



# education

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**NORTH WEST PROVINCE**

**PROVINCIAL ASSESSMENT**

**GRADE 10**

**ECONOMICS P1**

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**MARKING GUIDELINES**

**MARKS: 100**

These marking guidelines consist of 12 pages.



NW/JUNE/ECOM/ EMIS/6\*\*\*\*\*

**SECTION A: COMPULSORY****QUESTION 1****1.1 MULTIPLE CHOICE QUESTIONS**

- 1.1.1 A Economics✓✓
- 1.1.2 C Capital goods✓✓
- 1.1.3 C its monetary value✓✓
- 1.1.4 B negative economic growth✓✓
- 1.1.5 B Has no foreign sector✓✓ (5x2) (10)

**1.2 MATCHING ITEMS**

- 1.2.1 C It deals with large decisions that impact on the total economy as a whole.✓
- 1.2.2 F Describes how something should be ( on what ought to be ) ✓
- 1.2.3 A The enterprises that are owned and controlled by the government.✓
- 1.2.4 B The application of statistical methods in Economics.✓
- 1.2.5 G An increase in the amount of goods and services produced by a country over a certain period of time.) ✓ (5x1) (5)

**1.3 GIVE ONE TERM**

- 1.3.1 Economics✓
- 1.3.2 Production✓
- 1.3.3 Trough ✓
- 1.3.4 Per Capita GDP✓
- 1.3.5 Circular flow✓ (5x1)(5)

**TOTAL SECTION A: 20**

**SECTION B**

Answer only ONE of the TWO questions in the ANSWER BOOK.

**QUESTION 2: MACROECONOMICS****40 MARKS – 30MINUTES****2.1 Answer the following questions.****2.1.1 Name any TWO elements of Economics.**

- Production ✓
- Distribution ✓
- Consumption ✓(Any 2x1) (2)

**2.1.2 Why is economics related to other sciences?**

- Some of the practices and principles can enhance the usefulness of economics ✓✓ (1 x 2) (2)

**2.2 Study the table below and answer the questions that follow:****2.2.1 Name the any TWO examples of injections from the table above.**

- Investments ✓
- Government expenditure ✓
- Total exports ✓

Any (2x1)(2)

**2.2.2 Why are leakages and injections not always equal?**

- The decisions causing leakages and injections are taken by different role players that have different motives, e.g. households save and business invest. ✓✓
- They are often caused by outside forces and events in foreign countries, for instance in oil prices. ✓✓
- Participants' economic decisions are not the same, e.g. households spent and save part of their income and businesses invest. ✓✓

Any (1x2)(2)

**2.2.3 Calculate Wingdale's total leakages for 2016 using the information given in the table above.**

$$\begin{aligned}\text{Leakages} &= \text{Savings} + \text{Tax revenue} + \text{total imports} \\ &= 100✓ + 210✓ + 190✓ \\ &= 500 ✓\end{aligned}$$

(4)

**2.2.4 What equation would you use to work out the total injections from an economy?**

Injections = investments + government expenditure + payment for



exports ✓✓

(2)

**2.3 Study the extract below and answer the questions that follow:****2.3.1 According to the extract above, what are the solutions to the economic problem?**

- We have to choose. ✓
- We have to make trade-offs. ✓
- We have to efficiently allocate resources. ✓ (2x1)(2)

**2.3.2 Which processes is involved in study in Economics.**

- Production ✓
- Distribution ✓
- Consumption ✓ (2x1)(2)

**2.3.3 Briefly describe the concept *opportunity cost*.**

- The value of the best forgone opportunity or alternative. ✓✓ (2x1)(2)

**2.3.4 How does absolute scarcity differ from relative scarcity?**

<b>Absolute scarcity</b>	<b>Relative scarcity</b>
It exists where there is limited amount of a good and there is no substitute for it. ✓✓ / it exists when it is not possible to increase the supply of a good or service ✓✓ because resources are finite. It usually applies to goods and services that are essential to human survival, ✓✓ e. g. food and water ✓✓	It exists where the demand for a good is greater than the supply of a good. ✓✓ / When you decide to have one thing instead of another. ✓✓ e.g. if we decide to use resources for the production of cake instead of milk, milk will then be relatively scarce ✓✓

Any (2x2) (4)

**2.4 Distinguish between leakages and injections.**

<b>LEAKAGES</b>	<b>INJECTIONS</b>
Means withdrawal of money from the economy ✓✓ e.g. Savings ✓ Taxes ✓ Imports ✓	Additional income into the economy ✓✓ e.g. Investment ✓ Government spending ✓ Exports ✓

Any (2x4) (8)



**2.5 How does gross domestic product relate to economic growth?**

- GDP refers to the total market value of all the final goods and services produced within the boundaries of a country over a specific period of time. ✓✓/
  - GDP is the best measure of the level of economic activity in a country (because it measures what has been produced within that country). ✓✓
  - Economic growth refers to an increase in the productive capacity of the economy to produce more goods and services over time. ✓✓/
  - Economic growth is an increase in real output or real output per capita. ✓✓
  - The economic growth of a country is measured through real GDP. ✓✓
  - If the economy grows then the GDP of a country will also grow. ✓✓
  - If the economy declines then the GDP of a country will also decline. ✓✓
- Accept any relevant answer. (8)

**QUESTION 3****3.1. Answer the following questions.****3.1.1. List the TWO methods used to calculate GDP.**

- Production ✓
  - Income ✓
  - Expenditure ✓
- Any (2x1) (2)

**3.1.2 How can consumption cause environmental pollution**

- Consumption causes environmental damage, such as the air pollution caused by driving a car. ✓✓
  - The release of massive quantitative of carbon dioxide is global warming. ✓✓
- Any (1X2) (2)



**3.2. Study the table below and answer the questions that follow**

Items	Amount (R million)
Government spending (G)	R25m
Investment (I)	R240m
Exports (X)	R56m
Consumption by households (C)	R10m
Imports (Z/M)	R10m
GDP @ market price	A

*Source: SARB Quarterly Bulletin 2016*

**3.2.1 What is the source for the table above?**

*SARB Quarterly Bulletin 2016* ✓ (1)

**3.2.2 Which aggregate component is the highest?**

Investment ✓ (1)

**3.2.3 Explain the importance of GDP aggregates.**

- To determine the standard of living in the country. ✓✓
  - To compare the prosperity levels between countries. ✓✓
  - To measure the economic growth from one year to the next. ✓✓
- Any (2x2)(4)

**3.2.4 Determine the value for A. Show all your calculations.**

$$\begin{aligned}
 \text{GDP} &= C + I + G + (X - Z) \checkmark \\
 &= 10 + 240 + 25 + (56 - 10) \checkmark \\
 &= \text{R}321\text{m} \checkmark \checkmark \quad (4)
 \end{aligned}$$

**3.3 Study the extract and answer the questions that follow:**

**3.3.1. Identify a factor that leads to an improvement in the lives of South African people.**

- Economic growth or growth in the economy. ✓ (1)

**3.3.2 Name a document that sets out the rights of the South Africans.**

- The constitution and Bill of rights ✓ (1)



**3.3.3 Briefly describe the concept pollution.**

- Pollution is the contamination of the environment with dirty and harmful substances / it is poisonous gases and contaminants emitted on the environment. ✓✓

**3.3.4 What does the statement “South Africans gained many rights that had previously been withheld from them” mean?**

- This is the clear indication that many South Africans were oppressed and could simply not enjoy any rights that are enshrined in the constitution of the New South Africa today. ✓✓

(2)

**3.3.5 Differentiate between the right to basic education and the right to basic standard of living.**

<b>The right to basic education</b>	<b>Access to basic standard of living</b>
All South Africans have the right to basic education and the right to learn skills and obtain training, which will help them to get jobs and become productive members of the economy. ✓✓	The government has committed itself to improving living conditions and standards of living of all its citizens and is trying to provide houses, pensions, food and health care for all. ✓✓

(2 x 2) (4)

**3.4 Suggest FOUR possible solutions to reduce environmental problems.**

- Green Tax. ✓ Government could impose tax on production of goods and on how they affect the environment, ✓✓ and producers will have to decrease their pollution to make sure that they keep the cost of their product down. ✓✓
- Government action ✓. Governments are starting to put measures in place to stop or reduce the amount of pollution within their countries, ✓✓
- Public action. ✓ As more people become aware of the damage to the environment they are taking action and taking part in programmes to help restore the damage done and to improve the environment around them. ✓✓
- New technology. ✓ Cleaner and safer technology is being developed with the environment in mind. ✓✓
- Fewer waste products, decreased reliance on fossil fuels and a demand by producers for efficient and environmentally safe technology are giving rise to new products and environmentally safe machines. ✓✓ (4x2)(8)



**3.5 How can human rights be violated in an industrialised economy?**

- The development of factories and large-scale production and some practices developed affect human rights. ✓✓
- E.g. children are employed in factories and mines; women are compelled to do work that is beyond their physical strength and dignity. ✓✓
- Workers work more hours' e.g fourteen hours a day with almost no time for meals and other personal needs. ✓✓
- Factories are dirty, wet and smelly, ventilation and vision are poor ✓✓ work safety is not considered and first aid is never given a thought. ✓✓
- People live in slums where there is no proper shelter ✓✓ where there is limited access to clean water and sanitation. ✓✓
- The rights of humans and workers are acknowledged and developed extensively by the individual countries within international organisations. ✓✓
- Politicians ,labour unions and employers organisations plays a role in putting acts in place that protect the basic rights of people and workers. ✓✓
- People do not have access to food and water, healthcare and social security. ✓✓
- The income gap in the country is large, with many people still living in poverty. ✓✓/ The inequality gap in income –distribution widened. ✓✓

Any (4X2) (8)

**[40]****TOTAL SECTION B: 40**



**SECTION C**

Answer only ONE question from this section.

<b>STRUCTURE OF THE ESSAY</b>	<b>MARK ALLOCATION</b>
<b>Introduction</b>	Max .2
<b>Body :</b> <b>Main part:</b> Discuss in detail / In –depth discussion /Examine /Critically discuss/Analyse/Compare/Evaluate /Distinguish/Explain/Assess/Debate	Max.26
<b>Additional part:</b> 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	Max.10
<b>Conclusion</b>	Max.2
<b>TOTAL</b>	<b>40</b>

**QUESTION 4**

- **Discuss in detail the role of the participants in the closed economy. (26)**
- **Analyse the importance of markets in the circular flow. (10)**

**Introduction**

- The circular flow model is a simplified representation of the interaction between the participants of the economy ✓✓/
- The flows of goods and services and money, in opposite directions between consumers, enterprises, the public sector and the foreign sector. ✓✓  
(Accept any relevant introduction) Max (2)

**MAIN PART****HOUSEHOLDS✓**

- They are the owners of factors of production. ✓✓
- They are consumers who make important economic decisions such as what products to buy, where to buy them, when to buy them and how to buy and pay for them. ✓✓
- Households want to improve their standard of living. ✓✓
- They sell their factors of production to business enterprise in return they receive the income in the form of interest, wages, profit and rent ✓✓
- With the income they get from business they buy goods and services from the businesses. ✓✓
- They are the consumers of the economic goods. ✓✓ (9)



**BUSINESS ENTERPRISES / FIRMS ✓**

- They are producers that employ the factors of production to produce and supply goods and services so as to satisfy the consumers' needs and wants. ✓✓
- Businesses buy factors of production from the household. ✓✓
- They are the producers of the economic goods. ✓✓
- They sell their goods and services to Household and receive the income. ✓✓
- They buy capital goods to increase their returns. ✓✓ (9)

**GOVERNMENT/PUBLIC SECTOR ✓**

- .Government supply necessary goods and services that are not supplied by business enterprises. ✓✓
- It wants to provide a stable framework within which the economy operates. ✓✓
- Government purchases factors of production from the household. ✓✓
- Also purchases goods and services from the firms. ✓✓
- Receives income in the form of tax from household and businesses. ✓✓
- Provides the household and the businesses with public goods e.g. street lights and Parks ✓✓ (8)

**ADDITIONAL PART**

<b>Factor market</b>	<b>Product market</b>
Market where factors of production are sold. ✓✓	Markets where goods and services are sold. ✓✓
Households present their factors to business enterprises on the factor market and receive income. ✓✓	Business enterprises sell their goods and services on the product market and the spending from the households in return. ✓✓
The government purchases factors of production on the factor market and pays salaries. ✓✓	The government provides public goods and services to households and businesses. ✓✓
The foreign sector is responsible for imports and exports of raw materials; liable for immigration and emigration of workers. ✓✓	The foreign sector imports and exports final products on the product market. ✓✓

Max (10)

**Conclusion**

Markets are critically important institutions in our economic system because they regulate supply and demand and safeguard price stability and general business confidence. ✓✓

Max (2)



**[40]****QUESTION 5**

- **Discuss the phases/stages of business cycle.** (26)
- **What effect do you think business cycles have on the economy?** (10)

**Introduction**

Business cycle is consecutive periods of increasing and decreasing economic activity. ✓✓ (Max. 2)

**Main Part**

An ordinary phase has four phases they are analysed in –order they appear in the diagram.

## 1. Recession phase ✓

- This is the phase following the boom. ✓✓
- Businesses start to realise they have to provide for bad times. ✓✓
- They start to reduce inventories. ✓✓
- They repay loans and reduce their workforce. ✓✓
- Eventually profits come under pressure. ✓✓
- High accelerating inflation force interest rates upwards. ✓✓
- Consumer budgets become under pressure. ✓✓
- They reduce expenditure and void taking up credit. ✓✓

Max 7 marks

## 2. Depression phase ✓

- Business and households become pessimistic. ✓✓
- Banks call up credits. ✓✓
- Bankruptcies increase; houses, furniture's and cars are repossessed. ✓✓
- Unemployment increases. ✓✓

Max 5 marks

## 3. The recovery phase ✓

- Tight monetary conditions eventually become successful in reducing inflation. ✓✓
- Business realise that conditions are going to improve and they take steps that raise productivity. ✓✓
- Production and inventories increases. ✓✓
- Economic activities revive and more workers are employed. ✓✓
- Households' incomes increases and so does consumption expenditure. ✓✓

Max 7 marks

## 4. The prosperity phase



- Entrepreneurs borrow money and buy new machinery and equipment. ✓✓
- More people are employed. ✓✓
- Factories work overtime and skilled labour become extremely scarce. ✓✓
- Skewed businesses realise that this phase cannot last forever. ✓✓
- Inflation increases continuously. ✓✓

Max 7 marks  
Any 3 x 7 and 1 x 5)  
**Max 26 marks**

**Additional part: What effect do you think business cycles have on the economy?**

- Changes in economic growth ✓✓
- Change in employment ✓✓
- Change in price levels ✓✓
- Changes in exchange rates ✓✓
- Changes in aggregate demand and supply ✓✓

(10)

### **Conclusion**

The analysis above shows a cycle under “normal” conditions, however modern economic policies succeed in preventing deep depression and boom that end in extreme conditions. ✓✓

Max (2)

[40]

**TOTAL SECTION C: 40**

**GRAND TOTAL: 100**

