



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

**NOVEMBER 2019**

**ECONOMICS P1  
MARKING GUIDELINE**

**MARKS: 150**

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This marking guideline consists of 16 pages.

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

- 1.1.1 B ✓✓ secondary
- 1.1.2 D ✓✓ savings, taxation
- 1.1.3 C ✓✓ merchant and craftsmen organisations
- 1.1.4 A ✓✓ mortality
- 1.1.5 C ✓✓ metallurgy
- 1.1.6 B ✓✓ recovery
- 1.1.7 A ✓✓ reduction in the rate of income tax.
- 1.1.8 D ✓✓ people move between jobs (8 x 2) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 E ✓ The physical surroundings and conditions that affect people's lives
- 1.2.2 G ✓ Another name for microeconomics
- 1.2.3 F ✓ The sum of investment, government expenditure and export income
- 1.2.4 A ✓ Consecutive periods of increasing and decreasing in economic activities
- 1.2.5 H ✓ People produce what they need for themselves
- 1.2.6 C ✓ The extension of a country's power and influence the world through political relations or military force
- 1.2.7 B ✓ The part of the labour force that is able to work
- 1.2.8 D ✓ Trade promotion for economic development intervention aimed at improving the performance of an economic area (8 x 1) (8)

1.3 **GIVE ONE TERM**

1.3.1 Labour ✓

1.3.2 International economics / global ✓

1.3.3 Households ✓

1.3.4 Free goods ✓

1.3.5 Depreciation ✓

1.3.6 Labour force absorption rate ✓

(6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

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

**QUESTION 2: MACROECONOMICS****2.1 Answer the following questions.****2.1.1 List any TWO economic approaches.**

- Microeconomics ✓
- Macroeconomics ✓ (2)

**2.1.2 Why do economists make use of economic models?**

- For simplification of reality to improve understanding ✓✓
- To study and examine economic issues ✓✓ (2)

**2.2 2.2.1 Identify the trough in the business cycle above**

- A ✓ (1)

**2.2.2 What is the line labelled Y<sup>x</sup> called in economics?**

- Trend line ✓ (1)

**2.2.3 Describe the term *business cycle*.**

- A business cycle is a consecutive period of increasing and decreasing economic activities.  
(Any other relevant definition) ✓✓ (2)

**2.2.4 Explain the *recovery phase* of a typical business cycle.**

- Manufacturing production increases ✓✓
- Interest rates fall further ✓✓
- Inflation decreases ✓✓
- Rand appreciates and exports grow. ✓✓  
(Any relevant response) (2)

**2.2.5 What can the government do to smooth out a severe decrease in the business cycles?**

- The government should decrease taxes ✓✓
- Decrease the interest rates ✓✓
- Allow the exchange rate to appreciate ✓✓ (Any 2 x 2) (4)

**2.3 DATA RESPONSE****2.3.1 Which type of consumer goods do sweets belong to?**

- Non-durable consumer goods ✓

(1)

**2.3.2 Name any basic need of the households.**

- Clothing ✓
- Shelter ✓
- Food ✓
- Water ✓

(Any ONE) (1)

**2.3.3 Briefly describe the term *scarcity*.**

- Scarcity occurs when the resource/ resources to satisfy needs and wants are available in limited quantity./ Limitedness of resources ✓✓

(2)

**2.3.4 What is an *opportunity cost*?**

- It is the cost of the next best alternative of a product or service. ✓✓

(2)

**2.3.5 How does scarcity affect choice of consumers?**

- Scarcity means that consumers want more than is available, therefore scarcity requires choice ✓✓
- Consumers must choose which of their desires they will satisfy and which they will leave unsatisfied ✓✓
- Scarcity forces consumers to make a choice (take less of something else) ✓✓

(2 x 2) (4)

**2.4 Briefly discuss the impact of HIV/Aids on the South African labour force.**

- Loss of income as workers become sick ✓✓
- Affects labour productivity ✓✓
- It eventually results in a decrease in the labour force due to death ✓✓
- It burdens the remaining workers within the household financially ✓✓
- Financial dependency on the government increases, e.g. grants ✓✓
- Decreases Gross Domestic Product (GDP) ✓✓
- (Any other relevant response)

(4 x 2) (8)

**2.5 How can economic issues affect human rights?****Positive**

- By investing in human rights, the economic growth rate of a country is likely to increase ✓✓
- Investment in human rights, enables people to enjoy freedom of speech ✓✓

**Negative**

- Economic issues like poverty deteriorates people's standard of living which may lead to crime ✓✓
- Economically vulnerable people are being excluded from economic participation ✓✓

(Any other relevant answer.)

(4 x 2)

(8)

**[40]**

**QUESTION 3: ECONOMIC PURSUITS**

- 3.1 3.1.1 **Name any TWO economic consequences of the mining and industrial stage.**
- Development of a market economy ✓
  - Urbanisation ✓
  - Improved transport ✓
  - Improved communication ✓
  - Other services, e.g. financial services ✓
- (2 x 1) (2)
- 3.1.2 **What is the purpose of markets in the economy?**
- Is to bring together buyers and sellers. ✓✓
  - Enable trade between potential producers and consumers ✓✓
- (Any other relevant response) (1 x 2) (2)
- 3.2 **DATA RESPONSE**
- 3.2.1 **What is the meaning of *elderly* in the South African labour force?**
- All senior citizens that are not part of the economical active population ✓
  - Above 65 years ✓
- (Any other relevant response) (1)
- 3.2.2 **What happened to the participation rate between 2001 and 2019?**
- Participation rate decreased ✓
- (1)
- 3.2.3 **Briefly explain *unemployment*.**
- When a person wants to work and is available to start work within a week; the person has taken active steps to look for work or to start a business in the four weeks prior to the survey ✓✓
  - Unemployment takes place when a person did not work during the past seven days ✓✓
- (Any other relevant response) (2)
- 3.2.4 **What is the age range of the South African labour force?**
- 15–65 years ✓✓
- (2)
- 3.2.5 **Why does labour supply changes in South Africa?**
- Labour supply changes when:
- there is migration, i.e. the movement of workers from region to region or country to country ✓✓
  - the number of women who availed themselves for employment opportunities increase/decrease substantially ✓✓
  - there is a mismatch of skills and other competencies that are needed in the economy ✓✓
  - labour avails itself for employment and this is expressed by the labour force participation rate (LFPR) ✓✓
- (4)

**3.3 DATA RESPONSE**

- 3.3.1 **Under which economic sector is mining classified?**  
• Primary ✓ (1)
- 3.3.2 **Mention any economic activities that early societies were involved in.** (1)  
• Farming ✓  
• Agriculture ✓
- 3.3.3 **Briefly describe *commercialisation*.**  
• Commercialisation is the process of bringing new products or services to market ✓✓  
• The broader act of commercialisation entails production, distribution, marketing, sales, customer support and other key functions critical to achieving the commercial success of the new product or service ✓✓  
(Any other relevant response) (2)
- 3.3.4 **Explain the changes brought by the evolution of markets.**  
• Thousands of immigrants moved to South Africa  
• The poor infrastructure that existed had to develop to answer to the needs of the mining industry ✓✓  
• Better infrastructure helped farmers to get their products to markets ✓✓  
• Demand for farm produce increased significantly with the development of mining cities (2)
- 3.3.5 **How does GDP relate to economic growth?**  
• An increase in GDP leads to improvement in economic growth ✓✓  
• The more the production capacity, the more labour units are required ✓✓  
• Creates employment ✓✓  
• Job creation increases the standard of living of people ✓✓  
• Increased disposable income of households demands more goods to be produced ✓✓ (Any 2 x 2) (4)



3.4 Explain the social and economic impact of unemployment.

**Economic impact**

**Unemployment leads to:**

- decline in the tax base and spending power ✓✓
  - an increase in transfer payments ✓✓ e.g. unemployment insurance ✓
  - decline in production due to decreased spending. ✓✓
  - social grants dependency ✓✓
  - an increase on bad debts and reduced profits ✓✓
  - the repossession of assets ✓✓
  - reduction on welfare ✓✓
- (Any relevant response) (2 x 2) (4)

**Social impacts**

**Unemployment leads to:**

- High crime rate ✓✓
  - Social unrest ✓✓
  - Mushrooming of illegal businesses ✓✓
- (Accept any other relevant response) (2 x 2) (4) (8)

3.5 Give your opinion of the impact of immigration and refugees on the population of SA.

- Immigration of skilled people addresses the demand for scarce skills and expertise ✓✓
  - Conflicts surrounding migrant labourers taking jobs from SA citizens have recently become apparent ✓✓
  - Huge inflow of illegal immigrants increases the population of S.A resulting to an increase in financial burden to government ✓✓
  - Illegal immigrants and refugees add to the development of informal sectors ✓✓
  - Inflow adds to pressure on government to provide education and basic health services ✓✓
- (Accept any other relevant response) (4 x 2) (8)

**[40]**

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**

- 4.1 4.1.1 **Name any TWO examples of renewable natural resources.**
- solar energy ✓
  - wind energy ✓
  - water ✓
  - air ✓
  - plants ✓
  - biofuels ✓
  - animals ✓
- (Any other relevant response) (2 x 1) (2)
- 4.1.2 **What determines the population growth rate?**  
It is determined by:
- the number of birth rates over death rates. ✓✓
  - immigrants over emigrants. ✓✓
- (1 x 2) (2)
- 4.2 **DATA RESPONSE**
- 4.2.1 **What does the block labelled A stand for?**
- Firms/businesses ✓ (1)
- 4.2.2 **What type of economy is illustrated by circular flow above?**
- Closed ✓ (1)
- 4.2.3 **Describe the term *production*.**
- It is a process whereby an entrepreneur combines available resources (land labour and capital) and turns them into some sort of product which is used to satisfy the needs and wants of the population. ✓✓ (2)
- 4.2.4 **Explain what will happen to the national income if imports increase.**
- The national income will decrease because of a leakage in the form of import expenditure ✓✓ (2)
- 4.2.5 **How can the government use scarce resources to try to satisfy South Africans' unlimited needs and wants?**
- People need to make choices all the time. We all have to make choices to use the scarce resources available to us to create maximum satisfaction ✓✓
  - Producers have to choose what to produce, how to produce it, and for whom they are producing it. ✓✓ For example, if they use wood to manufacture paper, they cannot use the same wood for manufacturing furniture
  - Producers also have scarce resources that they must use to try and satisfy people's unlimited needs and wants ✓✓ (4)

### 4.3 DATA RESPONSE

- 4.3.1 **Mention the method used to calculate GDP in the above table.**  
 • Production / gross value added ✓ (1)

- 4.3.2 **In which economic sector do banks operate?**  
 • Tertiary ✓ (1)

- 4.3.3 **Describe the term *secondary sector*.**  
 • Are all manufacturing entities / businesses ✓✓  
 • Are all the businesses that transform raw materials from primary sector into finished goods and services ✓✓  
 (Any other relevant response) (2)

- 4.3.4 **Explain the trend of the secondary sector contribution between 2013 and 2017.**  
 • The secondary sector has shown a decline since 1981 ✓✓ (2)

- 4.3.5 **Calculate the value of the primary sector's contribution (A) in 2013.**  
 Primary sector contribution is:  
 •  $16,0 + 7,1 = 23,1$  ✓✓✓ (4)

### 4.4 Differentiate between *absolute* and *relative scarcity*.

- **Absolute scarcity** exists when it is not possible to increase the supply of a good, because resources are finite ✓✓
- It usually applies to goods and services that are essential to human survival ✓✓ e. g. food and water ✓ (Max. 4)
- **Relative scarcity** is when you choose resources to do one thing instead of another ✓✓
- Therefore, the resource is scarce since it cannot produce both products, ✓✓ e.g. if we decide to use resources for the production of bread instead of cake, cake will then be relatively scarce ✓  
 (Any other relevant response) (Max. 4) (8)

**4.5 Suggest FOUR possible solutions for environmental problems.**

- Environmental tax (green tax) must be charged on companies and people who pollute the environment ✓✓
- Companies that sell environmentally friendly goods, must be given financial benefits such as a subsidy ✓✓
- Charging for the use of environment – government can levy a fee on consumers and producers for the waste they make in the environment, e.g. in SA local authorities levy charges for rubbish collection or sewage disposal on household, business and others ✓✓
- Granting property rights – this ensures that people care for the things that belong to them ✓✓
- Moral persuasion – environmental awareness to make people behave in a manner that is friendly to the environment ✓✓  
(Any relevant response)

(4 x 2) (8)  
**[40]**

**TOTAL SECTION B: 80**

**SECTION C**

Answer ONE of the two questions from this section in the ANSWER BOOK.  
Your answer will be assessed as follows.

**QUESTION 5: MACROECONOMICS**

- **Discuss the phases of the business cycles.** (26 marks)
- **How can injections contribute towards economic upswing?** (10 marks) [40]

**INTRODUCTION**

- Business cycles refer to continuous periods of expansion and contraction of economic activity. ✓✓  
(Any other relevant introduction) (2)

**MAIN PART****Prosperity phase**

- There is an increase in the economic activities in a country ✓✓
- There is an increase in output, the employment rate and wages ✓✓
- People's standards of living are improving ✓✓
- Consumption: During prosperity consumers have more money ✓✓
- Real GDP: Businesses make more profit because there is an increase in demand. This attracts more entrepreneurs to enter the market, and output increases ✓✓
- Investment: In order to produce more goods to meet demand, businesses increase investment in their enterprises. They do this in various ways
- Buildings: New businesses may buy, build or rent new buildings. Businesses may also add new branches in other areas ✓✓
- Machinery: New and existing businesses buy more machines and equipment in order to produce larger quantities of goods and services ✓✓
- Inventories: During prosperity there is an increase in inventories (stock) to satisfy increased demand ✓✓
- Employment: The increase in demand for goods creates an increase in the demand for labour to produce the goods. More workers are employed. People who were unemployed before may now get jobs ✓✓
- Prosperity ends when the cycle reaches its peak ✓✓ (Max. 8 marks)

**Recession**

- Economic growth decreases which can be referred to as a negative economic growth rate ✓✓
- Businesses become pessimistic and reduce output ✓✓
- A decrease in the employment rate as some workers are laid off which result in a reduction in income ✓✓
- Consumption: People have less money in their pockets. As a result, they consume less. Therefore, aggregate demand decreases ✓✓
- Real GDP: The quantity of goods and services produced decreases because of the fall in demand. As output decreases, so does real GDP. Economic growth decreases. ✓✓
- Investment: Businesses reduce investment. Less money is spent buying capital goods. ✓✓
- A recession ends with the trough ✓✓ (Max. 6 marks)

**Depression**

- If a recession continues for a long time, it becomes a depression ✓✓
- Depression is a severe form of recession ✓✓
- During a depression there is large-scale unemployment and severe shortage of goods and services ✓✓
- Depressions are rare because governments take steps to prevent recessions from becoming depressions ✓✓ (Max. 6 marks)

**Recovery**

- The economy starts to grow again ✓✓
- Recovery usually starts slowly and speeds up over time ✓✓
- There is a gradual increase in demand and an increase in output, which will eventually change to prosperity ✓✓ (Max. 6 marks) (26)

**ADDITIONAL PART****How can injections contribute towards the economic upswing?**

- Improvement in the standard of living of people in the economy ✓✓
- Both exports and investments will lead to more money flowing into SA ✓✓
- More production in SA will benefit the SA economy ✓✓
- More jobs are created ✓✓
- Improvement in the infrastructural development ✓✓ (Accept any relevant response) (10)

**CONCLUSION**

Business cycles are long term trends and can last from 3 to 5 years or even 10 years ✓✓

(Any other relevant conclusion)

(2)  
**[40]**

**QUESTION 6: ECONOMIC PURSUITS**

Discuss animal husbandry and agriculture under the following headings:

- **Characteristics** (10)
- **Factors promoting development** (8)
- **Factors hampering development** (8) (26 marks)
- **Why should the nation be encouraged to save?** (10 marks) [40]

**INTRODUCTION**

The evidence of South African economic development is rooted in its history, which starts with the Khoisan people ✓✓ (Any relevant introduction) (2)

**BODY – MAIN PART**

Animal husbandry and agriculture

**Characteristics of the agricultural stage of economic development**

- People produced agricultural goods for themselves, seldom to trade ✓✓
  - There was little trade, mostly in the form of bartering
  - There were no well-developed markets ✓✓
  - Most of the economic activity in South Africa was agriculture and hunting.
  - There was a small population on large pieces of land ✓✓
  - Labour was scarce; slaves were imported as extra labour ✓✓
  - Capital was scarce ✓✓
  - Most farmers produced almost everything they needed themselves ✓✓
- (Max. 10 marks)

**Factors promoting economic development in agriculture**

- The Dutch could barter with the Khoi and the San for land ✓✓
- Plentiful game made hunting easy ✓
- A small market developed for selling food products to the passing ships ✓✓
- The colonial powers protected the markets. For example, Britain taxed imports of French wines to promote sales of wines from the Cape to people in Britain ✓✓
- In the Cape, local taxes on imports promoted local production of food. For example, a tax on wheat imports in the 1820s encouraged farmers to grow wheat ✓
- Improved transport and infrastructure (Max. 8 marks)

**Factors hampering economic development in agriculture**

- Lack of capital ✓
- Labour was scarce ✓
- There were few or no schools and other educational institutions; most people had little or no education ✓✓
- Most areas had little or no infrastructure ✓✓
- The colonial powers often had monopolies in the markets ✓✓ for example, farmers could only sell their goods to the Dutch East India Company ✓
- Unequal trade with the colonial countries meant that the trade mainly benefitted the colonial powers ✓✓ for example, farmers produced wool in South Africa and exported it to Britain. The wool was then processed into cloth in Britain and the more expensive cloth was imported back into South Africa ✓
- South Africa is a difficult country in which to farm, because of frequent droughts and a lack of fertile soil ✓✓
- The large distances made access to markets difficult and infrastructure expensive ✓✓

(Max. 8 marks) **(26)****ADDITIONAL PART****Why should the nation be encouraged to save?**

- Improved levels of saving patterns enable banks to lend more to businesses, so they can invest more on capital goods ✓✓
- 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 ✓✓
- Savings add value to people's wealth ✓✓
- Higher levels of capital stock stimulate economic growth ✓✓
- There are many sources of savings that are important for the nation, such as corporate savings, ✓ household ✓ savings and foreign savings. ✓  
(Accept any relevant response)

**(10)****CONCLUSION**

South Africa has experienced a variety of challenges of different stages to achieve the current level of economic development. ✓✓

(2)

**[40]**

**TOTAL SECTION C: 40**  
**GRAND TOTAL: 150**