



# **education**

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## **PROVINCIAL ASSESSMENT**

**GRADE 10**

**ECONOMICS P2**

**NOVEMBER 2019**

**MARKING GUIDELINES**

**MARKS: 150**

**These marking guidelines consist of 11 pages**

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

- 1.1.1 A✓✓
- 1.1.2 D✓✓
- 1.1.3 C✓✓
- 1.1.4 C✓✓
- 1.1.5 A✓✓
- 1.1.6 C✓✓
- 1.1.7 B✓✓
- 1.1.8 D✓✓

(8 X 2) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 D✓✓
- 1.2.2 H✓✓
- 1.2.3 E✓✓
- 1.2.4 G✓✓
- 1.2.5 B✓✓
- 1.2.6 A✓✓
- 1.2.7 I✓✓
- 1.2.8 F✓✓

(8 x 1) (8)

**1.3 GIVE THE TERM**

- 1.3.1 Stagflation✓
- 1.3.2 Welfare/grants✓
- 1.3.3 Expanded public works programme✓
- 1.3.4 Employment equity✓
- 1.3.5 Migration✓
- 1.3.6 Market Equilibrium✓

(6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

Answer any TWO of the three questions from this section.

**QUESTION 2: MICRO ECONOMICS**

2.1 Answer the following questions.

**2.1.1 State any TWO characteristics of utility.**

- Utility differs from person to person✓
  - The utility of a product can change✓
- (2 x 1) (2)

**2.1.2 How does the law of diminishing marginal utility affect the quantity consumed?**

- Marginal utility decreases✓✓
- (1 x 2) (2)

2.2 Study the graph below and answer the questions that follow.

**2.2.1 What is represented by  $E_0$ ?**

- Equilibrium point✓
- (1)

**2.2.2 Identify the quantity produced for  $P_0$  and  $S_0$ .**

- $Q_0$ ✓
- (1)

**2.2.3 Describe what has happened to the price and quantity in the graph.**

- Price increased from  $P_0$  to  $P_1$  and quantity decreased from  $Q_0$  to  $Q_1$ ✓✓
- (2)

**2.2.4 Explain the law of demand.**

- The law of demand states that if price of a good increases, quantity demanded decreases✓✓
- (2)

**2.2.5 How can a shift in the demand curve be caused?**

- Change in consumer income✓✓
  - Change in the size of the population✓✓
  - Change in consumer preference✓✓
- (2 x 2) (4)

2.3 Study the cartoon below and answer the questions that follow.

**2.3.1 Identify the source from which this cartoon was obtained.**

- Google✓
- (1)

**2.3.2 Which form of tax is depicted in the cartoon above?**

- Indirect tax/sin tax✓
- (1)

**2.3.3 Briefly explain the term *budget*.**

- Financial planning for the future✓✓
- (2)

**2.3.4 Why does the government impose the form of tax named in 2.3.2?**

- To encourage people not to buy harmful products✓✓ (2)

**2.3.5 Explain the impact of tax in the economy.**

- It increases state revenue✓✓
- An increase in state revenue can be used to improve infrastructure✓✓
- Revenue can be used to contribute to social services (support the citizens of a country)✓✓ (2 x 2) (4)

**2.4 Why does government intervene in the market?**

- The government tries to combat markets inequities through regulation, taxation and subsidies✓✓
- Government may also intervene in markets to promote general economic fairness✓✓
- Government intervene in markets to promote other goals, such as national unity and advances✓✓
- The government intervenes to receive more income✓✓ (4 x 2) (8)

**2.5 Discuss any FOUR criteria that a good or a service must meet to enter the world market.**

- There must be a wide demand✓✓
- It must be transportable✓✓
- The cost of transport must be small in relation to the value of the good✓✓
- It must be durable✓✓
- Entry must not be restricted✓✓
- Any FOUR and explained (4 x 2) (8)

**[40]****QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**

3.1 Answer the following questions.

**3.1.1 Name TWO objectives of the Labour Relations act.**

- Self-government✓
- Majorification✓
- Consultation✓ (2 x 1) (2)

**3.1.2 What is the purpose of the Unemployment Insurance Fund?**

- To assist citizens in the country who is unemployed, who has lost their jobs and who are trying to find new jobs✓✓ (1 x 2) (2)

3.2 Read the following extract and answer the questions that follow.

**3.2.1 Identify the city affected by the strike in the extract above.**

- Nairobi ✓ (1)

**3.2.2 What is the cause of the dispute in the extract above?**

- Contracts and job security ✓ (1)

**3.2.3 Briefly explain the term, *trade union*.**

- An organization that represents the economic interest of workers ✓✓ (2)

**3.2.4 Explain the importance of the Basic Conditions of Employment Act to workers.**

- To ensure workers' rights to fair labour practices ✓✓ (2)

**3.2.5 How can unemployment affect the economy?**

- Living standard decreases ✓✓
- More people that are unemployed costs the government more ✓✓
- Less people take part in economic activities ✓✓
- Any other relevant response (2 x 2) (4)

3.3 Study the information below and answer the questions that follow.

**3.3.1 Identify in the information above, the number of people who were not actively involved in the economy.**

- 14,6 million ✓ (1)

**3.3.2 What is the main reason for the high rate of unemployment in South Africa?**

- Lack of education and training ✓
- Lack of employment opportunities ✓ (1)

**3.3.3 Briefly explain the term, *unemployment*.**

- A situation where people are willing and able to work but cannot find work ✓✓ (2)

**3.3.4 Why should the government be concerned with the high unemployment rate in our country?**

- The more people are unemployed, the more people that will depend on government for financial assistance ✓✓ (2)

**3.3.5 How can the government intervene to ensure participation of the marginalized groups in the economy of the country?**

- Education and skills training programmes for less fortunate people ✓✓
- The government can assist businesses that help this group of people ✓✓
- Any other relevant answer (2 x 2) (4)

**3.4 Briefly discuss the different types of unemployment.**

- Frictional unemployment – when a person is moving between jobs✓✓
  - Cyclical unemployment – the result of fluctuations in the economy✓✓
  - Structural unemployment – when the skills of the labour force do not match the demands of the economy✓✓
  - Seasonal unemployment – workers only needed for part of the year✓✓
- (4 x 2) (8)

**3.5 Evaluate the impact of mechanization on the demand for labour in a country.**

- Demand for physical labour decrease✓✓
  - Demand for more specified labour increases✓✓
  - Large scale production leads to a labour increase✓✓
  - With improvements in technology, an increase in demand for labour or for capital continues✓✓
- (4 x 2) (8)

**[40]****QUESTION 4: MICRO-ECONOMICS AND CONTEMPORARY ISSUES**

4.1 Answer the questions that follow.

**4.1.1 Give TWO examples of public goods and services.**

- Goods that are not provided by private businesses
  - Any relevant public good/service
  - Refuge removal✓
  - Water and sanitation✓
  - Policing and health care✓
- (2 x 1) (2)

**4.1.2 How can the government implement maximum prices?**

- Set prices on goods such as basic food, housing and transport✓✓
- (1 x 2) (2)

4.2 Read the following extract and answer the questions that follow.

**4.2.1 Over how many years will this subsidy scheme take place?**

- Over 3 years✓ (1)

**4.2.2 In what month is our National Budget Speech presented?**

- February✓ (1)

**4.2.3 Explain the concept, *price ceiling*.**

- Government imposed price control, or limit, on how high a price is charged for a product or service✓✓ (2)

**4.2.4 Give a reason why the government decided to implement minimum wage?**

- To reduce inequality✓✓
  - To protect employees against exploitation from employers✓✓
  - To ensure a good standard of living amongst citizens in a country✓✓
- (2)

**4.2.5 How will indirect taxes impact the economy negatively?**

- It will increase prices✓✓
  - Decrease consumption✓✓
  - A decrease in consumption leads to a decrease in government revenue✓✓
- (4)

4.3 Study the graph below and answer the questions that follow.

**4.3.1 Identify the shape of the curve is shown in Fig. 1?**

Concave✓ (1)

**4.3.2 What is the main reason for the shift in a consumer's indifference curve?**

Consumer income✓ (1)

**4.3.3 What is the difference between an indifference curve and a production possibility curve?**

- Indifference curve is plotted from a consumer viewpoint✓
  - PPC is plotted from the economy's viewpoint✓
- (2)

**4.3.4 What does an indifference curve analyse?**

- Total utility or satisfaction✓✓
- (2)

**4.3.5 Explain the law of substitution.**

- The law states that the scarcer a good becomes, the greater its substitution value will be✓✓
  - The marginal utility of the good that becomes less plentiful rises in relation to the marginal utility of the good that becomes more plentiful✓✓
- (4)

**4.4 Discuss FOUR factors that determine the demand for labour.**

- Performance of the economy – If the economy grows, more goods and services, produced by labour, are sold and more labour is employed✓✓
- Productivity of labour – The relationship between real output and the quantity of input used to produce that output. Productivity is a measure of efficiency✓✓
- Improvements in technology – Technology extends human ability, and it advances raises the marginal product of labour✓✓
- The supply of other factors – If capital, land, proper education and entrepreneurship are not available, workers will not find employment✓✓

(4 x 2) (8)

**4.5 South Africa's labour legislation corresponds with international laws. Explain FOUR labour rights.**

- The right to dignified working conditions ✓✓
- The right to work that is freely chosen or accepted ✓✓
- The right to adequate remuneration ✓✓
- The right to limited work day and remuneration periods of rest ✓✓
- The right to equal pay for work of equal value ✓✓
- The right to equal treatment ✓✓
- The right to safe and hygienic working conditions ✓✓

(Explanations done in own words for four of the rights) (4 x 2) (8)

**[40]**

**TOTAL SECTION B: 80**

**SECTION C**

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

**QUESTION 5: MICRO ECONOMICS**

**40 MARKS – 40 MINUTES**

*“While no market has clearly defined perfect competition, all real markets are classified as imperfect. That being said, a perfect market is used as a standard by which the effectiveness and efficiency of real-world markets can be measured.”*

- Discuss in detail the characteristics of perfect and imperfect markets. (26)
- What steps can government take to prevent market failure? (10)

**[40]**

**INTRODUCTION**

- A market is a potential place or arranged situation where buyers (households) and sellers (businesses) of products meet and exchange goods, services and money. ✓✓

**MAIN PART**

Max. 26

Perfect market:

- Large number of buyers and sellers ✓ No individual participant can affect the price through their own supply or demand of goods ✓
- Homogenous products ✓ The products on offer are all more or less the same ✓
- Easy entry and exit ✓ Sellers can either enter and exit the market freely ✓
- Perfect information ✓ Buyers know exactly what each seller's price is ✓
- Sellers are price takers ✓ Sellers have to accept the prevailing market price ✓ If they increase their prices above the prevailing price, they will not sell anything ✓
- In reality there are few perfect markets ✓ there are some sectors such as mining and agriculture where many of the above conditions are met ✓

**Imperfect market:**

- There are a few sellers✓ These producers have direct influence on the price of the product✓, are not held back by other competitors and able to affect price✓
- Heterogeneous products✓ The products in the market are different from each other and consumers look for specific qualities of each product✓ The seller supplies goods and services that have no close substitute✓
- Imperfect information✓ It is not easy and sometimes not possible for buyers to know what all the prices of a product are within the market✓
- Other sellers are prevented from entering the market✓ The seller is protected from competition through patents, control of resources and government restrictions✓
- The seller has control over the price✓ The producers of the goods and services can set the prices and the buyers are not to bargain or affect the prices in a significant way✓
- There are many imperfect markets that we deal with everyday✓ Examples include Telkom, Eskom, computer manufactures and cell phone companies✓

**ADDITIONAL PART**

What steps can government take to prevent market failure?

- Implementing taxes to guide consumer spending (direct and indirect)✓✓
- Implement subsidies to assist with production and consumption (to producers and consumers)✓✓
- Welfare to citizens of country in the form of social services or grants✓✓
- Implementing maximum and minimum prices to ensure that suppliers do not exploit consumers✓✓
- Implementing laws regarding production and minimum wage to ensure employer safety and wellbeing✓✓

Max. 10

**CONCLUSION**

- While no market has clearly defined perfect competition, all real-world markets are classified as imperfect and with consumer and government spending it can assist market development
- Any relevant summary regarding topic discussed✓✓

**QUESTION 6: CONTEMPORARY SOCIO ECONOMIC ISSUES**  
**40 MARKS – 40 MINUTES**

*“The government made a number of changes concerning the way in which natural resources should be utilized.”*

- Explain how the redress occurred in land, minerals and energy in South Africa. (26)
  - What are the challenges faced by Mining industries in South Africa? (10)
- [40]**

**INTRODUCTION**

- Natural resources are materials or substances occurring in nature which can be exploited for economic gain. These resources are raw materials that are extracted from nature.✓✓

**MAIN PART**

- Economic redress is to put right what was wrong✓✓
- Land
  - Government has introduced land reform✓✓
  - The government is also buying land from white farmers to settle marginalized farmers✓✓
  - The Land Restitution Programme – the purpose of this programme is to assess the validity of claims, restore land or pay financial compensation to the claimants✓✓
  - Land redistribution – to provide previously disadvantaged South Africans with access to agricultural land. This programme is aimed at the poor, farm workers, woman and new commercial farmers✓✓
- Minerals and Energy
  - The minerals and petroleum resources development act aims to accelerate redress in the mining industry – government effectively nationalized all mineral rights✓✓
  - The department of minerals and energy writes policies to regulate the ownership, extraction, use and processing of South Africa’s minerals✓✓
  - The government is the sole custodian of all the minerals and petroleum resources in South Africa✓✓
  - People must apply for rights to mine these resources✓✓
  - These laws forces applicants to make opportunities available for people from disadvantaged groups✓✓
  - Through Eskom, the government is busy connecting thousands of households across the country to the national electricity grid✓✓
  - Provincial and Local governments are replacing old sanitation systems in many communities with modern sanitation facilities✓✓
  - Government aims to provide all communities with access to clean piped water✓✓
  - The mining industry is under pressure to improve treatment of its acid waste water✓✓

Max. 26

**ADDITIONAL PART**

Challenges faced by Mining industries in SA

- Economic performance – increasing and decreasing of government spending and inflation✓✓
- Employment – lack of training and education increase barriers to employing the correct people✓✓
- Income inequality – this creates tension between different parts of the population and influences the daily activities because of striking workers because of wage distribution✓✓
- Poverty – decrease in demand occurs and therefore production decreases and that leads to a decrease in profits and sales✓✓
- Stability – if a country is unstable, foreign investors remove investments in the primary sector and capital decreases✓✓

Max. 10

**CONCLUSION**

- The mining industry in South Africa is a main source of income for our economy and relevant policies need to be implemented to secure this sector to contribute to the development of our country
- Any relevant summary of topic discussed✓✓

[40]

**TOTAL SECTION C: 40**

**GRAND TOTAL: 150**