



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 10

**ECONOMICS P1
MARKING GUIDELINES
JUNE 2024**

MARKS: 100
TIME: 1 ½ hours

These marking guidelines consist of 14 pages.

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

- 1.1.1 C/ What people should buy ✓✓
- 1.1.2 A/ the economic problem ✓✓
- 1.1.3 B/ scarcity ✓✓
- 1.1.4 B/ household ✓✓
- 1.1.5 D/ prosperity ✓✓ (2 x 5) (10)

1.2 MATCHING ITEM

- 1.2.1 C/ ensures that the benefits of society`s resources are distributed fairly among society member ✓
- 1.2.2 B/ the sector that manufactures and processes raw materials so that they are in a form fit for human consumption ✓
- 1.2.3 A/ a process of using up an article ✓
- 1.2.4 E/ the period of very high economic activity just before the economy slows down ✓
- 1.2.5 D/ the economic indicator that moves the same way that the economy does ✓ (5 x 1) (5)

1.3 GIVE ONE TERM

- 1.3.1 Labour ✓
- 1.3.2 Relative scarcity ✓
- 1.3.3 Closed economy/ three-sector economy ✓
- 1.3.4 Secondary sector ✓
- 1.3.5 Trough ✓ (1 x 5) (5)

TOTAL SECTION A: 20

SECTION B**Answer only ONE of the two questions in this section ANSWER BOOK****QUESTION 2: MACROECONOMICS****40 MARKS****2.1 Answer the following questions:****2.1.1 List any TWO examples of injections in the economy.**

- Investment ✓✓
- Government spending ✓✓
- Exports ✓

(2 x 1) (2)

2.1.2 Why do economists make use of models in the study of economics?

- Model simplifies reality to reduce complex functions that are difficult to understand. ✓

(1 x 2) (2)

2.2 DATA RESPONSE**2.2.1 What advice is given by the lady in the cartoon?**

- She advises the employer to hire an Economist. ✓

(1)

2.2.2 Give ONE career opportunity related to Economics.

- Market research analyst✓
- Credit analyst✓
- Financial analyst✓
- Actuary✓
- Economic consultant✓
- Accountant✓

(Accept any other relevant response)

(1)

2.2.3 Briefly describe the term *Economics*.

- A social science studies how individuals, business and other organisations choose to use resources to achieve the maximum satisfaction of their unlimited needs and wants. ✓✓

(2)

2.2.4 Why is Economics considered to be a social science?

- Economics is a social science that examines people's behavior and how they interact with society. ✓✓

(Accept any other correct relevant responses)

(2)

2.2.5 How does macroeconomics differ from microeconomics?

Macroeconomics

- Macroeconomics is the study of the total economic activity. ✓✓
- It includes regional, national and international study fields. ✓✓
- It focuses on the economy as a whole. ✓✓

Microeconomics

- Microeconomics is the study of the behavior and decisions of individual participants in the economy. ✓✓
- It includes how prices are determined. ✓✓
- It focuses on individuals, households, firms and other organisations. ✓✓

(Accept any other relevant response). (2 x 2) (4)

2.3 DATA RESPONSE

2.3.1 Identify the method used in the table above to calculate national income.
 • Income method ✓ (1)

2.3.2 **Name the missing item labelled as A.**

- Gross value added at basic prices/GVA at basic prices. ✓ (1)

2.3.3 **Briefly describe the term *subsidies on production*.**

- Subsidies on production refer to subsidies that are not linked to specific goods or services, e.g. subsidy made on employment. ✓✓

(Accept any other correct relevant response) (2)

2.3.4 **How is gross domestic product converted to gross national product?**

- By adding primary income from the rest of the world and subtracting primary income to the rest of the world/ GDP+ primary income from the rest of the world – primary income to the rest of the world. ✓✓ (2)

2.3.5 **Calculate the value of gross domestic product at market prices for 2021 (B). Show ALL calculations.**

- $5\,572\,608 + 633\,854 - 13\,965 = 6\,192\,497$ ✓✓ (2 x 2) (4)

2.4 Differentiate between positive and normative statements.

Positive statements	Normative statements
<ul style="list-style-type: none"> • These statements describe facts without making any judgement whether the facts are good or bad. ✓✓ • Positive statements are concerned with what was in the past, what is today or what will be in the future. ✓✓ • You can test positive statements, e.g. the rand appreciated by 2% against the dollar. ✓✓ 	<ul style="list-style-type: none"> • These statements include value judgements or opinions by economists. ✓✓ • These statements cannot be proven. ✓✓ • Normative statements deal with economic behavior and they judge the behavior whether it is good or bad. ✓✓ • You can debate a normative statement. ✓✓ • E.g. the South African inflation rate is too high. ✓✓

(Allocate a maximum of 4 marks for a mere listing of facts/ examples) (2 x 4) (8)

2.5 How can the business sector contribute more positively to the economy?

The business sector can contribute more positively by:

- Investing more in labour intensive projects with the focus on in-service training and skills development of workers. ✓✓
- Re-investing their profits in the gross capital formation programmes equipment, tools, transportation assets and electricity. ✓✓
- Expanding their business operations and investing in the latest technology to ensure an upliftment of the quality of factors of production needed for production. ✓✓
- diversifying their business operations by bringing in a differentiated product offering within or outside the range they produce. ✓✓
- Supporting South African businesses in terms of procuring raw materials and increase the market share for South African produced goods and services locally and abroad. ✓✓
- Ensuring the existence of sound business principles towards a long-term involvement in the economy leading to a positive economic growth rate. ✓✓
- Using loans to invest in capital goods like machinery, to ensure mass production at a lower cost thus improving their competitiveness. ✓✓
- (Accept any other correct higher order response) (4 X 2) (8)

(Allocate a maximum of 2 marks for a mere listing of facts/ examples) [40]

QUESTION 3: MACROECONOMICS**40 MARKS****3.1 Answer the following questions:****3.1.1 List any TWO types of pollution.**

- Water pollution ✓
- Land pollution ✓
- Air pollution ✓
- Noise pollution ✓

(Accept any other correct relevant response) (2 x 1) (2)**3.1.2 What happens during the depression phase?**

- During a depression money is in short supply, leading to a further decline in spending and there is a negative impact on investment spending. ✓✓

(1 x 2) (2)

3.2 DATA RESPONSE**3.2.1 Identify the human right violated in the above cartoon**

- Child labour ✓

(1)

3.2.2 What is the legal age for one to be considered for formal employment?

From 18 years of age ✓

(1)

3.2.3 Briefly describe the term *human rights*.

- Human rights are that its generally thought every person should have. ✓✓

(2)

3.2.4 How can local communities contribute to a cleaner environment?

- Local communities should avoid dumping of waste in undesignated areas. ✓✓
- Local communities should be encouraged to recycle products. ✓✓
- Avoid the unnecessary burning of waste. ✓✓
- Avoid the unnecessary cutting of tress. ✓✓

(Accept any other correct relevant responses) (2) (2)**3.2.5 How can the government help to intervene in protection of human rights?**

- By enforcing laws through courts, setting policies that most directly to impact people's lives. ✓✓
- Government should constantly monitor human rights. ✓✓
- Through awareness's and campaigns. ✓✓

(Accept any other correct relevant responses) (2 x 2) (4)

3.3 DATA RESPONSE

3.3.1 Identify the final product in the picture above.

- Bread ✓ (1)

3.3.2 Name the economic sector that is responsible for the extraction of raw materials from nature.

- Primary sector ✓ (1)

3.3.3 Briefly describe the term *consumer goods*.

- Consumer goods are goods that are used or consumed by individuals or households to satisfy their needs. ✓✓ (2)

3.3.4 Explain the positive impact of labour intensive towards the economic activity.

- It is a manual labour that is predominantly used in the production process and with less machinery used that is good for South Africa because it will generate more employment. ✓✓ (2)

(Accept any other correct relevant response)

3.3.5 How does the informal sector differ from formal sector in our economy?

Informal sector:

- The informal sector is businesses which are not legally registered and their production is not recorded in the GDP figures of the country. ✓✓

Formal sector:

- The formal sector is businesses which are legally registered, and their production is recorded in GDP figures of the country. ✓✓

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

3.4 Differentiate between *free goods* and *economic goods*.

Free goods

- Are useful to people and they satisfy important needs and wants, but they are not scarce. ✓✓
- They are gifts of nature and there is an abundant supply ✓✓ e.g. fresh air, sunshine and sea water ✓
- These goods do not belong to anybody/are not owned by anyone ✓✓
- Although they have utility, they have no commercial value/exchange value ✓✓

Economic goods

- Are goods that are produced scarce resources ✓✓
- They are scarce ✓✓
- They can command a price in the market and are owned by somebody ✓✓
- They have utility and value ✓✓

- Economic goods are also referred to as scarce goods ✓✓
(Accept any other correct relevant response) (2 x 4) (8)

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

3.5 Analyse the importance of the secondary sector in the economy?

- It contributes a lot towards the GDP that increases our production capacity. ✓✓
- Create job opportunities that leads to factories and other secondary industries provide thousands of jobs for a range of skills levels. Example unskilled labour (e.g., cleaners) and skilled workers (e.g., engineers) ✓✓
- Ensures economic independence that regards SA as a giant in Africa. ✓✓
- Earns foreign exchange because sector is diverse and many of our industrial outputs are exported. ✓✓
- It serves as an important area for investment because it requires expensive machinery and equipment. ✓✓
- Gives strategic importance in Africa as SA has necessary minerals and infrastructure to play important role of development. ✓✓

(Accept any other relevant answer.) (2 x 4) (8)

(Allocate a maximum of 2 marks for a mere listing of facts/ examples) [40]

TOTAL SECTION B: 40

SECTION C

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

QUESTION 4: MACROECONOMICS**40 MARKS**

- **Discuss in detail the role of the FOUR markets in a circular flow of an open economy.** (26 Marks)
- **Why is an increase in injections important for the South African economy?** (10 Marks)

INTRODUCTION

The circular flow is a simplified economic model that illustrates the inter-relationship between the economic participants ✓✓ OR

A market is a mechanism that brings buyers and sellers together to exchange different types of products ✓✓

(Accept any other correct relevant introduction)

(Max. 2)**BODY: MAIN PART****FOUR TYPES OF MARKETS IN THE CIRCULAR FLOW****(a) Product/Goods market ✓**

- Product market is where goods and services are bought and sold ✓✓
- Firms, government and foreign sector supply goods and services and their movement is called real flow ✓✓
- Consumers, firms, government and foreign sector buy goods and services and their payments represent money flow ✓✓
- Goods are defined as any tangible items such as food, clothing and cars that satisfy some human needs ✓✓
- In capital goods market products such as buildings and machinery are exchanged ✓✓
- Consumer goods market involves the trading of durable consumer goods, semi-durable consumer goods and non-durable consumer goods ✓✓
- Services are defined as non-tangible actions and includes wholesale and retail, transport and financial markets ✓✓

(b) Factor/Resources/Input market ✓

- Factor market is where factors of production are exchanged, ✓✓ e.g. the labour market, property market and the financial markets ✓
- Households are the owners of factors of production and they sell them to firms to produce goods and services ✓✓
- The factors of production are labour, entrepreneurship, capital and land and they are exchanged for wages, profit, interest, and rent respectively ✓✓
- Factor services are real flows and they are accompanied by counter flows of income on the factor market ✓✓

(c) Financial markets ✓

- Financial markets render financial services to the other participants in the economy by gathering surplus funds and lending them to those who needs funding ✓✓
- Banks, insurance companies and pension funds form part of the financial market ✓✓
- Financial markets are not directly involved in production of goods and services, but act as a link between households and businesses with surplus income and other participants who require it ✓✓

Money market ✓

- The money market is the market for short-term and very short-term savings and loans ✓✓
- The South African Reserve Bank (SARB) is a key institution in the money market ✓✓
- The SARB administers the function of legislating and managing the money market ✓✓
- Money market includes inter-bank lending for a period as short as overnight ✓✓
- The securities traded include short term deposits, short term debentures and treasury bills ✓✓

Capital market ✓

- The capital market is the market for long-term savings and loans ✓✓
- The Johannesburg Securities Exchange (JSE) is a key institution in the capital market ✓✓
- The securities traded in this market are long term deposits, mortgage bonds and shares ✓✓

(d) Foreign exchange market ✓

- The foreign exchange market is a multi-national market where currencies of all the countries are traded, ✓✓ e.g. The South African rand can be exchanged for the US dollar ✓
- The foreign exchange market originates when one country imports goods from another country and domestic currency have to be exchanged in order to pay for such imports ✓✓
- Foreign exchange can be bought and sold at the banks and foreign exchange agencies ✓✓
- The South African rand is freely traded in the forex markets and its value is determined by the market forces of demand and supply ✓✓

(Accept any other correct relevant response)

(Allocate a max of 8 marks for headings/subheadings/examples) (Max 26)

ADDITIONAL PART

- Increase in investments will expand the tax base thereby increasing tax revenue for the government ✓✓
- The government's capacity to develop infrastructure such as energy and transport will increase ✓✓
- Establishment of new businesses and infrastructure development projects will create more employment ✓✓
- Consumer spending may increase as households receive more income leading to an increase in aggregate demand ✓✓
- Increase in government expenditure on welfare payments and social development improves the standard of living especially for the poor people ✓✓
- Increase in government spending in the form providing subsidies and incentives to businesses will encourage production of more goods and services ✓✓
- Increase in subsidies may reduce the cost of production which will reduce inflation in the economy ✓✓
- Increase in South African exports may result in the appreciation of the rand which will reduce the cost of importing production inputs such as oil ✓✓
- Increase in export production contribute to an increase in the real GDP of the country ✓✓
- Balance of payments problems may decrease as the trade balance increases due to an increase in exports ✓✓
- Through the multiplier process, the country's national income will increase by a bigger margin ✓✓

(Accept any other correct relevant response)

(Max 10)

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

CONCLUSION

Markets ensure availability of consumer goods and services to households and government while allowing businesses access to factors of production. ✓✓

(Accept any other relevant higher order conclusion.)

(Max 2)

[40]

QUESTION 5: MACROECONOMICS**40 MARKS**

- **Discuss in detail the features of business cycles.** (26 Marks)
- **Explain how endogenous (Keynesian) factors influence economic fluctuation.** (10 Marks)

INTRODUCTION

Business cycles can be described as successive periods of contraction and expansion in the level of economic activities. ✓✓

(Accept any other correct relevant introduction)

(Max. 2)**BODY: MAIN PART****LEADING INDICATORS** ✓

- Leading indicators are indicators that change before the economy changes ✓✓
- Leading indicators give consumers, business leaders and policy makers a glimpse (advance warnings) of where the economy might be heading. ✓✓
These indicators peak before a business cycle has reached a peak. ✓✓
- Most important type of indicator in helping economists to predict what the economy will be like in the future. ✓✓
- When these indicators rise, the level of economic activities will also rise in a few months' time. ✓✓
- When they decline it also means the level of economic activity will decline in the near future ✓✓
- Examples: include the number of residential plans passed, number of job advertisements, number of new companies ✓

COINCIDENT INDICATORS ✓

- Coincident indicators are indicators that change at the same time as the economy changes ✓✓
- Coincident indicators show the actual state of the economy. ✓✓
- A downturn is shown by a decrease in these indicators while an upswing is shown as an increase in these indicators ✓✓
- Coincident indicators confirm the changes predicted by the leading indicators. ✓✓
- The value of retail sales will reach a peak and then begin to decline at the same time as the business cycle. ✓✓
- Examples: are usage of capacity in manufacturing, registered unemployment, real GDP. ✓

LAGGING INDICATORS ✓

- Lagging indicators change after the economy has already changed ✓✓
- Lagging indicators reach the turning point after the business cycle has already turned ✓✓

- Lagging indicators serve to confirm the behaviour of co-incident indicators ✓✓
- Examples: number of commercial vehicles sold, real investment in machinery, unit labour costs in manufacturing ✓✓

COMPOSITE INDICATORS ✓

- Composite indicators summarise a group of indicators of the same type into a single value
- The single figure forms a norm for a country's economic performance ✓✓
- Composite indicators can be consolidated into single values of a composite leading, coincident and lagging indicator. ✓✓

AMPLITUDE ✓

- It is the difference between the value of total output between peak and trough measured from the trend line to the peak and trough ✓✓
- Amplitude reflects the intensity of the upswing and downswing in economic activity ✓✓
- The amplitude shows two things:
 - **The power of the underlying forces** such as interest rates, exports or consumer spending. ✓✓
A large amplitude during the upswing signifies strong underlying forces. ✓✓
The duration of a cycle with larger amplitude is usually longer than one with a small amplitude ✓✓
 - **The extent of change** such a decrease in unemployment of 50% or increase in inflation of 100% during the upswing ✓✓
The larger the amplitude, the more extreme the changes that may occur. ✓✓

TREND LINE ✓

- The trend line indicates the general direction in which the economy is moving ✓✓
- When the economy is growing, there is an upward trend, but when the economy is contracting there is a downward trend ✓✓
- The trend will change when the time series data change their behavioural patterns of the past ✓✓
- The trend line normally has a positive slope because the production capacity of the economy increases over time ✓✓

LENGTH/DURATION OF A CYCLE ✓

- Length is measured from peak to peak or from trough to trough ✓✓
- Longer cycles show strength and shorter cycles show weakness with regard to economic activities ✓✓
- Cycles may overshoot which means that whenever activity in terms of some composite indicators increase to beyond its normal level ✓✓
- The contraction in the growth of output may overshoot the level where it should naturally stop. ✓✓

EXTRAPOLATION ✓

- Extrapolation refers to the estimation of something unknown from the facts that are known ✓✓
- Past data is used when predictions are made about the future based on assumptions related to trends ✓✓
- Extending a trend into the future may provide information on what is likely to happen ✓✓
- Economists may predict that the economy will grow in few months to come if a business cycle has passed through a trough and entered into an upswing ✓✓
- Extrapolation techniques are sometimes used to predict future share prices ✓✓

MOVING AVERAGES ✓

- They are calculated along the time series so that a smoother business cycle can be established. ✓✓
- Moving averages are used to analyse the changes in a series of data over a certain period of time. ✓✓
- Economists use moving averages to eliminate the effect of sharp fluctuation in the business cycle ✓✓

(Accept any other correct relevant response)**(Max 26)****(A maximum of 8 marks may be allocated for mere listing of headings/examples)****ADDITIONAL PART**

- They are factors that are part of the economic system. ✓✓
- The expansion phase contains mechanisms that eventually cause a contraction of economic activity. ✓✓
- As the level of economic activity increases, total spending in the economy increases as well. ✓✓
- This causes an increase in imports which negatively affects the balance of payments and leads to a depreciation of the exchange rate. ✓✓
- Increased borrowing leads to increase in interest rates (negative effect on the economy). ✓✓
- Positive perceptions of the economy will lead to an increase in spending and vice versa. ✓✓

(Accept any other correct relevant response)**(Max 10)****(A maximum of 2 marks may be allocated for mere listing of facts/examples)****CONCLUSION**

- The country can be enabled to prepare suitable policies to deal with different changes in the economy reflected by the indicators and features. ✓✓

(Accept any other correct relevant higher order conclusion)**(Max 2)****[40]****GRAND TOTAL: 100**