



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

ECONOMICS

EXAMINATION GUIDELINES



GRADE 12

2017

These guidelines consist of 29 pages.

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1. INTRODUCTION

The Curriculum and Assessment Policy Statement (CAPS) for Economics outlines the nature and purpose of the subject Economics. This guides the philosophy underlying the teaching and assessment of the subject in Grade 12.

The purpose of these Examination Guidelines is to:

- Provide clarity on the depth and scope of the content to be assessed in the Grade 12 National Senior Certificate (NSC) Examination in Economics.
- Assist teachers to adequately prepare learners for the examinations.

This document deals with the final Grade 12 external examinations. It does not deal in any depth with the School-Based Assessment (SBA).

These Examination Guidelines should be read in conjunction with:

- *The National Curriculum Statement (NCS) Curriculum and Assessment Policy Statement (CAPS): Economics*
- *The National Protocol of Assessment: An addendum to the policy document, the National Senior Certificate: A qualification at Level 4 on the National Qualifications Framework (NQF), regarding the National Protocol for Assessment (Grades R–12)*
- The national policy pertaining to the programme and promotion requirements of the National Curriculum Statement, Grades R–12



NOTE: Items marked with an asterisk (*), reflect changes or adjustments to the previous Examination Guidelines (2014).

All topics where 'discuss in detail/examine in detail/compare and contrast in detail' appear, may be regarded as essay topics for the next three-year cycle.

2. ASSESSMENT IN GRADE 12

2.1 Format of the question papers

CLASSIFICATION OF TOPICS FOR THE GRADE 12 ECONOMICS QUESTION PAPERS

ECONOMICS GR.12	
PAPER 1	PAPER 2
150 MARKS – 2 HOURS	150 MARKS – 2 HOURS
MAIN TOPIC: MACROECONOMICS	MAIN TOPIC: MICROECONOMICS
SUBTOPICS: <ul style="list-style-type: none"> • Circular flow • Business cycles • Public sector • Foreign exchange markets • Protectionism and free trade 	SUBTOPICS: <ul style="list-style-type: none"> • Perfect markets • Imperfect markets • Market failures
MAIN TOPIC: ECONOMIC PURSUITS	MAIN TOPIC: CONTEMPORARY ECONOMIC ISSUES
SUBTOPICS: <ul style="list-style-type: none"> • Growth and development • Industrial development policies • Economic and social performance indicators 	SUBTOPICS: <ul style="list-style-type: none"> • Inflation • Tourism • Environmental sustainability

2.2 Details of question papers

- Each paper carries 150 MARKS.
- The duration of each paper is 2 HOURS.
- Each paper comprises SIX QUESTIONS divided into three sections.
Of the six questions only FOUR must be answered as follows:
 - SECTION A: QUESTION 1 is COMPULSORY.
 - SECTION B: Consists of THREE questions: QUESTIONS 2–4 of which the candidate must choose only TWO
 - SECTION C: Consists from TWO questions: QUESTIONS 5–6 of which the candidate must choose only ONE
- The above papers must NOT be written on the same day.
- The detailed requirements of each section (per question paper) are indicated on the next page.

SECTION A (COMPULSORY)**TOTAL: 30****QUESTION 1 (TO BE ANSWERED IN THE ANSWER BOOK – NOT ON THE ANSWER SHEET PROVIDED, AS IT DOES NOT SUIT THE REQUIREMENTS OF SECTION A)**

- 1.1 ***MULTIPLE-CHOICE ITEMS** (lower order)
WITH 4 POSSIBLE options per main topic = 8 items (2 marks per item)(8 x 2) (16)
- 1.2 **MATCHING ITEMS (COLUMN A AND B)** (lower order)
FOUR items per main topic = 8 items (1 mark per item) (8 x 1) (8)
- 1.3 **GIVE THE TERM** (middle/lower order)
THREE items per main topic. (6 x 1) (6)

Although the questions are lower order, they may be classified as EASY, MODERATE or DIFFICULT.

SECTION B (ANSWER TWO QUESTIONS IN THIS SECTION)**TOTAL: 80****QUESTIONS 2 – 4 (THREE QUESTIONS)**

*ONE question per MAIN TOPIC and ONE combination question (marks **not necessarily equally distributed** between the 2 MAIN TOPICS in the combination question).

- 2.1 Short items
- 2.1.1 Lower order (2 ITEMS) Name TWO. (2 x 1) (2)
- 2.1.2 Middle order (1 ITEM), e.g. How, why and what. (1 x 2) (2)
- 2.2–2.3 TWO data response questions (middle order), e.g. Study the following graph/cartoon/table/extract/real data and answer the questions that follow. (10 x 2) (20)
- (Items in the data response questions must be 'scaffolded' from easy to difficult: 2 marks easy, 4 marks moderate and 4 marks difficult)
- 2.4 ONE single question (middle order), e.g. explain, discuss, distinguish or differentiate between. (8)
- 2.5 ONE single question (higher order), e.g. How, Why, Draw a fully labelled graph and explain, calculate. Express an opinion. (8)

With regard to *what*, *how* and *why* questions, learners must be guided by the mark allocation when answering the question. E.g. *Why ... (2 marks)* will require ONE discussion point and *Why ... (8 marks)* will require THREE to FOUR discussion points depending on examples give.

Responses must give effect to the contextual demands of the question!

[40]

SECTION C (ANSWER ONE QUESTION IN THIS SECTION

TOTAL: 40

QUESTIONS 5–6 (TWO ESSAY QUESTIONS) ONE question per MAIN TOPIC

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

2.3 Cognitive-level grid

MAIN TOPICS		SECTION A			SECTION B					SECTION C	
		Multiple choice	Matching Items A and B	Give the term	Short items		Data response	Single Questions		Essay Questions	
		Lower	Lower	Lower	Lower	Middle	Middle	Middle	Higher	Lower	Higher
PAPER 1	Macroeconomics	4x2 = 8	4x1 = 4	3x1 = 3	2x1 = 2	1x2 = 2	2x10 = 20	8	8	10	30
	Economic Pursuits	4x2 = 8	4x1 = 4	3x1 = 3	2x1 = 2	1x2 = 2	2x10 = 20	8	8	10	30
	Macro and Pursuits				2x1 = 2	1x2 = 2	2x10 = 20	8	8		
	TOTAL	16	8	6	4	4	40	16	16	10	30
PAPER 2	Microeconomics	4x2 = 8	4x1 = 4	3x1 = 3	2x1 = 2	1x2 = 2	2x10 = 20	8	8	10	30
	Contemporary Economics	4x2 = 8	4x1 = 4	3x1 = 3	2x1 = 2	1x2 = 2	2x10 = 20	8	8	10	30
	Micro and Contemporary				2x1 = 2	1x2 = 2	2x10 = 20	8	8		
	TOTAL	16	8	6	4	4	40	16	16	10	30

PAPER 1 & PAPER 2	COGNITIVE LEVELS		MARKS	%
	Lower Order (Levels 1 & 2)		44	29,3
	Middle Order (Levels 3 & 4)		60	40,0
	Higher Order (Levels 5 & 6)		46	30,7

NOTE: Cognitive-level deviations not to exceed 2,67%.

2.4 Higher-order questions

- **Features of higher-order questions:**

- Require learners to engage with unrehearsed or unfamiliar contexts.
- Ask for deep thinking.
- Grounded in lower-order skills and linked to prior knowledge of subject matter content.

- **Types of higher-order-thinking questions: (What? How? Why?)**

Analysis: These questions ask learners to dissect key information and analyse essential concepts, themes and processes.

For example:

- *How is x related to y?*
- *What are the major reasons for?*
- *What is the impact of b on c?*
- *What is the problem faced by ...?*
- *What is the main idea? Theme?*
- *What are some of the problems of ...?*
- *How is ... similar to/different from ...?*
- *Why did ... changes occur?*

Evaluation: These questions require learners to formulate and justify judgements and criticisms based upon clearly-articulated evaluative criteria.

For example:

- *Provide a better solution for ...?*
- *What are the consequences of ...?*
- *What are the pros and cons of ...?*
- *What are the alternatives for ...?*
- *How effective are...?*

Creativity/Synthesis: These questions require learners to formulate a holistic summary of key ideas; provide an integrated, cohesive, sustained response, make inferences; reformulate, reconstruct or create scenarios. Own voice is critical.

For example:

- *Based on these facts, what predictions would you make?*
- *Propose a solution to this problem.*
- *How can the errors be fixed?*
- *What alternative will you suggest ...?*

*POINTS TO CONSIDER WHEN MARKING HIGHER COGNITIVE QUESTIONS USING A MARKING GUIDELINE

- It is important to note that a marking guideline essentially gives the marker direction about what answers are acceptable. The learner does NOT have to present answers exactly as in the marking guideline (except objective-type questions). In terms of other questions (SECTION A, SECTION B, list, define, etc.) the essence of what the learners say must be covered by the marking guideline.
- When marking a particular question, e.g. 8 marks, it is important that the learner presents his/her answer in such a way that it answers the question.
- If a learner gives an example only, then 1 mark may be awarded. An explanation of the example can earn further marks.
- In an 8-mark question the maximum marks a learner can earn for examples and explanations should be 4 marks. The marker must check at all times whether the explanation given, answers the question. In higher-order short questions, a maximum of 2 marks (25%) will be allocated for merely listing of facts and examples.

- We need to guard against accepting information under a particular heading because it appears in the text. Sometimes the information does not relate to the question asked.
- It must be remembered that textbooks give more/less information about a topic than is required by the examination guidelines. In terms of the examination guidelines more than one question can be asked on a particular topic. The learner must be able to select/extract the relevant information and relate to it in the question.
- Sometimes textbooks have information under a heading that seems abstract when compared to the exam requirement. The important aspect to bear in mind is that not all information in the text may be relevant to the question.



3. CONTENT

MAIN TOPIC: MACROECONOMICS	
TOPIC 1: CIRCULAR-FLOW MODEL	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Present the circular-flow model as a macroeconomic model:</p> <p>1.1 The open-economy circular-flow model</p> <p style="padding-left: 20px;">- Equations</p> <p style="padding-left: 20px;">- Markets</p> <p>1.2 National account aggregates</p> <p style="padding-left: 20px;">National account conversions</p>	<p>(Focus: Relevant concepts, interaction between participants, markets, flows, injections, leakages and equilibrium in the economy)</p> <ul style="list-style-type: none"> • Briefly describe the concepts related to the circular flow. • Draw and interpret an open four-sector circular-flow diagram. • Discuss the 4 participants and inter relationships between them: <ul style="list-style-type: none"> - Household, business, state and foreign sector - Real flows and money flows - Show the relationship of the financial sector in the circular flow • Justify the equality: $L = J$ and indicate its component elements: <ul style="list-style-type: none"> - Injections ($J = I + G + X$) - Leakages ($L = S + T + M$) • Brief explanation of an economy in equilibrium: <ul style="list-style-type: none"> - $Y = C + I + G + (X - M)$ • Relate aggregate spending (consumption) to income. • Explain concepts autonomous consumption and marginal propensity to consume (mpc) • <i>Discuss in detail</i> the markets within the FOUR-SECTOR model: <ul style="list-style-type: none"> - Factor markets: (labour, resource, capital) - Product markets: (consumer and capital goods, durable, semi-durable and non-durable) - Financial (monetary and capital) - Foreign exchange market - Link the operation of financial and foreign exchange markets to the participants of the circular flow <p>(Focus: Relevant concepts, deducing, interpretation, analyses of aggregates and conversions)</p> <ul style="list-style-type: none"> • Briefly describe the concepts GDP and GNP • Briefly discuss the THREE methods to determine GDP: <ul style="list-style-type: none"> - Production GDP(P) - Income GDP(I) - Expenditure GDP(E) • Analyse, interpret and derive aggregates from data tables • Analyse the national account conversions: <ul style="list-style-type: none"> - Factor cost, basic prices, market prices - Taxes and subsidies on production - Taxes and subsidies on products - GDP to GNP • Explain the purpose of the System of National Accounts (SNA) as outlined by the United Nations (UN)

1.3 The multiplier	<p>(Focus: Relevant concepts, calculations, interpretation or graphical explanation)</p> <ul style="list-style-type: none">• Briefly describe the concept multiplier• Explain of the multiplier process. (Relate to circular flow and examples).• Calculate the value of the multiplier using the formulae:<ul style="list-style-type: none">- $\frac{1}{1-mpc}$- $\frac{1}{mps}$- $\frac{\Delta Y}{\Delta E}$• Application of basic formula• Graphical presentation to explain the multiplier. Draw the graph ...
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TOPIC 2: BUSINESS CYCLES	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Analysis and explanation of business cycles, and how they are used in forecasting.</p> <p>2.1 The composition and features of business cycles</p> <p>2.2 Explanations/Causes</p> <p>2.3 Government policy</p> <p>2.4 The new economic paradigm (smoothing of cycles)</p> <p>2.5 Features underpinning forecasting business cycles</p>	<p>(Focus: Relevant concepts, composition, explanation, government policies, new economic paradigm and features underpinning forecasting in respect of South African conditions)</p> <ul style="list-style-type: none"> • Briefly describe the concepts • Briefly explain the nature of business cycles • Demonstrate/Illustrate a typical business cycle • Use a diagram and briefly discuss the different phases in a business cycle • Broadly outline the real business cycle. <ul style="list-style-type: none"> • Discuss the exogenous (monetarist) explanation • Discuss the endogenous (Keynesian) explanation • Compare both explanations • Give a broad outline of the types of business cycles (Kitchin, Jugler, Kuznets and Konratieff) <ul style="list-style-type: none"> • Briefly explain the composition of the following policies: <ul style="list-style-type: none"> - Fiscal policy - Monetary policy <ul style="list-style-type: none"> • <i>Discuss in detail</i> 'The new economic paradigm'/Explain the 'smoothing of cycles' <ul style="list-style-type: none"> - Explain demand-side policies. <ul style="list-style-type: none"> ○ Explain clearly how monetary and fiscal policies (expansionary and contractionary) can be used in smoothing out business cycles ○ Relate to inflation (peak) and unemployment (trough) by using the Phillips curve - Explain supply-side policies and how aggregate supply can be stimulated through: <ul style="list-style-type: none"> ○ Reduction in costs ○ Improving efficiency in inputs ○ Improving efficiency in markets • Explain the effect of demand-side and supply-side policies using a graph (aggregate demand and aggregate supply). <ul style="list-style-type: none"> • Briefly describe the relevant concepts • <i>Discuss in detail</i> the features underpinning forecasting: <ul style="list-style-type: none"> - Indicators <ul style="list-style-type: none"> ○ Leading ○ Coincidence ○ Lagging ○ Composite - Length of a cycle - Amplitude - The trend line - Extrapolation - Moving averages • Use a diagram and discuss the cycle length, amplitude and the trend line as features underpinning forecasting.

TOPIC 3: PUBLIC SECTOR	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Evaluate the role of the public sector in the economy with special reference to its socio-economic responsibility in the South African context</p> <p>3.1 The composition and necessity of the public sector</p> <p>3.2 Problems of public sector provisioning</p> <p>3.3 Objectives of the public sector</p> <p>3.4 Budgets</p> <p>3.5 Fiscal policy (including Laffer curve)</p> <p>3.6 Public sector failure</p>	<p>(Focus: Composition and necessity of public sector, problems of public sector provisioning, objectives, fiscal policy and reasons for public sector failure)</p> <ul style="list-style-type: none"> • Briefly describe the composition of the public sector • Outline the necessity of the public sector: <ul style="list-style-type: none"> - To supply public goods - To conserve resources - To manage the economy • <i>Discuss in detail</i> how each of the following factors contributes to poor public sector provisioning: <ul style="list-style-type: none"> - Accountability - Efficiency - Assessing needs - Pricing policy - Parastatals - Privatisation/Nationalisation • <i>Discuss in detail</i> the main objectives of the public sector in the economy <ul style="list-style-type: none"> - Economic growth - Full employment - Exchange rate stability - Price stability - Economic equity • Broadly outline the various budgets • Emphasise public debt as a % of GDP • Analyse current main budget data relating to: <ul style="list-style-type: none"> - Taxes - Sources of income - Expenditure allocation - Personal income tax tables (tax calculation) • Differentiate between MTEF and MTBPS • Identify how social rights are embedded in the budgets of the South African government • Briefly discuss the following: <ul style="list-style-type: none"> - The main variables (tax and government expenditure) - Features of fiscal policy: goal-bound, demand-based, cyclical • Discuss the effects of fiscal policy. <ul style="list-style-type: none"> - Income distribution - Consumption - Price level - Incentives/Disincentives in relation to the Laffer curve - (Draw and interpret the Laffer curve) - Discretion • Briefly explain the key features of public sector failure. <ul style="list-style-type: none"> - Ineffectiveness - inefficiency

	<ul style="list-style-type: none">• Briefly explain the following reason(s) for public sector failure and link them to typical problems experienced through public sector provisioning:<ul style="list-style-type: none">- Management failure- Apathy- Lack of motivation- Bureaucracy- Politicians- Structural weaknesses- Special interest groups • Broadly outline the following effects of public sector failure:<ul style="list-style-type: none">- Allocation of resources- Economic instability- Distribution of income- Social instability <p>Infuse where appropriate: national macroeconomic policy and service delivery with regard to socio-economic rights, education, health and the environment, social security, convention of the rights of the child, taxation and compensation for human rights abuses.</p>
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TOPIC 4: FOREIGN EXCHANGE MARKETS	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Examination of the foreign exchange market, the establishment of exchange rates, and show how the Balance of Payments Account is affected</p> <p>4.1 The main reasons for international trade</p> <p>4.2 The Balance of Payments</p>	<p>(Focus: Reasons for and effects of international trade, balance of payments, foreign exchange, foreign exchange markets and the correction of disequilibria in the foreign exchange market)</p> <ul style="list-style-type: none"> • Discuss the following demand reasons: <ul style="list-style-type: none"> - Size of population - Income levels - Change in the wealth of the population - Preferences and taste - The difference in consumption patterns • Discuss the following supply reasons: <ul style="list-style-type: none"> - Natural resources - Climatic conditions - Labour resources - Technological resources - Specialisation - Capital • Briefly discuss the following effects of international trade: <ul style="list-style-type: none"> - Specialisation - Mass production - Efficiency - Globalisation • Briefly describe the concepts • Determine the value of the BoP • *Explain the composition of the current BoP (which changed recently) in terms of the different accounts: <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. CURRENT ACCOUNT Goods exports + Net gold exports + Services receipts + Income receipts less Merchandise imports less Payment for services less Income payments Current transfers (net receipts) Balance on Current Account Memo item: trade balance</p> <p>2. CAPITAL TRANSFER ACCOUNT</p> <p>NET LENDING TO (+) OR BORROWING FROM (-) REST OF THE WORLD</p> <p>3. FINANCIAL ACCOUNT Net direct investment Net portfolio investment Net financial derivatives Net other investments Reserve assets Balance on Financial Account Memo item: balance on Financial Account excluding reserve assets Unrecorded transactions</p> </div>

<p>4.3 Corrections of Balance of Payments surplus and deficit (disequilibria)</p>	<ul style="list-style-type: none"> • Briefly describe the concepts: corrections and deficit/disequilibria • Briefly discuss the different measures to correct the BoP: <ul style="list-style-type: none"> - Interest rates - Import controls - Borrowing and lending - Change in demand - Export promotion - Import substitution - Change in exchange rates
<p>4.4 Foreign exchange markets</p>	<ul style="list-style-type: none"> • Briefly describe the concepts (types of exchange rates, appreciation, depreciation, devaluation, revaluation, foreign exchange control) • Supply and demand of foreign exchange <ul style="list-style-type: none"> - Factors affecting demand - Factors affecting supply - Exchange rate equilibrium - Changes to equilibrium (draw and interpret graphs) - Interventions in the market
<p>4.5 The establishment of foreign exchange rates</p>	<ul style="list-style-type: none"> • Briefly explain the following exchange rate systems: <ul style="list-style-type: none"> - Free floating - Managed floating - Fixed • Describe the terms of trade under the following headings: <ul style="list-style-type: none"> - Description - Formula - The effect on the economy



ONLY FOR TOPIC 4 (FOREIGN EXCHANGE MARKETS):

NO ESSAYS WERE IDENTIFIED FOR THE NEXT THREE-YEAR CYCLE.

TOPIC 5: PROTECTIONISM AND FREE TRADE	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p><u>Discussion of protectionism and free trade; Evaluate South African international trade policies and major protocols in terms of the following:</u></p> <p>5.1 Export promotion 5.2 Import substitution</p> <p>5.3 Protectionism</p> <p>5.4 Free trade</p> <p>5.4 A desirable mix</p> <p>5.5 An evaluation</p>	<p>(Focus on export promotion, import substitution, protectionism and free trade)</p> <ul style="list-style-type: none"> • <u>Discuss in detail</u> export promotion and import substitution: <ul style="list-style-type: none"> - Definition - Methods - Reasons/Advantages - Disadvantages • Explain the arguments in favour of protection: <ul style="list-style-type: none"> - Industrial development - Infant industries - Stable wage levels and high standard of living - Increased employment - Self-sufficiency and strategic industries - Prevention of dumping - Stable exchange rates and BoP - Protection of natural resources • Briefly explain the following arguments in favour of free trade: <ul style="list-style-type: none"> - Specialisation - Economies of scale - Choices/Increased welfare - Innovations/Best practice - Improved international relations • Briefly describe the concept desirable mix • Briefly explain the desirable mix between: <ul style="list-style-type: none"> - Import substitution and export promotion - Protection and free trade • Explain trade liberalisation and the role of the World Trade Organisation (WTO) as part of globalisation <ul style="list-style-type: none"> • Briefly explain the different forms of economic integration (cite appropriate examples) • Briefly evaluate the following South Africa's trade policies: <ul style="list-style-type: none"> - Import substitution and export promotion - Protection and free trade • Briefly evaluate the successes and failures of the following South Africa's trade protocols: <ul style="list-style-type: none"> - Southern African Custom Union (SACU) - Multilateral Monetary Area (MMA) - Southern Africa Development Community (SADC) - African Union (AU) - European Union (EU) - Mercusor - AGOA - Japan – South Africa's Partnership Forum - Brazil, Russia, India, China and SA (BRICS)

MAIN TOPIC: MICROECONOMICS	
TOPIC 6: PERFECT MARKETS	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Examine the dynamics of perfect markets with the aid of cost and revenue curves</p> <p>6.1 Perfect competition</p> <p>6.2 Individual business and industry</p> <p>6.3 Market structure</p> <p>6.4 Output, profits, losses and supply</p> <p>6.4.1 Individual business</p> <p>6.4.2 The industry</p>	<div style="border: 1px solid black; padding: 5px;"> <p>NOTE:</p> <ol style="list-style-type: none"> 1. Review cost and revenue tables and curves done in Grade 11. 2. Distinguish between short and long term/run. </div> <ul style="list-style-type: none"> • Briefly describe the concept • Examine the characteristics of a perfect market. <ul style="list-style-type: none"> • Distinguish between individual businesses and the industry. • Use graphs to explain the derivation of the demand curve for the individual business. • Construct a revenue table to show that $D = P = AR = MR$ • Use graphs to explain profit maximisation using: <ul style="list-style-type: none"> - Total cost and total revenue curves - Marginal cost and marginal revenue curves • Derive the supply curve from cost curves <div style="border: 1px solid black; padding: 5px;"> <p>The examination of individual business and industry should be accompanied by an analysis of tables and graphs.</p> </div> <ul style="list-style-type: none"> • Briefly describe the concept • <u>Compare and contrast</u> the FOUR broad types of <u>market structures</u> (perfect competition, monopolistic competition, oligopoly and monopoly) <u>in detail</u> in terms of the following. <ul style="list-style-type: none"> - Number of businesses - Nature of product - Entrance - Control over prices - Information - Examples - Demand curve - Economic profit/loss - Decision-making - Collusion - Productive/Technical efficiency - Allocative efficiency <div style="border: 1px solid black; padding: 5px;"> <p>NOTE: This part of the syllabus should be discussed in detail on completion of all four market structures.</p> </div> <ul style="list-style-type: none"> • <u>Examine in detail</u> the various equilibrium positions with the aid of graphs. <ul style="list-style-type: none"> - Explain economic profit, economic loss, normal profit with the aid of graphs (short run) - Explain normal profit with the aid of a graph (long run) - Explain shutdown point using costs and revenue (FC, VC, TC, TR) and explain graphically (AR and AVC) <div style="border: 1px solid black; padding: 5px;"> <p>Show the relationship between the industry equilibrium positions and the individual firm's equilibrium positions with graphs, i.e. how entry and exit into the market influence equilibrium position from the short run to the long run.</p> </div>

6.5 Competition policies

- Briefly describe the **competition policies**
- Outline the **aims/objectives** of the competition policy
- Briefly describe SA's **anti-monopolistic policy**
- Briefly describe the Competition Act, 1998 (Act 89 of 1998), as amended
- Explain the role of the **Competition Commission, Competition Tribunal and Competition Appeal Court**
- Give your opinion of the successes/failures of the competition policy. (relate to current examples)



TOPIC 7: IMPERFECT MARKET	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Examine the dynamics of imperfect markets with the aid of cost and revenue curves</p> <p>7.1 The dynamics of imperfect markets with the aid of cost and revenue curves</p> <p>7.2 Monopolies</p> <p>7.3 Oligopolies</p> <p>7.4 Monopolistic competition</p> <p>7.5 Summary of market structures</p>	<ul style="list-style-type: none"> • Explain the following in an imperfect market: <ul style="list-style-type: none"> - Income/Revenue <ul style="list-style-type: none"> ○ Revenue schedule (a review) ○ Average and marginal revenue curves - Costs <ul style="list-style-type: none"> ○ Cost schedule (a review) ○ Average and marginal cost curves • <u>Discuss the monopoly in detail</u> • Briefly describe the concept <ul style="list-style-type: none"> - Emphasise and highlight good practical examples of businesses in this market • Examine the characteristics in detail • Distinguish between natural and artificial monopolies • Explain the downward slope of the demand curve (AR) • Explain the marginal revenue curve (Show the relationship between the demand curve (AR) and the MR curve graphically) • Explain, with the aid of graphs, economic profit and economic loss • Explain the long-run equilibrium position with the aid of a graph • Compare the monopoly with a perfect competitor in terms of demand curves, products, prices, output, equilibrium positions • <u>Examine the oligopoly in detail</u> • Briefly describe the concept <ul style="list-style-type: none"> - Emphasise and highlight good practical examples of businesses in this market • Examine the characteristics of the oligopoly • Briefly discuss non-price competition • Briefly discuss collusion (relate to current examples of collusive behaviour) <ul style="list-style-type: none"> - Distinguish between overt collusion (cartels) and tacit collusion (<i>price leadership</i>) • Broad outline of prices and production levels • Broad outline of the rationale of the kinked demand curve • Use the graph and briefly explain why oligopolists are reluctant to compete on prices. • Compare the oligopoly with a perfect competitor in terms of demand curves, products, prices, output, equilibrium positions and non-price competition. • Briefly describe the concept <ul style="list-style-type: none"> - Emphasise and highlight good practical examples of businesses in this market. - Briefly discuss product differentiation in this market • Examine the characteristics • Briefly discuss non-price competition (emphasise, amongst others, advertising, product differentiation and branding among other examples non-price competition) • Broad outline of prices and production levels • Compare all FOUR market structures (perfect competition, monopolistic competition, oligopoly and monopoly)

TOPIC 8: MARKET FAILURE	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Explain the reasons for and consequences of market failures, reflecting on the cost-benefit analysis</p> <p>8.1 The causes of market failures</p> <p>8.2 Consequences of market failures</p> <p>8.3 Cost-benefit analysis</p>	<ul style="list-style-type: none"> • <i>Discuss in detail</i> how the following factors lead to the misallocation of resources in the market: <ul style="list-style-type: none"> - Externalities - Missing markets - Imperfect competition - Lack of information - Immobility of factors of production - Imperfect distribution of income and wealth • Compare the following inefficiencies with the aid of a well-labelled graph: <ul style="list-style-type: none"> - Productive inefficiency - Allocative inefficiency • Describe the following with the aid of well-labelled graphs: <ul style="list-style-type: none"> - Negative externalities - Positive externalities • <i>Discuss in detail</i> state intervention as a consequence of market failures, with the aid of relevant graphs <ul style="list-style-type: none"> - Direct control - Imperfect markets - Minimum wages - Maximum prices - Minimum prices - Taxes and subsidies - Subsidies on goods and services - Redistribution of wealth - Government involvement in production • Briefly describe the concept cost-benefit analysis • Briefly describe the reasons for a CBA • Apply the CBA in practice

MAIN TOPIC: ECONOMIC PURSUITS	
TOPIC 9: ECONOMIC GROWTH AND DEVELOPMENT	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Compare South African growth and development policies in terms of international benchmarks; also highlight the North/South divide</p> <p>9.1 The demand-side approach</p> <p>9.2 The supply-side approach</p> <p>9.3 Approaches to growth and development policies used in South Africa</p> <p>9.4 The North/South divide</p>	<ul style="list-style-type: none"> • Distinguish between growth and development • <i>Discuss in detail</i> the demand-side approach in promoting growth and development in South Africa <ul style="list-style-type: none"> - Give an overview of the demand-side approach: <ul style="list-style-type: none"> ○ The monetary policy (interest rate changes, open market transactions, moral suasion) ○ The fiscal policy (progressive personal income tax, wealth tax, cash benefits, natural benefits, other redistribution, land restitution and redistribution, subsidies on property) • <i>Discuss in detail</i> the supply-side approach in promoting growth and development in South Africa <ul style="list-style-type: none"> - Give an overview of the supply-side approach: <ul style="list-style-type: none"> ○ Efficiency and effectiveness of markets ○ Business efficiency ○ The cost of doing business ○ The factors of production (natural resources, human resources, capital, entrepreneurship, technology) • Briefly evaluate the following South African growth and development policies and strategic initiatives: <ul style="list-style-type: none"> - Reconstruction and Development policy (RDP) - Growth, Employment and Redistribution Programme (GEAR) - National Skills Development Strategy (NSDS) - Accelerated and Shared Growth Initiative for South Africa (AsgiSA) - Joint Initiative on Priority Skills Acquisition (JIPSA) - Expanded Public Works Programme (EPWP) - The New Growth Path (NGP) - National Development Plan (NDP) - Small Business Development Promotion Programme - Black Economic Empowerment Programmes • Compare countries in the North to those in the South with respect to the following: <ul style="list-style-type: none"> - Unequal standards of living (per capita income, life expectancy, education) - Challenges of globalisation (poverty, growth, trade) - Environment (countries in the North, countries in the South)

TOPIC 10: REGIONAL DEVELOPMENT	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Justify South Africa's industrial development policies and their suitability in terms of international best practice</p> <p>10.1 Industrial development in South Africa</p> <p>10.2 Regional development</p> <p>10.3 South Africa's endeavours</p> <p>10.4 Incentives to encourage industrial development</p> <p>10.5 Appropriateness of South Africa's industrial policies</p>	<ul style="list-style-type: none"> • Briefly describe the concept 'industrial development' • Briefly explain the reasons for industrial development • Explain South Africa's Industrial Development Policies: <ul style="list-style-type: none"> - An overview and focus of the National Industrial Policy Framework (NIPF) - An overview and focus of the Industrial Policy Action Plan (IPAP) • Explain the following Industrial Development Strategies: <ul style="list-style-type: none"> - An overview and focus of the National Research and Development Strategy (NRDS) - An overview and focus of the Integrated Manufacturing Strategy (IMS) • Outline the aims of regional development • <i>Discuss in detail</i> South Africa's initiatives (endeavours) in regional development • Discuss spatial development initiatives (SDIs) in South Africa and link to private-public partnerships. • Briefly discuss corridors in South Africa • Discuss industrial development zones (IDZs) in South Africa • Discuss Special Economic Zones (SEZs) in South Africa. (Relate this new development to the shortcomings of the IDZs and the benefits of SEZs) • Name the various spatial initiatives (SDI, corridors). Indicate/Identify them on a map of SA • Briefly discuss the incentives used by the SA government to improve industrial development: <ul style="list-style-type: none"> - Small Businesses Support Program - SEDA Technology Program (STP) - Skills Support Program (SSP) - Critical Infrastructure Facilities - Custom-free incentives - Foreign investment incentives - Strategic Investment Program - Services to Business Processes • Broadly outline the appropriateness of South Africa's industrial policies.

10.6 Appropriateness of South Africa's regional development policies in terms of benchmark criteria	<ul style="list-style-type: none">• <i>Discuss in detail</i> regional development in South Africa in terms of the following benchmark criteria<ul style="list-style-type: none">- Free market orientation- Competitiveness- Sustainability- Good governance- Provisioning of resources- Investment of social capital- Integration- Partnerships
10.7 Small business development	<ul style="list-style-type: none">• Brief explanation and evaluation
10.8 The appropriateness of black economic empowerment in the SA economy	<ul style="list-style-type: none">• Brief explanation and evaluation of BEE (refer to the change to BBBEE)



TOPIC 11: ECONOMIC AND SOCIAL INDICATORS	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Analyse South Africa's economic and social performance indicators and their uses</p> <p>11.1 Assessing the performance of an economy</p> <p>11.2 Economic indicators</p> <p>11.3 Social indicators</p>	<ul style="list-style-type: none"> • Briefly describe the concepts • Briefly discuss the importance of measuring the performance of the economy • <i>Discuss in detail</i> the following economic indicators: <ul style="list-style-type: none"> - *Production indicators <ul style="list-style-type: none"> ○ Nominal GDP ○ Real GDP ○ Per capita GDP - Inflation rate indicators <ul style="list-style-type: none"> ○ Production prices (PPI) ○ Consumer prices (CPI) - Foreign trade indicators <ul style="list-style-type: none"> ○ Terms of trade ○ The exchange rate - Employment indicators <ul style="list-style-type: none"> ○ Economically active population (EAP) ○ Employment rate ○ Unemployment rate - Productivity indicators <ul style="list-style-type: none"> ○ Labour productivity ○ Remuneration per worker - Interest rate indicators <ul style="list-style-type: none"> ○ Repo rate - Money supply indicators <ul style="list-style-type: none"> ○ M1 ○ M2 ○ M3 • <i>Discuss in detail</i> the following social indicators: <ul style="list-style-type: none"> - Demographic indicators <ul style="list-style-type: none"> ○ Population growth ○ Life expectancy - Nutrition and health indicators <ul style="list-style-type: none"> Nutrition <ul style="list-style-type: none"> ○ Malnutrition ○ Obesity Health <ul style="list-style-type: none"> ○ Child mortality ○ Under 5 mortality ○ Spending on health ○ Access to clean water ○ Access to sanitation - Education <ul style="list-style-type: none"> ○ Percentage public-sector spending ○ Percentage enrolment in secondary schools - Services <ul style="list-style-type: none"> ○ Electricity ○ Refuse/Garbage removal ○ Water supply ○ Sanitation - Housing and urbanisation <ul style="list-style-type: none"> Housing <ul style="list-style-type: none"> ○ Number of houses completed Urbanisation <ul style="list-style-type: none"> ○ Natural growth in population ○ Migration ○ Founding of new towns

11.4 International comparisons	<ul style="list-style-type: none">• Briefly compare South Africa's growth and development performance with that of other countries by focusing on the following:<ul style="list-style-type: none">- Globalisation- International standardisation (IMF, World bank, UN)- Financial aid and support- Comparison and forecasting
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TOPIC 12: INFLATION	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Analyse and investigate inflation and the policies used to combat it</p> <p>12.1 Inflation</p> <p>12.2 Types and characteristics of inflation</p> <p>12.3 Causes of inflation</p> <p>12.4 Consequences of inflation</p> <p>12.5 The inflation problem in South Africa</p> <p>12.6 Measures to combat inflation</p> <p>12.7 Inflation targets</p>	<ul style="list-style-type: none"> • Briefly describe the concept • Examine the following ways to measure inflation: <ul style="list-style-type: none"> - Indexes (CPI/PPI) - Weighting (Basket of goods and services) - Inflation rate (Calculations) • Explain the different types of inflation <ul style="list-style-type: none"> - Consumer inflation <ul style="list-style-type: none"> ○ Headline inflation ○ Core inflation ○ Administered prices inflation - Producer inflation <ul style="list-style-type: none"> ○ CPI ○ PPI - All inclusive inflation - Hyper inflation - Stagflation • Distinguish between the different characteristics of demand-pull and cost-push inflation • Briefly discuss the Monetarists' explanation of inflation • <i>Discuss in detail</i> the causes of demand-pull inflation <ul style="list-style-type: none"> - Increase in household consumption <ul style="list-style-type: none"> ○ Decline in savings ○ Tax reduction ○ Access to credit - Investors' expenditure - Government expenditure - Export services • <i>Discuss in detail</i> the causes of cost-push inflation <ul style="list-style-type: none"> - Wages - Key inputs - Exchange rate depreciation - Profit margins - Productivity - Natural disasters • Briefly discuss the consequences of inflation under the following headings: <ul style="list-style-type: none"> - Debtors/Creditors - Wage and salary earners - Investors and savers - Tax payers - Industrial peace • Broadly outline the expectancy and inflation • Broadly outline the inflation problem in South Africa • Briefly discuss the measures to combat inflation <ul style="list-style-type: none"> - Demand-pull inflation <ul style="list-style-type: none"> ○ Monetary policy ○ Fiscal policy - Cost-push inflation <ul style="list-style-type: none"> ○ Productivity ○ Competition • Explain the success of inflation targeting

TOPIC 13: TOURISM	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Debate the economic importance of tourism for South Africa and suggest policies to promote it. Also refer to the importance of indigenous knowledge systems (IKS).</p>	
<p>13.1 Tourism</p>	<ul style="list-style-type: none"> • Broadly describe the relevant concepts • Broadly outline the types of tourism • Broadly outline the measuring of tourism
<p>13.2 Reasons for its growth</p>	<ul style="list-style-type: none"> • Briefly discuss the reasons for growth in the tourism industry (internationally and domestically)
<p>13.3 The effects of tourism</p>	<ul style="list-style-type: none"> • <u>Examine in detail</u> the effects of tourism <ul style="list-style-type: none"> - GDP - Employment - Poverty - Externalities - Environment - Investment
<p>13.4 The benefits of tourism</p>	<ul style="list-style-type: none"> • <u>Examine in detail</u> the benefits of tourism <ul style="list-style-type: none"> - Households - Businesses - State - Infrastructure development
<p>13.5 South Africa's profile</p>	<ul style="list-style-type: none"> • Briefly discuss South Africa's tourism profile under the following headings: <ul style="list-style-type: none"> - Aim with visits - Local destinations - Local tourists - Indigenous knowledge
<p>13.6 Policy suggestions</p>	<ul style="list-style-type: none"> • Broadly outline the Department of Tourism's policy suggestions under the following headings: <ul style="list-style-type: none"> - Marketing - Spatial distribution - Taxing - Infrastructure development

TOPIC 14: ENVIRONMENTAL SUSTAINABILITY	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<p>Analyse environmental sustainability and investigate recent international agreements in this regard, for example the Rio de Janeiro and Johannesburg summits</p> <p>14.1 The state of the environment</p> <p>14.2 Measures to ensure sustainability</p> <p>14.3 International measures</p>	<ul style="list-style-type: none"> • Broadly describe the relevant concepts • Briefly discuss the state of the environment under the following headings: <ul style="list-style-type: none"> - Pollution (Definition and types) - Erosion - Deforestation - Climate change - Conservation - Preservation • Brief discussion of how the markets can be used to ensure sustainability under the following headings: <ul style="list-style-type: none"> - The market does not take care of social costs and benefits - The market fails because of specific reasons - The mechanism of the market and social costs and benefits • <i>Discuss in detail</i> how the government can ensure sustainable development under the following headings: <ul style="list-style-type: none"> - Grant property rights - Pay for environmental use - Levy environmental tax - Pay environmental subsidies - Issue marketable permits - Command and control - Voluntary agreements - Education • <i>Discuss in detail</i> the following problems and the international measures taken to ensure sustainable development under the following headings: <ul style="list-style-type: none"> - Biodiversity - Chemical waste - Hazardous waste - Climate change policy – adaptation and mitigation - Indigenous knowledge • Give a broad outline of the major international protocols and agreements on sustainable development: <ul style="list-style-type: none"> - Rio de Janeiro summit (UNCED) - Johannesburg summit (WSSD) - Rio + 20 summit - Kyoto Protocol - Millennium Development Goals - United Nations Framework Convention on Climate Change - Conference of the Parties (COP17)

4. CONCLUSION

This Examination Guidelines document is meant to articulate the assessment aspirations espoused in the CAPS document. It is therefore not a substitute for the CAPS document which educators should teach to.

Qualitative curriculum coverage as enunciated in the CAPS cannot be over-emphasised.

NOTE: The structure of the NSC Economics question papers (pp. 4–7) replaces the ANNEXURE included in the CAPS (pp. 45–46).

