



education

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NORTH WEST PROVINCE**

PROVINCIAL ASSESSMENT

GRADE 10

ECONOMICS P2

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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
- Refugee 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