

education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 10

ECONOMICS P2
MARKING GUIDELINES
NOVEMBER 2024

.

MARKS: 150

These marking guidelines consist of 19 pages.

SECTION A (COMPULSORY)

QUESTION 1

1.1 MULTIPLE CHOICE

- 1.1.1 A monopoly ✓ ✓
- 1.1.2 C exchange value ✓✓
- 1.1.3 A marginal ✓✓
- 1.1.4 B- indirect tax ✓✓
- 1.1.5 D production possibility ✓✓
- 1.1.6 B labour market ✓✓
- 1.1.7 C economic growth ✓✓
- 1.1.8 D migration ✓✓

(8 x 2) (16)

1.2 **MATCH ITEM**

- 1.2.1 C a market structure which has a large number of buyers and sellers who are not able to influence the price. ✓
- 1.2.2 A goods that are combined together to satisfy a need, e.g. CD and a CD player. ✓
- 1.2.3 D the value of the next best alternative that is given up when a choice is made. ✓
- an organisation of workers that promotes and protects the interests of its members in issues such as wages and working conditions, especially through negotiations with employees. ✓
- 1.2.5 E legal and moral entitlements that protect the interests of workers and ensure fair treatment in the workplace. ✓
- 1.2.6 I a segment of society that faces significant economic challenges and barriers, limiting their access to resources, opportunities and social mobility. ✓
- 1.2.7 H the percentage of the EAP that is unemployed within a specific area or demographic group. ✓
- 1.2.8 G when all the people who want to work, who are looking for a job are able to get a job. ✓ (8 x 1) (8)

1.3 **CONCEPTS**

1.3.1 Utility ✓

1.3.2 Subsidy ✓

1.3.3 Allocative efficiency ✓

1.3.4 Labour Relations Act ✓

1.3.5 Structural unemployment ✓

1.3.6 Economic equity ✓

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

QUESTION 2: MICROECONOMICS

- 2.1 Answer the following questions.
 - 2.1.1 Name any TWO levels of public sector.

National ✓

Provincial ✓

Local ✓

(Accept any other correct and relevant response)

 (2×1)

(2)

2.1.2 How does an increase in the price of sugar affect the demand for tea?

The demand for tea will decrease as sugar and tea are complementary goods. ✓✓

(Accept any other correct and relevant response) (1

 (1×2) (2)

2.2 DATA RESPONSE

2.2.1 Identify in the extract above the term that refers to the sellers' side of the market.

Supply ✓
(Accept any other correct and relevant response)

(1)

- 2.2.2 Name ONE determinant of supply.
 - The price of the goods or services ✓
 - The state of the technology ✓
 - The price of alternative goods and services ✓
 - The price of factors of production ✓

(Accept any other correct and relevant response)

(1)

2.2.3 Briefly describe the term demand.

Demand refers to the quantity of goods and services that prospective buyers are willing to purchase at the given price within a given period of time.

(Accept any other correct and relevant response)

(2)

2.2.4 Explain the relationship between prices and the quantities of goods demanded.

As the price of the goods demanded increases, the demand for the goods decreases and as the price of the goods demanded decreases, the demand for the goods increases. \checkmark

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(Accept any other correct and relevant response) (2)

2.2.5 How are prices determined in the market?

- Through the interaction of market mechanisms/ forces.✓✓
- The intersection of the demand and supply curves establishes the market equilibrium and also equilibrium price and quantity. ✓✓

(Accept any other correct and relevant response) (2 x 2)

2.3 DATA RESPONSE

2.3.1 Identify the curve depicted in the graph above.

PPC/ PPF/ Production Possibility Curve/Production Possibility Frontier√ (1)

2.3.2 What is the opportunity cost of producing 27 units of a service?

4 units of a good√ (1)

2.3.3 Briefly describe the term pareto-efficiency.

Pareto efficiency is when it is impossible to make one party better off without making another party worse off. $\checkmark\checkmark$ (Accept any other correct and relevant response) (2)

2.3.4 Why is point D regarded as pareto inefficient?

The resources are used inefficiently, there is a wastage of resources/ there is still a room for producing more of a good without or service without sacrificing anything/ it is possible to produce more of a good without rendering less of service.

(2)

2.3.5 Briefly explain how consumers can solve the problem of scarcity.

- A list of priorities should be made by consumers ✓
- From the list of priorities then choices should be made.√
 (Accept any other correct and relevant response)
 (2 x 2)

2.4 Differentiate between perfect market and imperfect market.

- A perfect market consists of a large number of firms whereas the number ranges from one (monopoly), few (oligopoly) and many (monopolistic competition). ✓√
- Under a perfect market, firms produce homogeneous products which are identical in terms of the quality, appearance, packaging, ingredients whereas the nature of the product ranges from unique

- (monopoly) homogenous/differentiated (oligopoly) and differentiated (monopolistic competition). $\checkmark\checkmark$
- In a perfect market firms are price takers because the prices are determined by market forces of demand and supply whereas firms have some degree of control over price which range from little (monopolistic competition), considerable (oligopoly) to full control (monopoly), under imperfect market. ✓✓
- Entry and exit is completely free under perfect market whilst it ranges from relatively easy to completely blocked under imperfect markets.
- Information is complete under perfect market and monopoly whereas it is incomplete under oligopoly and monopolistic competition. ✓✓
- The demand curve for an individual seller in a perfect market is horizontal whereas the demand curve for the forms under imperfect market is downward sloping from top left to bottom right. ✓✓
- Collusion does not exist in a perfect market whereas it is only possible under oligopoly in an imperfect market. ✓√
- Firms in perfect markets rely on market forces for decision-making whilst decisions are taken mostly by shareholders and board of directors under imperfect market.
- In the short run, perfect competition and monopolistic competition make either economic profit, economic loss or normal profit in the long run whereas the monopolist and oligopolist can make economic profits or economic loss in the short term and makes economic profit in the long run.

(Accept any other correct and relevant response)

(Allocate a maximum of 4 marks for mere listing of facts/examples)

 (4×2) (8)

2.5 Analyse the challenges faced by economists in measuring utility.

- Subjective nature: Utility is a subjective concept, making it difficult to quantify and compare across individuals. ✓✓
- Intangible: Utility is an intangible concept, making it hard to measure directly. ✓✓
- Interpersonal comparisons: Comparing utility across individuals is challenging due to differing preferences and scales. ✓√
- Utility vs. income: Utility may not always increase with income, making it hard to use income as a proxy. ✓✓
- Diminishing marginal utility: The law of diminishing marginal utility makes it difficult to measure utility consistently. ✓✓
- Measurement biases: Self-reported data may be subject to biases like social desirability bias or anchoring bias. ✓√
- Data limitations: Access to relevant data and the quality of existing data can limit the accuracy of utility measurements. ✓✓

(Accept any other correct and relevant response)

(Allocate a maximum of 2 marks for mere listing of facts/examples)

(4 x 2)

(8) **[40]**

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

3.1	Answer	the	follov	wina	questions.

3.1.1 Name any TWO ways in which unemployment figures are obtained in South Africa.

Census ✓

Population survey ✓

Registrations of unemployed with the Department of

Labour ✓

Sample survey (the Quarterly Labour Force Survey) by

Statistics South Africa (STATSSA) ✓

(Accept any other correct and relevant response) (2×1) (2)

3.1.2 What is the negative impact of Basic Conditions of **Employment Act on businesses?**

The Act forces businesses to comply with many legal requirements which may increase labour costs. ✓✓ (Accept any other correct and relevant response)

 (1×2) (2)

3.2 DATA RESPONSE

3.2.1 Identify the trade union that accepted a wage offer of 6% from the extract above.

> National Union of Metalworkers of South Africa/ Numsa√ (1)

3.2.2 How many workers are employed by Steel and Engineering **Industries Federation of Southern Africa?**

> 170 000 ✓ (1)

3.2.3 Briefly describe the term collective bargaining.

> Process of negotiations between an employer and the representative of a unit of employees which is aimed at reaching an agreement about a work-related disagreement. ✓✓ (Accept any other correct and relevant response) (2)

3.2.4 Briefly explain the effects of strikes on the economy.

- Strikes lead to a halt in production, resulting in lost output, reduced productivity, and decreased economic activity. <
- Prolonged strikes can reduce economic growth, as lost productivity and output can lead to decreased GDP. </
- In some cases, strikes can lead to permanent job losses, particularly if businesses are forced to close or downsize.

(Accept any other correct and relevant response)

(2)

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3.2.5 Wh	y is it beneficial	for the emplo	yees join trade	unions?

- Trade unions help employees achieve good wages and working conditions from employers. ✓√
- Trade unions work towards reducing any loss of jobs through retrenchment. ✓√

(Accept any other correct and relevant response) (2 x 2)

3.3 DATA RESPONSE

3.3.1 What does the acronym BEE stand for?

Black Economic Empowerment ✓ (1)

3.3.2 Which government department is responsible for the implementation of the Broad-Based Black Economic Empowerment Act?

The Department of Trade, Industry and Competition (DTIC) ✓ (1)

3.3.3 Briefly describe the term capital.

The money used by a business owner to establish a business.

(Accept any other correct and relevant response) (2)

3.3.4 What will happen to the unemployment rate if the government focuses on developing the skills of South African citizens?

South Africans will have necessary skills needed in the labour market for employment, unemployment rate will decrease. ✓✓ (Accept any other correct and relevant response) (2)

3.3.5 Briefly explain the successes of the Broad-Based Black Economic Empowerment Act in South Africa

- Increased black ownership: Significant increase in black ownership and control of businesses. ✓✓
- Job creation: Creation of employment opportunities for black people, especially in management and skilled positions. ✓✓
- Skills development: Improved skills and training for black employees, enhancing their career prospects. ✓✓
- Economic growth: Contribution to South Africa's economic growth and development. ✓√
- Diversification: Increased diversity in the economy, with more black-owned businesses in various sectors. ✓✓

(Accept any other correct and relevant response) (2 x 2) (4)

3.4 Briefly discuss the economically marginalised groups in South Africa.

- In South Africa, rural people, women, handicapped persons, older people and school leavers are marginalised groups. </
- These groups find it difficult to access employment. ✓✓
- If they do have some kind of employment, they are the first to be effected when cyclical downswings occur. </
- Their numbers are such that government intervention is necessary. therefore, some incentive schemes in South Africa favour those businesses that are likely to employ persons from these groups. <
- The government's public works programmes give preference to rural people, women, post-school youth and handicapped persons. < (Accept any other correct and relevant response)

(Allocate a maximum of 4 marks for mere listing of facts/examples)

 (4×2)

(8)

3.5 How can the government provide support to Small Medium and **Micro Enterprises?**

Access to funding: Provide financial assistance, grants, and loans with favourable terms. ✓✓

- Training and mentorship: Offer business skills training, mentorship programs, and workshops. </
- Regulatory support: Simplify regulatory processes, reduce bureaucracy, and provide compliance assistance. <
- Market access: Facilitate access to markets, including government procurement opportunities. </
- Infrastructure support: Provide access to affordable infrastructure, such as office space, technology, and transportation. $\checkmark\checkmark$
- Tax incentives: Offer tax breaks, deductions, or rebates to reduce financial burdens. </
- Networking opportunities: Host events, conferences, and trade missions to connect SMMEs with potential partners and clients. <
- Industry-specific support: Provide sector-specific support, such as agricultural or technological development programs. </
- Access to information: Offer resources, research, and data to inform business decisions. </
- 10. Simplification of processes: Streamline processes for registration, licensing, and permits. <

(Accept any other correct and relevant response)

(Allocate a maximum of 2 marks for mere listing of facts/examples)

 (4×2)

(8)

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[40]

(2)

(1)

(2)

QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

4.1	Answer	the	following	questions.

4.1.1 List any TWO forms of utility.

Utility of time ✓ Utility of place ✓

Utility of form

(Accept any other correct and relevant response) (2 x 1)

4.1.2 What is the purpose of the Compensation for Occupational Injuries and Diseases Act?

The Act provides for the payment of compensation for disability or death caused by injuries or diseases in the execution of work duties. ✓✓

(Accept any other correct and relevant response) (1 x 2)

4.2 DATA RESPONSE

4.2.1 Identify ONE skills development programme that the government launched in the extract above.

National Youth Policy ✓
The Skills Development Act ✓

The Youth Employment Service (YES) ✓

4.2.2 Which group of people benefitted from these programmes?

Youth/young people ✓ (1)

4.2.3 Briefly describe the term *learnership*.

A work-based learning program that combines theoretical learning with practical experience.

(Accept any other correct and relevant response)

4.2.4 What is the importance of human resource development in addressing the inequalities of the past?

Human resources: To improve human resources means to improve the skills and abilities of people. $\checkmark\checkmark$ (Accept any other correct and relevant response) (2)

4.2.5 Why is skills development important in the labour market?

- Improving your skills can assist in gaining promotions. ✓✓
- Skills development initiatives help to level the playing field and reduce inequality in the economy. ✓✓

(Accept any other correct and relevant response) (2×2) (4)

4.3 DATA RESPONSE

4.3.1 Identify the product consumed from the table above.

4.3.2 Which orange gives no extra satisfaction when consumed?

$$5^{\text{th}}$$
 orange \checkmark (1)

4.3.3 Briefly describe the term *value*.

Value is the maximum amount of money a person is willing and able to pay for goods or services.

(Accept any other correct and relevant response)

(2)

4.3.4 What happens to marginal utility when the 6th orange is consumed?

The marginal utility falls below zero and the 6th orange gives negative utility.

(Accept any other correct and relevant response) (2)

4.3.5 Use the information from the table above to draw a clearly labelled total utility graph.



Mark allocation

Correct slope of TU curve = 2 marks

Labelling of axis = 1 mark

Labelling on axis = 1 mark

(4)

(8)

4.4 Briefly discuss the functions of markets.

- Markets are the interaction of consumers and producers to negotiate prices and exchange goods and services. ✓✓
- Market prices direct the economic decisions of both consumers and producers. ✓√
- Markets do not require any direct intervention or control from outside forces.
- Because markets create contact between consumers and producers, it is in markets that supply and demand comes together. ✓√
- Producers will consider the relative prices of goods and services before they decide what, how and for whom to produce. ✓✓
 (Accept any other correct and relevant response)
 (Allocate a maximum of 4 marks for mere listing of facts/examples)

4.5 What are the effects of unemployment on the society?

- Unemployment is the main cause of poverty in South Africa, unemployment causes people's standards of living to fall. ✓✓
- People with no income may be forced into a lifestyle of crime in order to survive.
- Unemployed people suffer from poor physical and mental health, it affects individuals' dignity and pride. ✓✓
- Loss of confidence reduces the chances of finding employment again.

(Accept any other correct and relevant response)
(Allocate a maximum of 2 marks for mere listing of facts/examples)
(4 x 4)
[40]

TOTAL SECTION B: (80)

SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

QUESTION 5: MICROECONOMICS

Discuss in detail the methods that the government uses to intervene in the economy.

 How can the efficiency of the state-owned enterprises be improved? (10)

INTRODUCTION

Government intervenes in the market to optimise production and the allocation of resources.
/ / The public sector or government includes all aspects of local, regional and national government.
(Accept any other correct and relevant response)

BODY: MAIN PART

Indirect tax ✓

- An indirect tax is paid indirectly by consumers through the purchase of goods and service. ✓✓
- There are three kinds of indirect tax, e.g. VAT, excise duties –charged on locally produced goods and custom duties which are charged on imports. ✓✓
- By imposing the tax, the government directly influences the price which increases the price the consumer pays. ✓✓

Subsidies ✓

- The government provides subsidies to producers in order to encourage them to increase the production of goods. Supply increases. ✓√
- Producer subsidies are often given to suppliers of agricultural products such as milk, wheat and maize. ✓✓
- Subsidies lower the cost of producing goods and thus the market price of these goods is lowered (products are sold cheaper) ✓√

Welfare ✓

- Due to the uneven distribution of wealth, welfare grants are provided for people to meet their basic needs.
- The government provides merit goods and also supplements the income of poor people. ✓✓
- Cash grants e.g. old-age pensions, disability and childcare grants are used. ✓

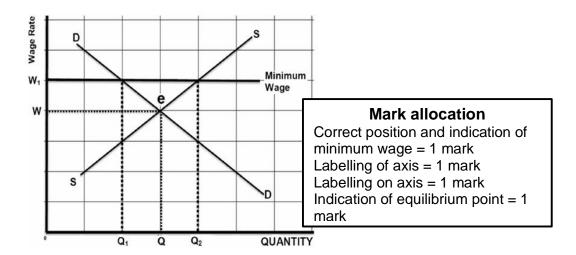
Production ✓

 Government provides goods and services which are not provided by the private sector. ✓✓

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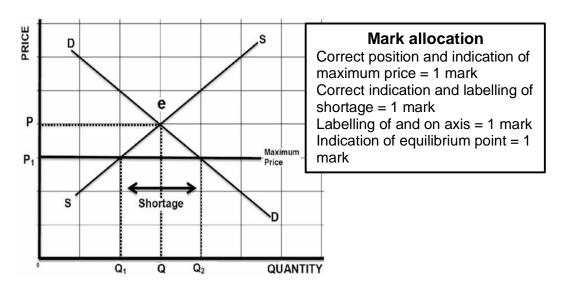
These goods are non-rival and non-excludable, e.g. protection services, parks, streets, refuse removal. ✓

Minimum wages ✓



- When the government enforces a minimum wage, it means workers have to be paid a certain wage amount and not anything less than this. ✓✓
- The reason for this is that workers should earn wages which is enough to cover the basic cost of living. ✓✓
- This helps to protect workers and re-allocate resources. ✓
- The minimum wage of R25,42 per hour increased to 27,58 per hour with effect 1 March 2024. ✓✓

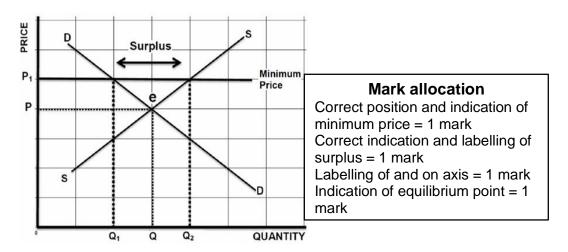
Maximum prices ✓



- A maximum price is set on goods such as basic foods, housing and transport. ✓✓
- In South Africa the price of petrol, diesel fuel and paraffin are controlled at their maximum prices. ✓✓
- Initially the market equilibrium price is P and equilibrium quantity is Q.

- The government intervenes and passes a law that a certain product such as milk cannot be sold for more than P1. ✓√
- The effect of this maximum price is that quantity supplied decreases to Q1 and quantity demanded increases to Q2. ✓✓
- There is a shortage of the product (milk) equal to the difference between Q1 and Q2. ✓√
- A shortage creates a problem of how to allocate the product (milk) to consumers. ✓√
- Black markets often develop where people can obtain the product (milk). (A black market is an illegal market in which either illegal goods are bought and sold or illegal prices are charged.) ✓√

Minimum prices ✓



- The government sets a minimum price at some point above the market price. ✓√
- This is done to enable producers to make a comfortable profit and thus encourages them to supply important essential goods. ✓√
- The market equilibrium price is P and the equilibrium quantity is Q. ✓✓
- If the government sets a minimum price at P1, suppliers will be earn greater profits and supply more of the product. ✓✓
- Quantity supplied will therefore increase to Q2, however, quantity demanded will decrease to Q1. ✓√
- There would be a surplus of the product equal to the difference between Q2 and Q1. ✓✓
- A surplus means the government will have to buy the extra wheat and dump it locally or abroad.
- Although minimum prices may cause a surplus they do encourage the supply of important food stuffs. ✓√

(A maximum of 8 marks may be allocated for mere listing of facts/examples) (26)

Max.

ADDITIONAL PART

- By forming Private Public Partnerships to enable a faster, more efficient delivery of goods and service. ✓✓
- Setting clear costing and development mandates with financial implications clearly set out. ✓✓
- Developing a framework for the appointment and remuneration of members to the Board of State-owned companies. ✓✓
- Ensuring efficient management and accountability. ✓✓
- Focusing on scarce resources for highest financial impact, e.g. encouraging a competitive work culture by hiring and retaining talented individuals through competitive compensation packages.
- By privatising state-owned enterprises to ensure efficiency and competitiveness. ✓√
- Strengthening internal and external audit to control systems and to reduce corruption. ✓✓

(Accept any other correct and relevant response)

(A maximum of 2 marks may be allocated for mere listing of facts/examples)

(10)

CONCLUSION

The intervention of government ensures that inefficiencies is eliminated and that the market is operating effectively. ✓✓ (Accept any other correct and relevant response)

(2) **[40]**

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES

• With reference to the causes and effects, discuss unemployment in detail. (26)

(10)

(2)

 How do public-works programmes help in reducing the rate of unemployment in the country?

INTRODUCTION

Unemployed people are those people who are able and willing to work, between the ages of 16 – 64, who are actively looking for work but are unable to find work. ✓✓
(Accept any other correct and relevant response)

BODY: MAIN PART

CAUSES OF UNEMPLOYMENT

Lack of suitable skills ✓

- Demand for unskilled labour in South Africa has dropped due to structural changes in the economy, technological advances and participation in the global economy.
- There is an over-supply of unskilled workers in the economy who cannot find jobs because the education system has not given learners the adequate mathematical and scientific skills needed. ✓✓

More capital-intensive industries/ technological changes ✓

 Production of high quality goods for world markets has led to businesses investing in machinery and technology, and since these businesses would need less labour, this adds to unemployment.

Trade unions and labour legislation ✓

- The demands of trade unions for increased wages results in South African products being more expensive than imported goods. This leads to many firms being forced to close as they can no longer compete, which ultimately leads to thousands of workers losing their jobs.
- Strikes for additional employment are also very bad as firms make less profit and cannot afford to increase employment. ✓✓
- South African workers are protected by labour laws. These laws may not be flexible enough and actually discourage the employers from taking on more workers, particularly laws governing dismissal and minimum wages.
- Sometimes labour legislation encourages firms to change from labour-intensive to capital-intensive methods of production. ✓✓

The world recession ✓

 The world recession of 2008-2009 has resulted in a severe downturn in the business cycle and has led to the loss of more than a million jobs in the South African economy.

 As consumer demand drops, firms have to reduce their output which results in many workers being retrenched. ✓✓

Population growth ✓

- With the South African population growing too fast, the economy cannot provide jobs for all those who are entering the job market since 2011. ✓√
- The levels of economic growth have not been high enough to absorb the majority of new job-seekers. If the population growth exceeds the economic growth, it causes unemployment. ✓✓

Low rate of economic growth ✓

 The South African economy has not grown enough to create the large number of jobs needed to absorb job-seekers. ✓√

(Accept the types of unemployment as part of the causes of unemployment.)

EFFECTS OF UNEMPLOYMENT

Unemployment has a negative effect on economic, social and political conditions in a country.

Effects on households and individuals <

Unemployment has the following effects on households:

- More poverty ✓
- Less consumer spending ✓
- Lower standard of living ✓
- Decrease in self-respect and confidence ✓
- Poor physical and psychological health ✓

Burden on taxpayers ✓

- Large amounts of money are paid out by the state as social welfare grants to the unemployed and poor people. ✓√
- This amount is not sustainable in the long term, and if government increases taxes in order to subsidise these grants, it will have a negative effect on economic growth and will discourage foreign investment in new businesses.

Social problems ✓

- Poverty that is created by unemployment leads to serious social problems such as increased levels of crime. ✓✓
- It also results in lack of self-esteem and causes financial worries which can lead to domestic violence and destroy family life. ✓✓
- Unemployed people are dissatisfied, so they are more likely to express their discontent about government policy in general through demonstrations and riots.

(A maximum of 8 marks may be allocated for mere listing of facts/examples)

Max.

(26)

ADDITIONAL PART

- Public works projects create jobs for construction workers, engineers, and other professionals.
- Public works investments can stimulate economic growth, leading to increased demand for goods and services, and creating new job opportunities.
- These projects can improve infrastructure, making it easier for businesses to operate and creating a conducive environment for economic growth. ✓✓
- It can provide training and skills development opportunities for workers, enhancing their employability. ✓✓
- Public works programs can serve as a social protection mechanism, providing income support to vulnerable populations during economic downturns.
- Public works spending can have a multiplier effect, generating additional economic activity and job creation through the supply chain.
- Public works programs can focus on rural areas, creating jobs and stimulating economic growth in regions with higher unemployment rates.

(Accept any other correct and relevant response)

(A maximum of 2 marks may be allocated for mere listing of facts/examples)

Max. (10)

CONCLUSION

South Africa's poverty is mainly caused by unemployment and the country will need a sophisticated solution to reduce unemployment levels. $\checkmark\checkmark$ (Accept any other correct and relevant response)

(2)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150