



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

NOVEMBER 2018

**ECONOMICS P1
MARKING GUIDELINE**

MARKS: 150

This marking guide consists of 15 pages.

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

- 1.1.1 B ✓✓ Insufficient
1.1.2 D ✓✓ Human rights
1.1.3 C ✓✓ Foreign
1.1.4 A ✓✓ Trough
1.1.5 C ✓✓ Technology
1.1.6 B ✓✓ Metallurgy
1.1.7 B ✓✓ Births
1.1.8 D ✓✓ This stage is characterised by mechanisation and urbanisation (8 x 2) (16)

1.2 MATCHING ITEMS

- 1.2.1 C ✓ Use patterns to explain what happened in the economy in the past
1.2.2 A ✓ The creation of utilities that can satisfy human wants
1.2.3 D ✓ A group of people that live together and make economic decisions
1.2.4 G ✓ Goods that have exchange value and can be bought
1.2.5 B ✓ When people move from place to place for food, water or pasture
1.2.6 E ✓ It governs commercial transactions
1.2.7 H ✓ A situation in which members of the labour force are without work
1.2.8 F ✓ It includes discouraged work-seekers, students, and people with disabilities. (8 x 1) (8)

1.3 ONE-WORD ITEMS

- 1.3.1 Government ✓
1.3.2 Resources ✓
1.3.3 Infrastructure ✓
1.3.4 Monetary trade ✓
1.3.5 Hoes or digging sticks ✓
1.3.6 Informal sector ✓ (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer TWO of the three questions in this section.

QUESTION 2: MACROECONOMICS2.1 2.1.1 **Name TWO categories of scarcity.**

- Absolute scarcity ✓
 - Relative scarcity ✓
- (2 x 1) (2)

2.1.2 **Why is Economics referred to as a 'social science'?**

- Economics is a social science because it focuses on the analysis of people and their behaviour. ✓✓
(Accept any relevant response)
- (1 x 2) (2)

2.2 **DATA RESPONSE**2.2.1 **Which sector contributed the most during the last quarter (Q4) of 2017?**

- Primary sector ✓
- (1)

2.2.2 **Give ONE example of a tertiary sector business or industry.**

- Wholesalers/retailers ✓
 - Transport ✓
 - Banking ✓
- (Any relevant response) (1)

2.2.3 **What difference do you observe between the last quarter of 2016 and the last quarter of 2017 in the agricultural sector?**

- In the last quarter of 2016 the contribution by the agricultural sector was at -4,1% which shows that it was very low, ✓
whereas in the last quarter of 2017 it was at 37,5% which shows that it was very high. ✓
- (2)

2.2.4 **Explain the term *production*.**

- Production is the process whereby an entrepreneur combines available resources and turns them into some sort of product. ✓✓
(Accept any relevant response)
- (2)

2.2.5 **Why is secondary industry needed in the economy?**

- It is needed because it is the sector where raw materials are processed into finished products. ✓✓
 - Services rendered to make the product available to the consumer. ✓✓
 - The service sector depends on this sector. ✓✓
(Accept any relevant response)
- (Any 2 x 2) (4)

2.3 DATA RESPONSE

2.3.1 What diagram is depicted above?

Circular flow ✓

(1)

2.3.2 Identify any economic participant in the above diagram.

- Households ✓
- Businesses or firms ✓

(1)

2.3.3 What are the terms that are used to describe the movement of goods and services and the movement of money in the above diagram?

- Real flow ✓ and money flow ✓

(2)

2.3.4 Explain the term *leakages*.

- Leakages are withdrawals of money from the circular flow which reduce the quantity of money in the flow. ✓✓
- Leakages happen as a result of savings, taxes and import expenditure. ✓

(2)

2.3.5 Why is the role of households so important in the diagram?

- Households are the primary owners of the factors of production. ✓✓
- They sell their factors of production to the factor market and they get income. ✓✓
- They use the income they get from the factor market to buy goods and services in the good market. ✓✓

(Accept any relevant response)

(Any 2 x 2)

(4)

2.4 Distinguish between *macro-economics* and *micro-economics*.

- **Micro-economics** is the study of individual consumers, households, firms and other organisations, and of their decisions and responses. ✓✓
- **Micro-economics** considers the individual's demand for a certain product at a certain price, or how individuals decide what to buy and when to buy it. ✓✓
- **Macro-economics** is the study of the total consumption, production and exchange of individuals, households and industries in a country. ✓✓
- It focuses on the economic behaviour of a society. ✓✓

(Accept any relevant response)

(2 x 4)

(8)

2.5 How can an injection benefit the South African economy?

- An injection occurs when money is added to the circular flow. ✓✓
- This consists of exports, government expenditure and investment. ✓✓
- Investment includes buying of capital goods, equipment and machinery, more jobs are created. ✓✓
- Improvement in the standard of living of people in the economy. ✓✓
- Both exports and investments will lead to more money flowing into SA, or more production in SA thereby benefitting the SA economy. ✓✓
- Exports are when goods and services leave the country. ✓✓
- Payment for these goods and services flow into the country and are injected into the circular flow. ✓✓

(Accept any relevant response)

(4 x 2)

(8)

[40]

QUESTION 3: ECONOMIC PURSUITS**3.1 3.1.1 Mention any TWO of the G8 countries.**

- USA, ✓ Japan, ✓ Germany, ✓ France, ✓ UK, ✓ Italy, ✓ Russia ✓ and Canada. ✓ (Any 2 x 1) (2)

3.1.2 Why do businesses prefer mass production to other production methods?

- In mass production businesses produce large quantities of the same products at a very low cost per unit. ✓✓ (Accept any relevant response) (1 x 2) (2)

3.2 DATA RESPONSE**3.2.1 Identify the year in which the reported deaths were extremely high.**

- 2006 ✓ (1)

3.2.2 What is the main method used to count the population?

- Census ✓ (1)

3.2.3 Explain the term *demographic cycle*.

- It shows trends of how a nation's growth rates change over time. ✓✓
- As the standard of living of a population increases, the natural growth rate usually declines and vice versa. ✓✓ (Accept any relevant response) (2)

3.2.4 Determine the value of A

- $1,027,650 - 598,054 = 429,596$ ✓✓ (2)

3.2.5 Draw a conclusion about any tendency that can be observed from the natural increase in the population over the period from 1997 to 2007.

- There was a gradual decrease in natural population growth over the ten years, amounting to nearly 200 000 per year. ✓✓
- This decrease is due to higher death rates though birth rates did in fact increase. ✓✓ (4)

3.3 DATA RESPONSE**3.3.1 Identify the industry that creates the largest income in the country.**

- Oil industry ✓ (1)

- 3.3.2 **According to the extract which sector provides the most opportunities for employment?**
 • Manufacturing sector ✓ (1)
- 3.3.3 **Explain the term *urbanisation*.**
 • It is the movement of people from rural areas to urban areas with the aim of finding jobs. ✓✓ (2)
- 3.3.4 **What is meant by the term *unemployment*?**
 • Unemployment is a situation whereby people are willing and able to find jobs but they cannot find work. ✓✓
 (Accept any relevant response) (2)
- 3.3.5 **Why were labour unions established during the industrial revolution?**
 • At the time of the industrial revolution, working conditions in factories were bad. ✓✓
 • As a result, labour unions, which are organisations of workers aiming to improve wages and working conditions, were formed. ✓✓
 • At the beginning of the 20th century, the right of workers to organise and bargain collectively was recognised in most Western countries. ✓✓
 • Labour unions put a constraint on what employers can do with workers, expect from them and pay them. ✓✓
 • Some industries have suffered from strikes, but labour unions have won many improvements in working conditions. ✓✓
 (Accept any relevant response) (Any 2 x 2) (4)
- 3.4 **Discuss the characteristics of a mixed economy.**
 • Most of the factors of production are privately owned, but government regulates the economy. ✓✓
 • Government also provides welfare services to the poor, the elderly and the disabled. ✓✓
 • Goods and services are produced by private individuals and businesses (private sector). ✓✓
 • The public sector provides infrastructure and public services such as public schools, hospitals and utilities. ✓✓
 (Accept any other relevant response) (Any 4 x 2) (8)
- 3.5 **Why should the nation be encouraged to save?**
 • Capital formation is about savings and how savings are transformed into investments. ✓✓
 • Savings began to play a very important role in the growth of economies. ✓✓
 • Investments and growth of economies depend on the volume of available savings. ✓✓
 • There are many sources of savings that are important in the nation such as corporate savings, ✓ household savings ✓ and foreign savings. ✓
 (Accept any relevant response) (4 x 2) (8)

[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS4.1 4.1.1 **Mention any TWO examples of capital goods.**

- Tools ✓
- Machinery ✓

(Accept any relevant response)

(Any 2 x 1)

(2)

4.1.2 **Why is the population growth rate important for future government planning?**

- To be able to plan for sufficient infrastructure such as schools, hospitals, housing and roads. ✓✓
- To be able to plan for sufficient resources such as food, water and electricity. ✓✓
- To be able to plan for jobs for the near future. ✓✓

(Accept any other relevant answer)

(Any 1 x 2)

(2)

4.2 **DATA RESPONSE**4.2.1 **Identify the name that describes goods and services that individuals can do without.**

- Wants ✓

(1)

4.2.2 **Mention ONE important question economists ask in order to solve an economic problem.**

- What should be produced? ✓
- How is it going to be produced? ✓
- For whom will it be produced? ✓

(Any 1 x 1)

(1)

4.2.3 **Explain the term *positive statement*.**

- Positive statement is an objective fact or announcement. ✓✓
- Positive statements are concerned with what was in the past, what is today or what will be in future. ✓✓
- You can test positive statements. ✓✓
- They are either right or wrong e.g. 'the grass is purple' is false but it is still a positive statement. ✓✓
- This is because it does not include words like 'should be' or 'ought to'. ✓✓

(Accept any relevant response)

(2)

4.2.4 **Explain the term *opportunity cost*.**

- Opportunity cost refers to the value of the next best alternative that was given up or sacrificed. ✓✓

(Accept any relevant response)

(2)

4.2.5 Why do people have to make choices?

- People have to make choices because of the shortage of resources to satisfy their needs and wants. ✓✓
- Because of the scarcity problem ✓✓
- Resources are not enough to cover all the needs and wants of households, so they end up choosing to satisfy some needs and not others. ✓✓

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

4.3 DATA RESPONSE

4.3.1 Give ONE example of people who are economically inactive.

- Children under the age of 16. ✓
- Elderly / retired people. ✓
- Homemakers / housewives. ✓

(Any 1 x 1) (1)

4.3.2 What does the 'population 15–64 years' represent?

- It represents the working age population ✓✓/is the percentage of EAP (economic active population) of the working age population.

(1)

4.3.3 Explain the term *labour force participation rate*.

- The labour force participation rate is the percentage of the working age population that is part of the labour force. ✓✓
- (Accept any relevant response)

(2)

4.3.4 What do you understand by the term *involuntary migration*?

- It is when people are forced to move because of natural disasters such as floods and earthquakes. ✓✓
- (Accept any relevant response)

(2)

4.3.5 Calculate the unemployment rate for the 1st quarter of 2017.

$$\frac{\text{Unemployed}}{\text{Labour force}} \times 100 \checkmark$$

$$= \frac{3\,165}{12\,195} \times 100 \checkmark$$

$$= 26 \checkmark \checkmark$$

(4)

4.4 Discuss the four factors of production.

Land (natural resources) ✓

- These are all the resources occurring in nature and are sometimes called the *gift of nature*. ✓✓

Labour ✓

- Refers to all the mental and physical effort which is used in the production process. ✓✓
- It is all the activities which humans perform in order to make money and collect income in the form of wages and salaries. ✓✓

Capital ✓

- Refers to the financial and capital goods that are used to produce other goods and services. ✓✓
- Capital goods consist of man-made resources like buildings, machinery and vehicles. ✓✓
- Financial capital consists of money used to buy capital goods. ✓✓

Entrepreneurship ✓

- Refers to the talent to begin a sustainable business by combining the other factors of production. ✓✓

(Accept any relevant response) (4 x 2) (8)

4.5 Why is the low stationary phase in the demographic cycle important?

The low stationary phase

- This phase is characterised by a decreasing or low birth rate and a low death rate, with a moderately ageing population. ✓✓
- The total population size decreases as family planning is generally accepted by more families. ✓✓
- People realise that they can improve their standard of living significantly if they have fewer children. ✓✓
- Death rates decrease as more people have access to affordable medical care. ✓✓
- The economy shifts from manufacturing to services. ✓✓
- The most technologically advanced nations are in this phase, for example the United States. ✓✓

(Accept any relevant response) (4 x 2)

(8)
[40]

TOTAL SECTION B: 80

SECTION C

Answer ONE of the TWO questions in this section.

| 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 a concept or key word that appears in the question. • 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. | <p>Max. 2</p> |
| <p>Body Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/ 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/How?/Suggest</p> | <p>Max. 26</p> <p>Max. 10</p> |
| <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 judgment on the facts discussed • Additional support information to strengthen the discussion / analysis • A contradictory viewpoint with motivation, if so required • Recommendations. | <p>Max. 2</p> |
| <p>TOTAL:</p> | <p>40</p> |

QUESTION 5: MACRO ECONOMICS

- Discuss briefly the phases of the business cycle. (26)

INTRODUCTION

Business cycle refers to ups and downs of economic activity in an economy. ✓✓
(Accept any other relevant definition.) (Max. 2) (2)

BODY**MAIN PART**

1. **PERIOD OF RECESSION** ✓
 - During a recession, unemployment increases due to the fact that businesses have to lay off workers. ✓✓
 - There is a decline in economic activity, and the economy slows down. ✓✓
 - Consumer spending decreases, especially on durable goods. ✓✓
2. **PERIOD OF DEPRESSION** ✓
 - During a depression, money is in short supply, leading to a further decline in spending. ✓✓
 - There is a negative impact on investment spending. ✓✓
 - When economic activity is at its lowest, a trough is reached. ✓✓
 - There is competition for jobs and the cost of production decreases. ✓✓
 - This encourages foreign trade and leads to a recovery. ✓✓
3. **PERIOD OF RECOVERY** ✓
 - During a recovery period, production increases and more jobs are created. ✓✓
 - Consumers start buying durable goods again. ✓✓
 - Business confidence rises and there is increased spending by firms. ✓✓
 - There is increased economic activity and the country enters into period of prosperity. ✓✓
4. **PERIOD OF EXPANSION** ✓
 - During a period of expansion there is a great degree of optimism ✓✓
 - Employment levels rise, salaries and wages rise and spending increases ✓✓
 - A peak is reached. ✓✓
 - A larger amount of money is in circulation and this leads to an inflationary situation. ✓✓

(Accept any relevant fact) (Max. 26)

ADDITIONAL PART

Explain how endogenous (Keynesian) factors influence economic fluctuation.

- They are factors that are part of the economic system. ✓✓
- The expansion phase contains mechanisms that eventually cause a contraction of economic activity. ✓✓
- As the level of economic activity increases, total spending in the economy increases as well. ✓✓
- This causes an increase in imports which negatively affects the balance of payments and leads to a depreciation of the exchange rate. ✓✓
- Increased borrowing leads to increase in interest rates (negative effect on the economy). ✓✓
- Positive perceptions of the economy will lead to an increase in spending and vice versa. ✓✓

(Accept any relevant response)

(Max. 10)

CONCLUSION

Fluctuations in business cycles should be managed so that they affect a country's economy positively. ✓✓

(Accept any other relevant conclusion.)

(Max. 2) **[40]**

QUESTION 6: ECONOMIC PURSUITS

- **Fully discuss the main factors that impact on South African labour force growth and composition.** (26)

INTRODUCTION

The labour force consists of all the people who are able to work in a country or area, or all the people who work for a particular company. ✓✓
(Accept any other suitable introduction.) (Max. 2)

BODY**MAIN PART:****Age composition ✓**

- The age structure of a country can be used to predict the future labour force ✓✓ and to determine the future population growth needs. ✓✓
- Countries with a high birth rate have a larger percentage of young people ✓✓
- This is the case in South Africa, where almost 31% of the population is younger than 15 and about 7,6% is older than 60. ✓✓
- This will cause serious problems for the labour market, because it would not be long before all these youth, will be looking for jobs. ✓✓
- The South African labour force is dominated by Africans. ✓✓

Labour force numbers ✓

- The economically active population consists of people between 15 and 64 years of age, who work for an income or family gain or are available for such work. ✓✓
- To be active in the economy means to produce goods and services. ✓✓
- Not everybody in a population takes part in economic activities – not every member of the population produces goods and services. ✓✓

Employment and unemployment ✓

- The issue of unemployment is still one of the biggest challenges in the country. ✓✓
- Fewer workers are employed in the formal sector. ✓✓
- Although informal jobs are on the increase, these jobs are mostly subsistence activities. ✓✓
- South Africa has increasingly high unemployment, estimated currently at nearly 36%, varying from near zero for the highly skilled to over 50% for unskilled and semi-skilled workers. ✓✓
- Youth unemployment continues to be a striking feature of the South African labour market. ✓✓
- Most unemployed youth are African, with over three million in the 15 to 34-year age group compared to other groups. ✓✓
- The South African economy has to generate more than 250 000 new jobs per year to ensure that the unemployment rate does not increase. ✓✓

Geographical distribution

- The population of South Africa is concentrated in urban areas such as Gauteng, Durban-Pinetown, Cape Town, Port Elizabeth-Uitenhage, East London and Bloemfontein. ✓✓ The three largest cities are Johannesburg, Durban and Cape Town. ✓
 - Migration between industries includes industrialisation and urbanisation. ✓✓
 - As urban areas expand, employment opportunities increase and more migrants are attracted to the cities. ✓✓
- (Accept any relevant response) (Max. 26)

ADDITIONAL PART

Explain how surplus production, trade and transport development is used in the evolution of markets.

- Over time agriculture became more productive through the invention of crop rotation, irrigation, food storage, the use of livestock and plant breeding. ✓✓
 - This increase in productivity, along with refinements in tools, created surplus. ✓✓
 - These surpluses allowed for non-agricultural activities to develop such as manufacturing and trade. ✓✓
 - Farmers increased productivity, allowing the communities and settlements to expand. ✓✓
 - The agricultural surpluses and manufactured items brought about the start of real trade with other communities and even with other parts of the world. ✓✓
 - External trade concentrates mainly on primary products. ✓✓
 - At the same time that trade started, transport infrastructure was developed that supported trade. ✓✓
 - Ocean-going ships allowed long-distance trade and made speciality goods available in communities. ✓✓
 - The expansion of local and international trade led to the emergence of merchants who earned their wealth by facilitating trade. ✓✓
- (Accept any relevant response) (Max. 10)

CONCLUSION

- Marketing has changed over the centuries, decades and years. The evolution of marketing has given rise to the concept of business development. ✓✓
- (Accept any other relevant response) (Max. 2)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150