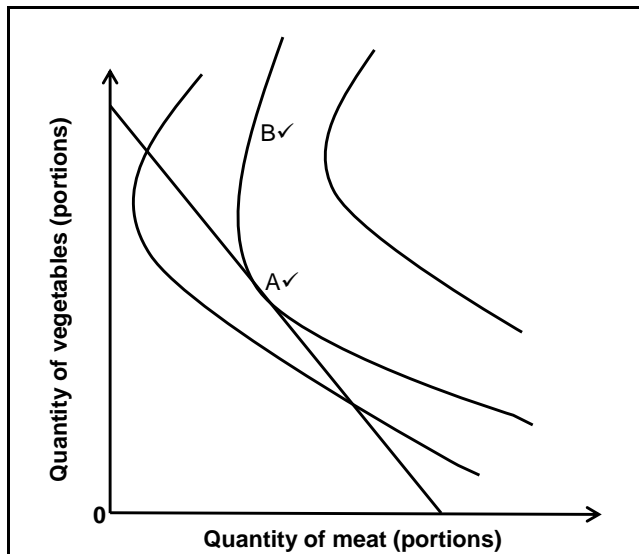
- Optimum consumption point is when the budget line touches the highest possible indifference curve ✓✓ (Accept any other correct relevant response.) (2)

4.2.4 What will happen to the budget line when consumers' incomes increase?

- It will move to the right and form a new optimum consumption point where it touches an indifference curve at the highest level of satisfaction ✓✓ (Accept any other correct relevant response.) (2)

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4.2.5 Redraw the above graph and illustrate the optimum point and the unattainable point.



- A is optimum point ✓ and B is unattainable point ✓ (4)

4.3 DATA RESPONSE

4.3.1 What problem is encountered by all the people in the above cases?

- Unemployment ✓ (1)

4.3.2 What kind of unemployment is reflected by the statement in case 3?

- Structural unemployment ✓ (1)

4.3.3 What is the acceptable age for employment in South Africa?

- 15 – 65 years ✓✓ (2)

4.3.4 Briefly describe the term *globalisation*.

- This is the trend where there is more openness to trade, a free flow of goods, expertise and money between countries ✓✓ (2)
(Accept any other correct relevant response.)

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4.3.5 Differentiate between the *unemployment rate* and the *labour absorption rate*.

Unemployment rate

- The unemployment rate is the number of unemployed persons expressed as a percentage of the labour force ✓✓

Labour absorption rate

- The percentage of the economically active population that works in the formal sector of the economy, is known as the labour force absorption rate ✓✓
(Accept any other correct relevant response.)

(4)

4.4 Briefly describe the powers of the Labour Court in South Africa.

- The court makes any settlements, agreements or arbitration awards an order of the court ✓✓, and this means that it becomes compulsory to do what the court says must be done ✓✓
- The court reviews the labour arbitration award ✓✓ the court can change the conditions laid down in an arbitration award ✓✓
- The court resolves disputes between an employer and employee that is referred to it ✓✓
- The court awards compensation for damages, e.g. unfair dismissals ✓✓
(Allocate a maximum of 4 marks for mere listing of facts / examples.)
(Accept any other correct relevant response.)

(8)

4.5 Analyse any TWO conditions with which goods and services should comply in order to be suitable to trade worldwide.

- There should be a wide demand ✓✓

Basic necessities such as wheat, vegetable oil etc., enjoy a wide demand.
Goods such as local clothing and books just have a local demand ✓✓

- It must be transportable ✓

Land and buildings are impossible to transport ✓✓ services (medical and legal) are limited by the distance consumers can travel ✓✓ labour too, is in general immobile ✓✓ but globalisation of professions such as teaching and medicine make it more mobile ✓✓

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- It must be durable ✓

Goods that perish quickly such as milk, fish, bread etc. require specialised logistic arrangements and can demand prices at which there may be an insufficient demand. ✓✓

- Entry must not be restricted ✓

Government can use import control measures to keep unwanted goods and services out of their countries ✓✓

- The cost of the transport must be low ✓

In relation to the value of the good that is being sold ✓✓ diamonds, gold and bricks do not qualify, yet a South African company exports granite ✓✓
(Allocate a maximum of 2 marks for mere listing of facts / examples.)
(Accept any other correct relevant response.)

(8)
[40]

TOTAL SECTION B: 80

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SECTION C

Commented [S1]: Please check whether the essay questions are according to the exam guideline

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

QUESTION 5: MICROECONOMICS

- Discuss in detail, the FOUR most important characteristics by which markets can be identified. (26 marks)
- Draw a well-labelled graph indicating market equilibrium, market shortage and market surplus. (10 marks)

INTRODUCTION

- The most common feature of markets is that they facilitate an interaction between buyers and sellers. However, markets take different forms such as perfect and imperfect markets ✓✓
(Accept any other correct relevant response.) (Max 2)

BODY: MAIN PART

The number of producers ✓

- In some markets there is only one seller of a product ✓✓, e.g. Eskom is a sole provider of electricity in South Africa ✓
- In other markets there are many producers of a good or a service ✓✓, e.g. many meat farmers ✓
- In between these two extremes are markets in which there are only a few producers of a good or service ✓✓, e.g. the motor industry, shoes, coffee etc ✓

The nature of the product ✓

- In some instances goods are homogeneous ✓✓, goods that are mass-produced like plates, cups, toothpastes and shoes are usually homogeneous ✓
- Such goods are often easy to produce ✓✓, and result in a large number of suppliers that compete for sales and their prices are bid downwards ✓✓
- In other instances goods are heterogeneous (different) ✓✓, agricultural products are usually heterogeneous ✓, but homogeneity is obtained by grading ✓✓, e.g. grading tomatoes, sorting eggs etc. ✓, such homogeneity makes them easier to sell ✓✓
- Suppliers of mass produced goods often use brand names to make their goods appear to be unique and to convert heterogeneity into homogeneity ✓✓
- Generally consumers are willing to pay more for unique goods ✓✓ and in effect allow producers to become a sole producer ✓✓ e.g. Coca Cola ✓

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Barriers to entry ✓

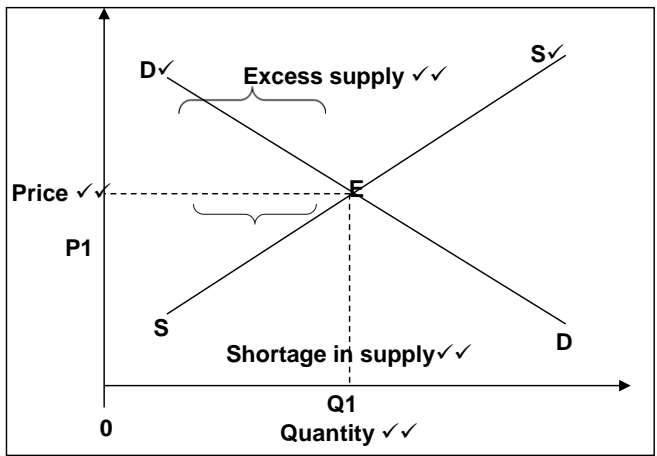
- There are barriers in some markets that prevent new producers from entering the markets and supplying the good or service ✓✓
- The market for cellular phone providers in South Africa serve as an example, ✓ since a producer can enter the market only if it has a government license to provide this service ✓✓
- Government controls entry into this market by issuing licences and this license serves as a barrier ✓✓
- In other markets it may be very easy for new producers to enter the market and start supplying the good or service ✓✓

Availability of information ✓

- In some markets there is full and complete information about the market conditions ✓✓ e.g. JSE there is detailed information available about how many shares have been sold in a given period ✓✓, the highest and the lowest prices offered and paid ✓✓, and the price that was paid for the last share sold at the close of trade ✓✓
- In some markets producers and consumers have to make decisions based on incomplete information ✓✓
(Accept any other correct relevant response.)
(Allocate a maximum of 8 marks for mere listing of facts / examples.) (Max 26)

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ADDITIONAL PART



(Max 10)

CONCLUSION

Markets, no matter how different they are, are a common place for the convergence of producers and the consumers of their products ✓✓
 (Accept any other correct relevant higher order response.)

(Max 2) **[40]**

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QUESTION 6

- **Discuss in detail, the factors that lead to labour market failure.** (26 marks)
- **Evaluate the demand-side approach by the government to create employment.** (10 marks) [40]

INTRODUCTION

The economic growth of each and every country is dependent on the availability of the quality and quantity of its labour force✓✓
(Accept any other correct relevant response.) (Maks 2)

BODY: MAIN PART

Immobility of labour ✓

- **Geographical immobility**✓ occurs when workers may find it difficult to move from one geographic area to another✓✓, that may be caused by lack of accommodation in urban areas ✓✓
- **Occupational immobility of labour**✓ occurs where workers may not have been trained for the kind of work that is available.✓✓ It also happens where their qualifications, skills and competencies may differ from those in demand✓✓

Oligopoly employers ✓

- In labour markets where there are only a few employers, they (the employers) have the power to determine the wage rate and employment ✓✓, both are likely to be lower than in a free competitive market✓✓

Trade Union ✓

- Trade unions may push the wage rate above the equilibrium and thereby prevent market clearing✓✓
- However, they are unlikely to push wages up indefinitely since they will worsen unemployment and undermine their position of power, also if there are fewer people employed they would have fewer members ✓✓

Market in flexibility ✓

- This is a situation where the labour market fails to adjust to changing conditions because workers are overprotected by laws, employers therefore switch to the use of capital intensive technology (machinery) ✓✓

Lack of information ✓

- Workers may be in jobs that are underpaying and that they enjoy less than other jobs they are capable of doing because they are unaware of vacancies elsewhere ✓✓
- Similarly employers may not appoint the most productive workers because they are not in touch with the entire potential workforce✓✓

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Attachment between workers and employers✓

- Some workers may stay in worse paid jobs because they like working for their present employers✓✓

Lack of training ✓

- Training has positive externalities and if left to market forces too few resources would be devoted to it. ✓✓
- Some workers and employers take a short-term view and underestimate the benefits of training✓✓

Discrimination✓

- This occurs when a group of workers and potential workers are treated differently to other workers in the same job✓✓
- This could be in terms of pay, employment, promotion and training opportunities✓
(Accept any other correct relevant response.)
(Allocate a maximum of 8 marks for mere listing of facts / examples.) (Max 26)

ADDITIONAL PART

Monetary policy✓

- By reducing interest rates and making credit more affordable✓✓
- This will stimulate overall spending ✓✓
- Increases the demand for goods and services, production and also employment✓✓

Fiscal policy✓

- By budgeting for a deficit and decreasing taxation, which leaves consumers and business with more money in their pockets to spend✓✓
- This will increase the aggregate demand and stimulate production and job creation✓✓
(Allocate a maximum of 2 marks for the mere listing of facts / examples.)
(Accept any other correct relevant response.) (Max 10)

CONCLUSION

If market failure is avoided or reduced by putting in place the best available resources, the functioning of the market and the economy will go undisturbed and be progressive✓✓
(Accept any other correct relevant higher order response.) (Max 2) **[40]**

TOTAL SECTION C: 40

TOTAL: 150