



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

**NOVEMBER 2017**

**ECONOMICS P1  
MARKING GUIDELINES**

**MARKS: 150**

---

This marking guide consists of 15 pages.

---

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

- 1.1.1 C ✓✓ Market economy  
 1.1.2 B ✓✓ Refer to the value of the next best alternative that was sacrificed  
 1.1.3 C ✓✓ GNI  
 1.1.4 D ✓✓ Negative economic growth  
 1.1.5 A ✓✓ Guilds  
 1.1.6 B ✓✓ Construction  
 1.1.7 D ✓✓ The difference between the birth rate and the death rate in a country  
 1.1.8 C ✓✓ Fertility rate (8 x 2) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 D ✓ Used to explain theories and make predictions  
 1.2.2 A ✓ Goods that are plentiful and have no price  
 1.2.3 E ✓ When intermediate products are added to final products  
 1.2.4 B ✓ Refers to the ups and downs of economic activity in an economy  
 1.2.5 C ✓ The worldwide integration of markets and production  
 1.2.6 G ✓ Equal participation by all  
 1.2.7 I ✓ Consists of people between the ages of 15 and 64 who are working or actively seeking a job  
 1.2.8 F ✓ A place where buyers and sellers meet (8 x 1) (8)

**1.3 ONE WORD ITEMS**

- 1.3.1 Career ✓  
 1.3.2 Labour ✓  
 1.3.3 Peak ✓  
 1.3.4 Barter trade ✓  
 1.3.5 Closed economy ✓  
 1.3.6 Urbanisation ✓ (6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

Answer TWO of the three questions in this section.

**QUESTION 2: MACROECONOMICS**

2.1 2.1.1 **Name any TWO kinds of consumer goods.**

- Durable goods ✓
- Semi-durable goods ✓
- Non-durable goods ✓
- Services ✓

(Any 2 x 1) (2)

2.1.2 **How will taking Mathematics at school help you if you want to become an economist?**

- Mathematical calculations are used in economics to determine things such as population growth rates ✓✓  
(Accept any other relevant response)

(1 x 2) (2)

**2.2 DATA RESPONSE**

2.2.1 **Identify the phase of the business cycle as well as an economic activity from the cartoon above.**

Recovery phase ✓ and jobless ✓

(2)

2.2.2 **Why do you think that 'jobless' will not lead to an economic 'take-off'?**

- Because there is a high percentage of jobless (unemployed) people in South Africa ✓✓  
(Accept any other relevant response)

(2)

2.2.3 **Which business cycle indicator does 'jobless' refer to?**

Co-incident ✓✓

(2)

2.2.4 **How would you describe the recovery phase of a typical business cycle?**

- Exports will start to increase, resulting in an increase in production ✓✓
- Businesses start to hire a few more people and order raw material ✓✓
- Businesses might even take out more loans from financial institutions ✓✓
- Economic activities in the country slowly start to increase ✓✓  
(Any other relevant response)

(Any 2 x 2) (4)

## 2.3 DATA RESPONSE

### 2.3.1 Which sector contributed the most during 2015?

Tertiary sector ✓ (1)

### 2.3.2 Which method of calculation was used in the table above to determine the GDP?

Gross Value Added method ✓ (1)

### 2.3.3 Name the missing items labelled **B** and **C**.

**B** = ADD taxes on products; ✓ or + taxes on products

**C** = SUBTRACT subsidies on products; ✓ or - subsidies on products (2)

### 2.3.4 Explain the term **Gross Domestic Product**.

It measures the value of all final goods and services that are produced within the boundaries of a country during a specific period of time, usually a year ✓✓ (2)

### 2.3.5 Calculate the GDP as represented by D.

Gross value added at basic price	3 589 812 ✓
+ Taxes on products	438 785 ✓
- subsidies on products	15 005 ✓
= Gross domestic product at market prices	4 013 592 ✓

(4)

## 2.4 Distinguish between *leading* and *lagging economic indicators*.

- **Leading economic indicators** are indicators that change before the economy changes ✓✓  
They are the most important type of indicator for investors because they help to predict what economy will be like in the future ✓✓
- **Lagging economic indicators** are indicators that change direction only after the economy does ✓✓  
The unemployment rate is a lagging economic indicator because unemployment tends to decrease for two or three quarters after the economy starts to improve ✓✓

(Accept any other relevant response)

(Any 2 x 4) (8)

**2.5 What are possible solutions to reducing environmental problems?****➤ Green tax ✓**

- Government could impose a tax on the production of goods and on how much they affect the environment ✓✓
- Producers will have to decrease their pollution to make sure that they keep the cost of their product down ✓✓

**➤ Government action ✓**

- Governments around the world are starting to put measures in place to stop or reduce the amount of pollution within their countries ✓✓

**➤ Public action ✓**

- As more people become aware of the damage to the environment they are taking action and taking part in programmes to help restore the damage done, and to improve the environment around them ✓✓

**➤ New technology ✓**

- Cleaner and safer technology is being developed with the environment in mind ✓✓
- Less waste products, decreased reliance on fossil fuels and a demand by producers for efficient and environmentally safe technology gives rise to new products and environmentally safe machines ✓✓

(Accept any other relevant response)

(Any 4 x 2)

(8)

**[40]**

**QUESTION 3: ECONOMIC PURSUITS**

3.1 3.1.1 **Mention any TWO countries of the BRICS.**

- Brazil ✓
- Russia ✓
- India ✓
- China ✓
- South Africa ✓

(Any 2 x 1) (2)

3.1.2 **What are *Multinational Corporations*?**

- Very big corporations with links all over the world ✓✓ (2)

3.2 **DATA RESPONSE**

3.2.1 **Identify any TWO main killers in Africa.**

- AIDS ✓
- War ✓
- Malaria ✓

(Any 2 x 1) (2)

3.2.2 **What does the acronym AIDS stands for?**

Acquired Immunodeficiency Syndrome ✓✓ (2)

3.2.3 **Which country has the highest HIV/AIDS rate in Africa?**

- South Africa ✓✓ (2)

3.2.4 **What is the impact of HIV/AIDS on the population structure?**

- AIDS mainly increases mortality in the adult age groups that usually have the lowest mortality rate ✓✓
- The peak ages of AIDS deaths occur five to ten years later ✓✓
- Average life expectancy is greatly affected by HIV/AIDS because deaths among young adults, young children and infants result in a large number of years of life lost ✓✓
- One of the worst consequences of AIDS is that large numbers of children are orphaned when both their parents die from AIDS ✓✓

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

### 3.3 DATA RESPONSE

#### 3.3.1 Identify TWO sectors in the table above.

- Private sector ✓
  - Public sector ✓
- (2 x 1) (2)

#### 3.3.2 Describe the term *labour unions*.

- Organisations of workers aiming to improve wages and working conditions ✓✓ (Any 1 x 2)
- (Accept any other relevant response) (2)

#### 3.3.3 According to the table, give and explain ONE reason why workers would prefer to be union members.

**As shown in the table:**

- All (100%) union members in the public sector have a written contract ✓✓
- 97,8% of unionised workers receive paid leave benefits ✓✓
- 96,5% of workers have a permanent contract ✓✓
- (Accept any other relevant response) (Any 1 x 2) (2)

#### 3.3.4 Why are labour unions important in South Africa?

**Labour unions are important in South Africa because they**

- negotiate improved wages and working conditions for their members ✓✓
- regulate the relations between workers and employers ✓✓
- protect their members' job security ✓✓
- promote their members' training and education ✓✓
- serve as a political forum for workers ✓✓
- have contributed towards the establishment of a new government ✓✓
- (Accept any relevant other response) (Any 2 x 2) (4)

### 3.4 Describe the development of markets and trade in early societies.

- As production increased there was a need for more outlets ✓✓
- Weekly markets were held in town squares and on quay sides ✓✓
- Regional trade fairs were held; i.e. bigger markets where products from a wide area were sold and other entertainment offer ✓✓
- Merchants emerged who brought together buyers and sellers from different communities and regions ✓✓
- Specialised markets developed in many parts of the world, such as areas specialising in silks, spices, fine wood and leather products ✓✓
- (Accept any other relevant response) (Any 4 x 2) (8)

**3.5 Give your opinion of the impact of immigration and refugees on the population of South Africa.**

- Immigration of skilled people addresses the demand for scarce skills and expertise ✓✓
  - Conflicts surrounding migrant labourers taking jobs from SA citizens have recently become apparent ✓✓
  - Huge inflow of illegal immigrants increases the population of S.A resulting to an increase in financial burden to government ✓✓
  - Illegal immigrants and refugees add to the development of informal sectors ✓✓
  - Inflow adds to pressure on government to provide education and basic health services ✓✓
- (Accept any other relevant response)

(Any 4 x 2)

(8)

**[40]**

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**

**4.1 4.1.1 List TWO types of consumption.**

- Immediate consumption ✓
- Deferred consumption ✓

(Any 2 x 1)

(2)

**4.1.2 What is *immigration*?**

- Foreigners entering the country on a permanent basis ✓✓
- (Any 1 x 2)

(2)

**4.2 DATA RESPONSE**

**4.2.1 Identify TWO mineral deposits from the extract above.**

- Platinum ✓
- Uranium ✓

(2 x 1)

(2)

**4.2.2 Describe the term *scarcity*.**

Scarcity exists due to limited resources with which to satisfy unlimited needs and wants ✓✓

(2)

**4.2.3 Quote from the extract to prove that there are limited factors of production in this country.**

The country has a scarcity of skilled labour ✓ and capital ✓

(2)



4.2.4 **How does *absolute* and *relative scarcity* affect the economy of developing countries?**

- Because of absolute scarcity, developing countries have insufficient resources and are thus unable to produce goods and services ✓✓
- For example, according to the scenario, the country has absolute scarcity of water and will not be able to provide the basic needs of the inhabitants ✓
- The relative scarcity of the country refers to the fact that the country does not have the necessary skills and capital ✓✓
- They cannot extract the platinum and uranium deposits, so no jobs are created, no salaries are paid and the country does not prosper ✓✓

(Accept any other relevant response).

(4)

4.3 **DATA RESPONSE**

4.3.1 **Give figures of employed and unemployed people during the last quarter of 2016.**

The figure for employed people is 16 069 ✓ and for unemployed people is 5 781 ✓

(2)

4.3.2 **Explain the term *Not Economically Active*.**

Refers to those people who are not looking for jobs (discouraged job seekers) ✓✓

(2)

4.3.3 **What trend do you observe in the working age population from the table?**

- The working age population grew steadily from the 1<sup>st</sup> quarter of 2016 to the 1<sup>st</sup> quarter of 2017 ✓✓
- Upward trend ✓✓

(2)

4.3.4 **Calculate the unemployment rate for the 1<sup>st</sup> quarter of 2017.**

$$\frac{\textit{Unemployed}}{\textit{Labour force}} \times 100 \checkmark$$

$$\frac{6\,214}{22\,426} \times 100 \checkmark$$

$$27,7\% \checkmark\checkmark$$

(4)

4.4 Compare *free goods* and *economic goods* in the economy.

ECONOMIC GOODS	FREE GOODS
They are scarce ✓✓	They are plentiful ✓✓
They have utility and exchange value ✓✓	They have utility but no exchange value ✓✓
They indicate how wealthy a person is ✓✓	They do not indicate how wealthy a person is ✓✓
They command price we pay for ✓✓	They do not command price ✓✓
They belong to someone ✓✓	They do not belong to anyone ✓✓
(Any 2x2 =4)	(Any 2x2 =4)

(Any relevant answer)

(8)

4.5 How did landlords use their wealth in ancient times?

- Different people fulfilled different economic roles, depending on their status. For example, successful farmers became landlords who owned large pieces of land, called manors ✓✓
- Peasants were allowed to live on land that was owned by a landlord or member of the royalty ✓✓
- Peasants could support themselves and their families, but had to pay most of their annual surplus production to the landlord ✓✓
- Landlords then used these surpluses to build their wealth and support their power ✓✓
- They used this wealth to finance their luxury consumption, to construct castles, pay for the work of artisans and to wage wars ✓✓
- In return, landlords protected the peasants ✓✓

(Accept any relevant answer)

(Any 4 x 2)

(8)

[40]

**TOTAL SECTION B: 80**

**SECTION C**

Answer **ONE** of the two questions in this section.

<b>STRUCTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<p><b>Introduction</b> The introduction is a lower order response:</p> <ul style="list-style-type: none"> <li>• A good starting point would be to define a concept or key word that appears in the question.</li> <li>• Do not include any part of the question in your introduction</li> <li>• Do not repeat any part of the introduction in the body</li> <li>• Avoid saying in the introduction what you are going to discuss in the body</li> </ul>	<p>Max. 2</p>
<p><b>Body</b> <b>Main part:</b> Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/ Explain/Assess/Debate</p> <p><b>Additional part:</b> 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/How?/Suggest</p>	<p>Max. 26</p> <p>Max. 10</p>
<p><b>Conclusion</b></p> <p>Any relevant higher order conclusion that should include:</p> <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed / analysed without repeating facts already mentioned in the body</li> <li>• An opinion or valued judgment on the facts discussed</li> <li>• Additional support information to strengthen the discussion / analysis</li> <li>• A contradictory viewpoint with motivation, if so required</li> <li>• Recommendations</li> </ul>	<p>Max. 2</p>
<b>TOTAL:</b>	<b>40</b>

**QUESTION 5: MACROECONOMICS**

*The economy consists of a very complex web of a large number of different activities that are undertaken by millions of people.*

- Discuss the role played by each participant in an open economy circular flow model. (26)
- What are the effects of an economic downswing on the participants in the economy? (10)

**INTRODUCTION**

A circular flow is a diagram showing the flow of goods, services, factors of production, income and expenditure, and the relationship between the participants in the economy ✓✓

(Accept any other suitable introduction) (Max. 2) (2)

**BODY****MAIN PART****HOUSEHOLDS/CONSUMERS ✓**

- They are the primary participants in the economy ✓✓
- They offer factors of production to both producers and government ✓✓
- In return they get remuneration in the form of wages and salaries ✓✓
- Use their income to buy goods and services from producers ✓✓
- Pay taxes to the government ✓✓

**PRODUCERS/FIRMS/BUSINESSES ✓**

- Use factors of production to produce goods and services ✓✓
- Sell goods and services to consumers, government and foreign sector ✓✓
- Get money from other participants for goods and services ✓✓
- Pay taxes to the government ✓✓

**GOVERNMENT/ STATE ✓**

- Renders public services to benefit all the other participants ✓✓
- Collects taxes from households and businesses ✓✓

**FOREIGN SECTOR ✓**

- Produces goods and services ✓✓
  - Sells (exports) surpluses to other countries ✓✓
  - Buys (imports) goods and services from other countries ✓✓
- (Accept any relevant response)

(Max. 26) (26)

**ADDITIONAL PART**

**What are the effects of an economic downswing on the participants in the economy?**

- **Businesses** will start producing fewer goods and services ✓✓
- **Households** will lose their jobs ✓✓
  - There will be less consumption of goods and services by households ✓✓
- **The government's** revenue from taxes will decline ✓✓
  - Government will need to provide more public goods and services ✓✓
- Exports by **foreign sector** will decline due to the decrease in production ✓✓  
(Accept any other relevant definition) (Max.10)

**CONCLUSION**

While circular flow is a simplification of reality, understanding the real flows and money flows that occur in such a situation is an important foundation for understanding more complex economies ✓✓

(Accept any other relevant conclusion)

(Max. 2)

(2)

**[40]**

**QUESTION 6: ECONOMIC PERSUITS**

*The size of a country's population plays an enormous part in the economy and it is important that counting of people has to be done on a regular basis, for instance every five year.*

Discuss in detail the stages of the demographic cycle under the following headings:

- The high stationary phase
- The early expanding phase (26)

How would you describe a centrally planned economy? (10)

**INTRODUCTION**

The demographic model shows trends of how a nation's growth rates have changed over time ✓✓

(Accept any other relevant definition) (Max. 2) (2)

**BODY****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; therefore there is no family planning and a 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 improved 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 vaccine) ✓
  - Medical sciences, health awareness ✓
  - Education (launch of various national programmes, e.g. AIDS) ✓
  - Improved hygiene (e.g. boiling of drinking water) and sanitation ✓
- The natural growth rate is higher during this stage as the gap between death and birth grows wider ✓✓
- The average age of the population is lower ✓✓
- Countries are densely populated (urbanised) ✓✓
- Examples of countries in this stage are Turkey ✓ and Mexico ✓ (Max 26 ) (26)

**ADDITIONAL PART**

**How would you describe a centrally planned economy?**

- All factors of production and real property are owned by the state ✓✓
  - Capital resources are owned by the state ✓✓
  - The community as a whole makes economic decisions ✓✓
  - The state plans and organises how the factors of production should be used ✓✓
  - All economic activities are centrally planned ✓✓
  - The price of goods and services is regulated by the state ✓✓
  - Consumers have little choice when shopping – everything is produced by the state ✓✓
  - People have little personal freedom ✓✓
  - People have no choice of employment or whom to work for ✓✓
- (Accept any other relevant response) (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) [40]

**TOTAL SECTION C: [80]**  
**GRAND TOTAL: 150**