



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

NOVEMBER 2020

**ECONOMICS P2
MARKING GUIDELINE
(EXEMPLAR)**

MARKS: 150

This marking guideline consists of 19 pages.

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

- 1.1.1 A ✓✓ An imperfect market
- 1.1.2 B ✓✓ The quantity of the products
- 1.1.3 C ✓✓ Defence
- 1.1.4 D ✓✓ Sin tax
- 1.1.5 B ✓✓ Economically active population
- 1.1.6 A ✓✓ Migration
- 1.1.7 C ✓✓ Basic Conditions of Employment Act
- 1.1.8 D ✓✓ redress (8 x 2) (16)

1.2 MATCHING ITEMS

- 1.2.1 I Car dealers and cell phone providers ✓
- 1.2.2 G Products that are used instead of other product ✓
- 1.2.3 E A central economic problem ✓
- 1.2.4 F Carried by people who are not involved in the production process ✓
- 1.2.5 A Protecting people who had been working and who were laid off ✓
- 1.2.6 B This may result in employees losing their jobs ✓
- 1.2.7 C Try to resolve disputes through conciliation ✓
- 1.2.8 D Make money available within the sector for education and training ✓ (8 x 1) (8)

1.3 ONE WORD ITEMS

1.3.1 Law of demand ✓

1.3.2 Indifference map ✓

1.3.3 Socialism / Centrally planned economy ✓

1.3.4 Unemployment rate ✓

1.3.5 Work forum ✓

1.3.6 Land restitution ✓

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

QUESTION 2: MICROECONOMICS

40 MARKS – 30 MINUTES

2.1 2.1.1 Name any TWO characteristics/properties of indifference curves.

- Indifference curves are downward sloping. ✓✓
- Higher indifference curves are preferred to lower ones. ✓✓
- Indifference curves do not cross. ✓✓
- Indifference curves are bent inwards. ✓✓ (2 x 1) (2)

2.1.2 What will be the impact of increases in income on the demand for goods and services?

There will be greater demand for good/services ✓✓
 (Any correct relevant answers) (1 x 2) (2)

2.2 DATA RESPONSE

2.2.1 Name any ONE type of an imperfect market.

- Monopoly ✓
- Oligopoly ✓
- Monopolistic competition ✓ (1)

2.2.2 What is the purpose of Eskom?

- The purpose of Eskom is to provide sustainable electricity solutions to assist the economy to grow. ✓ (1)

2.2.3 Briefly describe the term *inefficiency*.

- Inefficiency is the state of not achieving maximum productivity with minimum resources. ✓✓/ Failure to make the best use of time or resources. ✓✓
 (Any correct relevant answers) (2)

2.2.4 Explain the nature of the product as the characteristic of a monopoly.

- The good or service supplied is unique and it has no close substitutes. ✓✓ (2)

2.2.5 Why is Eskom facing so many challenges?

- State capture/ corruption ✓✓
- Poor management ✓✓
- Electricity theft ✓✓
- A culture of non-payment and defaulting municipalities ✓✓
 (Any correct relevant answers) (2 x 2) (4)

2.3 DATA RESPONSE**2.3.1 Identify the minimum hourly wage for domestic workers.**

- R15,57 ✓ (1)

2.3.2 Give ONE main reason for setting minimum wages.

- To improve welfare and ensure that wage earners are able to provide for the basic needs of their households. ✓ (1)

2.3.3 Briefly describe the term *minimum wage*.

- Minimum wage is the lowest wage that an employer is allowed to pay an employee per week or month. ✓✓ (2)

2.3.4 What effect does producer subsidies have on the economy?

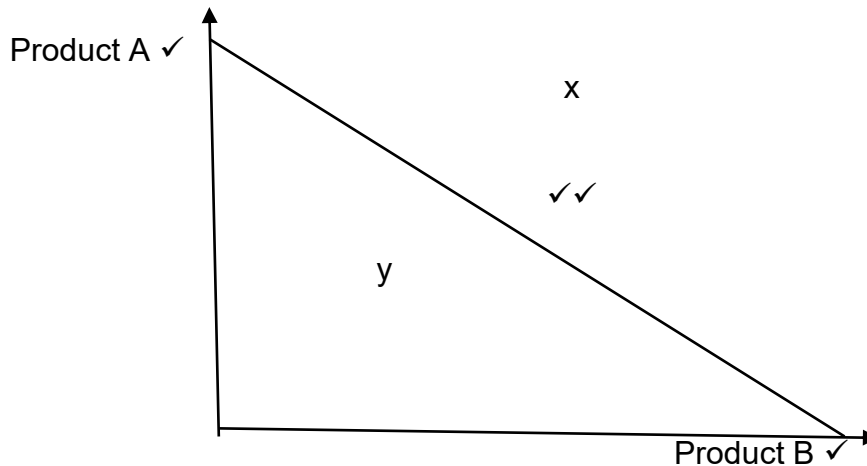
- Increase the supply of goods to cater for consumer demand in the economy. ✓✓
- Lower the cost of production for suppliers, thus increasing their profits. ✓✓
- Improve the quality of goods produced to facilitate exports. ✓✓
- Increase government revenue and national income. ✓✓ (1 x 2) (2)

2.3.5 How would minimum wages impact the lives of employees?

- Employees would be paid a more equitable and fair wage for their services. ✓✓
- Poverty may be reduced as the low paid gain more income ✓✓.
- The unemployed are encouraged to join the labour market. ✓✓
- Some employees would lose their jobs ✓✓
- Higher minimum wages lead to an increase in consumer spending, ✓✓ it could cause a degree of demand-pull inflation as well. ✓✓
- Minimum wage makes sure that companies share their wealth with the employees who assisted in generating it. ✓✓
- There is a surplus of labour being offered in the market. ✓✓

(Any correct relevant answers) (2 x 2) (4)

2.4 With the aid of a well-labelled graph, briefly explain the *budget line*.



Mark allocation:

Correct drawing of budget line = 2

Correct labelling of budget line = 2

Max. 4 marks

- The budget line indicates all the combinations of the two goods that a consumer can afford to purchase with the amount of income at their disposal. ✓✓
 - The above diagram shows all the combinations of product A and product B that the consumer can afford. ✓✓
 - The consumer can buy any combination of products A and product B that lies on the line. ✓✓
 - Any point right of the line (such as x) is unaffordable. ✓✓
 - Any point to the left (such as y) is affordable. ✓✓
- (Max. 4) (8)

2.5 Why are markets regarded as inefficient in allocating resources/goods and services to the people of the country?

- Businesses might not be willing to provide certain goods and services. ✓✓
 - Monopolies charge prices for goods and services that are too high. ✓✓
 - Businesses supply too much of a good or too little of it. ✓✓
 - The unequal distribution of income causes some households to be excluded from the markets. ✓✓
- (4 x 2) (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**40 MARKS – 30 MINUTES**

3.1 3.1.1 **Give any TWO redress methods used by government to enforce redistribution of income.**

- BEE ✓
- Affirmative action ✓
- Empowerment ✓
- Land restitution ✓
- Land redistribution ✓
- RDP houses ✓

(Accept any other correct relevant response)

(2 x 1) (2)

3.1.2 **What has been the main focus of education policies since 1994?**

- The focus has been on the transformation of education to improve access, quality, equity and redress for learners without discrimination of any kind ✓✓
- The right to education for both children and adults, as is protected in South Africa's Constitution ✓✓

(Accept any other relevant response)

(1 x 2) (2)

3.2 **DATA RESPONSE**

3.2.1 **What does the acronym NUMSA stand for?**

National Union of Metal Workers of South Africa ✓

(1)

3.2.2 **Give any ONE labour right in South Africa.**

- The right to work ✓
 - The right to equal pay for all equal work ✓
 - The right to a wage that covers the basic needs of the household ✓
 - The right to join a trade union ✓
- (Accept any correct relevant response)

(1)

3.2.3 **Briefly describe the term *consultation*.**

The meeting of role players (employees and employers) where the exchange of information, advice and opinions takes place regarding issues affecting the workplace. ✓✓

(2)

3.2.4 **Why would workers prefer to be union members?**

Workers prefer to be union members because unions:

- Negotiate with employers on behalf of members to improve wages and benefits ✓✓
- Ensure that there is no discrimination against any particular group of workers ✓✓ and that the labour laws are enforced ✓✓
- Work towards reducing any loss of jobs through retrenchment ✓✓
- Help members to resolve grievances ✓✓
- Represents members in labour disputes ✓✓
- Express the views and wishes of the workforce in workplace forums ✓✓

(Accept any other correct relevant response)

(2)

3.2.5 What consequences could a strike/protest have on the South African economy?

- Less production ✓✓
 - Decrease in economic activities ✓✓
 - Loss of business profits ✓✓
 - Loss of jobs through retrenchments ✓✓
- (Accept any other correct relevant response)

(2 x 2) (4)

3.3 DATA RESPONSE

3.3.1 Which element of macroeconomic adaptations is depicted in the cartoon?

Income inequality ✓

(1)

3.3.2 What does the abbreviation GDP stand for?

Gross Domestic Product ✓

(1)

3.3.3 What is the aim of Black Economic Empowerment?

- BEE provides foundation for the transformation of the South African economy so that the numbers of black people who own, manage and control the country's economy can increase significantly ✓✓ / to redress the inequalities of Apartheid where by black South African citizens' could not enjoy economic privileges that was only available to white people. ✓✓

(2)

3.3.4 Briefly explain any TWO solutions to the instability South African economy.

Solutions to the instability of the South African would be:

- To find strategies to reduce the volatility and overvaluation of the currency ✓
- To ensure that inflation is kept under control ✓
- To make sure that fiscal and monetary policy work together to produce sustained and shared growth ✓
- To improve budgeting in government ✓
- To manage government capital investment ✓

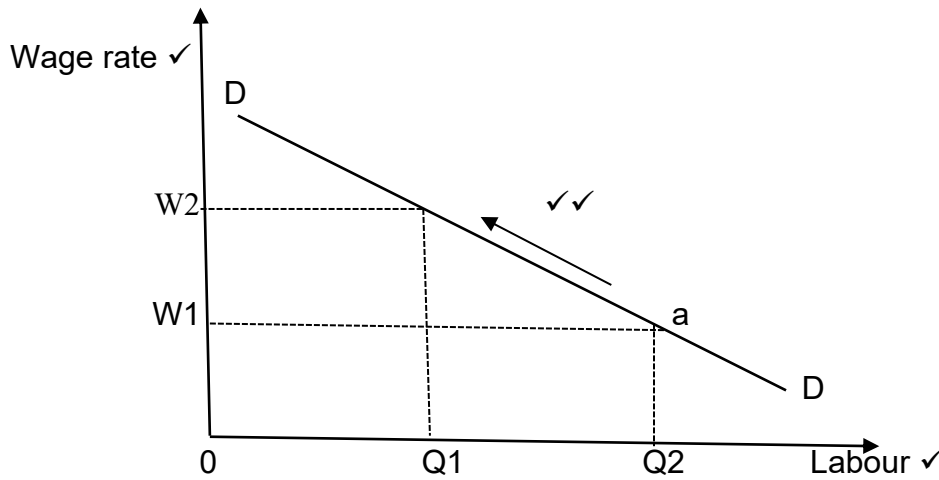
(2 x 1) (2)

3.3.5 In your opinion, what can the South African government do to improve the living standard of the poor?

- By improving South Africa's human capital so that they can contribute to economic activity. ✓✓
 - By promoting economic development and job creation. ✓✓
 - By building houses, providing water, sanitation, and electricity ✓✓
 - By building schools and clinics. ✓✓
 - By restructuring the economy and improve the quality of education in poorer areas ✓✓ so that there are more skilled labour ✓✓ more opportunities for entrepreneurship to participate in business. ✓✓
- (Accept any other relevant response)

(Any 2 x 2) (4)

3.4 With the aid of a well-labelled graph explains why there is a negative relationship between wages and the quantity of labour demanded.



Mark allocation:

Correct drawing of demand curve for labour = 2

Correct labelling of demand curve for labour = 2

Max. 4 marks

- On vertical axis the wage rate is measured, while on the horizontal axis the quantity of labour demanded is measured. ✓✓
- At wage rate W1, businesses are willing to employ more people (Q2). ✓✓
- As the wage rate increases to W2, and it becomes more expensive to employ labour, businesses are willing to employ fewer workers ✓✓
- As the wage rate increases, workers will become expensive, and therefore there will be a decrease in the quantity of labour demanded by businesses. ✓✓
- As wage rate decreases, labour is less expensive, therefore there is an increase in the demand for labour. ✓✓
- The demand for labour does not only depend on the demand for goods but also on the wage rate. ✓✓ (Any 4 x 2) (8)

3.5 What can be done by the South African government to address the issue of inequalities?

- Policy reform should aim to redress injustices committed in the past. ✓✓
- Policy reform should aim to provide equal opportunities for all today. ✓✓
- Policies to address a national history and disgrace of structural racism that has denied black people and physically challenged people to access resources. ✓✓
- Policies that address the high costs of education. ✓✓
- Earlier life interventions are needed i.e affordable health care, employment and training programmes. ✓✓ (Any 4 x 2) (8)

[40]

QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 4.1.1 **Give any TWO main objectives of the Labour Relations Act.**

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

4.1.2 **What is the main purpose of markets in the economy?**

Markets bring buyers and sellers together to determine a price / regulate the production of goods and services / allocate resources/ mechanism to exchange goods and services. ✓✓ (1 x 2) (2)

4.2 DATA RESPONSE

4.2.1 **In which direction will a curve shift when output decreases?**

- Left / leftward / inward ✓ (1)

4.2.2 **What does a point on the PPC represent?**

- Efficient production / efficiency ✓ (1)

4.2.3 **Briefly describe term *production possibility curve*.**

- A diagram that shows what combination of two different products could be produced given the available limited supply of the factors of production. ✓✓ (2)

4.2.4 **How many capital goods will be produced if all the resources are used in the production of consumer goods?**

Zero ✓✓ (2)

4.2.5 **Identify the difference between *internal* and *external factors* that cause a shift of the PPC.**

- Internal factors refer to factors that are under the control of the businesses / that may lead to an increase in the quantity of goods produced. ✓✓
 - External factors are those factors that businesses have no control over / that may lead to an improvement in the quantity/quality of goods and services produced. ✓✓
- (Any correct relevant answer) (2 x 2) (4)

4.3 DATA RESPONSE

4.3.1 Identify the year with the lowest number of unemployed.

- 2018 ✓ (1)

4.3.2 Which institution is responsible to publish the unemployment figures in South Africa?

- Statistics South Africa / Stats SA ✓ (1)

4.3.3 Briefly describe the term *unemployment*.

- A situation where people who are able to work, willing to work and are actively looking for work, cannot find employment. (2)

4.3.4 What does an increase in unemployment rate mean?

- An increase in the percent of labour force that is jobless, this means it rises or falls in the wake of changing economic conditions
- Unemployment tends to be cyclical ✓✓ and increases as economic activity slows. ✓✓
- Unemployment increases when the economy contracts as companies retrench some workers. ✓✓ (2)

4.3.5 What steps should government take to reduce unemployment?

- Accelerated economic growth ✓✓
 - Improving training and education ✓✓
 - Stimulating small, medium and micro enterprises (SMMEs) ✓✓
 - Using public works programmes (PWP) or special employment programmes ✓✓
 - Promote labour – intensive strategies ✓✓
- (Accept any correct relevant answer) (Any 2 x 2) (4)

4.4 Briefly explain the characteristics of *utility*.

- Items with high utility are not always useful ✓✓
- Utility differs from place to place ✓✓
- Utility changes from time to time ✓✓
- Utility differs from person to person ✓✓
- Utility cannot be measured ✓✓ (4 x 2) (8)

4.5 How should entrepreneurship be promoted?

- The Small Enterprise Development Agency (SEDA) ✓ should promote and support SMMEs, particularly in the rural areas. ✓✓
- Assistance should come in the form of business plans, technical advice and marketing, information on export support. ✓✓
- Women can be assisted with their business enterprises and develop their entrepreneurial skills, ✓✓ and access to business resources. ✓✓ South African Women Entrepreneurs Network ✓ can assist.
- Young entrepreneurs can be assisted with training, research, and mentoring. ✓✓
- Ntsika Enterprise Promotion ✓ normally provides non-financial support services such as management development and marketing. ✓✓
- Bridge the funding gap in SMMEs market by providing access to finance in the financial institutions. ✓✓ Khula Enterprise Finance Ltd. ✓

(Accept any correct relevant)

(8)
[40]

TOTAL SECTION B: 80

SECTION C

Your answer will be assessed as follows:

STRUCTURE OF THE ESSAY	MARK ALLOCATION
<p>Introduction</p> <ul style="list-style-type: none"> • A good starting point would be to define a concept or key word that appears in the question. • Include other sentences to support the topic. • Do not include in your introduction any part of the question. • Do not repeat any part of the introduction in the body. • Avoid saying in the introduction what you are going to discuss in the body. 	Max. 2
<p>Body</p> <p>Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Explain/Assess/Debate.</p> <p>Additional part: 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 debate</p>	Max. 26
<p>Conclusion</p> <p>Any relevant higher order conclusion that should include:</p> <ul style="list-style-type: none"> • A brief summary of what has been discussed/analysed without repeating facts already mentioned in the body • An opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if so required • Recommendations 	Max. 2
TOTAL	40

QUESTION 5: MICROECONOMICS

40 MARKS – 40 MINUTES

- Discuss in detail price formation in the market by using graphs to illustrate the establishment of prices and quantities. (26)
- What are the advantages of expanding you business on an international/global scale? (10)

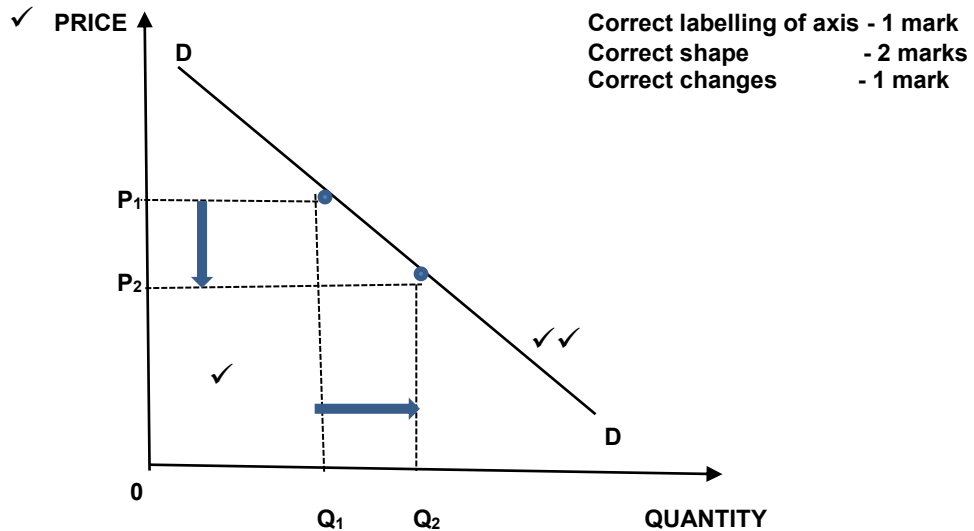
INTRODUCTION

In a competitive market equilibrium occurs when the price of a good or service is set at the level where the quantity demanded is equal to the quantity supplied. ✓✓ (2)

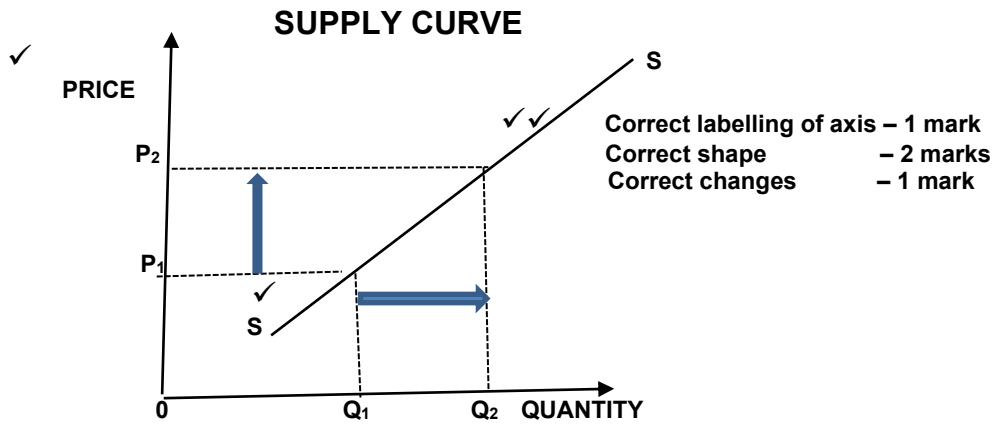
BODY

MAIN PART:

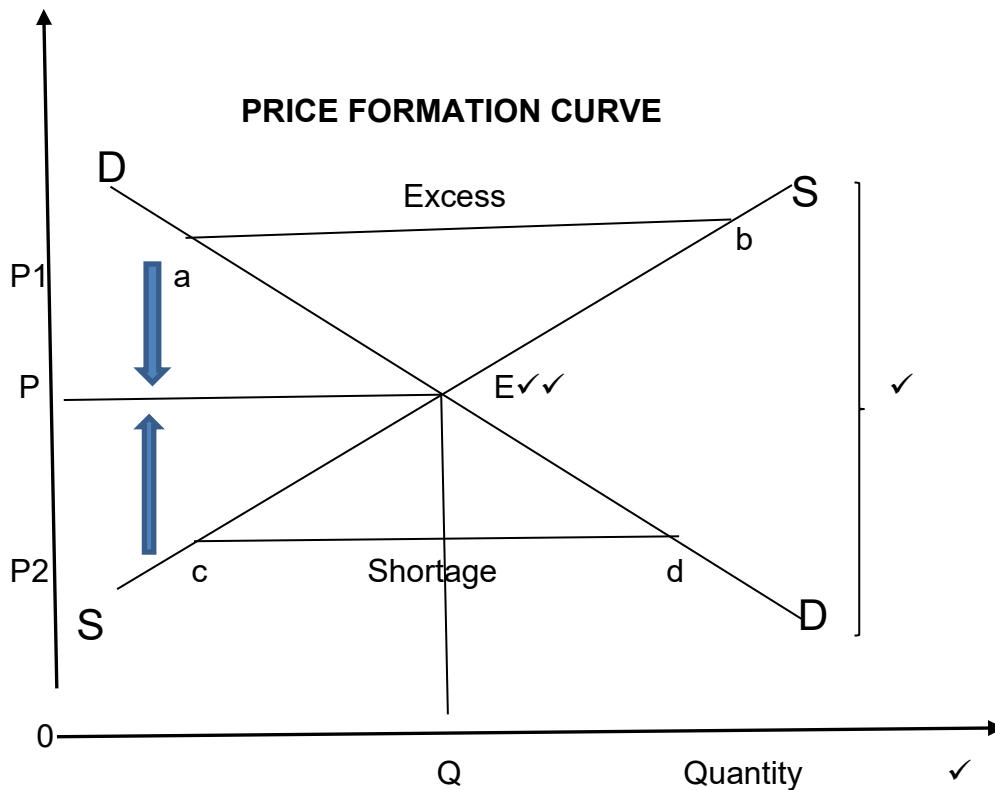
DEMAND CURVE



- Demand is the quantity of a good or a service that consumers are able and willing to buy over a period of time. ✓✓
- Demand curve is a graph that shows the quantity of a good or a service demanded at different prices over a given period of time. ✓✓ (8 marks)



- Supply is quantity of goods and services that producers are willing and able to supply over a certain period of time ✓✓
- A supply curve is the graph that shows the quantity of a good or a service a supplier is willing to supply at different prices over a certain period of time. ✓✓
(8 marks)



Mark allocation for graph:

- Correct labelling of axis -1 mark
- Correct identification of equilibrium -2 marks
- Correct drawing and labelling of demand and supply curve -1 mark

- At an equilibrium price, buyers are able to purchase the quantity of a product that they plan to buy and suppliers are supplying the quantity of a product that they plan to supply. ✓✓
- In the graphs, the price level at which the demand and supply curves intersect is known as the equilibrium price and this is point e in the figure above. ✓✓
- Equilibrium Price is P and equilibrium quantity is Q. ✓✓
- The quantity supplied is equal to the quantity demanded and there are no forces acting to change the price ✓✓
- A market surplus (excess supply) exists when there is an over-supply of a good or service in the market. ✓✓
- When this happens stocks of the good accumulate until producers lower the selling price (from **P1** to **P2**) ✓✓
- Market shortage (excess demand) exists when the quantity demanded of a good or service exceeds the quantity supplied. ✓✓
- In the graph above the shortage is shown by **cd**. ✓✓
- At the market equilibrium (**P**), there are no shortages or surpluses of the good or service ✓✓

(Max. 26)

ADDITIONAL PART

What are the advantages of expanding your business on an international/global scale?

- New revenue potential ✓✓
- The ability to help more people ✓✓
- Greater access to talent ✓✓
- Learning new culture ✓✓
- Exposure to foreign investment opportunities ✓✓
- Improving your company markets ✓✓
- Diversifying company markets ✓✓

(Accept any other relevant response)

Max. (10)

CONCLUSION

The concepts demand and supply are important to economists as they help them to understand how prices are determined in the market ✓✓

(Accept any other relevant higher order conclusion)

Max. (2)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- **Discuss causes/types of unemployment**
- **What effect does unemployment have on the economy?** (26)

INTRODUCTION

Unemployment is situation where people who are able to work, willing to work and are actively looking for work, cannot find employment ✓✓

(2)

BODY**MAIN PART:****Cyclical unemployment ✓**

- This type of unemployment is caused by the downturns in the business cycle ✓✓
- This means that it is caused by a deficiency in total spending, which affects people's demand for goods and services ✓✓
- As demand decreases employment levels also decrease ✓✓
- It is also referred to as demand-deficient unemployment ✓✓
- Because it is part of the natural business cycle of an economy, when the cycle moves into its growth phases, the level of unemployment will decrease as more jobs are created to meet the increase in demand ✓✓

Seasonal unemployment ✓

- Seasonal unemployment is quite common in certain sectors of the economy, such as agriculture and tourism which only have a seasonal need for labour ✓✓
- People who are in employment that only lasts for part of the year are seasonally unemployed. ✓✓
- Some businesses and industries have very busy periods, during which they need lots of workers, and very slow periods, during which they need fewer or no workers. ✓✓
- The workers are unemployed during the slow season and re-employed during the busy season. ✓✓

Frictional unemployment ✓

- Frictional unemployment occurs when people move between jobs or are looking for a job for the first time ✓✓
- It is temporary and unavoidable ✓✓
- Some people have just been fired and are looking for work ✓✓
- It is sometimes called search unemployment ✓✓

Structural unemployment ✓

- Structural unemployment is the most serious time of unemployment ✓✓
- Structural unemployment can happen at any time, even during periods of high economic growth ✓✓
- Because it is the result of structural changes in an economy, such as technological advances ✓✓
- Because economies are changing all the time some sectors will grow but other sectors will decline ✓✓ the result is job losses in those declining sectors but job opportunities in the growing sectors ✓✓
- The workers from the declining sectors who do not have the necessary or appropriate skills, cannot take up the opportunities in the growing sectors ✓✓

(Max. 26)

ADDITIONAL PART**What effect does unemployment have on the economy?**

- Unemployment causes a loss of potential output ✓✓
- Unemployment creates social and political unrest ✓✓
- Unemployment is linked to crime ✓✓ – high crime levels affect the way in which investors see and interact with an economy and low investment means lower economic growth ✓✓
- Unemployment leads to a cycle of poverty ✓✓
- People who are unemployed for long periods of time are also trapped in an unemployment cycle which destroys their skills ✓✓

(Accept any other correct relevant response)

(Max. 10)

CONCLUSION

Different countries suffer from different types of unemployment at different times. Knowledge about the causes and types of unemployment is critical if a country wants to find solutions to its unemployment problems. ✓✓ (Max. 2)

TOTAL SECTION C: 40
GRAND TOTAL: 150