



education

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GRADE 10

**ECONOMICS P1
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MARKING GUIDELINES**

MARKS: 100

These marking guidelines consist of 11 pages.



SECTION A (COMPULSORY) QUESTION

1 1.1 MULTIPLE CHOICE QUESTIONS

1.1.1 A ✓✓ depends on opinions

1.1.2 A ✓✓ there are not enough resources to produce all the goods and services.

1.1.3 C ✓✓ Scarcity

1.1.4 B ✓✓ Injections

1.1.5 C ✓✓ Prosperity

(2x5) (10)

1.2 MATCH THE COLUMNS

1.2.1 C. ✓ Ensures that the benefits of society`s resources are fairly among society members.

1.2.2 B. ✓ The sector that manufactures and processes raw materials

so that they are in a form fit for human consumption.

1.2.3 A. ✓ Households

1.2.4 E. The period of very high economic activity just before the economy slows down.

1.2.5 D. ✓ The economic indicator that moves the same way that the economy does.

(1x5)(5)

1.3. GIVE ONE TERM

1.3.1 Econometrics ✓

1.3.2 Human right ✓

1.3.3 Closed ✓

1.3.4 Balance of payments ✓

1.3.5 Random fluctuations ✓

(1x5)(5)

TOTAL SECTION A:[20]



SECTION B QUESTION 2

ANSWER THE QUESTIONS

2.1.1 Name ANY TWO fields of study that are related to Economics.

- Accounting ✓
- Business studies. ✓
- Commercial law. ✓
- Mathematics of finance. ✓ (Any
2x1)(2)

2.1.2 What is the relationship between scarcity and opportunity cost?

- When resources are scarce, consumers must choose to satisfy certain needs over others, in the process giving up their satisfaction of other needs. ✓✓
(1x2)(2)

2.2 Study the extract below and answer the questions that follow:

2.2.1 Which element of economics is depicted by the diagram above?

Scarcity

(1x1) (1)

2.2.2 Name the economic system where the authorities decide on the production

distribution of the products

- Command economy (1x1)
(1)

2.2.3 Briefly explain Economic efficiency.

- Economic efficiency occurs when we make the best use of our resources to produce goods and services. ✓✓
(1x2) (2)

2.2.4 Why is it easier to test the prediction of a theory in the natural sciences than

in the social sciences?

- Natural sciences deal with the natural world and social sciences deal with human beings. . ✓✓
- Natural sciences test their theories in laboratories whilst social scientist test their theories and predictions under ideal conditions. . ✓✓
(Any1x2)(2)



2.2.5 If you were appointed to conduct a research using scientific method what steps would you follow? Mention only TWO

- Firstly I would observe human behaviour. ✓✓
- On the basis of the observation a pattern will be recognised. ✓✓
- State a pattern of behaviour as a theory. ✓✓

OR

- Identify the problem ✓✓
- Data collection ✓✓
- Present the data ✓✓
- Explain the results ✓✓

Any (2x2)(4)

2.3 Study the table below and answer the questions that follow:

2.3.1 Which method was used to calculate GDP in the above table?

- Expenditure method ✓ (1x1) (1)

2.3.2 Name any other ONE method used to calculate the GDP.

- Production method ✓
 - Income method ✓
- (Any1x1)(1)

2.3.3 Briefly describe the term *factor income*.

- This is the total income earned from the sale of factors of production, e.g. salaries and wages earned on labour ✓✓ (2)

2.3.4 Why it is important that the government and other South Africans buy local

products?

- So that the imports are not more than the exports. ✓✓

(1x2) (2)



2.3.5 Use figures in the table above to calculate the value of A. Show all calculations.

GDP at market prices	R2425 billion✓
Plus factor income earned abroad by South Africans	R34 billion✓
Minus factor income earned in South Africa by foreigners	R87 billion✓
Gross National Income	R2372 billion✓

(4)

2.4 Briefly outline the career opportunities that are available to someone who Studies Economics.

The study of economics prepares you for many different careers including:

- careers in commerce and industry, ✓✓
- entrepreneurship✓✓
- business management✓✓
- marketing, ✓✓
- finance, ✓✓
- banking✓✓
- tourism ✓✓

Any (4x2) (8)

2.5 Analyse leakages and injections of the circular flow with relevant examples.

Injection – addition of money into the economy✓✓, e.g. export, government spending and investment✓

Leakages- means withdrawal of money from the economy ✓✓ includes Savings

(S) Taxes (T) and Imports (M) ✓

Any (4x2) (8)



QUESTION 3

ANSWER THE QUESTIONS

3.1.1 Name any TWO types scarcity.

- Relative scarcity ✓✓
 - Absolute scarcity ✓✓
- (2)

(Any 2x1)

3.1.2 Explain the term exogenous factors

Factors that influences the business cycle from outside the system.
e.g. weather conditions, money supply, structural changes, political events shocks and natural events. ✓✓

(2x1) (2)

3.2 Data response

3.2.1 Which factor of production is depicted by the cartoon above?

Natural resources / land ✓

(1)

3.2.2 Name the economic industry depicted by the above scenario.

Fishing Industry / Primary Sector ✓

(1)

3.2.3 Briefly describe the term relative scarcity.

When a good or service is available, but one does not have the resources to acquire it ✓✓ / Relative scarcity exists where the demand for a good is greater than the supply of a good ✓✓

(2)

3.2.4 What can the government do to solve the water crisis?

- Build more dams to trap more water ✓✓
- Drill boreholes to utilise underground water ✓✓
- Encourage South Africans to conserve water ✓✓

(Accept any other correct relevant answer) (Any 1x2) (2)

3.2.5 How does the situation above have an effect on the economy?

- There will be a shortage of fish ✓✓
- Increase unemployment rates in the country ✓✓
- Poverty rates may increase ✓✓

(Accept any correct relevant answer) (2 x 2) (4)



3.3 Data Response

3.3.1 What is the name of the graph above?

Business cycles ✓

(1) 3.3.2 Which point on the graph may be associated with lowest GDP?

D ✓ (1)

3.3.3 Briefly describe the term *economic growth*.

- It is the increase in the value of goods and services produced over a period of time, measured in terms of real gross domestic product. ✓✓ (2)

3.3.4 Briefly explain the effect of business cycles on economic growth.

- During periods of downswings the economy has a negative growth, while during periods of upswings the economy has a positive growth. ✓✓ (2)

3.3.5 How can government reduce unemployment in an economy?

- The government can invest in job creation initiatives like the Expanded Public Works Programme ✓✓
- The government can invest in education and training to address skills shortages in the country ✓✓

(Accept any other correct relevant answer) (2x2) (4)

3.4 List and explain any TWO categories of consumer goods, provide examples.

- These are goods that consumers want for their own sake. Because they satisfy our wants directly. ✓✓ This group is usually subdivided into durable goods, semi-durable goods and non-durable goods ✓✓
- **Durable goods** ✓✓: these includes goods such as furniture and household appliance, personal transport, equipment (motor cars and bicycles), jewellery and entertainment goods. ✓✓ They produce a steady stream of satisfaction and their value diminishes relatively slowly through age and use ✓✓.
- **Semi-durable goods**: ✓✓ can be reused but usually for shorter periods than durable goods an example clothing, glassware, motor car tyres, accessories and parts recreational and entertainment goods. ✓✓
- **Non-durable goods**: ✓✓ These are goods such as food and groceries, beverages, fuel, power cleaning materials, medical, pharmaceutical and petroleum products. They are consumed or destroyed in the process of being used, which means that they are used once only. ✓✓
- **Services**: ✓✓ These are goods such as rent, household services (including domestic services) ,medical services, transport and communication, recreational, entertainment and educational services ✓✓

Any(2x4) (8)

3.5 With the aid of examples, explain leading and lagging business cycle indicators.

Leading indicators

These indicators moves up and down according to the changes in the economy and reach their turning points before the other indicators. ✓✓ for example changes in



Net gold and other foreign reserves, ✓✓ Number of new motor cars sold, ✓✓ Net new companies registered

Lagging indicators

This category of indicators takes too long to return to their points ✓✓ they are used to show: employment in non-agricultural sectors, ✓✓ number of commercial vehicles sold, ✓✓ real investment in machinery and equipment ✓✓

(4x2)(8)

[40]

SECTION C

QUESTION 4 [40 MARKS]

BASIC PROBLEM

- Discuss exchange as one of the stages of the basic economic processes. (26)
- Briefly explain how all aspects of basic problem of choice may be resolved. (10)

INTRODUCTION

In the modern economy exchange takes place when money is used to access good and services. Consumption is the use of utilities that have been created ✓✓
(Accept any relevant introduction)

BODY: MAIN PART

In the market economy the exchange takes place as the following conditions exist:

Surpluses are required ✓✓

In the modern economy producers produce surpluses of commodities that they specialise in. ✓✓
The producers then sell the goods for money. ✓✓

Exchange happens in markets ✓✓

Exchange takes place when consumers buy goods and services that are available to them by the producers. ✓✓
Successful exchange can take place in efficient markets. ✓✓
Markets are therefore mechanism which brings the buyers and sellers together ✓✓

Groups of markets ✓✓



Markets can be distinguished into three groups:

Wholesale market ✓✓

They are markets that link the producers and the retailer's ✓✓

Storage: Wholesalers buy goods from producers in large quantities from producers ✓✓ and then sell them in smaller quantities to retailers ✓✓. This saves retailers space and capital costs. ✓✓ Wholesalers as middlemen are often accused of inflating the prices ✓✓ The wholesalers provide an important service of availing a variety of goods. ✓✓

Retail markets ✓✓

Retail markets are markets that link consumers and retailers. ✓✓

Retail markets are also called consumer markets ✓✓

Producers observe the consumers' behaviour in order to provide good that the consumers demand more ✓✓.

Consumers influence the production and the quality of goods through the decisions they make of to buy or not to buy. ✓✓

Services markets ✓✓

Services are bought by consumers, businesses and public sector. ✓✓

Services rely more on communication networks unlike retail markets who depend on transport. ✓✓

Max 26 marks

BODY: ADDITIONAL PART

All aspects of basic problem of choice may be resolved in the following ways:

Custom: Choice may be guided by custom in some societies. ✓✓

Consumption and production may be organised according to traditional patterns. ✓✓

The state: In some societies the choice is exercised by the Government. ✓✓

The market: The choices in other society may be guided by demand and supply. ✓✓

Max 10

marks

CONCLUSION

The basic problem of choice is depended on the different societies thus determining the type of goods consumed in different society; this also has a direct relation to economics process. ✓✓ (Accept any relevant conclusion) **max 2 marks**

[40]



QUESTION 5

- Discuss the role of the four participants in an open economy.
(26)
- Is it important to have foreign sector in the South African economy?
Motivate your answer. (10)

INTRODUCTION

The circular flow model is a model of an economy showing how the participants in an economy interact with one another. ✓✓ (2)

BODY: MAIN PART

The participants:

Households

Also known as consumers. ✓✓

Are the primary economic participants, because they own directly and indirectly the factors of production namely land, labour, capital and entrepreneurship. ✓✓

Consumers have needs, which are satisfied through the consumption of goods and services which they purchase from the firms. ✓✓

Consumers' demand for goods and services stimulate economic activity by prompting firms and the state to produce goods and services. ✓✓

Consumers sell their factors of production to firms in return for remuneration ✓✓ (wages, rent, interest and profit).

Firms

Also known as businesses or producers. ✓✓

They purchase the factors of production from the households in the factor Market. ✓✓

They use the factors of production to produce goods and services ✓✓, which they then sell on the goods market to households. ✓✓

Firms are motivated by the profit-motive. ✓✓

Government

Also known as the state or public sector. ✓✓

Governments act to provide goods and services which cannot be provided by Firms. ✓✓

The state also has certain functions and roles to play in the economy ✓✓, for example, protection services, social services and economic services. ✓✓

Governments receive revenue from firms and households in the form of taxes and revenue from state-owned property and state-owned enterprises. ✓✓

Foreign sector

The foreign sector so that countries can trade with each other. Because natural resources are unevenly distributed of goods and services. ✓✓

Foreign exchange any currency other than the local currency that is used in setting international transactions. ✓✓



Systems of trading in converting the currency of one country into that of another foreign currency. ✓✓

Max 26

BODY: ADDITIONAL PART

Is it important to have foreign sector in the South African economy?

Motivate your answer.

There are two main reasons why we have to trade with each other. A country may have an absolute advantage in the production of two different products. ✓✓

This means one country can produce one of the products at a lower cost than its trading partner. ✓✓

Each country will then specialise in a particular production which it has absolute advantage. ✓✓

It will import the other product from the other country. ✓✓

Secondly countries trade because the opportunity cost involved in the production of two products are different. ✓✓

If one country can produce both products economically than another country then they will decide what to produce based on the comparative advantage. ✓✓

Max 10

Conclusion

It shows how their behaviour determines flow of income, spending and production in the economy. ✓✓

Accept any relevant conclusion (2)

TOTAL SECTION C: 40

GRAND TOTAL: 100

