

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

**ECONOMICS  
PAPER 2**

**MARKING GUIDELINES**

**19 pages**

GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATION

ECONOMICS  
(Paper 2)

MARKING GUIDELINES

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QUESTION 1  
SECTION A (COMPULSORY)

1.1 MULTIPLE-CHOICE QUESTIONS

- 1.1.1 **D✓✓** Marginal utility
- 1.1.2 **C✓✓** inefficiency
- 1.1.3 **B✓✓** the market has not achieved the best allocation of resources
- 1.1.4 **A✓✓** SETA
- 1.1.5 **D✓✓** Labour Relations Act
- 1.1.6 **A✓✓** Adult Education and Training
- 1.1.7 **C✓✓** that have little or no barriers to entry
- 1.1.8 **B✓✓** the percentage of the population of working age who are employed

(8x2) (16)

1.2 MATCHING ITEMS

- 1.2.1 **C✓** Shows the relationship between a product's price and quantity demanded
- 1.2.2 **F✓** A diagram showing points which consumers are satisfied with certain combinations of two goods if they were to use all their resources efficiently
- 1.2.3 **G✓** A general inland tax on almost all products
- 1.2.4 **A✓** The quantity of a product that consumers are willing and able to buy over a given period of time
- 1.2.5 **D✓** People with high skills but employed in low wage jobs
- 1.2.6 **B✓** Bringing parties together and getting them to agree on a certain course of action
- 1.2.7 **E✓** A programme launched by the South African government to redress the inequalities of apartheid by giving previously disadvantaged groups in South Africa economic opportunities previously unavailable to them
- 1.2.8 **H✓** Government support that aims to improve the standard of living of all citizens up to a certain minimum level

(8x1) (8)

**1.3 TERMINOLOGY**

1.3.1 Oligopoly ✓

1.3.2 Production possibility curve ✓

1.3.3 Price ceiling / Maximum Price ✓

1.3.4 Unemployment Insurance Fund (UIF) ✓

1.3.5 Surplus ✓

1.3.6 Public Goods ✓

(6x1) (6)

**TOTAL SECTION A: [30]**

**SECTION B:**

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

**QUESTION 2 MICRO-ECONOMICS****2.1 Answer the following questions.****2.1.1 Name any TWO characteristics of indifference curves**

- Indifference curves are bent inwards✓
- Consumers prefer higher indifference curves than lower ones✓
- Indifference curves do not cross✓
- Indifference curves are downward-sloping✓ (Any 2x1) (2)

**2.1.2 How will consumers benefit from production subsidies?**

- The market price for the affected or subsidised products will decrease and more consumers will afford them✓✓  
(Accept any other correct relevant answer) (1x2) (2)

**2.2 Data Response****2.2.1 What is the message of the cartoon above?**

- There are a few suppliers of computers and computer software in the market and they do not want competition from new entrants✓ (1)

**2.2.2 Which type of imperfect market does the cartoon above depict?**

It depicts an oligopoly✓ (1)

**2.2.3 Name one other type of imperfect market, besides the one depicted in the cartoon and give an example of this market.**

- Monopoly ✓ – Eskom/Telkom✓ or
- Monopolistic competition ✓ – Restaurants/petrol stations/builders✓ (1x2) (2)

**2.2.4 What favourable condition can the businesses in the market structure shown above enjoy?**

- There are a few large sellers✓✓
- Price setters - the market price can be manipulated by suppliers✓✓
- The products are heterogeneous, it differs on price, features or bonus offers✓✓
- The entry to the market is restricted ✓✓  
(Accept any other correct relevant answer) (1 x 2) (2)

**2.2.5 What would be required for this market structure to be a 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 ✓✓
- (Any 2 x 2) (4)

**2.3 Data Response**

**2.3.1 From the table above how many bundles of food will the household buy if they bought 10 bundles of clothes?**

- 14 bundles✓ (1)

**2.3.2 How many bundles of clothes must this household give up if they increase the spending on food from 5 to 10 bundles?**

- 6 bundles✓ (1)

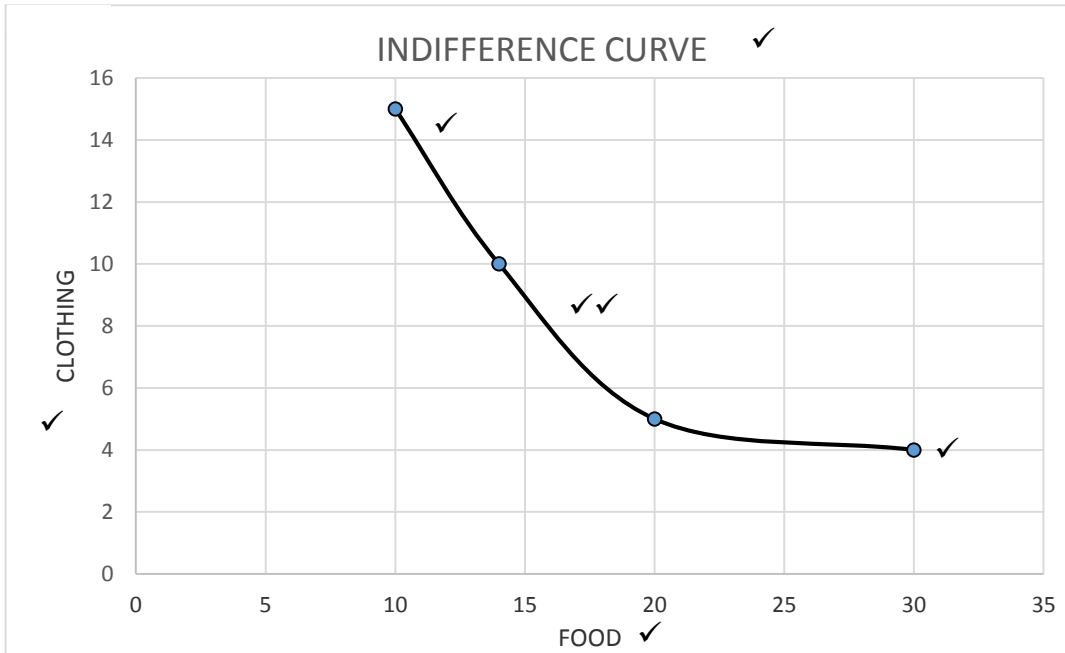
**2.3.3 What does any point below the indifference curve indicate?**

- It indicates the point at which the Dube family were not receiving the maximum satisfaction possible✓✓ (2)

**2.3.4 How could the indifference curve influence the choices of producers in a mixed economy?**

- Producers have to act according to what their consumers require so that these consumers will buy their products✓✓ (2)

2.3.5 Use the information in the table above to draw an indifference curve to represent Mrs Dubes' household spending.



x axis = 1 mark  
 y axis = 1 mark  
 Slope of Curve = 2 marks  
 Points indicated correct = 2 marks

2.4 Differentiate between a shift of the demand curve and a movement along the demand curve.

Shift of the demand curve	Movement along the demand curve
<ul style="list-style-type: none"> <li>The whole demand curve moves into a new position ✓✓</li> <li>It is caused by factors other than price like population increases and changes in wealth ✓✓</li> </ul>	<ul style="list-style-type: none"> <li>There is a movement within the same demand curve to a new combination of price and quantity ✓✓</li> <li>Caused by a change in price ✓✓</li> </ul>

(Accept any other correct relevant answer)

(2x4) (8)

2.5 **Minimum wage is a good example of price floors. Analyse how minimum wages can contribute to unemployment.**

- A price floor sets a lower legal limit on price, this is why minimum wage is a good example of price floors ✓✓
- Governments may wish to protect workers from exploitation by guaranteeing a certain minimum wage below which it is illegal for an employer to pay ✓✓
- The problem that contributes to unemployment is that it leads to an excess supply or a surplus of labour in the market ✓✓
- People are paid a more equitable and fair wage for their services which causes higher wage costs and this leads to a fall in employment ✓✓

(Accept any other correct relevant answer)

(8)

[40]

**QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**

3.1 Answer the following questions.

3.1.1 **Name any TWO objectives of the Labour Relations Act.**

- self-government ✓
- frictional unemployment ✓
- majorification ✓
- cyclical unemployment ✓
- consultation ✓

(2x1) (2)

3.1.2 **How does a surplus of labour affect the wages and salaries for labour as a factor of production?**

- When there is surplus labour the reward for labour will reduce as employers will employ cheaper labour that is a result of a competition for fewer jobs ✓✓

(1x2) (2)

### 3.2 Data Response

3.2.1 Besides COSATU, give any other example of another union from the picture above.

- NUMSA✓
- CWU✓
- DENOSA✓
- SAFPU✓
- PAWUSA✓
- SACCAWU✓
- F.A.W.U✓ (1)

3.2.2 What is the aim of a trade union?

- The aim of a trade union is to make sure that the Employees' right to freedom of association is achieved. ✓ (1)

3.2.3 Briefly explain the term trade union.

- When workers in a specific business or sector unite and organise themselves in order to promote their social, economic and political goals and objectives✓✓ (2)

3.2.4 Explain the importance of the Basic Conditions of Employment Act to workers.

- This act determines the minimum terms and conditions of employment, for example, the maximum number of hours an employee can be expected to work per week. ✓✓ (2)

3.2.5 Briefly describe any rights of workers in South Africa.

- The right to fair labour practices✓✓
  - To form and join a trade union✓✓
  - To engage in the activities of their trade union like recruiting members ✓✓
  - To strike ✓✓
  - Work in a conducive and safe environment. ✓✓
- (Accept any other correct relevant answer.) (Any 2x2) (4)

### 3.3 Data Response

#### 3.3.1 According to the extract how many people were employed in South Africa in February 2015?

- 13.1 million ✓ (1)

#### 3.3.2 Why should the government be concerned by the high unemployment rates in the country?

- If many people are unemployed it becomes the responsibility of the state to take care of them by giving them social security grants because every South African has a right to a decent standard of living ✓ (1)

#### 3.3.3 Briefly explain the concept of *unemployment*.

- Unemployment is the situation of those people who are willing and able to work, but who don't have a job and cannot find one ✓✓ (2)

#### 3.3.4 Provide a reason why South Africa's unemployment rate is so high?

- The historical impact of apartheid is still being felt ✓✓
- Some people may not have sufficient education and training ✓✓
- Not enough jobs are available for all unemployed people ✓✓
- Too many people are dependent on social grants ✓✓
- Policies implemented by Government are not effectively creating jobs for the economically active population ✓✓  
(Accept any other correct relevant answer) (Any 1 x 2) (2)

#### 3.3.5 Unemployment has a negative impact on individuals. Discuss any TWO social costs of unemployment.

- **Social and family pressures** ✓: Unemployment leads to increased pressures on societies and communities and high stress levels at home ✓✓
- **Crime** ✓: Increases as unemployed people try to survive without income ✓✓
- Domestic violence and family break-up of families increases ✓✓
- **Increase in poverty and income inequality** ✓: Areas of high unemployment see a decline in real income and spending, which will lead to an increase in relative poverty and income inequality ✓✓
- **Community demographics** ✓: Younger workers are more geographically mobile than older employees, therefore some areas will suffer from an ageing workforce, making them less attractive as investment locations for new businesses ✓✓
- **Community fears and pressures** ✓: High unemployment can encourage xenophobia and protectionism as workers fear that foreigners are stealing their jobs ✓✓  
(Accept any other correct relevant answer) (Any 2 x 2) (4)

[Headings: 1 mark each max. 2]

3.4 Explain the purpose and general functions of workplace forums.

- A workplace forum provides an opportunity for all the employees in a work place, not only union members, to be involved in managerial decisions that may affect them ✓✓
- They promote the interest of all the employees in a workplace ✓✓
- Workplace forums enhance the efficiency in a workplace ✓✓
- They allow involvement in joint decision-making about specific important issues affecting employees ✓✓
- They promote consultation by the employer when dealing with issues affecting employees ✓✓

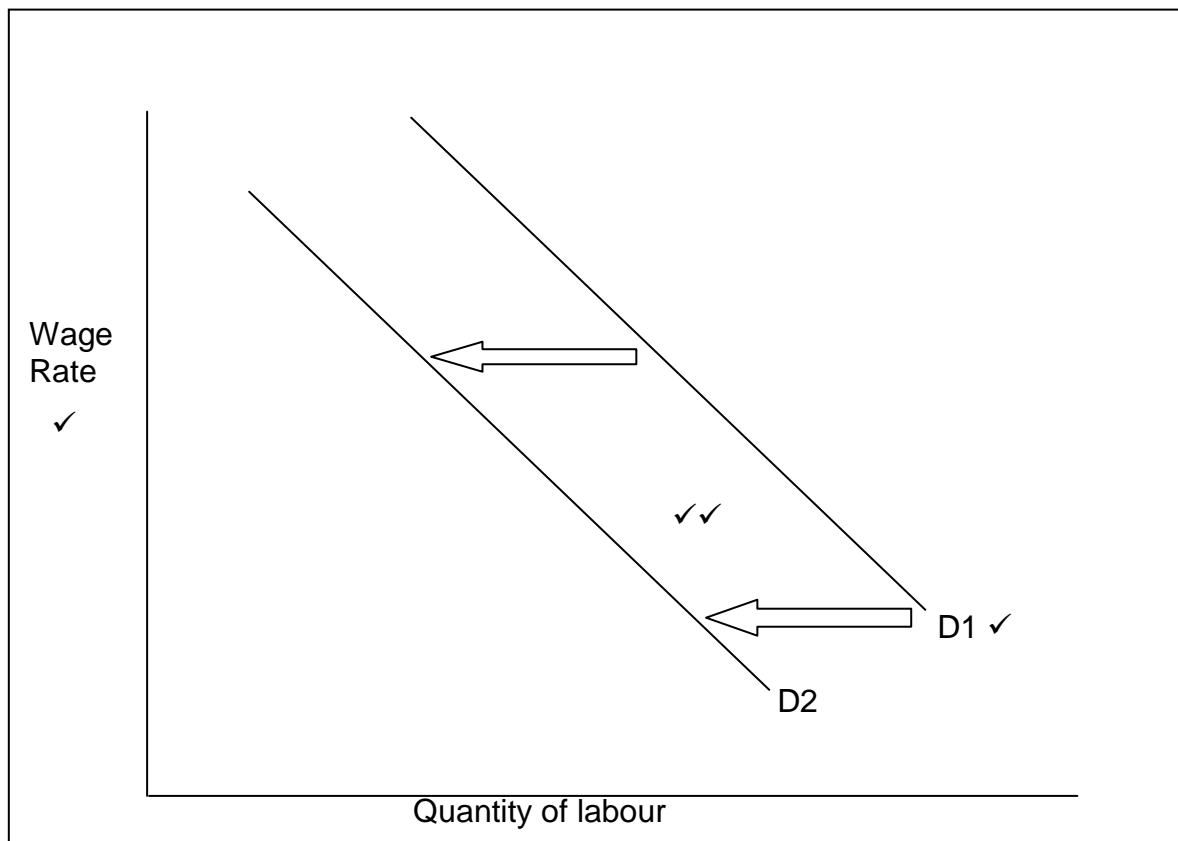
(Accept any other correct relevant answer)

(Any 4 x 2) (8)

3.5 Discuss how mechanisation can influence the demand for labour. Use a graph to illustrate your answer.

- Mechanisation can decrease the demand for labour drastically ✓✓
- If the production process in a company replaces machinery with human labour they become more capital intensive than labour intensive ✓✓
- This will result in employees losing their jobs, and thereby increasing unemployment in the country ✓✓

(4 max)



x/y axis	= 1 mark
slope D1/D2	= 1 mark
Shift of Curve to the left	= 2 marks
	Max = 4 marks

[40]

**QUESTION 4: MICRO-ECONOMICS AND CONTEMPORARY ECONOMIC ISSUES****4.1 Answer the following questions.****4.1.1 List any 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✓ (Any 2x1) (2)

**4.1.2 How does Black Economic Empowerment contribute to the redress of the previously disadvantaged South Africans?**

- BEE tries to address the wrongs of the past by increasing access to economic activity by those people who were excluded from participating in the economy before 1994✓✓ (1x2) (2)

**4.2 Data Response****4.2.1 State the equilibrium price of cigarettes before the implementation of the tax?**

- R40✓ (1)

**4.2.2 What is the new equilibrium price after the R10, 00 tax was imposed?**

- R50✓ (1)

**4.2.3 Explain what effect the per-unit tax has had on the price and quantities demanded and supplied.**

- The price of cigarettes has increased✓ and the quantity of cigarettes being bought and sold has decreased✓ (2)

**4.2.4 Briefly explain the term *equilibrium quantity*.**

- This is the quantity produced and sold at a particular price in order to completely satisfy household demand without leaving a surplus✓✓ (2)

**4.2.5 In your own opinion why does the government always ensure that there is an increase in sin tax?**

- Sin tax is a tax on items which are considered sinful or harmful such as alcohol and tobacco✓✓ For example, beer, cigarettes, gambling etc.✓
- The reason why government always increases this tax is because they want to discourage people from consuming it since smoking and drinking alcohol is bad or harmful to them ✓✓ (4)

### 4.3 Data Response

4.3.1 According to the extract, which year had the highest number of AIDS-related deaths?

- 2009✓ (1)

4.3.2 What could be the reasons for the drop in AIDS-related deaths?

- This can be attributed to the increase in the roll-out of ARVs over time since the National rollout of ARVs began in 2005✓ (1)

4.3.3 Briefly explain the term *Economically Active Population*.

- This consists of people between the age of 15 and 64 years who work for an income or family gain or is available for such work✓✓ To be active in the economy means to produce goods and services✓✓ (2)

4.3.4 How can businesses contribute towards a reduction in AIDS-related deaths?

- They can offer education about HIV and other sexually-transmitted diseases to their workers ✓✓ and advise workers to live a healthy lifestyle✓✓ (2)

4.3.5 How will this decline in deaths impact on production in labour-intensive industries?

- Workers will be available and be able to contribute to the companies for a longer period of time ✓✓
- Labour productivity will rise since there will be retention of skilled workers ✓✓
- (Accept any other correct relevant answer) (Any 2 x 2) (4)

#### 4.4 Distinguish between seasonal and structural unemployment.

##### Structural unemployment

- Exists when workers lose jobs because of economic upswings and downswings✓✓
- May exist when an economy undergoes a structural change✓✓ e.g. the demand for teachers is no longer high because the economy may need more engineers✓
- Also occurs when the economy is no longer dependent on a certain product so the workers who were producing that product lose their jobs✓✓

##### Seasonal unemployment

- Exists when workers have to be unemployed at certain seasons of the year
- Workers have to be unemployed because they are not needed in some seasons✓✓
- For example during winter months farmers have to lay off some workers who are not needed for winter crops✓

(Max. 4) (8)

#### 4.5 Analyse the difference between productive and allocative inefficiencies.

##### Productive inefficiency

- Production leads to a wastage of resources in the sense that raw materials are wasted in the production process✓✓
- Fewer products are produced in the economy✓✓
- Imperfect markets and negative externalities are effects of productive inefficiency✓✓
- Producers produce at a point inside/ below the PPC✓✓  
(Accept any other correct relevant answer.)

(max 4)

##### Allocative inefficiency

- This is where the goods and services produced do not reflect the needs and wants and tastes and preferences of consumers✓✓
- Producers may use up all resources but produce a mix of products that consumers do not desire✓✓
- Producers may be producing along the PPC but not at the point where the indifference curve meets the PPC✓✓  
(Accept any other correct relevant answer)

(max 4)  
(8)

[40]

TOTAL SECTION B: 80

## SECTION C

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

Your answer will be assessed as follows:

STRUCTURE OF THE ESSAY	MARK ALLOCATION
<p><b>Introduction</b> The introduction is a lower-order response.</p> <ul style="list-style-type: none"> <li>• A good starting point would be to determine the main concept related to the question topic</li> <li>• Do not include any part of the question in your introduction</li> <li>• Do not repeat any part of the introduction in the body</li> <li>• Avoid saying in the introduction what you are going to discuss in the body</li> </ul>	Max. 2
<p><b>Body</b> <b>Main part:</b> Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Explain</p> <p><b>Additional part:</b> 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</p>	Max. 26  Max. 10
<p><b>Conclusion</b> Any higher-order conclusion should include</p> <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned</li> <li>• Any opinion or value judgement on the facts discussed</li> <li>• Additional support information to strengthen the discussion / analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

**QUESTION 5: MICRO-ECONOMICS**

*“Some markets have very specific characteristics”.*

Eskom has held the position of “BIG MONOPOLY” for a long time. Small businesses say it’s hard to make profits with the high cost of electricity.

- Discuss the characteristics of a monopoly in detail. (26)
  - Why are markets so crucial in a country? (10)
- [40]

**INTRODUCTION**

A Monopoly is an example of an imperfect market.

An imperfect market is a market where there is only one supplier or a few suppliers of a unique product✓✓ and there is restricted entry into this market, and where buyers have limited access to information. ✓✓

(Accept any other correct relevant introduction)

(Max. 2)

**Body****MAIN PART****Characteristics**

- **One seller and many buyers**✓
  - A market in which there is one seller and many consumers on a given market, each so small that its actions have no significant impact on others ✓✓
  - Firms are *price setters*, meaning that the seller sets the price that consumers must choose✓✓
- **Unique product**✓
  - The product or service is one of a kind✓✓
  - There are no competitor’s products to compare it to, the product will be unique✓✓
  - As a result, there are no close substitutes that buyers can turn to✓✓
- **Imperfect information**✓
  - New firms that wish to enter the market will not have access to all the information available to them ✓✓
  - Therefore, this will hamper their ability to enter the market✓✓ for example new producers may not have information on the real cost of producing the product✓

- **Price setters/makers**✓
  - A monopolist can set its own price they, are price makers✓✓
  - Suppliers can change prices at will ✓✓
  - Monopolists tend to charge higher prices✓✓ this is because they have market power✓✓
  
- **Barriers to entry**✓
  - Entry into the market is restricted✓✓
  - There are numerous barriers blocking firms from entering or exiting into the market✓✓
  - Firms cannot enter or exit the market as it wishes ✓✓
  - Patents are examples of barriers to entry✓
  - Examples of monopolies are Telkom, ESKOM, Post Office and TRANSNET✓

(Allocate a maximum of 8 marks for headings, sub-headings or examples)

**(Max. 26)**

## ADDITIONAL PART

Reasons why markets are crucial in a country:

- **Bringing buyers and sellers together.**✓
  - Markets are the interaction of consumers and producers to negotiate prices and exchange of goods and services✓✓
- **Helps with allocating of resources**✓
  - Market prices direct the economic decisions of both consumers and producers ✓✓
  - Profit maximization and utility maximization lead to an efficient allocation of resources✓✓
  - Thus markets serve the function of allocating resources efficiently ✓✓
- **Self-regulation**✓
  - Markets do not require direct intervention or control from outside forces✓✓
  - They are guided by an “invisible” hand which ensures that prices are set in such a way that resources are allocated efficiently✓✓

(Accept any other correct relevant answer)

**(Max. 10)**

## CONCLUSION

After analysing the conditions under which a monopoly exists, it would be difficult for small businesses to make profits since ESKOM is the only supplier of electricity in the country and their charges are very high✓✓

(Accept any other relevant correct conclusion)

**(Max. 2)**

**[40]**

**QUESTION 6: CONTEMPORARY ECONOMIC ISSUES**

South Africa's transformation to democracy in 1994 has led to serious efforts towards the total change of the lives of ordinary South African people.

- Discuss the government's efforts to address redress since 1994. (26)
  - Outline the training programmes introduced by the government to transform people's lives. (10)
- [40]**

**INTRODUCTION**

- Redress means to put right something that was wrong ✓✓
- 27 April 1994 was a very historic event for South Africa ✓✓
- Efforts of redress focused on transferring the factors of production and control over to the previously disadvantaged groups ✓✓  
(Any other correct relevant introduction) (Max. 2)

**Body****MAIN PART****Human resources ✓**

- As a factor of production, this focuses on the quality and quantity of the labour force ✓✓
- The quality of labour depends on people's education training and experience ✓✓
- This depends on both birth and mortality rates relative to the availability of wage and self-employment ✓✓

**Education ✓**

- South Africa was ill-equipped to enter the global arena in terms of the training of the majority of its workforce ✓✓
- There was a severe shortage of professionals, technical and managerial experience ✓✓
- The position of the South African Qualifications Authority Act (58 of 1995) which created the South African Qualification Authority (SAQA) which had to implement the Act ✓✓
- The government addresses the uneven expenditure and resources according to race and the consolidation of educational structures ✓✓
- There was the introduction of the Outcomes Based Education (1998) ✓✓
- Literacy and numeracy as the special domain of OBE ✓✓
- It prioritised producing learners that were better equipped to enter self-employment, wage employment and higher education ✓✓
- Economy will greatly benefit from an improvement in the quality of entrants into the labour force ✓✓

**Training ✓**

- This means to be taught a particular skill and is usually a post-school experience ✓✓
- Most training happens at workplaces, although instruction can take place at technical colleges, universities and at the premises of other training providers ✓✓
- Skills Development Act (1998) was introduced to address skills shortages ✓✓
- Providers for a national skills training strategy ✓✓
- Providers for the establishment of a mechanism of training ✓✓
- Make arrangements for financial assistance during training of workers ✓✓

**Mechanism for training ✓**

- Department of Labour established the National Skills Authority (NSA) which has 25 sector education and training authorities (SETAs) ✓✓
- SETAs are responsible for identifying the skills shortages and developing plans and targets for training within each sector ✓✓
- SETAs consult with employers, workers and other professional and civic organisations ✓✓

**Prohibition of unfair discrimination ✓**

- Focuses on unfair discrimination both past and present ✓✓
- Requires employers to remove unfair discriminatory policies and practices from the workplace ✓✓
- Must ensure that their present employment policies and practices promote equity and redress the effects of the past discrimination ✓✓
- Some unfair grounds for unfair discrimination are age, religion, colour, conscience, disability ✓✓

**Employment Equity ✓**

- There is the development of mechanism of redress for those who were previously discriminated against ✓✓
- This is a mechanism that awards them preferential access to the mainstream of the economy ✓✓
- Provides for Employment Equity Act (55 of 1998) where workers have equal opportunities at the workplace ✓✓

**Affirmative action ✓**

- Refers to policies and practices aimed at redressing social economic and educational imbalances or inequalities arising out of unfair discrimination ✓✓
- The Act authorises discrimination that amounts to affirmative action and discrimination on the basis of the requirements of the job ✓✓
- Conduct analysis of barriers to advancement and under-representation of designated groups, i.e. black people, women with disabilities ✓✓
- Prepare an employment equity plan of one to five years duration ✓✓
- Report to the Director-General of Labour on an annual or bi-annual basis, depending on the size of the employer's workforce ✓✓
- Businesses are to appoint an employment equity manager ✓✓
- Progress regarding implementation of the requirements of the Act, is monitored by labour inspectors ✓✓

**Objectives of Affirmative Action**

- Improve quality of working life for workers to improve productivity of the workplace ✓✓
- Promotes self-employment ✓✓
- Improvement of social services delivery ✓✓
- Previously disadvantaged people to benefit ✓✓
- Encourage employers to make their workplaces available as active learning environments ✓✓

**(Allocate a maximum of 8 marks for headings, sub-headings or examples)**

**(Max. 26)**

**ADDITIONAL PART****Training programmes ✓**

- Employers through help by professional bodies, seek help to develop learnership programmes that have to be approved by SAQA ✓✓
- These Natural Qualifications have value and will be accepted in the workplaces ✓✓

**Learnerships ✓**

- Consist of structured learning (modules and units) and work-experience that leads to nationally registered qualifications ✓✓
- Learnerships assist unemployed people who are to enter employment ✓✓
- They help in-service workers to improve their level of skills and qualifications ✓✓

**Skills programmes ✓**

- Aimed at the unemployed, young people out of school and SMME's ✓✓
- Work experience is an important element ✓✓

**(Max.10)**

**CONCLUSION**

From what has been outlined above, it can be seen that since 1994 government has made some effort in improving the lives of ordinary South Africans ✓✓

(Accept any other correct relevant conclusion)

**(Max. 2)**

**[40]**

**TOTAL SECTION C: 40**

**GRAND TOTAL: 150**