



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

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**ECONOMICS P1
MARKING GUIDELINE
(EXEMPLAR)**

MARKS: 150

This marking guideline consists of 16 pages.

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

1.1.1 B consumer goods ✓✓

1.1.2 A primary sector ✓✓

1.1.3 D specialisation ✓✓

1.1.4 C real figures ✓✓

1.1.5 A traditional system ✓✓

1.1.6 D unemployed ✓✓

1.1.7 B net immigration ✓✓

1.1.8 C sanctions ✓✓

(8 x 2) (16)

1.2 MATCHING ITEMS

1.2.1 D people have unlimited needs and wants but there are scarce available resources ✓

1.2.2 F free-market economy is inherently stable ✓

1.2.3 A systematic approach to uncover regular patterns by looking at actual past events ✓

1.2.4 G the repeating and fluctuating levels of economic activity over a long period of time ✓

1.2.5 B when people move from place to place for food, water and pasture ✓

1.2.6 E the difference between money value of imports and exports ✓

1.2.7 I government action to influence economic activities ✓

1.2.8 H first indigenous people in South Africa ✓

(8 x 1) (8)

1.3 IDENTIFY THE CONCEPT

1.3.1 Economics ✓

1.3.2 Normative statement ✓

1.3.3 Real flow ✓

1.3.4 Globalisation ✓

1.3.5 Labour union ✓

1.3.6 Capitalism ✓

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

QUESTION 22.1 2.1.1 **Name TWO branches of Economics.**

- Environmental economics ✓
- International economics ✓
- Labour economics ✓
- Monetary economics ✓
- Developmental economics ✓
- Public sector economics ✓

(Any 2 x 1) (2)

2.1.2 **Why do economists use mathematical finance?**

- To derive and extend the mathematical/ numerical models suggested by financial economics ✓✓
- To make use of calculus and matrix algebra in economic analyses ✓✓
- Most formulae have to do with time value of money, probability, randomness and statistical analysis ✓✓
- To test their theories ✓✓

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

2.2 **DATA RESPONSE**2.2.1 **Identify the method used in the table above.**

Production method ✓

(1)

2.2.2 **Give ONE example of taxes on products.**

- VAT ✓
- Import duty ✓
- Excise duty ✓

(Accept any other correct relevant response) (1)

2.2.3 **Briefly explain the term *Gross Domestic Product (GDP)*.**

It is the market value of all the final goods and services produced within the borders of a country. ✓✓

(2)

2.2.4 **Why are subsidies subtracted when calculating the GDP?**

Subsidies are financial incentives/ grants / assistance provided by the government. ✓✓

(2)

2.2.5 **Calculate the Gross Value Added at basic prices. Show ALL calculations.**

456 939 + 106 067 + 350 882 ✓✓

GVA at basic price = 913 888 ✓✓

(If only the answer is provided, give a maximum of 2 marks.) (4)

2.3 DATA RESPONSE

2.3.1 **Which economic problem is indicated in the picture above?**
Choice ✓ (1)

2.3.2 **Identify the rational choice from the picture above.**
Study ✓ (1)

2.3.3 **Briefly describe the term *choice*.**

- It is to give up something else ✓✓
- To choose what will give you the most satisfaction ✓✓

(2)

2.3.4 **How do you ensure that you make a good choice?**
By choosing one alternative from the possible alternatives that will give you the maximum satisfaction or most happiness. ✓✓ (2)

2.3.5 **Why do people have to make a choice?**

- Resources are used for only one purpose ✓✓
- Because of shortage of resources to satisfy wants and needs/ problem of scarcity ✓✓
- Unlimited wants and needs ✓✓

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

2.4 **Briefly explain the difference between *economic* and *free* goods.**

Economic goods

- Scarcity in relation to the demand ✓✓
- Command a price ✓✓
- Part of the wealth owned by private individuals, businesses and the government ✓✓
- Can be sold on markets ✓✓ (Any 2 x 2)

Free goods

- Not scarce, available without limit ✓✓
 - Do not command a price ✓✓
 - Cannot be counted as wealth
 - There is no market for these goods as they have no price ✓✓
- (Accept any other correct relevant response) (Any 2 x 2) (8)

2.5 **Why is the use of models necessary in economics?**

Models are used for:

- Understanding how the economy works ✓✓
 - Making forecasts ✓✓
 - Making it easier to understand the relationship between variables ✓✓
 - Presented by means of quantitative expressions, illustrations, diagrams and statements in writing or orally ✓✓
 - Studying and examining of economic issues ✓✓
- (Accept any other correct relevant response) (Max 8) (8)

[40]

QUESTION 3

- 3.1 3.1.1 **Name TWO ways that Guilds used to produce surpluses for trading.**
- Specialisation ✓
 - Division of labour ✓
- (2 x 1) (2)
- 3.1.2 **What role did the development of towns and cities play in the early economic development?**
- Created good markets for agricultural products ✓✓
 - Commercial farming led to an increase in the production of wheat, maize and meat ✓✓
 - Also created markets for manufactured products such as clothing, food, furniture, machinery and services such as accommodation and transport ✓✓
 - Lead to emergence of entrepreneurs ✓✓
 - Increased incomes, savings and investments ✓✓
- (Accept any other correct relevant response) (1 x 2) (2)
- 3.2 **DATA RESPONSE**
- 3.2.1 **What type of trade is depicted in the cartoon above?**
- Barter system ✓ (1)
- 3.2.2 **How did people use this type of trade?**
- They exchanged goods for other goods. ✓ (1)
- 3.2.3 **Explain the intervention of the government in trade.**
- Government levied custom duties on imports to protect local agricultural industries ✓✓
 - Paid subsidies to encourage exports to improve the balance of trade ✓✓
 - Made trading agreements with other countries to promote trade ✓✓
 - Pass laws to regulate how businesses operate ✓✓
 - Promote competition between firms ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)
- 3.2.4 **What led the economy to use money?**
- The increase in trading ✓✓
 - Merchants set up businesses in towns ✓✓ and sold items such as spices and silk which came from China and India ✓✓
 - As more towns developed, trade expanded ✓✓
- (Accept any other correct relevant response) (Any 1 x 2) (2)

3.2.5 Why should the nation be encouraged to save?

- To safeguard their money ✓✓
- To create wealth ✓✓
- For the financial sector to make the savings of household, government and businesses available as loans to others ✓✓
- Savings can also be channelled back into the economy ✓✓

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

3.3 DATA RESPONSE**3.3.1 Name ONE reason why the percentage of South African people is increasing in urban areas.**

- Greater and more employment opportunities ✓
- Modernisation and changes in mode of living ✓
- Social benefits and service ✓
- Development and industrialisation ✓

(Accept any other correct relevant response) (Any 1 x 1) (1)

3.3.2 What is the percentage of South Africans who do not live in urban areas?

37% ✓

(1)

3.3.3 Briefly describe the term *urbanisation*.

- It is the movement of people from rural areas to urban areas. ✓✓

(2)

3.3.4 What might be the challenges of urbanisation?

- Increase in demand for housing ✓✓
- High level of unemployment ✓✓
- Urban poverty ✓✓
- High crime rate ✓✓
- Urban congestion ✓✓
- Increase in cost of living ✓✓
- Creation of informal settlements ✓✓

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

3.3.5 How effective is the use of technology in the economy?

- Resources are allocated efficiently ✓✓
 - Machines and improved techniques has lead to the mechanisation of production processes ✓✓
 - Manual labour has been replaced and the speed of production has increased ✓✓
 - More inventions in the form of motor vehicles, electronics, air travel, industrial robots, computers and underwater research ✓✓
 - Appreciation of technology has brought about expansion of production capacity and pace ✓✓
 - Increased demand and supply for goods and services ✓✓
- (Accept any other correct relevant response) (Any 2 x 2) (4)

3.4 Briefly explain the evolution of limited liability companies.

- These companies are registered under the Company's Act that prescribes how they should raise their capital and operate ✓✓
 - Have limited liability ✓✓
 - Their shareholders are not liable for all of the company's debt ✓✓
 - They are only liable for the amount that they have invested in the company ✓✓
 - They have financial power; they can sell shares to the public ✓✓
 - Are recognised by law as independent from their members with their own powers and liabilities ✓✓
 - Are controlled by an elected board of directors and managed by an appointed management team ✓✓
 - These companies have made and are still making huge contributions to economic growth ✓✓
- (Accept any other correct relevant response) (Any 4 x 2) (8)

3.5 How were the indigenous people negatively affected by colonialism and imperialism?

- It affected their health ✓✓
 - Indigenous people's political and economic rights were denied ✓✓
 - The colonists introduced discriminatory laws against them ✓✓
 - Their social, cultural and economic traditions and customs were disregarded and disrespected ✓✓
 - Resulted in a breakdown of authority and a change in lifestyle ✓✓
 - They were deprived of their rights to property and were often displaced ✓✓
 - Indigenous people's security was disregarded ✓✓
- (Accept any other correct relevant response) (Max 8) (8)

[40]

QUESTION 4

4.1 4.1.1 **Name any TWO ways of life of the San people.**

- Hunting ✓
- Gathering ✓

(Any 2 x 1) (2)

4.1.2 **Why is economics regarded as a social science?**

Economics studies human behaviour e.g. social psychology, sociology and political science. / Studies how people make decisions in order to solve their scarcity problems ✓✓
(Accept any other correct relevant response)

(2)

4.2 **DATA RESPONSE**

4.2.1 **Name ONE career choice when doing economics.**

- Planning ✓
- Banking ✓
- Financing ✓
- Government administration and finances ✓
- Service businesses such as tourism ✓
- Credit analyst ✓
- Economic consultant ✓

(Accept any other correct relevant response) (Any 1 x 1) (1)

4.2.2 **Which science can be combined with economics?**

- Statistics ✓
- Mathematics ✓
- Law and Information Technology ✓
- Accounting ✓
- Business studies ✓
- Commercial Law ✓

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

4.2.3 **Briefly describe the term *career*.**

The professions, jobs and positions you hold during your working life, including life experience, e.g education, training, paid work and unpaid work ✓✓

(2)

4.2.4 **What is the effect of not having a career?**

- Will be unable to get better job opportunities ✓✓
- Earn low level of income ✓✓
- Lack of knowledge ✓✓
- Will no be able to perform well at work ✓✓

(1 x 2) (2)

4.2.5 **Why should people consider their interests and skills when choosing a career?**

- They should know what they like most ✓✓
 - Should know what they want to do for the rest of their lives ✓✓
 - Which activities they like most; those that make them lose track of time when they do it/them ✓✓
 - Must know their strengths and weaknesses ✓✓
 - Choose a career that complements your interests and your skills ✓✓
 - Must examine the different possibilities for various skills ✓✓
- (Accept any other correct relevant response) (Any 2 x 2) (4)

4.3 **DATA RESPONSE**

4.3.1 **Name ONE communication system used in South Africa.**

- Cellphone ✓
 - Computer ✓
- (Accept any other correct relevant response) (1)

4.3.2 **What is the main purpose of the Innovation Hub?**

It is to accelerate the growth of start-up technology companies through incubation processes and cluster research so that technology companies can help grow the economy ✓

(Accept any other correct relevant response) (1)

4.3.3 **Briefly explain the term *communication*.**

Exchanging information by speaking, writing or using some other medium ✓✓

(Accept any other correct relevant response) (2)

4.3.4 **Explain why a communication system is important for the economy.**

- For the efficient and smooth running of an enterprise ✓✓
 - To bring people together ✓✓
 - To save time ✓✓
- (Any 1 x 2) (2)

4.3.5 **What effect will mobile and wireless communication have on our lives?**

With cellphone technology advancing at a rapid pace, people:

- Can now use a cellphone as a small mobile computer ✓✓
- Can access the internet, send emails and type documents ✓✓
- In business, one now always has information at hand and has the ability to communicate with anyone in the world ✓✓
- The office can be anywhere ✓✓

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

4.4 **Distinguish between *economic growth* and *economic development*.**

Economic growth

- It is the increase in the production of goods and services of a country within a given period of time ✓✓
- It is measured by the real GDP from one year to another ✓✓
- It is concerned with goods and services ✓✓ (2 x 2)

Economic development

- It is the improvement in the standard of living of the entire population ✓✓
- It is concerned with people and human development ✓✓
- Deals with issues such as education, literacy, healthcare, employment and environmental sustainability ✓✓

(Accept any other correct relevant response) (2 x 2) (8)

4.5 **Evaluate the negative impact of production on the environment.**

- Deforestation and cutting of trees over huge areas add to global warming ✓✓
- Plants and species are being destroyed ✓✓
- Many plant species used for medicine and food are lost ✓✓
- Growing population places greater stress on country's education, health and welfare systems ✓✓
- Depletion of the ozone layer caused by chemicals ✓✓
- Results in an increase in skin cancer; will place burden on health care system ✓✓

(Accept any other correct relevant response) (4 x 2) (8)

[40]

TOTAL SECTION B: 80

SECTION C**QUESTION 5**

- **Discuss in detail the economic indicators used in forecasting.** (26)
- **Why would a recession negatively affect the economically vulnerable?** (10)

INTRODUCTION

Economic indicators are any economic statistics that indicate how well the economy is doing or is going to do in the future. ✓✓

(Accept any other relevant introduction) (Max 2) (2)

MAIN PART**Leading economic indicator ✓**

- Are indicators that change before the economy changes ✓✓
- Leading indicators predict what is going to happen in the following months in the economy ✓✓
- They run ahead of the cycle ✓✓
- They rise before the economy enters the actual expansion phase and decrease before the economy enters the recession phase ✓✓
- They give businesses and government a glimpse of what might be happening in the economy ✓✓
- They act as a warning of changes in the level of economic activity that are going to occur ✓✓
- Examples: Job advertising space, number of new cars sold, number of companies registered ✓

Lagging economic indicator ✓

- Are indicators that change after the economy as a whole has changed ✓✓
- They appear a few months after the economy has entered a different phase ✓✓
- They help to confirm how the economy has changed ✓✓
- They reach peak and trough after the economy has reached peak and trough ✓✓
- Examples: The unemployment rate is a lagging economic indicator because unemployment tends to decrease for two or three quarters after the economy starts to improve. Hours worked in construction, employment in non-agricultural sector, number of trade vehicles sold ✓✓

Coincident economic indicator ✓

- Are indicators that change at the same time the economy does ✓✓
- They reach peak when the level of economic activity peaks and they reach trough when the level of economic activity reaches a trough ✓✓
- They are used to determine the dates of peaks and troughs in the business cycle ✓✓
- They provide information about the current state of the economy ✓✓
- Examples: Registered unemployment, real GDP, retail sales
(Accept any other correct relevant response) (Max 26)

ADDITIONAL PART

- They lack knowledge of schemes or relief services to assist them ✓✓
- Have poor level of literacy to access and interpret information
- Their isolation (such as rural areas) result in them not knowing about, or finding it difficult to access, facilities or services
- They are unable to organise themselves, so they lack collective efforts
- The high cost of medical aid, unemployment insurance and pension fund contributions leave them with reduced security
- Elderly people's incomes reduce when falling interest rates and high inflation reduces the purchasing power of their pension funds
(Accept any other correct relevant response) (Max 10)

CONCLUSION

The South African Reserve Bank uses statistics based on these three types of indicators to forecast changes in the direction of the overall South African economy. ✓✓

(Accept any other relevant conclusion)

(Max 2) [40]

QUESTION 6: ECONOMIC PURSUITS

- Discuss in detail the FIVE stages of the demographic cycle. (26)
- In your opinion, what impact does COVID-19 have on the labour force of a country? (10)

INTRODUCTION

Demographic models show how a nation's growth rates have changed over time. As the standard of living of a population increases, the natural growth rates usually decline and vice versa. ✓✓

(Accept any other relevant introduction)

(Max 2)

MAIN PART**Stage 1: The high stationary phase ✓**

- Birth and death rates in this stage are very high ✓✓
- Growth is very slow and fluctuating, with a very young population ✓✓
- The community is poor; there is no family planning and lack of medical care ✓✓
- Children are seen as economic assets ✓✓
- This stage is marked by a nature-bound economy focusing on simple agriculture and low-level handcraft production ✓✓
- Examples of countries in this stage are Tibet and Ethiopia ✓✓

Stage 2: The early expanding phase ✓

- The birth rate remains high and the death rate is falling ✓✓
- Population growth rises steadily because birth control and family planning are not practised ✓✓
- Living conditions improve and people live to an older age ✓✓

Reasons for falling death rates:

- Improved production and farming methods, transport and storage of food ✓✓
- Public health services (e.g. smallpox vaccines) ✓✓
- Medical science and health awareness ✓✓
- Education (launch of various national programmes, such as AIDS) ✓✓
- Improved hygiene (e.g. boiling of drinking water) and sanitation ✓✓
- The natural growth rate is higher during this stage as the gap between deaths and births grows wider ✓✓
- The average population growth is lower ✓✓
- Countries are densely populated (urbanised) ✓✓
- Examples of countries in this stage are Turkey and Mexico ✓✓

Stage 3: The expanding stage ✓

- The decrease in deaths occurs at a faster rate than the fall in the birth rates ✓✓
- Population growth is still high, but starts to level off ✓✓
- Social development leads to new family values and a decrease in births ✓✓
- Economic development is rapid – income and standard of living increase for a large part of the population ✓✓
- This stage is characterised by mechanisation and urbanisation ✓✓
- Huge technological development and benefits of mass production ✓✓
- Countries with low birth and death rates are Australia and Denmark ✓✓

Stage 4: The low stationary phase ✓

- This stage is characterised by a decreasing or low birth rate and a low death rate, with a moderately ageing population ✓✓
- The total population size decreases as family planning is generally accepted by more families ✓✓
- More women enter the labour market ✓✓
- People realise that they can improve their standard of living significantly if they have fewer children ✓✓
- Death rates decrease as more people have access to affordable medical care ✓✓
- The economy shifts from manufacturing to services ✓✓
- The most technologically advanced nations are in this phase, for example the United States ✓✓

Stage 5: The post-stationary stage ✓

- Most industries (e.g. Sweden and Germany) have undergone a full process of demographic transition, up to Stage 5 ✓✓
 - The population growth declines because of very low birth and death rates, causing an ageing population ✓✓
 - Despite the low natural growth, life expectancy is high (close to 80 years) ✓✓
- (Max. 6 marks per stage) (Max 26)

ADDITIONAL PART**The impact of Covid-19 on the labour force of the country caused:**

- Workplaces to close, millions of workers lost part or all of their income ✓✓
- Even among those who were still working, many had to accept shorter hours and wage cuts in different industries ✓✓ such as airline, retail and accommodation, food services, textiles and government sectors ✓✓
- Various countries also implemented wage cuts in the public sector ✓✓
- It also resulted in great job losses in the economy ✓✓
- Low-paid and often low-skilled workers were particularly affected during the initial phase of the crisis ✓✓
- Many of the so-called frontline workers who put their health at risk, exposed themselves to the virus to ensure the continuation of essential services during lockdown; work in sectors characterised by low wages ✓✓
- This includes health and careworkers but also cashiers, production and food processing workers, agricultural workers, delivery workers and truck drivers ✓✓
- The impact of the crisis has been severe for informal economy workers for whom staying home means losing their jobs and their livelihoods ✓✓
- The impact of the pandemic led to a severe contraction in economic activity as many people were unable to go to work and businesses could no longer operate ✓✓

(Accept any other correct relevant answer)

(Max 10)

CONCLUSION

This model can be used to forecast how things might change in countries in the future. ✓✓

(Accept any other relevant conclusion)

(Max 2)

TOTAL SECTION C: 40
GRAND TOTAL: 150