



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

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**ECONOMICS P2
MARKING GUIDELINE**

MARKS: 150

This marking guideline consists of 17 pages.

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

- 1.1.1 D ✓✓ oligopoly
- 1.1.2 C ✓✓ Market demand
- 1.1.3 B ✓✓ Nationalisation
- 1.1.4 A ✓✓ maximum price
- 1.1.5 A ✓✓ structural
- 1.1.6 B ✓✓ Mechanisation
- 1.1.7 C ✓✓ Basic Conditions of Employment Act
- 1.1.8 D ✓✓ DBSA (8 x 2) (16)

1.2 MATCHING ITEMS

- 1.2.1 I ✓ the demand and supply curves intersect
- 1.2.2 A ✓ goods that are consumed with other goods
- 1.2.3 D ✓ is the basic problem faced by all people and all nations of the world
- 1.2.4 G ✓ goods and services needed by the whole community to improve welfare
- 1.2.5 B ✓ it usually relates to the levels of people's income
- 1.2.6 F ✓ when a person works fewer hours or days than he is willing to work
- 1.2.7 E ✓ tries to regulate the relationship between employees and employers
- 1.2.8 C ✓ authoritative body on skills development within a certain economic sector (8 x 1) (8)

1.3 ONE WORD ITEMS

1.3.1 Opportunity cost ✓

1.3.2 Production possibility curve ✓

1.3.3 Centrally-planned economy / Socialism ✓

1.3.4 Retrenchment ✓

1.3.5 Migration ✓

1.3.6 Entrepreneurs ✓

(6 x 1) (6)

TOTAL SECTION A: 30



SECTION B**QUESTION 2: MICROECONOMICS****40 MARKS – 30 MINUTES****2.1 2.1.1 Name TWO advantages of subsidies.**

- To benefit poorer people because subsidies enable producers to keep the price of the product lower. ✓
- To benefit the producers of certain goods that are exported by allowing producers to charge lower price overseas. ✓
- To increase employment and make jobs more secure. ✓
- Can prevent a decline in the supply of an essential product or service, e.g. maize ✓
- Enable people to enjoy a minimum standard of living, example old age pensioners ✓

(Any correct relevant answers)

(Any 2 x 1)

(2)

2.1.2 What impact will the entry of new producers have on the market?

- Supply of goods and services will increase leading to a decrease in price. ✓✓

(Any correct relevant answers)

(2 x 1)

(2)

2.2 DATA RESPONSE**2.2.1 Give ONE factor that can influence the demand for a product.**

- The price of the product ✓
- The income of consumers ✓
- The weather ✓
- A change in fashions ✓
- A change in the price of a related product ✓
- A change in the size of the population ✓

(Any correct relevant answer)

(1 x 1)

(1)

2.2.2 How are prices determined in a free market economy?

- By market forces/forces of demand and supply ✓

(1)

2.2.3 Briefly explain the term *supply*.

- Supply is the total quantity of a good or service that a producer/seller is willing and able to sell at a certain price during a given period of time. ✓✓

(2 x 1)

(2)

2.2.4. **Describe value in exchange as displayed by the above cartoon.**

The amount people are prepared to pay for something in terms of money or other goods and services. ✓✓ / The value in exchange is called the price of a product. ✓✓ (2)

2.2.5 **Why do demand curves slope downwards from left to right?**

- Prices are inversely related to quantity ✓✓
- When prices increase quantity demanded decreases and when prices decrease quantity demanded increases ✓✓ (4)

2.3 **DATA RESPONSE**

2.3.1 **What is the current VAT rate in South Africa?**

- 15% ✓ (1)

2.3.2 **Give any other type of indirect tax except VAT.**

- Excise duty ✓
- Customs duties / import duties ✓
- Transfer duty ✓
- Sin tax ✓ (1 x 1) (1)

2.3.3 **Briefly describe the term *indirect tax*.**

- Indirect tax is the expenditure tax on the consumption of goods/services ✓✓
- It is a tax that is not directly related to the personal circumstance of the tax payer ✓✓
- It is paid by individuals through the purchasing of goods and services ✓✓ (Any 1 x 2) (2)

2.3.4 **Explain the *welfare* as one of the methods of government intervention.**

- The government provides services and makes payments to people in South Africa who are poor. ✓✓
- Welfare grants are a form of a transfer payment, government takes from the rich and gives to the poor for them to be able to maintain a minimum living standard. ✓✓
- Paying social welfare grants to the poor citizens. ✓✓
- Providing free healthcare and education. ✓✓
- Providing school meals at no fee schools. ✓✓ (Any correct relevant answer) (Any 1 x 2) (2)

2.3.5 **How do increased tax rates contribute to the decrease in living standard of the society?**

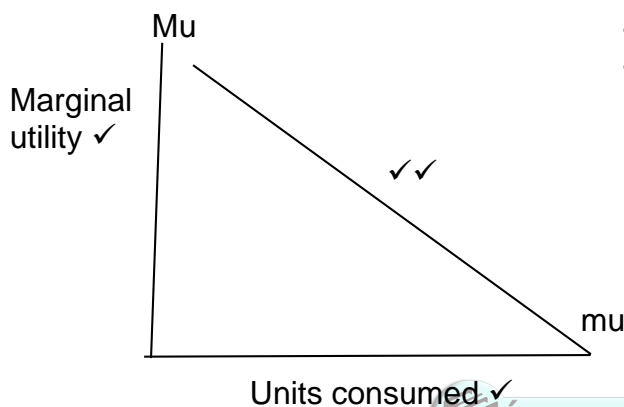
- A rise in the tax rate will lead to a decrease in disposable income. ✓✓
- That leads to the inability of purchasing basic goods and services e.g. food and clothing. ✓✓
- Inability to buy basic goods and services leads to a decline in living standard. ✓✓

(Any correct relevant answers)

(2 x 2)

(4)

2.4 **With the aid of a well labelled graph explain the law of diminishing marginal utility.**



4 marks for the graph

4 marks for the explanation

- The Law of diminishing marginal utility states that as consumption increases, the marginal utility decreases. ✓✓
- As the quantity consumed increases, so the satisfaction gained from each additional unit becomes less. ✓✓

(8)

2.5 **Evaluate the effects of implementing a minimum wage.**

- People are being paid a more equitable and fair wage for their services. ✓✓
- Poverty maybe reduced as the low paid gain more income. ✓✓
- The unemployed are encouraged to join the labour market. ✓✓
- Higher minimum wages lead to an increase in consumer spending, ✓✓ it could cause a degree of demand-pull inflation as well. ✓✓
- Minimum wage makes sure that companies share their wealth with the employees who assisted in generating it. ✓✓
- There is a surplus of labour being offered in the market. ✓✓
- Damages the competitiveness of some firms, due to the higher cost of production. ✓✓

(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 types of unemployment.

- Frictional ✓
 - Cyclical ✓
 - Seasonal ✓
 - Structural ✓
- (2 x 1) (2)

3.1.2 How important is the Unemployment Insurance Fund?

- It gives short term relief to workers when they become unemployed. ✓✓
 - It provides relief to the dependents of a deceased contributor. ✓✓
(Accept any other relevant response)
- (2 x 1) (2)

3.2 DATA RESPONSE

3.2.1 What does the abbreviation EAP stands for?

Economically Active Population (1)

3.2.2 Which institution releases the unemployment figures above?

Stats SA ✓ (1)

3.2.3 Briefly describe the term **unemployment rate**.

The number of unemployed people expressed as a percentage of the total labour force / EAP ✓✓ (2)

3.2.4 What kind of social problems does unemployment lead to?

- More poverty ✓✓
 - Inability to provide for families ✓✓
 - Increase in crime rate ✓✓
 - Lower standard of living ✓✓
 - Decrease in self-respect and confidence ✓✓
 - A persons pride and dignity is negatively affected ✓✓
 - Poor physical and psychological health ✓✓
- (2)

3.2.5 Use the information above to calculate the unemployment rate. Show ALL calculations.

$$\frac{\text{Number of unemployed}}{\text{Economically Active Population}} \times 100 \checkmark$$

$$= \frac{6,1}{22,6} \times 100 \checkmark$$

$$= 26,99\% \text{ of } 27\% \checkmark \checkmark \quad (4)$$

3.3 DATA RESPONSE

3.3.1 Identify the equilibrium wage rate.

- R500 ✓ (1)

3.3.2 From the graph, what would the labour surplus be?

200 – 100 = 100 ✓ /100 ✓ (Max. 1 mark) (1)

3.3.3 Briefly define the term *labour market*.

Labour market also known as job market refers to the supply and demand for labour in which employees provide the supply and employers the demand. ✓✓ (2)

3.3.4 What would be the impact on the labour market if the size of the population increases?

The supply curve will shift to the right ✓✓ as the size of the labour force has increased.

There will be greater demand for labour good/services and for labour. ✓✓

(Any other relevant response is accepted) (2 x 1) (2)

3.3.5 Why is it important for employees to join trade unions?

- Trade unions negotiate with employers on behalf of members to improve wages, benefits such as improved pensions and medical benefits, working conditions, health and safety conditions. ✓✓
- Trade unions work towards reducing any loss of jobs through retrenchment. ✓✓
- Help members to resolve grievances. ✓✓
- Represent members in labour disputes. ✓✓

(Accept any other relevant response) (Any 2 x 2) (4)

3.4 Briefly discuss/tabulate conventions that are essential to achieve improved conditions in the workplace.

Conventions	Explanation
<ul style="list-style-type: none"> • Freedom of association and Protection of the Right to Organise ✓ Convention • The Collective Bargaining Convention ✓ 	A person can belong to any lawful group or associate with any person or type of people that he or she chooses. ✓✓
<ul style="list-style-type: none"> • Forced Labor Convention ✓ • The Abolition of Forced Labour Convention ✓ 	All necessary measures must be taken to prevent forced labour and provide that wages are paid regularly and rights are respected. ✓✓
<ul style="list-style-type: none"> • Discrimination Convention ✓ • Equal Remuneration Convention ✓ 	Unlawful discrimination must be eliminated. ✓✓
<ul style="list-style-type: none"> • Minimum Age Convention ✓ • Worst Forums of Child Labour Convention ✓ 	Support for children by providing education and assisting their families with training and employment opportunities. ✓✓

NOTE: A maximum of 4 marks for listing conventions

(4 x 2)

(8)

3.5 How can the government improve the condition of marginalised groups in South Africa?

- The employment Equity Act is part of the government policy to create fairness in employment. ✓✓
- The purpose of the Employment Equity Act is to achieve equality in the workplace by:
 - removing unfair discrimination ✓✓
 - implementing a policy of affirmative action so that these people can get employment ✓✓
- BEE policy also help to increase the income and wealth of marginalised people ✓✓
- The Skills Development Act lays down a plan to improve skills by setting up the SETAs for each industry ✓✓
- The provincial Education Departments have set up adult education programmes ✓✓ that are aimed at those people who were not able to complete their school education ✓✓

(Any correct relevant answer)

(Any 4 x 2)

(8)

[40]

QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 30 MINUTES

4.1 4.1.1 **Name any TWO characteristics of an indifference curve.**

- Indifference curves are downward sloping ✓
 - Higher indifference curves are preferred to lower ones ✓
 - They do not cross ✓
 - They bend inwards / they are convex ✓
- (Any correct relevant answer)

(Any 2 x 1) (2)

4.1.2 **How could wages affect the demand for labour?**

- When wage levels fall, more labour is demanded ✓✓
- When wage levels rise, less labour is demanded ✓✓

(1 x 2) (2)

4.2 **DATA RESPONSE**

4.2.1 **Which market structure is depicted by the cartoon above?**

- Perfect market ✓/ perfect competition ✓

(1)

4.2.2 **Identify ONE characteristic of the market structure mentioned in the above extract.**

- Many tomato vendors and buyers ✓
- The prices of all vendors are the same for the demanded quantity ✓

(1)

4.2.3 **Briefly describe a monopoly.**

- There is only one supplier of a product and there is no way that consumers could substitute something else for that product, as it is unique. ✓✓

(2)

4.2.4 **Briefly explain *heterogeneous product* as a characteristic of imperfect markets.**

The products in the market are different from each other. ✓✓

(2)

4.2.5 **How would the absence of competition affect the economy?**

- Absence of competition leads to high prices ✓✓
 - Decrease on demand of goods and services ✓✓
 - Decline in production of goods and services
 - Decline in economic growth ✓✓
 - High unemployment levels ✓✓
 - Limited choice for consumers ✓✓
 - Production of high quality goods is compromised ✓✓
- (Any correct relevant answer)

(2 x 2) (4)

4.3 DATA RESPONSE

4.3.1 What does CCMA stand for?

- Commission for Conciliation, Mediation and Arbitration ✓ (1)

4.3.2 Why according to the extract was George's dismissal considered unfair?

- Because the presiding officer who investigated the allegations against him and found him guilty, was hired through the same attorneys who conducted the probe ✓ (1)

4.3.3 Briefly describe the term *bargaining council*.

- It the organisation which facilitates the negotiation process between unified employees (typical trade unions) and employers on matters such as working conditions and wages (2)

4.3.4 Why does the Labour Appeal Court have greater power than the Labour Court?

- It can hear appeals against Labour Court decisions ✓✓
- It can make final decisions which are legal and binding ✓✓
- It can deal directly with matters normally dealt with by Labour Court ✓✓ (1 x 2) (2)

4.3.5 What would the results of an unsuccessful mediation process be?

- When conciliation fails, a party may request the CCMA to resolve the dispute by arbitration. ✓✓
 - At an arbitration hearing, a commissioner gives both parties an opportunity to fully state their cases. ✓✓
 - The decision, called the arbitration award, is legally binding on both parties ✓✓
- (Any correct relevant answer) (2 x 2) (4)

4.4 Discuss any internal reasons why a PPC will move outwards.

- **Production technique:** ✓ an improved production technique can cause an outward movement of the PPC because of more efficient production. ✓✓
 - **Technology:** ✓ new improved technology can cause a shift of the PPC because of an increased production level. ✓✓
 - **Motivated employees:** ✓ the attitude of employees can cause an outward movement of the PPC ✓✓
 - **In-house training:** ✓ an improvement in the skills level of the employees means they would be able to produce more ✓✓
 - (Any correct relevant answers)
- NOTE: A maximum of 4 marks for mere listing** (4 x 2) (8)

4.5 How successful is Black Economic Empowerment (BEE) in terms of redressing the inequalities brought about by apartheid?

BEE is successful in terms of redressing the inequalities brought by apartheid because it has:

- achieved a substantial change in the racial composition of ownership and management structures ✓✓ and in the skilled occupations of existing new enterprises ✓✓
- promoted access to finance for black economic empowerment ✓✓
- ensured that black-owned enterprises benefit from the government's preferential procurement policies ✓✓
- empowered rural and local communities by enabling them access to economic activities, land, infrastructure, ownership and skills ✓✓
- managed to increase the extent to which black woman own and manage existing and new enterprises ✓✓

(Any correct relevant answer)

(4 x 2)

(8)

[40]

TOTAL SECTION B: 80



SECTION C

Your answer will be assessed as follows:

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

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

- Discuss the factors that influence the supply of products. (26)
- How does an increase in the price of the petrol affect producers and consumers? (10)

INTRODUCTION

Supply exists only when producers are willing and able to offer goods and services for sale. ✓✓

(Accept any other suitable introduction)

Max. (2)

BODY**MAIN PART:****Factors that influence the supply of products**

- **The price of the product** ✓
When prices increase, suppliers are willing to supply more ✓✓
When prices decrease, suppliers put fewer products on the market ✓✓
 - **The cost of production (wages and other inputs)** ✓
A decrease in the cost of production enables suppliers to increase supply ✓✓
An increase in the cost of production means that there is a decrease in supply ✓✓
 - **A change in technology** ✓
New technology often allows greater production at lower costs ✓✓
Use of inefficient technology makes production more expensive and costs go up ✓✓
 - **Weather conditions** ✓
Ideal weather conditions result in greater production ✓✓
Poor weather conditions lead to lower production ✓✓
 - **The number of producers in the industry** ✓
Supply is greater when there are many producers ✓✓
Supply is lower when there are only a few producers ✓✓
 - **Level of productivity and efficiency** ✓
Highly productive processes and workers can produce more at a lower cost ✓✓
Where productivity is low, costs are high and volume of production is lower ✓✓
 - **Strikes and other disruptions** ✓
Where there are fewer hold-ups in production time, there would be greater supply ✓✓
Where there are many factors that disrupt production, supply would be lower ✓✓
- (Accept any relevant fact)** Max. (26)

ADDITIONAL PART

How does an increase in the price of the petrol affect producers and consumers?

- Increases the cost of transporting goods and services ✓✓
- Producers transfer the costs to consumers by increasing the price ✓✓
- Supply tends to decrease because of a decrease in demand ✓✓
- Consumers tend to demand less because of an increase in price ✓✓
- Less demand of goods may lead to a decline in economic activities and economic growth ✓✓

Max. (10)

CONCLUSION

In general, sellers will supply more of a good at higher prices than at lower prices. Suppliers need to use cost-effective measures during the production process so as to be able to charge competitive price.

(Accept any other relevant higher order conclusion)

Max. (2)
[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- **Discuss the elements of macroeconomic adaptations under the following headings:**
 - **Economic performance**
 - **Employment**
 - **Income inequality**
- Max. (26)
- **Why do many organisations in the private sector actively encourage new entrepreneurs?**
- (1) (10)
[40]

INTRODUCTION

The process of economic redress needed to truly transform South Africa after 1994 would not have been possible without certain changes or adaptations to the country's macroeconomics. ✓✓

(Accept any other suitable introduction)

Max. (2)

BODY**MAIN PART:****Economic performance**

- Reconstruction and Development Programme (RDP) ✓
This was implemented after 1994 with the aim of removing racial discrimination from the economic and social structure of South Africa ✓✓
as well as addressing poverty and inequality. ✓✓

Growth Employment and Redistribution Policy (GEAR) ✓

GEAR was implemented in 1996 ✓✓ with the following goals:

- To stimulate economic growth in order to generation employment ✓✓
- To redistribute income between rich and poor ✓✓
- To make sure of social services (health and education) are available to all ✓✓
- To enable an environment in which home are secure and places of work are productive ✓✓

Accelerated and Shared Growth Initiative for South Africa (ASGISA) ✓

- The objectives of the RDP and GEAR policies were not fully met and ASGISA was launched in 2006 ✓✓
- The main aim of ASGISA is to accelerate economic growth ✓✓
to an average of at least 6% between 2010 and 2014 and to halve unemployment and poverty by 2014 ✓✓

The New Growth Path (NGP) ✓

- Implemented in 2010, the main aim of the NGP is to create 5 million jobs and reduce unemployment from 25% to 15% before 2020 ✓✓

Employment

After 1994, a number of new jobs were created in the formal and informal sectors of creating of the economy. ✓✓

Expanded Public Works Programme (EPWP) ✓

- This was launched in 2004 with the purpose of creating employment opportunities for the poor and the vulnerable. ✓✓
- This is done through integrated and co-ordinated labour-intensive methods for public sector delivery of infrastructure projects and service provision. ✓✓

Joint Initiative for Priority Skills Acquisition (JIPSA) ✓

JIPSA was launched in 2006 as the skills empowerment arm of ASGISA. ✓✓

Income inequality

- Although much progress has been made in reducing inequality in South Africa, there is still a very large gap between rich and poor. ✓✓
- The macroeconomic policy post-1994 focuses strongly on economic growth and black economic empowerment. ✓✓
- Minimum wages were implemented in industry and also for farm and domestic workers. ✓✓

Max. (26)

ADDITIONAL PART**Why would the government actively encourage new entrepreneurs?**

- New entrepreneurs come up with new ideas ✓✓
 - Old products will be revamped and new products will be created ✓✓
 - More successful entrepreneurs would mean more jobs ✓✓
 - More consumers will have money to spend on goods and services ✓✓
 - This in turn leads to more profits for owners of businesses ✓✓
 - Economic growth will take place ✓✓
 - Less unemployment will reduce poverty and crime ✓✓
- (Accept any other correct relevant response.)

(10)

CONCLUSION

South Africa has one of the largest gaps between the rich and the poor. There are policies in place to change this, but more focus must be given to improving human capital. ✓✓

(Accept any other relevant higher order conclusion.)

Max. (2)

TOTAL SECTION C: 40
GRAND TOTAL: 150